

This Offer expires at 17:40 hours CET, on 28 February 2020, unless extended

OFFER MEMORANDUM

23 December 2019

RECOMMENDED CASH OFFER

by

REGGEBORGH HOLDING B.V.



**FOR ALL THE ISSUED AND OUTSTANDING ORDINARY SHARES WITH A NOMINAL VALUE
OF EUR 0.01 EACH IN THE CAPITAL OF**

KONINKLIJKE VOLKERWESSELS N.V.



This offer memorandum (the **Offer Memorandum**) contains the details of the recommended public offer by Reggeborgh Holding B.V. (the **Offeror**), to all holders of issued and outstanding ordinary shares (the **Shares** and each a **Share**) with a nominal value of EUR 0.01 each in the share capital of Koninklijke VolkerWessels N.V. (**VolkerWessels**) (the holders of such Shares, the **Shareholders**), to purchase for cash their Shares on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum (the **Offer**). All of the issued Shares are outstanding at the date of this Offer Memorandum.

This Offer Memorandum contains the information required by Article 5:76 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*, the **Wft**) in conjunction with Article 8, paragraph 1 of the Dutch Decree on public offers Wft (*Besluit openbare biedingen Wft*, the **Decree**) in connection with the Offer. This Offer Memorandum has been reviewed and approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) as an offer memorandum under Article 5:76 of the Dutch Act on Financial Supervision on 23 December 2019.

The information required by Article 18, paragraph 2 of the Decree in connection with the Offer is included in the position statement of VolkerWessels (the **Position Statement**), which is also published on the date of this Offer Memorandum. The Position Statement, including all appendices thereto, does not form part of this Offer Memorandum and has not been reviewed or approved by the AFM prior to publication. The Position Statement will be reviewed by the AFM after publication.

Capitalised terms used in this Offer Memorandum have the meaning set out in section 4 (Definitions) or elsewhere in this Offer Memorandum. Capitalised terms used in the Dutch summary included in section 12 (Dutch language summary) have the meaning set out in section 12.2 (Nederlandse definities).

Shareholders tendering their Shares under the Offer will be paid on the terms and subject to the conditions and restrictions contained in this Offer Memorandum in consideration for each Share validly tendered (or defectively tendered, provided that such defect has been waived by the Offeror) and transferred (*geleverd*) an amount in cash of EUR 22.20 (twenty-two euro and twenty eurocents) cum dividend. Due to the fact that VolkerWessels has paid an interim dividend of EUR 0.28 (twenty-eight eurocents) on 27 November 2019, the consideration per Share payable under the Offer has been adjusted accordingly to EUR 21.92 (twenty-one euro and ninety-two eurocents) cum dividend without interest and less mandatory withholding tax payable under Applicable Law (if any) (the **Offer Price**). In the event any further (interim) cash or share dividend or other distribution (each, a **Distribution** and collectively, the **Distributions**) on the Shares is declared by VolkerWessels on or prior to the Settlement Date (as defined below) whereby the record date for entitlement to such Distribution is on or prior to the Settlement Date, the Offer Price will be decreased by the full amount of any such Distribution made by VolkerWessels in respect of each Share (before any applicable withholding tax).

The management board (*de raad van bestuur*) of VolkerWessels (the **Management Board**) and the supervisory board (*de raad van commissarissen*) of VolkerWessels (the **Supervisory Board**, and together with the Management Board, the **VolkerWessels Boards**) unanimously support and recommend the Offer to the Shareholders for acceptance. Reference is made to section 6.7 (Decision making and Recommendation by the VolkerWessels Boards) and the Position Statement.

The Offer Period under the Offer will commence at 09:00 hours CET, on 24 December 2019 and will expire at 17:40 hours CET, on 28 February 2020, unless the Offeror extends the Offer Period in accordance with section 5.6 (Extension), in which case the closing date shall be the date on which the extended Offer Period expires (such initial or postponed date, the **Closing Date**). The Offeror will announce whether the Offer is declared unconditional (*gestand wordt gedaan*) within three Business Days following the Closing Date, in accordance with Article 16 of the Decree (the **Unconditional Date**).

Any Shares tendered on or prior to the Closing Date may not be withdrawn, subject to the right of withdrawal of any tender of Shares during the Offer Period in accordance with the provisions of Article 5b, paragraph 5, Article 15, paragraphs 3 and 8 and Article 15a paragraph 3 of the Decree.

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), Shareholders who have validly tendered (or defectively tendered, provided that such defect has been waived by the Offeror) and not withdrawn their Shares for acceptance pursuant to the Offer prior to or on the Closing Date (each of these Shares, a **Tendered Share**) will receive the Offer Price in respect of each Tendered Share, and the Offeror shall acquire each Tendered Share, within five Business Days following the Closing Date (**Settlement**, and the day on which the Settlement occurs, the **Settlement Date**).

If, following the Settlement Date and the Post-Closing Acceptance Period (as defined below), the aggregate number of Tendered Shares, together with (i) the Shares directly or indirectly owned by the Offeror (as defined below), (ii) any Shares committed to the Offeror in writing and (iii) any Shares to which the Offeror is entitled (*gekocht maar nog niet geleverd*) is equal to or greater than 95% of VolkerWessels' aggregate issued and outstanding ordinary share capital, the Offeror will commence a statutory buy-out procedure (*uitkoopprocedure*) in accordance with Article 2:92a or 2:201a of the Dutch Civil Code or the statutory buy-out procedure in accordance with Article 2:359c of the Dutch Civil Code to purchase from the Shareholders that have not tendered their Shares under the Offer as referred to in section 6.12(b) (Buy-Out).

In order to allow the Offeror to acquire full ownership of VolkerWessels, the Offeror may choose to implement the Asset Sale (as defined below) if (i) the number of Tendered Shares during the Offer Period and the Post-Closing Acceptance Period, together with any Shares owned by the Offeror, is at least 85% of VolkerWessels' issued and outstanding ordinary share capital as at the Closing Date and (ii) the Asset Sale and Liquidation Resolution (as defined below) is in full force and effect. The VolkerWessels Boards have approved and consented to VolkerWessels implementing the Asset Sale and Liquidation. Reference is made to section 6.12(c) (Asset Sale and Liquidation).

Distribution of this Offer Memorandum may, in certain jurisdictions, be subject to specific regulations or restrictions. Persons in possession of this Offer Memorandum are urged to inform themselves of any such restrictions which may apply to them and to observe them. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. The Offeror and VolkerWessels disclaim all responsibility for any violation of such restrictions by any person. Reference is made to section 2 (Restrictions).

At the date of this Offer Memorandum, VolkerWessels has convened an extraordinary general meeting of Shareholders to discuss the Offer in accordance with Article 18, paragraph 1 of the Decree, which will be held at 14.00 hours CET on 17 February 2020 at the offices of VolkerWessels at Podium 9 in Amersfoort, the Netherlands (the **General Meeting**). In addition, certain Resolutions in connection with the Offer will be proposed to the General Meeting. Subject to the terms and conditions of this Offer Memorandum, the VolkerWessels Boards recommend voting in favour of all Resolutions that will be proposed in connection with the Offer and the Asset Sale and Liquidation. Reference is made to section 6.22 (General Meeting).

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2. RESTRICTIONS

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

The distribution of this Offer Memorandum and/or the making of the Offer in jurisdictions other than the Netherlands may be restricted and/or prohibited by law. The Offer is not being made, and the Shares will not be accepted for purchase from or on behalf of any Shareholder, in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by the terms of this Offer Memorandum. Persons obtaining this Offer Memorandum are required to take due note and observe all such restrictions and obtain any necessary authorisations, approvals or consents (to the extent applicable). Outside of the Netherlands, no actions have been taken (nor will actions be taken) to make the Offer possible in any jurisdiction where such actions would be required. In addition, this Offer Memorandum has not been filed with or recognised by the authorities of any jurisdiction other than the Netherlands. Neither the Offeror, nor VolkerWessels, nor any of their advisers, nor the Settlement Agent accepts any liability for any violation by any person of any such restriction. Any person (including, without limitation, custodians, nominees and trustees) who forwards or intends to forward this Offer Memorandum or any related document to any jurisdiction outside the Netherlands should carefully read this section 2 (Restrictions) and section 3 (Important information) of this Offer Memorandum before taking any action. The release, publication or distribution of this Offer Memorandum and any documentation regarding the Offer or the making of the Offer in jurisdictions other than the Netherlands may be restricted by law and therefore persons into whose possession this Offer Memorandum comes should inform themselves about and observe such restrictions. Any failure to comply with any such restriction may constitute a violation of the law of any such jurisdiction.

3. IMPORTANT INFORMATION

3.1 United States of America

The Offer is being made for the securities of VolkerWessels, a public limited liability company incorporated under Dutch law, and is subject to Dutch disclosure and procedural requirements, which differ from those of the United States. The financial information of VolkerWessels included or referred to herein has been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Commission and Part 9 of Book 2 of the Dutch Civil Code for use in the European Union and, accordingly, may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States in compliance with Regulation 14E under the U.S. Securities Exchange Act of 1934, as amended (the **U.S. Exchange Act**) and the rules and regulations promulgated thereunder, including the exemptions therefrom, and otherwise in accordance with the applicable regulatory requirements in the Netherlands. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction under applicable state and local laws, as well as foreign and other tax laws. Each holder of Shares is urged to consult his or her independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

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

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission or other regulatory authority has approved or disapproved the Offer, passed upon the fairness or merits of the Offer or provided an opinion as to the accuracy or completeness of this Offer Memorandum or any other documents regarding the Offer. Any declaration to the contrary constitutes a criminal offence in the United States.

To the extent permissible under applicable law or regulation, including Rule 14e-5 of the U.S. Exchange Act, and in accordance with standard Dutch practice, the Offeror or brokers (acting as agents for the Offeror) may before or during the period in which the Offer remains open for acceptance, directly or indirectly, purchase, or arrange to purchase Shares outside of the United States, from time to time, other than pursuant to the Offer. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. In addition, the financial advisers to the Offeror may engage in ordinary course trading activities in securities of VolkerWessels, which may include purchases or arrangements to purchase such securities. To the extent required in the Netherlands, any information about such purchases will be announced by a press release in accordance with Article 13 of the Decree and made available on the website of the Offeror at www.reggeborgh.nl.

3.2 Introduction

This Offer Memorandum contains important information that should be read carefully before any Shareholder makes a decision to tender Shares under the Offer. Shareholders are advised to seek independent advice where necessary. Each holder of Shares is urged to consult its independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

3.3 Responsibility for information

The information and declarations included on the cover page and pages 1 and 2, and in sections 1 through 6 (excluding sections 6.7 through 6.10)), 8, 9 (opening), 9(b), 9(d), 10, 12 and 14 have been solely provided by the Offeror. The information included in sections 6.7, 6.8, 7, 9(e) and 13 has been solely provided by VolkerWessels. The information included sections 6.9, 6.10, 9(a), 9(c), 11 and 15 has been provided by the Offeror and VolkerWessels jointly.

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

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

The information included in section 13 (Financial information VolkerWessels) has been sourced by VolkerWessels from the audited financial statements for the financial years 2018, 2017, 2016 as published in the annual reports of VolkerWessels for 2018, 2017, 2016, respectively, as further explained in section 13 (Financial information VolkerWessels). The auditor's report included in section 13.6 for the financial years 2018, 2017 and 2016 has been sourced by VolkerWessels from Deloitte, the independent auditor of VolkerWessels and VolkerWessels confirms that this auditor's report has been accurately reproduced and that as far as VolkerWessels is aware and is able to ascertain therefrom, no facts have been omitted which would render the reproduced auditor's report inaccurate or misleading.

No person other than the Offeror and VolkerWessels, and without prejudice to the independent auditor's reports issued by Deloitte included in this Offer Memorandum, and the Fairness Opinions rendered by ING Bank to the Management Board and the Independent Members of the Supervisory Board and ABN AMRO Bank to the Independent Members of the Supervisory Board (the full text of each Fairness Opinion, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with each Fairness Opinion, is included in the Position Statement), is authorised to provide any information or to make any statements on behalf of the Offeror or VolkerWessels in connection with the Offer or the information contained in the Offer Memorandum. If any such information or statement is provided or made by parties other than the Offeror or VolkerWessels, such information or statements should not be relied upon as having been provided by or made by or on behalf of the Offeror or VolkerWessels.

The information included on pages 1 and 2 and in section 12 (Dutch language summary) regards summarised and translated information, and as the case may be, has been derived from the information included in the other sections of this Offer Memorandum.

Kempen has been engaged by the Offeror as Settlement Agent for the Offer, upon the terms and subject to the conditions set out in the agency agreement. Neither the Settlement Agent nor any of its

directors, officers, agents or employees make any representation or warranty as to the accuracy, completeness or fairness of the information or opinions described or incorporated by reference in this Offer Memorandum or for any other statements made or purported to be made either by itself or on its behalf in connection with the Offer set forth in this Offer Memorandum. Accordingly, the Settlement Agent disclaims all and any liability, whether arising in tort or contract or otherwise in respect of this Offer Memorandum and or any such other statements.

3.4 Accuracy and date of information

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

The information included in this Offer Memorandum reflects the situation as at the date of this Offer Memorandum, unless specified otherwise. Neither the issue nor the distribution of this Offer Memorandum shall under any circumstances imply that the information contained herein is accurate and complete as of any time subsequent to the date of this Offer Memorandum or that there has been no change in the information set out in this Offer Memorandum or in the affairs of the Offeror, VolkerWessels and/or the Affiliates since the date of this Offer Memorandum. The foregoing does not affect the obligation of the Offeror or VolkerWessels, each insofar as it concerns them, to make a public announcement pursuant to, respectively, Article 4, paragraph 1 and 3 of the Decree and the European Market Abuse Regulation (596/2014), if applicable.

3.5 Governing law

This Offer Memorandum and the Offer are, and any tender, purchase or transfer of Shares will be, governed by and construed in accordance with the laws of the Netherlands. The District Court of Amsterdam (*Rechtbank Amsterdam*), the Netherlands, and its appellate courts shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or transfer of Shares. Accordingly, any legal action or proceedings arising out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or transfer of Shares may be brought exclusively in such courts.

3.6 Contact details

- (a) The Offeror
Reggeborgh Holding B.V.
Reggesingel 10
7461 BA Rijssen
The Netherlands
- (b) VolkerWessels
Koninklijke VolkerWessels N.V.
Podium 9
3826 PA Amersfoort
The Netherlands
- (c) Settlement Agent
Kempen & Co N.V.

Beethovenstraat 300
1077 WZ Amsterdam
The Netherlands

3.7 Language

This Offer Memorandum is published in the English language and a Dutch language summary is included as section 12 (Dutch Language Summary). In the event of any differences (whether or not in interpretation) between the English text of this Offer Memorandum and the Dutch language summary of this Offer Memorandum, the English text of this Offer Memorandum shall prevail.

3.8 Availability of information and documents incorporated by reference

Digital copies of this Offer Memorandum are available on the websites of VolkerWessels (www.volkerwessels.com) and the Offeror (www.reggeborgh.nl). Copies of this Offer Memorandum are also available free of charge at the offices of VolkerWessels and the Settlement Agent, at the addresses mentioned above. The websites of VolkerWessels, the Offeror and the AFM and do not constitute a part of, and are not incorporated by reference into, this Offer Memorandum.

The current Articles of Association, which are incorporated by reference in this Offer Memorandum, are available on the website of VolkerWessels. Certain amendments of the Articles of Association will be proposed for adoption in accordance with the draft of the amended articles of association included in section 14 (Articles of Association), as described in sections 6.14 (Amendments to the Articles of Association) and 6.22 (General Meeting).

The annual report for the financial year 2018, excluding the financial information which is set out in section 13.7 (Financial statements for the financial year 2018 including independent auditor's report of Deloitte), is incorporated by reference in this Offer Memorandum. The annual reports for the financial years 2017 and 2016 are incorporated by reference in this Offer Memorandum.

Copies of VolkerWessels' annual reports for the financial years 2018, 2017 and 2016 are available free of charge at the abovementioned offices of VolkerWessels and the Settlement Agent and on the website of VolkerWessels (www.volkerwessels.com).

3.9 Forward-looking statements

This Offer Memorandum includes certain "forward-looking statements", including statements relating to the impact of the Offer on the Offeror and VolkerWessels and the expected timing and completion of the Offer. Forward-looking statements involve known or unknown risks and uncertainties because they relate to events and depend on circumstances that all occur in the future. Generally, words such as may, should, aim, will, expect, intend, estimate, anticipate, believe, plan, seek, continue or similar expressions identify forward-looking statements. Although the Offeror and VolkerWessels, each with respect to the statements it has provided, believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of such statements. The forward-looking statements involve unknown risks, uncertainties and other factors, many of which are outside the control of the Offeror and VolkerWessels, and are difficult to predict. These forward-looking statements are not guarantees of future performance. Any forward looking statement must be considered together with the fact that actual events or results may vary materially from such forward looking statements due to, among other things, political, economic or legal changes in the markets and environments in which the Offeror or VolkerWessels do business, to competitive developments or risks inherent to their respective business plans and to uncertainties, risk and volatility in financial markets and other factors affecting them.

Neither the Offeror nor VolkerWessels, nor any of the Affiliates and advisers, accepts any responsibility for any financial information contained in this Offer Memorandum relating to the business, results of operations or financial condition of the other or their respective groups. Each of the Offeror and VolkerWessels expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based except as required by Applicable Rules or by any competent regulatory authority.

3.10 Financial advisers

Kempen is acting as financial adviser exclusively for the Offeror and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer or any other matter referred to in this Offer Memorandum and will not be responsible to anyone other than the Offeror for providing the protections afforded to the clients of Kempen or its affiliates, nor for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum. Kempen has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

NIBC is acting as financial adviser exclusively for the shareholders of the Offeror and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer or any other matter referred to in this Offer Memorandum and will not be responsible to anyone other than the Offeror for providing the protections afforded to the clients of NIBC or its affiliates, nor for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum. NIBC has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

ING Bank is acting as financial advisers exclusively to VolkerWessels and ABN AMRO Bank as financial advisers exclusively to the Independent Members of the Supervisory Board of VolkerWessels and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer or any other matter referred to in this Offer Memorandum and will not be responsible to anyone other than VolkerWessels for providing the protections afforded to the clients of ING Bank and ABN AMRO Bank respectively, or for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum. ING Bank and ABN AMRO Bank have given and not withdrawn their written consent to the references to their names in the form and context in which they appear in this Offer Memorandum.

4. DEFINITIONS

ABN AMRO Bank	means ABN AMRO Bank N.V.;
Acceptance Threshold	has the meaning given to it in section 6.6(a)(i);
Admitted Institutions	means those institutions admitted to Euronext Amsterdam (<i>aangesloten instellingen</i>);
Adverse Recommendation Change	the VolkerWessels Boards or any of their members (excluding the Non-Independent Members of the Supervisory Board) having revoked or modified, amended or qualified their respective Recommendation, or having taken any action that prejudices or frustrates the Offer, including any action by any member of the VolkerWessels Boards (excluding the Non-independent Members of the Supervisory Board) in deviation from or inconsistent with the Recommendation which could cause uncertainty as to the status of the Recommendation and having made any public contradictory statements as to their position with respect to the Offer or for the avoidance of doubt having failed to announce or reaffirm their Recommendation (including any such revocation, amendment, qualification or prejudicial or inconsistent action or statement), which is not remedied after a notice thereto from the Offeror;
Affiliate	means any direct or indirect subsidiary of VolkerWessels from time to time;
AFM	has the meaning given to it on page 1;
Alternative Proposal	has the meaning given to it in section 6.19(a)(i);
Applicable Rules	means all applicable laws and regulations, including without limitation, the applicable provisions of the Wft, the European Market Abuse Regulation (596/2014), the Decree, any rules and regulations promulgated pursuant to the Wft and the Decree, the policy guidelines and instructions of the AFM, the Dutch Works Council Act (<i>Wet op de ondernemingsraden</i>), the Dutch Merger Code (<i>SER Fusiegedrags-regels 2000</i>), the rules and regulations of Euronext Amsterdam, the Dutch Civil Code, the relevant securities and employee consultation rules and regulations in other applicable jurisdictions and any relevant antitrust laws;
Articles of Association	means the articles of association (<i>statuten</i>) of VolkerWessels, as amended from time to time;
Asset Sale	means the sale and purchase of the Business in accordance with the Asset Sale Agreement;

Asset Sale Agreement	has the meaning given to it in section 6.12(c) (<i>Description of the Asset Sale and Liquidation</i>);
Asset Sale and Liquidation Resolution	has the meaning given to it in section 6.22(b)(i) (<i>Description of the Asset Sale and Liquidation</i>);
Asset Sale Threshold	has the meaning given to it in section 6.12(c);
Bona Fide	means a party acting in good faith and being genuinely interested in acquiring all of the Shares or all or substantially all of the business or assets of VolkerWessels for cash, and being able to finance that;
Business	has the meaning given to it in section 6.12(c) (<i>Description of the Asset Sale and Liquidation</i>);
Business Day	means a day other than a Saturday or Sunday on which banks in the Netherlands and Euronext Amsterdam are generally open for normal business;
Buy-Out	has the meaning given to it in section 6.12(b);
CET	means Central European Time;
Closing Date	has the meaning given to it on page 1;
Completion	has the meaning given to it in section 6.12(c)(ii) (<i>Description of the Asset Sale and Liquidation</i>);
Decree	has the meaning given to it on page 1;
Deloitte	means Deloitte Accountants B.V.;
Distribution	has the meaning given to it on page 1;
Dutch Civil Code	means the Dutch Civil Code (<i>Burgerlijk Wetboek</i>);
Dutch Corporate Governance Code	means the Dutch corporate governance code, as amended from time to time;
Enterprise Chamber	means the Enterprise Chamber (<i>Ondernemingskamer</i>) of the Amsterdam Court of Appeal (<i>Gerechtshof Amsterdam</i>);
Euronext Amsterdam	means the stock exchange of Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V.;
Fairness Opinions	has the meaning given to it in section 6.7;
First Notice	has the meaning given to it in section 6.22; □
General Meeting	has the meaning given to it on page 2;
Governmental Entity	has the meaning given to it in section 6.6(a)(viii);

Independent Member	has the meaning given to it in section 6.17(c)(i);
Independent Members of the Supervisory Board	means Mr J.H.M. Hommen, Mr S. Hepkema and Mr F.A. Verhoeven;
Initial Announcement	has the meaning given to it in section 6.1;
IPO	has the meaning given to it in section 6.1;
ING Bank	means ING Bank N.V.;
Kempen	means Kempen & Co N.V.;
Liquidation	has the meaning given to it in section 6.12(c)(iv);
Liquidation Distribution	has the meaning given to it in section 6.12(c)(iv);
Long Stop Date	has the meaning given to it in section 6.6(e);
Management Board	has the meaning given to it on page 1;
Matched Offer	has the meaning given to it in section 6.20;
Matching Offer Period	has the meaning given to it in section 6.20;
Matching Right	has the meaning given to it in section 6.20;
Material Adverse Effect	means any unforeseen event, occurrence, fact, condition or change that, individually or in the aggregate (provided, for the avoidance of doubt, that in the determination at the Unconditional Date of whether a Material Adverse Effect has occurred, any event, occurrence, fact, condition or change that became known prior to the date of the Offer Memorandum may only be taken into account in combination with any event occurrence, fact, condition or change that becomes known after the date of the Offer Memorandum), that has or is reasonably likely to have a material adverse effect on (i) the business, operations, results of operations, or condition (financial or otherwise) of the VolkerWessels Group, taken as a whole, or (ii) the ability of the Offeror to consummate the Transactions ultimately on the Long Stop Date in accordance with the terms of the Merger Protocol, such that it cannot be reasonably expected from the Offeror to declare the Offer unconditional;
Merger Protocol	means the merger protocol agreed and signed by the Offeror and VolkerWessels on 11 November 2019;
Minority Shareholders	has the meaning given to it in section 6.12(d);
Non-Financial Covenants	has the meaning given to it in section 6.17;
Non-Independent Members of the	means Mr H.M. Holterman, Mr E. Blok and Ms A.M.

Supervisory Board	Montijn-Groenewoud;
Offer	has the meaning given to it on page 1;
Offer Conditions	means the conditions to the Offer described in section 6.6;
Offer Memorandum	has the meaning given to it on page 1;
Offer Period	means the period during which the Shareholders can tender their Shares to the Offeror, which commences at 09:00 hours CET, on 24 December 2019, and ends at 17:40 hours CET, on the Closing Date;
Offer Price	has the meaning given to it on page 1;
Offeror	means Reggeborgh Holding B.V., a private limited liability company (<i>besloten vennootschap</i>) incorporated under the laws of the Netherlands with its corporate seat in Rijssen, the Netherlands and its office address at Reggesingel 10, 7461 BA Rijssen, the Netherlands and registered with the trade register of the chamber of commerce under number 67970761;
Position Statement	has the meaning given to it on page 1;
Post-Closing Acceptance Period	means a period of no more than two weeks after the Offer Period during which the Shareholders that have not yet tendered their Shares under the Offer will be given the opportunity to do so in the same manner and under the same conditions as set out in this Offer Memorandum;
Post-Closing Measures	has the meaning given to it in section 6.12(d);
Potential Superior Offer	has the meaning given to it in section 6.20;
Purchase Price	has the meaning given to it in section 6.12(c)(ii) (<i>Description of the Asset Sale and Liquidation</i>);
Purchaser Note	has the meaning given to it in section 6.12(c)(ii) (<i>Description of the Asset Sale and Liquidation</i>);
Recommendation	has the meaning given to it in section 6.7;
Reference Date	means 28 October 2019;
Relevant Persons	has the meaning given to it in section 6.19(a)(i);
Resolutions	has the meaning given to it in section 6.22(b);
Second Notice	has the meaning given to it in section 6.22;□
Settlement	has the meaning given to it on page 2;
Settlement Agent	means Kempen;

Settlement Date	has the meaning given to it on page 2;
Shareholder	has the meaning given to it on page 1;
Shares	has the meaning given to it on page 1;
Special Committee	means the committee consisting of the Independent Members of the Supervisory Board, Mr J.A. de Ruiter, Mr J.G. Van Rooijen and Mr T. Lampe;
Superior Offer	has the meaning given to it in section 6.20;
Supervisory Board	has the meaning given to it on page 1;
Tendered Share	has the meaning given to it on page 2;
Terminating Party	has the meaning given to it in section 6.21(a)(ii);
Transactions	means the Offer and, together with the transactions contemplated in connection therewith as set out in section 6.11 and 6.12 , including, to the extent applicable, the Buy-Out and the Asset Sale and Liquidation;
Unconditional Date	has the meaning given to it on page 1;
U.S. Exchange Act	has the meaning given to it in section 2.1;
VolkerWessels	means Koninklijke VolkerWessels N.V., a public limited liability company (naamloze vennootschap) incorporated under the laws of the Netherlands with its corporate seat in Rotterdam, the Netherlands and its office address at Podium 9, 3826 PA Amersfoort, The Netherlands and registered with the trade register of the chamber of commerce under number 34270985;
VolkerWessels Boards	has the meaning given to it on page 1;
VolkerWessels Group	means VolkerWessels and the Affiliates;
Wft	has the meaning given to it on page 1; and
Works Council	means the central works council of VolkerWessels.

5. INVITATION TO THE SHAREHOLDERS

5.1 Invitation to the Shareholders

The Offeror hereby makes a recommended public cash offer for all Shares. Shareholders are advised to review this Offer Memorandum and in particular sections 2 (Restrictions) and 3 (Important Information) thoroughly and completely and to seek independent financial, tax and/or legal advice where appropriate to reach a balanced and well-informed judgement with respect to the Offer and this Offer Memorandum. Shareholders who consider not tendering their Shares are advised to review sections 6.11 (Implications of the Offer being declared unconditional) and 6.12 (Possible Post-Closing Measures and future legal structure). With due reference to all statements, terms, conditions and restrictions included in this Offer Memorandum, Shareholders are hereby invited to tender their Shares under the Offer in the manner and subject to the terms and restrictions set out in this Offer Memorandum.

5.2 Offer Price

(a) Consideration

For each Tendered Share, the Offeror offers the Offer Price, being a consideration of EUR 22.20 (twenty-two euro and twenty eurocents) cum dividend. Due to the fact that VolkerWessels has paid an interim dividend of EUR 0.28 (twenty-eight eurocents) on 27 November 2019, the consideration per Share payable under the Offer has been adjusted accordingly to EUR 21.92 (twenty-one euro and ninety-two eurocents) cum dividend without interest and less mandatory withholding tax payable under Applicable Law (if any) in cash, on the terms and subject to the conditions and restrictions contained in this Offer Memorandum.

(b) Distributions

The Offer Price includes any Distribution on the Shares that is or may be declared by VolkerWessels on or prior to the Settlement Date, and for which the record date for such Distribution occurs on or prior to the Settlement Date. Consequently, if after 24 December 2019 and on or prior to the Settlement Date any Distribution is declared in respect of the Shares and the record date for such Distribution occurs on or prior to the Settlement Date, the Offer Price will be decreased by the full amount of any such Distribution made by VolkerWessels in respect of each Share (before any applicable withholding tax). At the date of this Offer Memorandum, there are no Distributions envisaged by VolkerWessels, but any adjustment to the Offer Price resulting from a Distribution by VolkerWessels will be communicated by a press release in accordance with section 5.13 (Announcements) of this Offer Memorandum.

5.3 Acceptance by Shareholders

(a) General

The tender of any Share by a Shareholder constitutes an acceptance of the Offer by the Shareholder. If in doubt, holders of Shares should contact the Settlement Agent at the contact details included in section 3.6.

(b) Acceptance by holders of Shares through Admitted Institutions

Shareholders who hold their Shares through an Admitted Institution are requested to make their acceptance known through their bank or stockbroker no later than 17:40 hours CET, on the initial Closing Date, unless the Offer Period is extended in accordance with section 5.6 (Extension). The

custodian, bank or stockbroker may set an earlier deadline for communication by Shareholders in order to permit the custodian, bank or stockbroker to communicate its acceptances to the Settlement Agent in a timely manner. Accordingly, Shareholders holding Shares through a financial intermediary should comply with the dates communicated by such financial intermediary, as such dates may differ from the dates and times noted in this Offer Memorandum.

Admitted Institutions may tender Shares for acceptance only to the Settlement Agent and only in writing. In submitting the acceptance, Admitted Institutions are required to declare that (i) they have the tendered Shares in their administration, (ii) each Shareholder who accepts the Offer irrevocably represents and warrants that (a) the Tendered Shares are being tendered in compliance with the restrictions set out in sections 2 (Restrictions) and 3 (Important Information) and (b) it is not the subject or target, directly or indirectly, of any economic or financial sanctions administered or enforced by any agency of the U.S. government, the European Union, any member state thereof, or the United Nations, other than solely by virtue of its inclusion in, or ownership by a person included in, the US “Sectoral Sanctions Identifications (SSI) List” or Annex III, IV, V or VI of Council Regulation (EU) No. 833/2014 of 31 July 2014, as amended, and (iii) they undertake to transfer these Tendered Shares to the Offeror prior to or ultimately on the Settlement Date, provided that the Offer has been declared unconditional (*gestand wordt gedaan*).

Subject to Article 5b, paragraph 5, Article 15, paragraphs 3 and 8 and Article 15a paragraph 3 of the Decree, the tendering of Shares in acceptance of the Offer will constitute irrevocable instructions (i) to block any attempt to transfer the Shares tendered, so that on or prior to the Settlement Date no transfer of such Shares may be effected (other than to the Settlement Agent on or prior to the Settlement Date if the Offer is declared unconditional (*gestand wordt gedaan*) and the Shares have been accepted for purchase) and (ii) to debit the securities account in which such Shares are held on the Settlement Date in respect of all of the Tendered Shares, against payment by the Settlement Agent of the Offer Price per Share.

(c) Validity of the Tendered Shares; waiver of defects; return of Tendered Shares

The Offeror will determine questions as to the validity, form, eligibility, including time of receipt, and acceptance for purchase of any tender of Shares, in its sole reasonable discretion and the Offeror’s determination will be final and binding. The Offeror reserves the right to reject any and all tenders of Shares that it in all reasonableness determines are not in proper form or the acceptance for purchase of which may be unlawful. No tender of Shares will be deemed to have been validly made until all defects and irregularities have been cured or waived. The Offeror’s interpretation of the terms and conditions of the Offer, including the acceptance forms and instructions thereto, will be final and binding.

There shall be no obligation on the Offeror, the Settlement Agent, or any person acting on its or their behalf to give notice of any defects or irregularities in any acceptance or notice of withdrawal and no liability shall be incurred by any of them for failure to give any such notification.

The Offeror reserves the right to accept any tender of Shares pursuant to the Offer, even if such tender has not been made in compliance with the terms and conditions of the Offer, including the procedures set forth in this section 5.3(b) (Acceptance by Shareholders).

If any Shares tendered in accordance with the instructions set forth in this Offer Memorandum are not accepted for purchase pursuant to the terms and conditions of this Offer, the Offeror will cause the Shares to be returned promptly following the announcement of the lapse or withdrawal of the Offer, as the case may be.

(d) Undertakings, representations and warranties by tendering Shareholders

Each Shareholder tendering Shares pursuant to the Offer, by such tender, undertakes, represents and warrants to the Offeror, on the date that such Shares are tendered and on the Settlement Date or, with respect to Shares tendered in the Post-Closing Acceptance Period, the settlement date for such Shares, that:

- (i) the tender of any Shares constitutes an acceptance by the Shareholder of the Offer, on and subject to the terms and conditions of the Offer;
 - (ii) such Shareholder has full power and authority to tender, sell and transfer (*leveren*) the Shares tendered by it, and has not entered into any other agreement to tender, sell or transfer (*leveren*) the Shares stated to have been tendered to any party other than the Offeror (together with all rights attaching thereto) and, when the same are purchased by the Offeror under the Offer, the Offeror will acquire such Shares, with full title guarantee and free and clear of all third party rights, rights of pledge, other encumbrances and restrictions of any kind, unless such third party rights and restrictions arise solely and result directly from such Shares being held in book entry form by Euroclear or pursuant to the Articles of Association;
 - (iii) such Shares are being tendered in compliance with the restrictions as set out in section 2 (Restrictions) and section 3 (Important Information) and the securities and other applicable laws or regulations of the jurisdiction in which such Shareholder is located or of which it is a resident and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with the tendering of such Shares;
 - (iv) such Shareholder acknowledges and agrees that having tendered its Shares, such Shareholder shall, as from the Settlement Date, be deemed to have waived any and all rights or entitlements that such Shareholder may have in its capacity as shareholder of VolkerWessels or otherwise in connection with its shareholding in VolkerWessels vis-à-vis any member of the VolkerWessels Group and any past or current member of the VolkerWessels Boards; and
 - (v) such Shareholder is not the subject or target, directly or indirectly, of any economic or financial sanctions administered or enforced by any agency of the US government, the European Union, any member state thereof, or the United Nations, other than solely by virtue of its inclusion in, or ownership by a person included in, the U.S. “Sectoral Sanctions Identifications (SSI) List” or Annex III, IV, V or VI of Council Regulation (EU) No. 833/2014 of 31 July 2014, as amended.
- (e) Withdrawal rights

Shares tendered on or prior to the Closing Date may not be withdrawn, subject to the right of withdrawal of any tender:

- (i) during any extension of the Offer Period in accordance with the provisions of Article 15, paragraph 3 of the Decree;
- (ii) following an announcement of a mandatory public bid in accordance with the provisions of Article 5b, paragraph 5 of the Decree, provided that such Shares were already tendered prior to the announcement and withdrawn within seven Business Days following the announcement;
- (iii) following the filing of a successful request to set a reasonable price for a mandatory public bid by the Offeror in accordance with the provisions of Article 15, paragraph

8 of the Decree, provided that (A) such request was granted, (B) such Shares were already tendered prior to the filing of such request, and (C) withdrawn within seven Business Days following the date on which the judgment of the Enterprise Chamber was declared provisionally enforceable or became final and conclusive; or

- (iv) following an increase of the Offer Price as a result of which the Offer Price does no longer only consist of a cash component and a document in relation thereto is made publicly available in accordance with the provisions of Article 15a, paragraph 3 of the Decree, provided that such Shares were already tendered prior to the request and withdrawn within seven Business Days following such document being made available.

To withdraw previously tendered Shares, holders of Shares held through Admitted Institutions must instruct the Admitted Institution they initially instructed to tender the Shares to arrange for the withdrawal of such Shares by the timely deliverance of a written or facsimile transmission notice of withdrawal to the Settlement Agent.

Any notice of withdrawal for Shares must specify the name of the person having tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of the Shares to be withdrawn, if different from that of the person who tendered such Shares. The signature(s) on the notice of withdrawal of Shares must be guaranteed by an Admitted Institution, unless such Shares have been tendered for the account of any intermediary.

5.4 Offer Period

The Offer Period will commence at 09:00 hours CET, on 24 December 2019 and will expire on 28 February 2020 at 17:40 hours CET, unless the Offer Period is extended in accordance with section 5.6 (Extension).

If all conditions to the Offer are satisfied or, as applicable, waived, the Offeror will accept all Tendered Shares not previously withdrawn pursuant to the provisions of Article 5b, paragraph 5, Article 15, paragraphs 3 and 8 and Article 15a, paragraph 3 of the Decree and in accordance with the procedures set forth in section 5.3 (Acceptance by Shareholders).

5.5 Declaring the Offer unconditional

The obligation of the Offeror to declare the Offer unconditional is subject to the satisfaction or waiver of the Offer Conditions. Reference is made to section 6.6 (Offer Conditions, waiver and satisfaction). The Offer Conditions may be waived, to the extent permitted by law, as set out in section 6.6(b) (Waiver). If the Offeror or VolkerWessels, or each of the Offeror and VolkerWessels where relevant, wholly or partly waive one or more Offer Conditions according to section 6.6(b) (Waiver), the Offeror will inform the Shareholders as required by the Applicable Rules.

No later than on the Unconditional Date (i.e. the third Business Day following the Closing Date) the Offeror will determine whether the Offer Conditions have been satisfied or waived as set out in section 6.6 (Offer Conditions, waiver and satisfaction), to the extent permitted by Applicable Rules. In addition, the Offeror will announce on the Unconditional Date whether (i) the Offer is declared unconditional, (ii) the Offer will be extended in accordance with Article 15 of the Decree, or (iii) the Offer is terminated as a result of the Offer Conditions set out in section 6.6(a) (Offer Conditions) not having been satisfied or waived, all in accordance with section 6.6(b) (Waiver) and section 6.6(d) (Satisfaction) and Article 16 of the Decree. In the event that the Offer is not declared unconditional, the Offeror will explain such decision.

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), the Offeror will accept all Tendered Shares and will continue the Offer during a Post-Closing Acceptance Period (*na-aanmeldingstermijn*) as set out in section 5.8 (Post-Closing Acceptance Period).

5.6 Extension

If one or more of the Offer Conditions set out in section 6.6 (Offer Conditions, waiver and satisfaction) is not satisfied by the initial Closing Date or waived in accordance with section 6.6(b) (Waiver), the Offeror may, in accordance with Article 15, paragraph 1 and paragraph 2 of the Decree, extend the Offer once for a minimum period of two weeks and a maximum period of ten weeks in order to have such Offer Conditions satisfied or waived. At the date of this Offer Memorandum, the Offeror does not anticipate any such extension. In the event a third party makes or announces a competing offer for the Shares prior to the expiry of the Offer Period (whether or not extended pursuant to Article 15, paragraph 1 and paragraph 2), the Offeror may extend the Offer Period at its own discretion in accordance with Article 15, paragraph 5 of the Decree to the end of the offer period of such competing offer. Further extensions are subject to an exemption from the AFM.

If the Offeror decides to request an exemption from the AFM it may, subject to receipt of such exemption, extend the Offer Period until such time as the Offeror reasonably believes is necessary to cause the Offer Conditions to be satisfied, but no later than the Long Stop Date. If no exemption is granted by the AFM while not all Offer Conditions have been satisfied before the end of the extended Offer Period (and if such Offer Condition(s) has or have not been waived to the extent legally permitted in accordance with section 6.6(b) (Waiver)), the Offer will be terminated as a consequence of such Offer Condition(s) not having been satisfied or waived on or before the Unconditional Date.

In the event of any extension, all references in this Offer Memorandum to 17:40 hours CET on the Closing Date shall, unless the context requires otherwise, be changed to the latest date and time to which the Offer Period has been so extended.

If the Offer Period is extended, so that the obligation pursuant to Article 16 of the Decree to announce whether the Offer is declared unconditional is postponed, a public announcement to that effect will be made ultimately on the third Business Day following the initial Closing Date in accordance with the provisions of Article 15, paragraph 1 and paragraph 2 of the Decree. If the Offeror extends the Offer Period, the Offer will expire on the latest time and date to which the Offeror extends the Offer Period.

During an extension of the Offer Period, any Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the right of each Shareholder to withdraw the Shares he or she has already tendered in accordance with section 5.3(e) (Withdrawal Rights).

5.7 Settlement

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and transferred (*geleverd*) their Shares for acceptance pursuant to the Offer on or prior to the Closing Date will receive within three Business Days following the Unconditional Date the Offer Price in respect of each Tendered Share, as of which moment dissolution or annulment of a Shareholder's tender or transfer (*levering*) shall not be permitted. Settlement will only take place if the Offer is declared unconditional (*gestand wordt gedaan*).

5.8 Post-Closing Acceptance Period

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), the Offeror will, in accordance with Article 17 of the Decree, within three Business Days after declaring the Offer unconditional, publicly announce a Post-Closing Acceptance Period (*na-aanmeldingstermijn*) of no more than two weeks to enable Shareholders who did not tender their Shares during the Offer Period to tender their Shares under the same terms and conditions as the Offer (including the terms and conditions set out in section 5.3).

In the Post-Closing Acceptance Period, Shareholders who hold their Shares through an Admitted Institution are requested to make their acceptance known through their bank or stockbroker no later than 17:40 hours CET on the last Business Day of the Post-Closing Acceptance Period. The custodian, bank or stockbroker may set an earlier deadline for communication by Shareholders in order to permit the custodian, bank or stockbroker to communicate its acceptances to the Settlement Agent in a timely manner. Accordingly, Shareholders holding Shares through a financial intermediary should comply with the dates communicated by such financial intermediary, as such dates may differ from the dates and times noted in this Offer Memorandum.

The Offeror will publicly announce the results of the Post-Closing Acceptance Period and the total amount and total percentage of Shares held by it in accordance with Article 17, paragraph 4 of the Decree ultimately on the third Business Day following the last day of the Post-Closing Acceptance Period. The Offeror shall continue to accept for payment all Shares validly tendered (or defectively tendered, provided that such defect has been waived by the Offeror) during such Post-Closing Acceptance Period and shall pay for such Shares as soon as reasonably possible and in any case no later than on the third Business Day following the last day of the Post-Closing Acceptance Period.

During the Post-Closing Acceptance Period, Shareholders have no right to withdraw Shares from the Offer, whether validly tendered (or defectively tendered, provided that such defect has been waived by the Offeror) during the Offer Period or during the Post-Closing Acceptance Period.

In the event any Distribution on the Shares is declared by VolkerWessels on or prior to the settlement date of the Shares tendered in the Post-Closing Acceptance Period whereby the record date for entitlement to such Distribution is on or prior to such settlement date, the Offer Price will be decreased by the full amount of any such Distribution made by VolkerWessels in respect of each Share (before any applicable withholding tax).

5.9 Commission

Admitted Institutions will receive from the Settlement Agent on behalf of the Offeror a commission in the amount of EUR 0.0017 in respect of each Tendered Share up to a maximum of EUR 1,000 per Shareholder tender.

No costs will be charged to Shareholders by the Offeror or by VolkerWessels for the transfer and payment of each Tendered Share if an Admitted Institution is involved. However, Shareholders may be charged certain fees by their banks or stockbrokers. Costs may also be charged to Shareholders by or on behalf of a foreign institution involved in the transfer and payment of the Tendered Shares. Shareholders should consult their banks and stockbrokers regarding any such fees.

5.10 Dividends

Following the Settlement Date, the current dividend policy of VolkerWessels may be discontinued. Any Distribution made in respect of Shares not tendered under the Offer after the Settlement Date (or, if there is a Post-Closing Acceptance Period, after expiry of that period) will pro rata be deducted from the price per share for the purpose of establishing such price in the Buy-Out, the

Asset Sale, any statutory merger, or any other measure contemplated by section 6.12 (Possible Post-Closing Measures and future legal structure).

5.11 Withholding

The Offeror is entitled to deduct and withhold from the Offer Price such amounts as the Offeror is required to deduct and withhold with respect to the making of such payment under any provision of applicable tax or social security law. To the extent that amounts are so withheld by the Offeror, such amounts shall be treated for all purposes as having been paid to the Shareholders on behalf of which such deduction and withholding was made by the Offeror.

5.12 Restrictions

The Offer is being made with due observance of the statements, conditions and restrictions included in this Offer Memorandum. The Offeror reserves the right to accept any tender under the Offer that is made by or on behalf of a Shareholder, even if it has not been effected in the manner as set out in section 5.3 (Acceptance by Shareholders).

5.13 Announcements

Any announcement contemplated by this Offer Memorandum will be issued by press release. Any press release issued by the Offeror will be made available on the website www.reggeborgh.nl. Any press release issued by VolkerWessels will be made available on the website www.volkerwessels.com.

Subject to any applicable requirements of the Applicable Rules and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror will have no obligation to communicate any public announcement other than as described in this section 5.13 (Announcements).

5.14 Indicative timetable

Expected date and time (All times are CET)	Event
23 December 2019	Press release announcing the availability of this Offer Memorandum and the commencement of the Offer
09:00 hours CET, 24 December 2019	Commencement of the Offer Period
13 February 2020	VolkerWessels will publish its financial results for the financial year 2019
14:00 hours CET, 17 February 2020	General Meeting, at which meeting, among other matters, the Offer will be discussed and the Resolutions will be voted on
21 February 2020	VolkerWessels will publish its financial statements for the financial year 2019 including the independent auditor's report thereon

Expected date and time (All times are CET)	Event
17:40 hours CET, 28 February 2020	Initial Closing Date: deadline for Shareholders wishing to tender Shares, unless the Offer is extended in accordance with Article 15 of the Decree as described in section 5.6 (Extension)
No later than three Business Days after the Closing Date	Unconditional Date: the date on which the Offeror will publicly announce whether the Offer is declared unconditional (<i>gestand wordt gedaan</i>) in accordance with Article 16 of the Decree
No later than the third Business Day after the Unconditional Date	Settlement Date: the date on which, in accordance with the terms and conditions of the Offer, the Offeror will pay the Offer Price for each Tendered Share
No later than the third Business Days after the Unconditional Date	Post-Closing Acceptance Period: if the Offer is declared unconditional, the Offeror will announce a Post-Closing Acceptance Period for a period of no more than two weeks in accordance with Article 17 of the Decree

6. EXPLANATION AND BACKGROUND OF THE OFFER

6.1 Background and public announcements

On 12 May 2017, VolkerWessels, at that time a private company, admitted its entire ordinary share capital to listing and trading on Euronext Amsterdam concurrently with an initial public offering of Shares by the Offeror (the **IPO**). VolkerWessels and the Offeror believed that the listing and offering of the Shares on Euronext Amsterdam would further enhance VolkerWessels' profile and brand recognition. In addition, it would create a market in the Shares for existing and future shareholders and would provide the Offeror with a partial realisation of its investment in VolkerWessels. The intention of the Offeror was to become a long-term minority shareholder of VolkerWessels over time. However, given recent developments (as set out in section 6.4 (Rationale for the Offer), a further decrease of the Offeror's stake on Euronext Amsterdam is no longer a realistic scenario.

As a result of these developments, the Offeror sent a letter of interest to VolkerWessels on 8 October 2019 expressing its interest to make a public offer for all the issued and outstanding ordinary shares of VolkerWessels, subject to customary conditions. The VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board), after careful review and consideration, together with their financial and legal advisers, concluded that it was in the interest of VolkerWessels and all of its stakeholders to enter into discussions with the Offeror, based on the proposed offer terms. Following unusual share price movements and trading volumes, VolkerWessels announced on 29 October 2019 that it had been approached by the Offeror in connection with a potential public offer for all the issued and outstanding ordinary shares of VolkerWessels at a proposed offer price per share of EUR 21.75 (twenty-one euro and seventy-five eurocents) (cum dividend). At that time, the negotiations between the Offeror and VolkerWessels were still at an early stage with no assurance that any transaction would materialize from these discussions. Reference is made to section 11.1 (Press release VolkerWessels dated 29 October 2019).

Concurrently, the discussions between the Offeror and VolkerWessels regarding the Offer kept ongoing. Discussions regarding the Offer, including, but not limited to, the Offer Price, the Offer Conditions and the future strategy of the VolkerWessels Group after the Settlement Date, took place between the Offeror and its advisers on the one hand, and the members of the Management Board and the Independent Members of the Supervisory Board and their respective advisers on the other hand. Reference is made to section 9(a).

On 12 November 2019, the Offeror and VolkerWessels jointly announced that they reached conditional agreement in connection with a recommended public offer by the Offeror for all the Shares at an offer price of EUR 22.20 (twenty-two euro and twenty eurocents) (cum dividend) in cash for each Share, subject to customary conditions, and that the Offeror has committed financing in place (the **Initial Announcement**). Reference is made to section 11.2 (Initial Announcement dated 12 November 2019).

Following the Initial Announcement, the Offeror acquired a certain number of Shares. Reference is made to the Offeror's press releases in this respect as published on its website and section 6.10 (Respective cross-shareholdings the Offeror – VolkerWessels).

On 15 November 2019, the Offeror made an announcement pursuant to the provisions of Article 7, paragraph 1 sub a of the Decree in which it confirmed (i) to make good progress on the preparation for the Offer, and (ii) that it had submitted a request for review and approval of the Offer Memorandum with the AFM. Reference is made to section 11.4 (Press release of the Offeror dated 15 November 2019).

6.2 The Offer

The Offeror is making an offer to purchase from the Shareholders all the Shares on the terms and subject to the conditions and restrictions contained in this Offer Memorandum.

Subject to the Offer being declared unconditional (*gestanddoening*), Shareholders who have tendered and transferred their Shares under the Offer will receive the Offer Price in respect of each Tendered Share.

6.3 Substantiation of the Offer Price

(a) General

In establishing the Offer Price, the Offeror carefully considered the history and prospects of VolkerWessels. The Offeror and its advisors used for the analyses set out in section 6.3(b): (a) historic financial information and potential future developments in VolkerWessels' profitability, cash flows and balance sheet based on public disclosures by VolkerWessels since the IPO, including financial statements, company presentations and press releases including the press release reporting the Q3 2019 financial figures and most recent outlook as published on 12 November 2019, (b) broker reports of four analysts¹ in the period from 29 August 2018 up to and including the Reference Date, and (c) public disclosures related to the offer premiums of the selected precedent successful public offers as set out in section 6.3(b)(ii). In this context, the Offeror and its advisors also took into account VolkerWessels' risk profile compared to publicly listed comparable companies as well as its risk sensitivities. The Offeror and its advisors also took into account historical market values of the Shares.

(b) Analyses

The Offer Price has been based on the following financial analyses, performed by the Offeror and its advisors:

- (i) an analysis of the closing prices of the Shares from 29 October 2018 up to and including the Reference Date. During this period (the closing price of the Shares ranged from EUR 12.92 to EUR 19.52 and the volume weighted average price of the Shares for the one (1), three (3), six (6) and twelve (12) month period prior to and including the Reference Date were EUR 17.01, EUR 16.57, EUR 16.95, and EUR 16.84 respectively;
- (ii) an analysis of selected precedent offer premiums for successful public offers:
 - (A) taking into account 24 public offers in the Netherlands between 1 January 2013 and 8 October 2019², the median offer premium to the unaffected share price was 29.4%, whilst to the volume weighted average price of the shares in these transactions was 27.3% for the one (1) month, 27.0% to the three (3) month, 26.9% to the six (6) month and 30.8% to the twelve (12) month period prior to and including their last unaffected trading day;
 - (B) 9 public offers in the construction sector in Europe including the UK, Finland, Spain, Germany and the Netherlands between 1 January 2013 and 8 October 2019³, the median offer premium to the unaffected share price

¹ Being the analysts of Kepler Cheuvreux, Exane BNP Paribas, Degroof Petercam and Bank of America Merrill Lynch respectively.

² Including among others Wessanen – PAI Partners/Jobson, Refresco – PAI Partners, Ten Cate – consortium led by Gilde Buy Out Partners, and Exact – Apax Partners.

³ Including Telford Homes – CBRE, CB&I – McDermott, Lemminkainen – YIT, FCC – Inversora Carso, Ballast Nedam – Renaissance, Kentz – SNC Lavelin, May Guernsey – Kier, Hochtief – ACS, and Enserve – Cinven.

was 24.5%, whilst to the volume weighted average price of the shares in these transactions was 16.4% for the one (1) month, 21.3% to the three (3) month, 16.3% to the six (6) month and 9.9% to the twelve (12) month period prior to and including their last unaffected trading day;

- (C) 17 public offers in which a majority shareholder with a stake between 50% and 90% completed a successful public offer on the remainder of the outstanding shares between 1 January 2013 and 8 October 2019 in the Netherlands, Belgium, Germany, France and the United Kingdom⁴, the median offer premium to the unaffected share price was 21.3%, whilst to the volume weighted average price of the shares in these transactions was 24.1% for the one (1) month, 25.4% to the three (3) month, 23.0% to the six (6) month and 27.5% to the twelve (12) month period prior to and including their last unaffected trading day;
- (iii) an analysis of the 12-month forward looking analyst price targets for the Shares, issued between the VolkerWessels' H1 2019 results (29 August 2019) and the Reference Date. The median 12-month forward looking price target was EUR 22.25 based on four analysts⁵;
- (iv) a trading multiple analysis of the firm value⁶ to EBITDA multiple based on the analyst consensus⁷ of EUR 280 million 2019E EBITDA, the firm value (based on the offer price of EUR 22.20) to 2019E EBITDA multiple is 5.6x, whilst the average firm value to 2019E EBITDA multiple based on analyst consensus over the last 12 (twelve) months was 4.0x. In comparison the firm value to EBITDA multiple based on the midpoint of the 2019E EBITDA forecast given by VolkerWessels, as published on 12 November 2019, which was expected to increase between 4% and 7% relative to the 2018A EBITDA and the offer price of EUR 22.20 would be 5.9⁸x; and
- (v) a standalone discounted cash flow analysis for VolkerWessels based on a 8.25% to 8.75% discount rate and 0.5% perpetuity growth rate.

(c) Bid Premia

The Offer represents:

- (i) a premium of 25.4% to the closing price per Share on Euronext Amsterdam on the Reference Date⁹;
- (ii) a premium of 30.5% to the volume-weighted average price per Share on Euronext Amsterdam for the one (1) month period prior to and including the Reference Date;
- (iii) a premium of 34.0% to the volume-weighted average price per Share on Euronext Amsterdam for the three (3) month period prior to and including the Reference Date;

⁴ Including among others VTG – Omers/Morgan Stanley Infrastructure, Market Tech – Labtech, CMB – Saverco, and Colt Group – FMR

⁵ Being the analysts of Kepler Cheuvreux, Exane BNP Paribas, Degroof Petercam and Bank of America Merrill Lynch respectively.

⁶ Firm value calculated as the market value of VolkerWessels + short term debt + long term debt – cash + minority interests + defined benefit pension plan deficit.

⁷ Median of the analysts as per footnote 1.

⁸ 5.9x multiple based on €264.8m EBITDA which is the midpoint of a 4-7% growth outlook as provided in the 2019 Q3 results press release dated 12 November 2019 by VolkerWessels, applied to the €251m EBITDA 2018 as reported in the 2018 annual report by VolkerWessels.

⁹ The closing price of the Shares on the Reference Date was EUR 17.70, as per Bloomberg.

- (iv) a premium of 30.9% to the volume-weighted average price per Share on Euronext Amsterdam for the six (6) month period prior to and including the Reference Date; and
- (v) a premium of 31.8% to volume-weighted average price per Share on Euronext Amsterdam for the twelve (12) month period prior to and including the Reference Date.

6.4 Rationale for the Offer

VolkerWessels is a multi-branded international (Netherlands (including Belgium Energy & Telecoms) (71%), UK (19%), North America (6%) and Germany (4%) (% of 2018A revenues)) construction company with leading positions in the markets it operates in. At the time of the IPO in May 2017, the Offeror's intention was to become a long term minority shareholder in VolkerWessels over time.

However, in the opinion of the Offeror circumstances have changed and it considers to be in a situation that the objective of becoming a long term minority shareholder is no longer realistic.

The European peer group of VolkerWessels, consisting of BAM, Heijmans, Kier Group, NCC, Peab and Skanska, has de-rated and share prices of Dutch construction companies suffer from additional pressure as a result of increased uncertainty related to environmental regulations. Notwithstanding these circumstances, the Offeror has full confidence in the potential of VolkerWessels. As such, the Offeror has taken the view that making the Offer is in the best interest of all stakeholders. The Offeror fully supports the long-term strategy of VolkerWessels, whilst realizing that the implementation given current challenges requires flexibility.

Moreover, VolkerWessels will be in a better position to deal with the increasingly challenging market conditions with a long term shareholder in a private setting. The company will have a strong direct shareholder willing and able to take a long-term view on maintaining and, where possible, enhancing its market position. This will enable VolkerWessels to make the required investments in uncertain periods to reinforce its leading positions and to capitalize on opportunities whilst protecting long term value creation for all its stakeholders. Private ownership will also allow VolkerWessels to be less vulnerable to potential adverse consequences of negative (sector wide) stock market conditions. In addition, VolkerWessels will be able to free up resources and management time, expected to be several working days per annum, which are now dedicated to its public listing for the benefit of the business.

6.5 Financing of the Offer

The Offeror shall fund the Offer and, if applicable, the Asset Sale, through a combination of its own cash reserves and third-party debt financing.

The Offeror has entered into binding debt financing documentation with a consortium of Van Lanschot and NIBC providing the Offeror with the ability to draw down debt financing for an aggregate amount of EUR 400 million (four hundred million euro) subject to the terms and conditions therein. The Offeror has no reason to believe that any such conditions will not be fulfilled on or prior to the Settlement Date.

From the financing, the Offeror will be able to fund the acquisition of Shares under the Offer, the consideration for the Asset Sale for those Shares not tendered under the Offer and the payment of fees and expenses related to the Offer.

Reference is also made to the Initial Announcement in which the certainty of funds was announced in accordance with Article 7, paragraph 4 of the Decree.

6.6 Offer Conditions, waiver and satisfaction

(a) Offer Conditions

Notwithstanding any other provisions of the Offer, the obligation of the Offeror to declare the Offer unconditional (*het bod gestand doen*) is subject to the following conditions precedent being satisfied or waived, as the case may be, on or before the Long Stop Date (the **Offer Conditions**):

Acceptance Threshold

- (i) the number of Tendered Shares, together with (i) the Shares directly or indirectly owned by the Offeror, (ii) any Shares committed to the Offeror in writing and (iii) any Shares to which the Offeror is entitled (*gekocht maar nog niet geleverd*), representing at least the Acceptance Threshold on the Closing Date;

for purposes of this section 6.6(a)(i), **Acceptance Threshold** means either:

- (A) 95% of VolkerWessels' aggregate issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon aandelenkapitaal*) as at the Closing Date; or
- (B) 85% of VolkerWessels' aggregate issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon aandelenkapitaal*) as at the Closing Date if the Asset Sale and Liquidation Resolutions have been adopted at the General Meeting and are in full force and effect on the Closing Date;

The Offeror will vote in favour of the Asset Sale and Liquidation Resolutions. If, however, Condition 6.6(i)(B) is not satisfied because of an event that does not depend on the will of the Offeror, then the Acceptance Threshold of 95% will apply.

No breach by VolkerWessels

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

No breach by the Offeror

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

No Material Adverse Effect

- (iv) no Material Adverse Effect having occurred on or before the Unconditional Date which is continuing on the Unconditional Date;

No Superior Offer

- (v) no Superior Offer having been announced or made on or before the Unconditional Date;

No suspension of trading on Euronext Amsterdam

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

No AFM notification

- (vii) no notification having been received from the AFM on or before the Unconditional Date stating that pursuant to Article 5:80 paragraph 2 of the Wft, one or more investment firms are not allowed to cooperate with the Offer;

No order

- (viii) no order, stay, judgment, injunction or decree having been issued by any European Union, national, provincial, local or foreign governmental or other regulatory authority, agency, commission, court, arbitral tribunal or other legislative, Management or judicial governmental entity (collectively, **Governmental Entity**), and no Governmental Entity of competent jurisdiction having enacted any law, regulation, statute, injunction or other rule or order (whether temporary, preliminary or permanent) that is in effect and restrains or prohibits or materially delays the making, closing and/or settlement of the Offer in accordance with the Merger Protocol and the other Transactions; and

No Adverse Recommendation Change

- (ix) neither of the Boards nor any of their members (excluding the Non-Independent Members of the Supervisory Board) having effected an Adverse Recommendation Change.

(b) Waiver

The Offer Conditions 6.6(a)(i) (*Acceptance Threshold*) , 6.6(a)(ii) (*No breach by VolkerWessels*), 6.6(a)(iv) (*No Material Adverse Effect*), 6(a)(v) (*No Superior Offer*), and 6.6(a)(ix) (*No Adverse Recommendation Change*) are for the sole benefit of the Offeror and may be waived (either in whole or in part) by the Offeror at any time, in its sole discretion, by written notice to VolkerWessels.

The Offer Condition set out in section 6.6(a)(iii) (*No breach by the Offeror*) is for the sole benefit of VolkerWessels and may be waived (either in whole or in part) by VolkerWessels at any time, in its sole discretion, by written notice to the Offeror.

The Offer Condition set out in section 6.6(a)(vi) (*No suspension of trading on Euronext Amsterdam*) may be waived by the Offeror and VolkerWessels jointly.

The Offer Condition set out in sections 6.6(a)(vii) (*No AFM notification*) and 6.6(a)(viii) (*No order*) cannot be waived.

Neither the Offeror nor VolkerWessels may invoke any of the Offer Conditions if the non-satisfaction of such Offer Condition(s) is caused by its own breach of any of its obligations under the Merger Protocol.

The Non-Independent Members of the Supervisory Board will not participate in the decision-making whether or not one of the Offer Conditions will be invoked, including in case of a breach of any obligations under the Merger Protocol. Actions taken by the Non-Independent Members of the Supervisory Board cannot lead to a breach by VolkerWessels of the Merger Protocol.

(c) Adverse Recommendation Change

Without prejudice to section 6.6(a)(ix) and 6.21(a)(v), the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board), acting jointly on the advice of the Special Committee, may effect an Adverse Recommendation Change if any material event, development, circumstance or change in circumstances or facts (including any material change in probability or magnitude of circumstances) occurs or becomes known after the date hereof, which was not foreseen by the VolkerWessels Boards, and they determine, acting in good faith and having consulted their financial and legal advisers, that failure to do so would be a breach of their fiduciary duties under Dutch law. Without limiting the generality of the foregoing, in making their determination to effect an Adverse Recommendation Change, the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board) will ignore any Alternative Proposal, except if they determine it to be a Superior Offer as set out in section 6.20.

(d) Satisfaction

The satisfaction of each of the Offer Conditions does not depend on the will of the Offeror as prohibited by Article 12, paragraph 2 of the Decree.

The Offeror and VolkerWessels shall consult with each other and each of the Offeror and VolkerWessels undertakes to use its best efforts to procure the fulfilment of the Offer Conditions as soon as reasonably practicable. The Offer is not subject to any required applications or notifications to any relevant authority other than the AFM. If at any time the Offeror or VolkerWessels becomes aware of any event or circumstance which would likely have a Material Adverse Effect, it shall promptly inform the other in writing.

With respect to the Offer Condition set out in section 6.6(a)(iv) (*No Material Adverse Effect*) the Offeror and VolkerWessels have agreed on a binding advice procedure in the event the Offeror considers this Offer Condition not satisfied and VolkerWessels disagrees. In such event, a binding adviser shall decide on the matter within ten (10) Business Days after the dispute having been referred to the binding adviser or such shorter period as the Offeror and VolkerWessels may agree, it being understood that a decision shall be rendered no later than noon CET on the Business Day before the Unconditional Date. The binding adviser shall be the President of the Enterprise Chamber (*Ondernemingskamer*) of the Court of Appeals of Amsterdam or, if this person is not able (for whatever reason) to provide the binding advice on time, another independent lawyer appointed by the President of the District Court of Amsterdam (*Rechtbank Amsterdam*) upon request of either the Offeror or VolkerWessels. The binding advice shall be final and binding upon the Offeror and VolkerWessels and each of the Offeror and VolkerWessels shall fully comply with the binding advice and the content thereof.

(e) Long Stop Date

The Offer Conditions must be satisfied or waived on or before 30 June 2020 (the **Long Stop Date**).

6.7 Decision making and Recommendation by the VolkerWessels Boards

The Management Board, as well as the Independent Members of the Supervisory Board (with and without the Management Board being present) have frequently met to discuss the developments, discussions, process and preparations in relation to the Offer throughout the process since receipt of the Offeror's initial letter of interest.

The members of the VolkerWessels Boards considered whether a conflict of interests exists between any of them and VolkerWessels. Mr H.M. Holterman, Mr E. Blok and Ms A.M. Montijn-Groenewoud, the non-independent members of the Supervisory Board who were nominated for appointment by the Offeror, have not participated in any discussions and decision-making process in respect of the Offer since the Offeror first approached VolkerWessels on 8 October 2019 due to a conflict of interest in relation to the Offer and the Transactions.

Consistent with their further fiduciary responsibilities, the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board), with the support of their financial and legal advisers, have carefully and extensively reviewed the Offer. In addition, the Management Board and the Independent Members of the Supervisory Board received a fairness opinion dated 11 November 2019 from ING Bank and the Independent Members of the Supervisory Board received a fairness opinion from ABN AMRO Bank dated 11 November 2019 each indicating that, as of such date and based upon and subject to the matters set forth in the fairness opinion, (i) the Offer Price is fair, from a financial point of view, to the Shareholders, and (ii) the aggregate value of the purchase price for the entire VolkerWessels business under the Asset Sale is fair from a financial point of view to VolkerWessels, in each case in form and substance satisfactory to the relevant Boards and in support of their recommendation of the Offer (the **Fairness Opinions**).

With reference to the above, after having reviewed with the support of their legal and financial advisers the terms and conditions of the Offer and any other actions contemplated in the Merger Protocol, including the Non-Financial Covenants in particular, and having taken the interests of all of VolkerWessels' stakeholders into account, the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board) unanimously conclude that the Offer is in the long term interests of VolkerWessels, the sustainable success of its business and its clients, employees, shareholders and other stakeholders. Accordingly, the VolkerWessels Boards unanimously decided to (i) support the Offer, (ii) recommend that the Shareholders accept the Offer and tender their Shares in the Offer, and (iii) recommend that the Shareholders vote in favour of the Resolutions (the **Recommendation**).

At the date of this Offer Memorandum, VolkerWessels published a Position Statement pursuant to article 18 of the Decree, which sets forth the Recommendation. The full text of the Fairness Opinions is included in the Position Statement.

The VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board) may only withdraw, amend or qualify the Recommendation as set forth in section 6.6(c) (Adverse Recommendation Change) and 6.20 (Potential Superior Offer).

6.8 Shareholdings of the members of the VolkerWessels Boards

(a) Information on Shares

As of the date of this Offer Memorandum, Shares are held by the members of the VolkerWessels Boards as shown in the following table.

Name	Total number of Shares owned	Shares acquired on own initiative	Granted shares as incentive but free from lock-up	Shares subject to lock-up*
J.A. de Ruiter	84,000	10,000 ¹⁰	-	74,000
J.G. van Rooijen	119,000	5,000 ¹¹	40,000	74,000
A. Vos	134,000	-	40,000	94,000
D. Boers	114,000	-	40,000	74,000
A.R. Robertson	54,000	-	-	54,000
J.H.M. Hommen	13,000	13,000 ¹²	n.a.	n.a.
S. Hepkema	5,000	5,000 ¹³	n.a.	n.a.
F.A. Verhoeven	5,411	5,411 ¹⁴	n.a.	n.a.

*: including the grant of 4,000 shares by the Offeror in 2019 to each member of the Management Board as referred to in 6.8(b). The Offeror and/or VolkerWessels will not grant any more shares in the capital of VolkerWessels to any member of the VolkerWessels Boards prior to Settlement.

(b) Share transactions in the year prior to the date of this Offer Memorandum

The table below provides an overview of all transactions in Shares effectuated by members of the VolkerWessels Boards in the year prior to the date of this Offer Memorandum.

Date	Transaction type	Total number of Shares	Type of shares	Volume weighted average price (EUR)
J.A. de Ruiter				
17 April 2019	granted by Offeror	4,000	ordinary shares	19.55
J.G. van Rooijen				
17 April 2019	granted by Offeror	4,000	ordinary shares	19.55
A. Vos				
17 April 2019	granted by Offeror	4,000	ordinary shares	19.55
D. Boers				
17 April 2019	granted by Offeror	4,000	ordinary shares	19.55
A.R. Robertson				
17 April 2019	granted by Offeror	4,000	ordinary shares	19.55

¹⁰ 5,000 shares acquired on 16 March 2018 and 5,000 shares acquired on 30 August 2018.

¹¹ 5,000 shares acquired on 30 August 2018.

¹² 886 shares acquired on 12 May 2017, 4,114 shares acquired on 15 May 2017 and 8,000 shares acquired on 15 November 2018.

¹³ 5,000 shares acquired on 20 November 2018.

¹⁴ 5,441 shares acquired on 3 September 2018.

6.9 Undertakings of the VolkerWessels Boards

The members of the VolkerWessels Boards holding a certain number of Shares as described in section 6.8(a) (Information on Shares), together representing approximately 0.667% of VolkerWessels' issued and outstanding ordinary share capital, have undertaken to tender or procure the tender of their respective Shares under the Offer, as well as any additional Shares acquired up to and including the Closing Date, and to vote on the Shares in favour of the Resolutions in the General Meeting, in each case for as long as the Merger Protocol has not been terminated in accordance with its terms.

If and when Settlement occurs, it is expected that the members of the VolkerWessels Boards will receive a cash amount as set out in the table below in consideration for their respective Shares (as expected to be held by each of them) tendered under the Offer. No remunerations have been or will be paid to any member of the VolkerWessels Boards in connection with the Offer being declared unconditional (*gestanddoening*). The Offeror or VolkerWessels have not provided any information relevant for a Shareholder in connection with the Offer that is not included in this Offer Memorandum.

The members of the VolkerWessels Boards will tender their shares under the same terms and conditions as the other Shareholders.

Name	Cash receipt (in EUR)
J.A. de Ruiter	1,841,280
J.G. van Rooijen	2,608,480
A. Vos	2,937,280
D. Boers	2,498,880
A.R. Robertson	1,183,680
J.H.M. Hommen	284,960
S. Hepkema	109,600
F.A. Verhoeven	118,609

6.10 Respective cross-shareholdings the Offeror – VolkerWessels

As at the date of this Offer Memorandum, the Offeror directly holds 57,565,963 Shares representing approximately 71.96% of the aggregate number of the issued and outstanding share capital of VolkerWessels and approximately 71.96% of the aggregate number of voting rights. As at the date of this Offer Memorandum, the Offeror does not indirectly hold any shares in the capital of VolkerWessels.

In the year preceding the date of the Offer Memorandum, the Offeror executed the following transactions in relation to VolkerWessels securities:

Date	Transaction type	Total number of Shares	Type of shares	Volume weighted average price (EUR)
12 November 2019	purchase	3,261,822	ordinary	22.15
13 November 2019	purchase	477,045	ordinary	22.19
14 November 2019	purchase	385,613	ordinary	22.20
15 November 2019	purchase	208,403	ordinary	22.20
18 November 2019	purchase	113,435	ordinary	22.20
19 November 2019	purchase	164,248	ordinary	22.20
20 November 2019	purchase	34,037	ordinary	21.90
21 November 2019	purchase	113,455	ordinary	21.90
22 November 2019	purchase	60,571	ordinary	21.90
25 November 2019	purchase	964,365	ordinary	21.89
27 November 2019	purchase	8,977	ordinary	21.90
28 November 2019	purchase	389,899	ordinary	21.91
29 November 2019	purchase	217	ordinary	21.90
2 December 2019	purchase	87,248	ordinary	21.90
3 December 2019	purchase	112,423	ordinary	21.90
4 December 2019	purchase	18,912	ordinary	21.90
12 December 2019	purchase	1,214	ordinary	21.90
13 December 2019	purchase	2,050	ordinary	21.90
16 December 2019	purchase	199	ordinary	21.90
17 December 2019	purchase	3,012	ordinary	21.90
18 December 2019	purchase	47	ordinary	21.90
19 December 2019	purchase	6,326	ordinary	21.90

The highest price per Share paid in any transaction listed in the table above was EUR 22.20 per Share.

In the year preceding the date of this Offer Memorandum, none of Arend Rijssen N.V., Revius B.V., Ms G. Wessels-Holterman and Ms I. Wessels-Bouwens executed any transactions in the Shares.

The Offeror or brokers (acting as agents for the Offeror) reserve the right to, to the extent permissible under applicable law or regulation, from time to time after the date the Offer Memorandum, and other than pursuant to the intended Offer, directly or indirectly purchase, or arrange to purchase Shares that are the subject of the Offer. To the extent information about such purchases or arrangements to purchase has to be made public in the Netherlands, such information will be disclosed by means of a press release to inform Shareholders of such information and made available on the website of the Offeror at www.reggeborgh.nl. No remunerations have been or will be paid to the statutory directors or supervisory directors (if any) of the Offeror, Arend Rijssen N.V. and Revius B.V., and no remunerations have been or will be paid to Ms G. Wessels-Holterman and Ms I. Wessels-Bouwens in connection with the Offer being declared unconditional (*gestanddoening*).

As at the date of this Offer Memorandum, neither VolkerWessels nor any of the Affiliates directly or indirectly holds any shares in the capital of the Offeror.

6.11 Implications of the Offer being declared unconditional

It is likely that the Offer, if and when it is declared unconditional, has implications for the Shareholders who did not tender their Shares. Therefore, Shareholders considering not tendering their Shares under the Offer should carefully review the sections of this Offer Memorandum that further explain the intentions of the Offeror, such as this section 6.11 (Implications of the Offer being declared unconditional) and section 6.12 (Possible Post-Closing Measures and future legal structure), which describe certain implications to which such Shareholders will be subject if the Offer is declared unconditional and settled. These risks are in addition to the exposure of such Shareholders to the risks inherent to the business of VolkerWessels, as such business and the structure of VolkerWessels may change from time to time after the Settlement Date.

(a) Intentions following the Offer being declared unconditional

If the Offer is declared unconditional, the Offeror and VolkerWessels intend to as soon as possible:

- (i) procure delisting of the Shares from Euronext Amsterdam and terminate the listing agreement between VolkerWessels and Euronext Amsterdam in relation to the listing of the Shares; and
- (ii) have the Offeror acquire all Shares not yet owned by it, whether pursuant to a Buy-Out as set out in section 6.12(b) (Buy-Out), or by implementing the Asset Sale and Liquidation or any other Post-Closing Measure resulting in VolkerWessels becoming a wholly-owned subsidiary of the Offeror, or the Offeror otherwise becoming one hundred per cent (100%) owner of the VolkerWessels business. See section 6.12 (Possible Post-Closing Measures and future legal structure).

(b) Liquidity and delisting

The purchase of Shares by the Offeror pursuant to the Offer will reduce the number of Shareholders, as well as the number of Shares that might otherwise be traded publicly. As a result the liquidity and market value of the Shares that were not tendered under the Offer, or were tendered and validly withdrawn, may be adversely affected. The Offeror does not intend to compensate for such adverse effect by, for example, setting up a liquidity

mechanism for the Shares that are not tendered following the Settlement Date and the Post-Closing Acceptance Period.

Should the Offer be declared unconditional, the Offeror and VolkerWessels intend to procure the delisting of the Shares on Euronext Amsterdam as soon as possible under Applicable Rules. This may further adversely affect the liquidity and market value of any Shares not tendered.

If the Offeror acquires 95% or more of the Shares, it will be able to procure delisting of the Shares from Euronext Amsterdam in accordance with applicable (policy) rules. However, the listing of the Shares on Euronext Amsterdam will also terminate after a successful Asset Sale as set out in section 6.12(c) (Asset Sale and Liquidation) or any other measures or procedures set out in section 6.12 (Possible Post-Closing Measures and future legal structure).

6.12 Possible Post-Closing Measures and future legal structure

(a) General

Following Settlement, the Offeror may choose to implement (or cause to be implemented) certain restructuring measures, including but not limited to the Post-Closing Measures mentioned in sections 6.12(b) (Buy-Out) and 6.12(c) (Asset Sale and Liquidation).

Furthermore, the Offeror reserves the right to use any legally permitted method to acquire all of the Shares (or full ownership of VolkerWessels' business) and to optimize the corporate, financing and tax structure of VolkerWessels. No decision in respect of pursuing any restructuring measures as set out in this section 6.12 (Possible Post-Closing Measures and future legal structure) has been taken by the Offeror and no such decision is envisaged to be taken prior to the Offer being declared unconditional. The Offeror will, however, decide to implement the Buy-Out in the event set out in section 6.12(b) (Buy-Out) and expects to implement the Asset Sale and Liquidation in the event set out in section 6.12(c) (Asset Sale and Liquidation).

(b) Buy-Out

In the event that following the Settlement Date or the settlement of the Shares tendered during the Post-Closing Acceptance Period, the Offeror has acquired (i) 95% or more of VolkerWessels' issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*) and at least 95% of the voting rights in respect of VolkerWessels' issued and outstanding ordinary share capital or (ii) at least 95% of VolkerWessels' aggregate issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*), the Offeror, as soon as possible, will initiate a buy-out procedure (*uitkoopprocedure*) in accordance with Article 2:92a of the Dutch Civil Code or in accordance with Article 2:359c of the Dutch Civil Code by the filing of a writ of summons with the Enterprise Chamber (the **Buy-Out**) in order to acquire the remaining Shares not tendered and not held by the Offeror or VolkerWessels. VolkerWessels shall provide the Offeror with any assistance as may be reasonably required, including, if needed, joining such proceedings as co-claimant or defendant.

In a Buy-Out, any remaining minority shareholders of VolkerWessels will be offered the Offer Price for their Shares unless there would be financial, business or other developments or circumstances that would justify a different price (including a reduction resulting from the payment of any Distribution) in accordance with, respectively, Article 2:92a, paragraph 5 or Article 2:359c, paragraph 6 of the Dutch Civil Code.

No Dutch dividend withholding tax (*dividendbelasting*) is due upon a disposal of the Shares under the Buy-Out. The Dutch income tax and U.S. federal income tax consequences of the Buy-Out are

the same as the Dutch income tax and U.S. federal income tax consequences, respectively, of the Offer. For more information reference is made to section 10 (Tax aspects of the Offer and possible Post-Closing Measures).

(c) Asset Sale and Liquidation

If the Offeror has declared the Offer unconditional (*gestand gedaan*) and (i) the number of Shares having been tendered for acceptance during the Offer Period and the Post-Closing Acceptance Period together with (x) any Shares directly or indirectly held by the Offeror, (y) any Shares committed to the Offeror in writing and (z) any Shares to which the Offeror is entitled (*gekocht maar nog niet geleverd*), represent at least 85% of VolkerWessels' issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*) as at the Closing Date (such percentage, the **Asset Sale Threshold**) and (ii) the Asset Sale and Liquidation Resolutions have been adopted, the Offeror may choose to implement the Asset Sale. The Offeror expects to implement the Asset Sale in the event that following the Settlement Date or the settlement of the Shares tendered during the Post-Closing Acceptance Period, the Offeror has not acquired (i) 95% or more of VolkerWessels' issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*) and at least 95% of the voting rights in respect of VolkerWessels' issued and outstanding ordinary share capital or (ii) at least 95% of VolkerWessels' aggregate issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*).

Rationale of the Asset Sale

The reason for conditioning the Offeror's option to implement the Asset Sale on at least 85% of VolkerWessels' issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon kapitaal*) having been acquired by the Offeror and not 95% or any other percentage higher than 85%, is to limit the risk that the Offer is not consummated (to the detriment of VolkerWessels, and the sustainable success of its business, but also to the detriment of the vast majority of the Shareholders and the other stakeholders of VolkerWessels, as none of the benefits of the Offer would arise, and to the detriment of the Offeror for the same reasons, while each of them would have incurred significant transaction costs) and consequently to enhance deal certainty, weighed against the interests of a relatively small number of Minority Shareholders.

The Offeror and VolkerWessels consider it important (i) to enhance the sustainable success of the business of the VolkerWessels Group under regained full ownership of the Offeror and (ii) for the Offeror to acquire one hundred per cent (100%) of the Shares or VolkerWessels' assets and operations. This importance is based, *inter alia*, on:

- (i) the fact that having a single shareholder and operating without a public listing increases VolkerWessels Group's ability to achieve goals and implement the actions of the proposed strategy of VolkerWessels Group under full ownership of the Offeror; and
- (ii) the ability of VolkerWessels and the Offeror to terminate the listing of the Shares from Euronext Amsterdam and to achieve an efficient capital structure (both from a tax, financing and capital requirements perspective), including the ability to form a fiscal unity between the Offeror and VolkerWessels, which are important factors in achieving the premium reflected in the Offer Price.

In light of the above, including the deal certainty considerations and the fact that the Offeror's willingness to pursue the strategic rationale, to pay the Offer Price and to pursue the Transactions is predicated on the acquisition of one hundred per cent (100%) of the Shares, and in light of the willingness of the Offeror to reduce the Acceptance Threshold to the Asset Sale Threshold if there is a pre-wired restructuring on fair and reasonable terms, VolkerWessels expressed its support for the

Asset Sale and Liquidation as contemplated in this section and the other Post-Closing Measures as contemplated in section 6.12(d) (Other measures).

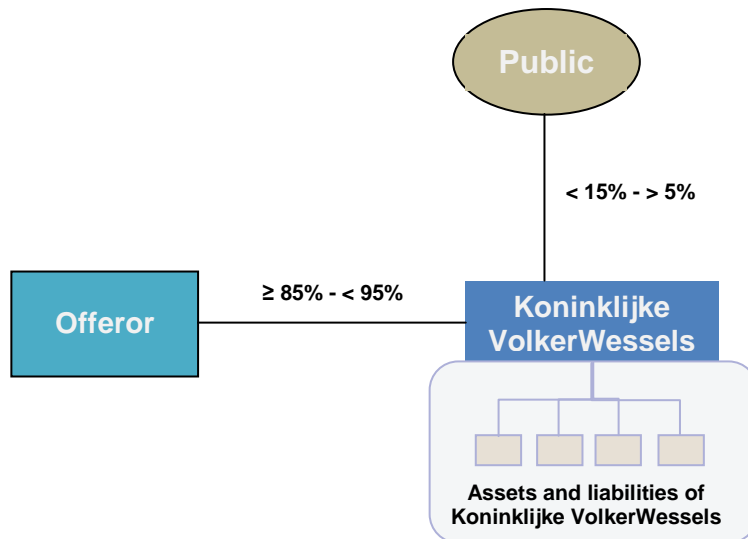
If a substantial majority of Shareholders wishes to benefit from the exit opportunity presented by the Offer, the VolkerWessels Boards consider it their fiduciary duty, taking into account the interests of VolkerWessels and all of its stakeholders, to investigate and propose to the Shareholders a transaction structure on the basis of which such exit opportunity would indeed be available while at the same time reducing, to the extent possible, the adverse consequences of such alternative structure (if any) for the Shareholders and other stakeholders.

As a pre-wired agreed Post-Closing Measure was a fundamental requirement of the Offeror to increase the Offer Price and lower the Acceptance Threshold, in order to obtain certainty of acquiring the full ownership of VolkerWessels and thus be in a position to pay the Offer Price, the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board) believe that agreeing to such transaction structure, subject to the agreed conditions (including approval by the Shareholders at the General Meeting), takes best into account the sustainable success of the business of the VolkerWessels Group and all of its stakeholders.

Description of the Asset Sale and Liquidation

To implement the Asset Sale and Liquidation, the Offeror and VolkerWessels have agreed to, as soon as possible after the Settlement, at the request of the Offeror, enter into an asset sale agreement (the **Asset Sale Agreement**) pursuant to which VolkerWessels' business including all assets and liabilities of VolkerWessels (the **Business**) shall be transferred to the Offeror. For illustration purposes, the situation after Settlement of the Offer is depicted on the next page.

(Situation after the Settlement of Offer)



For the purposes of this Offer Memorandum, the **Asset Sale and Liquidation** shall mean the post-closing restructuring consisting, in summary, of the following main terms:

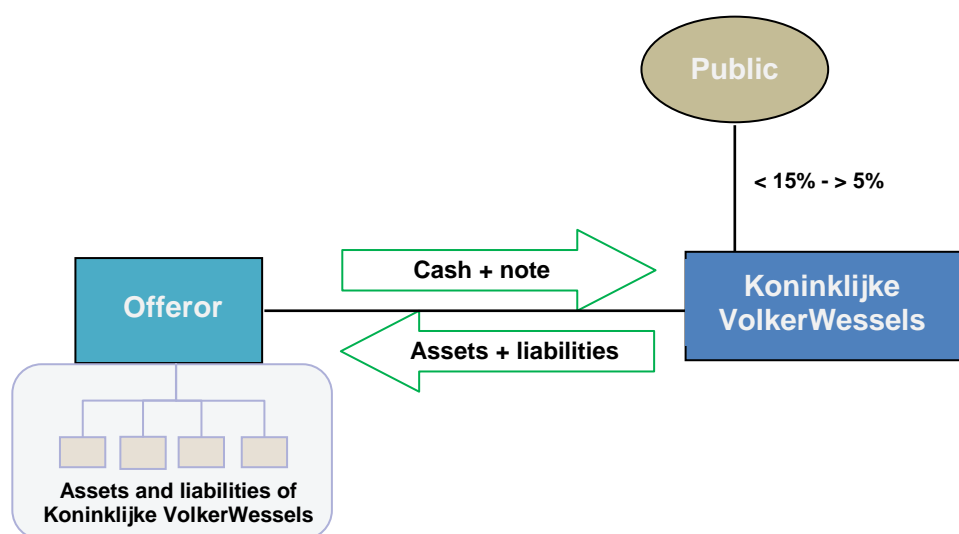
- (i) The Offeror requests VolkerWessels to execute and implement the Asset Sale Agreement.
- (ii) Pursuant to the Asset Sale Agreement, the Business will be transferred from VolkerWessels to the Offeror against payment by the Offeror to VolkerWessels of an amount equal to the Offer Price per Share multiplied by the total number of Shares issued immediately prior to completion of the sale and purchase of the Business in accordance with the Asset Sale Agreement (**Completion**) (the **Purchase Price**).

A portion of the Purchase Price (the Offer Price multiplied by the total number of Shares held by the Offeror) shall be paid by way of execution of a loan note (the **Purchaser Note**). The remainder of the Purchase Price will be paid to VolkerWessels in cash.

The Offeror shall procure, if necessary by making adjustments to the Purchase Price, that the Purchase Price shall be sufficient to pay to the Shareholders, through an advance liquidation payment, an amount equal to the Offer Price per Share, without interest and subject to withholding and other taxes.

- (iii) Upon transfer of the Business, any and all of VolkerWessels' rights and obligations under the Merger Protocol will be assigned, transferred and applicable to the Offeror.

(Situation after the Asset Sale)

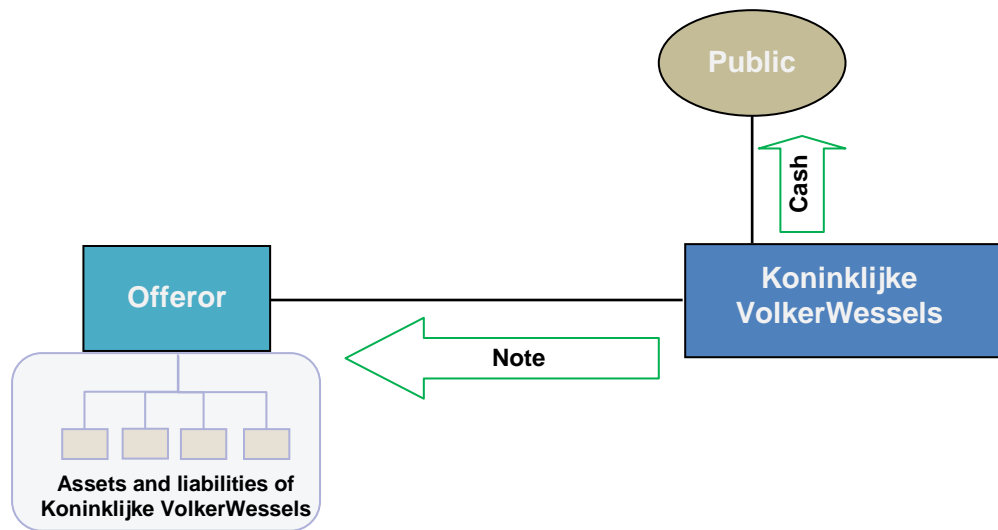


(iv) Subsequently, VolkerWessels shall be dissolved (*ontbonden*) and liquidated (*vereffend*) in accordance with article 2:19 of the DCC et seq. (the **Liquidation**). The Liquidation of VolkerWessels, including one or more intended advance liquidation distributions within the meaning of article 2:23b(6) of the DCC (such advance liquidation distributions collectively: the **Liquidation Distribution**), will result in the payment of an amount equal to the Offer Price per Share, without interest and subject to withholding and other taxes. Any costs and expenses incurred by VolkerWessels in connection with the Liquidation will be borne by the Offeror. Upon the Liquidation Distribution:

- (A) Shareholders who have not tendered their Shares under the Offer and who are still Shareholders at the time of the Liquidation, receive a cash amount equal to the Offer Price, without interest and subject to withholding and other taxes; and
- (B) the Offeror receives the Purchaser Note.

The withholding and other taxes, if any, imposed on such Shareholder may be different from, and greater than, the taxes imposed upon a Shareholder that tenders its Shares under the Offer. Consequently, if the Asset Sale and Liquidation is pursued, the net amount received by a Shareholder who remains a Shareholder up to and including the time of the Asset Sale and Liquidation will depend upon such Shareholder's individual tax circumstances and the amount of any required withholding or other taxes.

(Situation after dissolution)



- (v) To the extent that the Liquidation Distribution is subject to withholding or other taxes, VolkerWessels shall withhold the required amounts from the Liquidation Distribution as required by Applicable Rules. To the extent possible, the Liquidation Distribution shall be imputed to paid-in capital (*nominaal aandelenkapitaal en agioreserve*) and not to retained earnings (*winstreserve*), as each such term is defined under applicable accounting principles.
- (vi) Following the Liquidation Distribution, the Offeror and VolkerWessels shall procure the delisting of the Shares from Euronext Amsterdam and proceed with the conversion of VolkerWessels into a B.V. substantially in accordance with the draft of the amended Articles of Association set out in section 14.
- (vii) The liquidator (*vereffenaar*) shall, as promptly as practicable, with the assistance of the Offeror, wind up the affairs of VolkerWessels, satisfy all valid claims of creditors and others having claims against VolkerWessels all in full compliance with Applicable Rules.
- (viii) Once the Liquidation (*vereffening*) of VolkerWessels is completed, VolkerWessels will cease to exist by operation of law.

(d) Other measures

If the Offeror declares the Offer unconditional, then it shall be entitled after Settlement, taking into account the Non-Financial Covenants, to effect or cause to be effected any other restructuring of the VolkerWessels Group in accordance with the Applicable Rules for the purpose of achieving an optimal operational, legal, financial and/or tax structure, some of which may have the effect of diluting the shareholding of any remaining holders of Shares that were not tendered pursuant to the Offer or in the Post-Closing Acceptance Period (the **Minority Shareholders**) of VolkerWessels (**Post-Closing Measures**), including:

- (i) a sale of all, or substantially all, of the assets and liabilities of VolkerWessels to the Offeror;
- (ii) a subsequent public offer for any Shares held by Minority Shareholders;

- (iii) a statutory cross-border or domestic (bilateral or triangular) statutory merger (*juridische (driehoeks-)fusie*) in accordance with article 2:309 et seq of the Dutch Civil Code between VolkerWessels and the Offeror;
- (iv) a statutory legal demerger (*juridische splitsing*) of VolkerWessels in accordance with article 2:334a et seq of the Dutch Civil Code;
- (v) a contribution of cash and/or assets by the Offeror in exchange for shares in the share capital of VolkerWessels, in which circumstances the pre-emptive rights (*voorkeursrechten*), if any, of Minority Shareholders may be excluded;
- (vi) a distribution of proceeds, cash and/or assets to the shareholders of VolkerWessels or share buybacks;
- (vii) a sale and transfer of assets and liabilities by the Offeror to any member of VolkerWessels Group, or a sale and transfer of assets and liabilities by any member of VolkerWessels Group to the Offeror;
- (viii) the conversion of VolkerWessels into a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*);
- (ix) any transaction between VolkerWessels and the Offeror or the Affiliates on terms that are not at arm's length;
- (x) any transaction, including a sale and/or transfer of any material asset, between VolkerWessels and the Affiliates or between VolkerWessels and the Offeror or the Affiliates with the objective of using any carry forward tax losses available to VolkerWessels, the Offeror or the Affiliates;
- (xi) any transactions, restructurings, share issuances, procedures and/or proceedings in relation to VolkerWessels and/or one or more of the Affiliates required to effect the aforementioned objectives; or
- (xii) any combination of the foregoing.

In effecting any Post-Closing Measure, due consideration will be given to the requirements of Applicable Rules, including the fiduciary duties of the VolkerWessels Boards to promote the sustainable success of VolkerWessels, its business and also to consider the interests of all stakeholders including any Minority Shareholders, and the requirement of the Supervisory Board to form their independent view of the relevant matter. In this regard, the Supervisory Board shall continue to have the right to engage, for the account of VolkerWessels, their own financial and legal advisers, if and to the extent they believe that the advice of such advisers is necessary to assist them in reviewing and assessing any matter that comes before the Supervisory Board.

If any proposed Post-Closing Measure could reasonably be expected to lead to a dilution of the shareholdings of the remaining Minority Shareholders or any other form of potential unequal treatment which could prejudice or negatively affect the value of the Shares held by the remaining Minority Shareholders or their reasonable interests, other than (i) pursuant to a rights issue or any other share issue where they have been offered a reasonable opportunity to subscribe pro rata to their then existing shareholding, (ii) any shares issued to a third party not being an Affiliate of VolkerWessels, (iii) the Buy-Out, or (iv) the Asset Sale and Liquidation, then the affirmative vote of the Independent Member shall be required prior to the implementation of any such Post-Closing Measure.

(e) Dividend policy

The Shareholders should be aware that VolkerWessels may or may not pay dividends in the future. Future dividends paid may be of a one-off nature only and the amount of any dividends will depend on a number of factors associated with the Offeror's tax and financial preferences from time to time. Any Distribution made in respect of Shares after the Settlement Date will be deducted for the purpose of establishing the value per Share in any statutory merger, takeover buy-out procedure or other measure contemplated by this section 6.12 (Possible Post-Closing Measures and future legal structure).

(f) Tax treatment of distributions

The Offeror and VolkerWessels give no assurances and have no responsibility with respect to the tax treatment of Shareholders with respect to any distributions made by VolkerWessels or any successor entity to VolkerWessels on the Shares, which may include dividends, interest, repayments of principal, repayments of capital and liquidation distribution.

6.13 Role and veto right of Independent Member

(a) Role of Independent Member

As from the Settlement Date, the Supervisory Board will include an Independent Member for at least one year following the Settlement Date. The Independent Member shall be particularly tasked with monitoring the compliance with the Non-Financial Covenants and the fair treatment of minority Shareholders of VolkerWessels. The Independent Member is considered independent within the definition of the Dutch Corporate Governance Code.

(b) Veto right of Independent Member

If any proposed Post-Closing Measure could reasonably be expected to lead to a dilution of the shareholdings of the remaining Minority Shareholders or any other form of unequal treatment which could prejudice or negatively affect the value of the Shares held by the remaining Minority Shareholders or their reasonable interests, other than (i) pursuant to a rights issue or any other share issue where they have been offered a reasonable opportunity to subscribe pro rata to their then existing shareholding, (ii) any shares issued to a third party not being an affiliate of the Offeror or an Affiliate, (iii) the Buy-Out, or (iv) the Asset Sale and Liquidation, then the affirmative vote of the Independent Member shall be required prior to the implementation of any such Post-Closing Measure.

6.14 Amendments to the Articles of Association

The Offeror intends to have the Articles of Association amended following termination of the listing of the Shares on Euronext Amsterdam.

The main amendments to the Articles of Association relate to (i) VolkerWessels at that moment no longer being a listed company and (ii) the conversion of VolkerWessels from a public limited liability company into a private limited liability company. The amendment of the Articles of Association does not affect the application of the full Dutch large company regime (*volledig structuurregime*) by VolkerWessels. After the amendment of the Articles of Association taking effect, the number of members of the Supervisory Board will be determined by the General Meeting and the General Meeting will be the authorised corporate body to establish the remuneration to the members of the Management Board.

The draft of the amended articles of association is included in section 14 (Articles of Association).

6.15 Compensation to the members of the VolkerWessels Boards in connection with termination/resignation

None of the members of the Management Board will resign upon Settlement.

None of the members of the Supervisory Board who resign with effect from 16 April 2020 are entitled to a contractual severance payment or any other form of compensation on termination of service.

6.16 Corporate governance following Settlement

For as long as it remains listed on Euronext Amsterdam, VolkerWessels will comply with the Dutch Corporate Governance Code (except for (i) current deviations from the aforementioned codes in accordance with the “explain” requirement in respect of such deviations, and (ii) deviations from the aforementioned codes that find their basis in the Merger Protocol, as disclosed in this Offer Memorandum). Reference is made to VolkerWessels’ annual report for the financial year 2018 for information regarding the current deviations from the Dutch Corporate Governance Code.

6.17 Non-Financial Covenants

The Offeror and VolkerWessels shall, in accordance with the terms and subject to the conditions of the Merger Protocol, comply with the principles and agreements set out in this section 6.17 (the **Non-Financial Covenants**).

(a) Strategy

- (i) The Offeror supports the strategy of VolkerWessels and does not intend to effect a change in the strategy.
- (ii) The Offeror will maintain the VolkerWessels’ business integrity and it will not on-sell the Shares or substantially all of the assets of the VolkerWessels Group.

(b) Composition of the Supervisory Board

The Offeror and VolkerWessels, including the Supervisory Board and all respective members thereof individually, will use their respective reasonable best efforts to ensure that the Supervisory Board will after the annual general meeting of VolkerWessels be composed as follows:

- (i) Mr F.A. Verhoeven, qualifying as independent within the meaning of the Dutch Corporate Governance Code; and
- (ii) two (2) other members, being Mr H.M. Holterman and Mr E. Blok.

Mr J.H.M. Hommen, Mr S. Hepkema and Ms A.M. Montijn-Groenewoud have tendered their resignation, subject to Settlement and effective immediately after the annual general meeting of VolkerWessels (to be held on 16 April 2020).

All members of the Supervisory Board will be granted a full and final discharge (*décharge*) at the annual general meeting of VolkerWessels (to be held on 16 April 2020).

(c) Independent Member

- (i) Mr F.A. Verhoeven shall qualify as independent within the meaning of the Dutch Corporate Governance Code (the **Independent Member**). The Independent Member (or after its replacement any other person who (i) qualifies as independent

within the meaning of the Dutch Corporate Governance Code, and (ii) is reasonably acceptable to the other members of the Supervisory Board) will continue to serve on the Supervisory Board for at least the duration of the Non-Financial Covenants as set out in section 6.17 (g) (*Duration*).

- (ii) All members of the Supervisory Board, including the Independent Member, shall monitor and protect the interests of VolkerWessels and all of its stakeholders in accordance with their obligation under Dutch law. The Independent Member shall be particularly tasked with monitoring the compliance with the Non-Financial Covenants and, when material transactions between VolkerWessels and the Offeror or an affiliate of the Offeror are considered, the fair treatment of minority shareholders of the Company (if any).

(d) Composition of the Management Board

At Settlement, the Management Board will consist of the current members of the Management Board, being Jan de Ruiter (chairman), Jan van Rooijen, Alfred Vos, Dick Boers and Alan Robertson.

(e) Employees

- (i) The Offeror does not envisage any reductions of the workforce of the VolkerWessels Group as a consequence of the Transactions or completion thereof.
- (ii) The Offeror will respect the existing rights and benefits of the employees of the VolkerWessels Group, including existing rights and benefits under their individual employment agreements, collective labour agreements, social plans, and including existing rights and benefits under existing covenants made to the works councils and trade unions, as well as the existing redundancy practice applied by the VolkerWessels Group.
- (iii) The Offeror will respect the existing pension rights of the VolkerWessels Group's current and former employees.
- (iv) The Offeror will respect the VolkerWessels Group's current employee consultation structure.

(f) Minority Shareholders

The Offeror shall procure that as long as VolkerWessels has minority shareholders, no member of the VolkerWessels Group shall take any of the following actions:

- (i) agree to and enter into a related party transaction with any material shareholder (including the Offeror and its affiliates) which is not at arm's length;
- (ii) without prejudice to section 6.11 (Implications of the Offer being declared unconditional) and 6.12 (Possible Post-Closing Measures and future legal structure), take any other action which disproportionately prejudices the value of, or the rights relating to the minority's shareholding; and
- (iii) neither the Offeror nor any of its affiliates shall charge VolkerWessels any management fees, or holding costs that are not related to VolkerWessels, and VolkerWessels shall not pay the Offeror or its affiliates any such fees or costs.

(g) Duration

The provisions set out in this section 6.17 will expire on the first anniversary of the Settlement Date and the provisions set out in sections 6.17(f), 6.12(c) and 6.12(d) will cease to apply on the earliest of (i) the date on which the Offeror hold one hundred per cent (100%) of the VolkerWessels' aggregate issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon aandelenkapitaal*) and (ii) the date on which the Buy-Out is initiated by the filing of a writ of summons with the Enterprise Chamber, at least for the Offer Price.

(h) Enforcement

- (i) Any deviation from the Non-Financial Covenants requires the prior approval of the Supervisory Board, including the affirmative vote of the Independent Member.
- (ii) The Independent Member is solely authorised to represent VolkerWessels in enforcing the Non-Financial Covenants against the Offeror. VolkerWessels will bear all reasonable costs and expenses relating to the enforcement of the Non-Financial Covenants by the Independent Member.

6.18 Employee consultations

The Works Council has been informed and requested to render its advice on the Offer.

On the basis thereof the Works Council has rendered its positive advice in respect of the Transactions on 12 December 2019.

6.19 Exclusivity and Alternative Proposal

- (a) During the period commencing on the date of the Merger Protocol and ending on the earlier of (i) midnight on the Settlement Date, and (ii) the date of termination of the Merger Protocol:
 - (i) except as permitted pursuant to section 6.19(b), VolkerWessels shall not, and shall ensure that no member of the VolkerWessels Group and its and their respective directors, officers and advisers acting on its behalf (together the **Relevant Persons**), shall, directly or indirectly, initiate, enter into discussions or negotiations with, or provide any non-public information relating to the VolkerWessels Group or its business or assets or personnel to, or otherwise approach or solicit any third party to make an offer or proposal or enter into agreements for or relating to a potential offer for all or a material part of the Shares or for the whole or a material part of the business or assets of VolkerWessels or any proposal involving the potential acquisition of a substantial interest in the VolkerWessels Group, a reorganisation or re-capitalisation of VolkerWessels and/or the VolkerWessels Group (an **Alternative Proposal**), it being understood that this excludes a request by VolkerWessels to the AFM to issue a put-up or shut-up request as referred to in the Decree; and
 - (ii) VolkerWessels shall notify the Offeror promptly (and in any event within 24 hours) if any approach or enquiry, or any request for information, is received by it or any of its Relevant Persons from any third party in relation to an Alternative Proposal, it being understood that in any case VolkerWessels shall notify the Offeror of its knowledge of the identity of such third party and proposed material terms of such Alternative Proposal. Following receipt of an Alternative Proposal, VolkerWessels shall continue to cooperate with and support the Offer and the other Transactions in accordance with the terms and conditions of the Merger Protocol.

- (b) Notwithstanding section 6.19(a)(i) VolkerWessels and its Relevant Persons are permitted to engage in limited discussions with, and provide certain limited information to, a Bona Fide third party that makes an unsolicited approach to VolkerWessels with the intention of making a Superior Offer, but provided that VolkerWessels shall only provide information if and to the extent the VolkerWessels Boards have in their reasonable opinion determined that doing so is reasonably necessary to assess whether such Alternative Proposal could reasonably be expected to qualify or evolve into a Potential Superior Offer or Superior Offer, provided that VolkerWessels promptly (and in any event within 24 hours of receipt of the Alternative Proposal) notifies the Offeror of such approach. VolkerWessels shall terminate such discussions if after ten (10) Business Days from having notified the Offeror of the approach in accordance with the preceding sentence if the discussions or negotiations have not resulted in a Potential Superior Offer as set forth in 6.20 (Potential Superior Offer).

6.20 Potential Superior Offer

A **Potential Superior Offer** is an unsolicited written Alternative Proposal to make a (public) offer for all Shares or for all or substantially all of the business or assets of VolkerWessels, made by a party who, in the reasonable opinion of the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board), taking into account their fiduciary duties, is a Bona Fide third party, and which proposal, in the reasonable opinion of the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board), could reasonably be expected to qualify as or evolve into a Superior Offer.

An Alternative Proposal will be a **Superior Offer** if all of the following conditions are met:

- (a) the Alternative Proposal is an unsolicited written offer or proposal relating to an Alternative Proposal for (i) a full public offer (*volledig bod*) for the Shares, or (ii) an acquisition of all or substantially all of the business or assets of VolkerWessels, by a party who, in the reasonable opinion of the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board), is a Bona Fide party;
- (b) in the reasonable opinion of the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board), taking into account their fiduciary duties and having consulted their financial and legal advisers, the Alternative Proposal is, on balance, more beneficial to VolkerWessels, its shareholders, employees and other stakeholders and the sustainable success of its business than the Offer and the other Transactions, taking into account, amongst others, the offer price, the overall terms and conditions, the level and nature of consideration, the likelihood of acceptance of the offer, certainty of financing, position of the employees and the other matters contemplated by the other Non-Financial Covenants, compliance with anti-trust laws and regulatory requests, and the transaction structure;
- (c) the Alternative Proposal is legally binding on the third party such that the third party has conditionally committed itself to VolkerWessels to announce the Alternative Proposal within a week, and in the event of a full public offer make the Alternative Proposal within the timeframes applicable as set in the Decree and the Wft; and
- (d) the consideration payable in the Alternative Proposal may not consist of any securities that are not publicly traded on a regulated market.

Potential Superior Offer

In the event that a Potential Superior Offer is received by VolkerWessels, VolkerWessels shall promptly (and in any event within 24 hours) notify the Offeror of the name of the relevant third party and all material terms thereof to the extent available to VolkerWessels (the **First Notice**).

In the event that a Potential Superior Offer is received by VolkerWessels, subject to the terms and conditions of the Merger Protocol, VolkerWessels and the Relevant Persons may:

- (a) consider such Potential Superior Offer;
- (b) engage in discussions or negotiations regarding such Potential Superior Offer for a reasonable period which will in any event not exceed 10 Business Days starting on the date of the Offeror's receipt of the First Notice;
- (c) provide non-public, confidential information to the third party making the Potential Superior Offer. VolkerWessels shall not provide any information or data to any person in connection with such Potential Superior Offer, before the proposing party has first signed a confidentiality and standstill agreement; and
- (d) make any public announcement in relation to a Potential Superior Offer to the extent required under Applicable Rules.

As soon as the Potential Superior Offer has been determined by the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board) to not constitute a Superior Offer, VolkerWessels shall inform the Offeror promptly thereof and shall confirm to the Offeror that the VolkerWessels Boards continue to unanimously recommend and support the Transactions.

Superior Offer

If a Potential Superior Offer has been determined by the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board) to constitute a Superior Offer, VolkerWessels shall notify the Offeror in writing promptly (but in any event within 24 hours) of the contents of such a Superior Offer (the **Second Notice**).

Matching Right

Without prejudice to the Offeror's ongoing right, but not obligation, to propose improvements and revisions to the Offer after the date of the execution of the Merger Protocol, the Offeror shall have ten Business Days following the date on which it has received the Second Notice (the **Matching Offer Period**) to make a revision of the Offer and to match the Superior Offer by submitting in writing to the VolkerWessels Boards a revision of the Offer within said ten Business Days (the **Matching Right**). During the Matching Offer Period, VolkerWessels will continue to cooperate with and support the Offer and the other Transactions in accordance with the terms and conditions of the Merger Protocol.

Matched Offer

A **Matched Offer** is an offer which is, and on terms and conditions which are, determined by the Boards, taking into account their fiduciary duties and having consulted their financial and legal advisers, to be, on balance, at least equally beneficial to VolkerWessels, its stakeholders (including its shareholders) and the sustainable success of its business as the Superior Offer, taking into account, amongst others, the offer price, the overall terms and conditions, the level and nature of consideration, the likelihood of acceptance of the offer, certainty of financing, position of the employees and the other matters contemplated by the other Non-Financial Covenants, compliance with anti-trust laws and regulatory requests, and the transaction structure.

If the Offeror has exercised its Matching Right and has made a Matched Offer within the Matching Offer Period, VolkerWessels shall not be entitled to accept the Superior Offer or terminate the Merger Protocol and VolkerWessels and the members of the VolkerWessels Boards will remain bound to the terms and conditions of the Merger Protocol, including with respect to future (Potential) Superior Offers.

If the Offeror has not made a Matched Offer within the Matching Offer Period (or, if earlier, if the Offeror notifies VolkerWessels in writing of its intent not to make a Matched Offer), then VolkerWessels may accept the Superior Offer and (i) the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board) will have the right, but will not be obliged, to effect an Adverse Recommendation Change and to withdraw or, as applicable, modify the Position Statement. If VolkerWessels accepts the Superior Offer, which acceptance shall be communicated to the Offeror by VolkerWessels as soon as possible but within one Business Days following the last day of the Matching Offer Period, each of the Offeror and VolkerWessels will be entitled, but will not be obliged, to terminate the Merger Protocol in accordance with its terms.

If (i) the VolkerWessels Boards withdraw their Recommendation pursuant to the foregoing paragraph but no party terminates the Merger Protocol pursuant to that same paragraph, and (ii) the Offeror continues with the Offer and the other Transactions, VolkerWessels, the VolkerWessels Boards and each of their members individually shall continue to cooperate with the PostAsset Sale if the Offeror on the Closing Date, has reached the Asset Sale Range.

Consecutive (Potential) Superior Offers

The provision on a Superior Offer set out above applies *mutatis mutandis* to any consecutive (Potential) Superior Offer, including a new Superior Offer, which must meet the requirements set out in the definition of Superior Offer to qualify as a (new) Superior Offer in accordance with the Merger Protocol by the initial party making the initial Superior Offer following a Matched Offer or following another Potential Superior Offer or Superior Offer by another Bona Fide third party.

6.21 Termination

(a) Termination grounds

The Merger Protocol and the rights and obligations thereunder may be terminated:

- (i) if the Offeror and VolkerWessels so agree in writing;
- (ii) by notice in writing given by one party to the Merger Protocol (the **Terminating Party**) to the other party if (i) any of the Offer Conditions has not been satisfied or waived by the relevant party in accordance with the Merger Protocol by 23:59 CET on the Long Stop Date or any of the Offer Conditions is incapable of being satisfied, and (ii) the non-satisfaction of the relevant Offer Condition(s) is not due to a breach by the Terminating Party of any of its obligations under the Merger Protocol or any agreement resulting from it;
- (iii) by notice in writing given by the Terminating Party to the other party to the Merger Protocol in case of that other party having breached the terms of the Merger Protocol such that the Offer Conditions set forth in section 6.6(a)(ii) or 6.6(a)(iii) are not capable of being satisfied by 23:59 CET on the Long Stop Date and such breach is incapable of being remedied within 10 Business Days after receipt by the other party of a written notice from the Terminating Party (or, if earlier, before the Long Stop Date) or has not been remedied by that other party within 10 Business Days

after receipt by the other party of a written notice from the Terminating Party (or, if earlier, before the Long Stop Date);

- (iv) by notice in writing by VolkerWessels to the Offeror pursuant and in accordance with the terms and subject to the conditions set forth in section 6.20 (*Matched Offer*) if and only if promptly after the termination of the Merger Protocol, VolkerWessels enters into a definitive agreement with respect to the Superior Offer that remained a Superior Offer following VolkerWessels' compliance with the provisions set forth in section 6.20 (*Matched Offer*); or
- (v) by notice in writing by the Offeror to VolkerWessels if either VolkerWessels Board or any member of the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board) effects an Adverse Recommendation Change that is permitted pursuant to section 6.6(c) (*Adverse Recommendation Change*) or section 6.20 (*Matched Offer*).

Any termination in accordance with the Merger Protocol shall not take effect until the expiry of ten Business Days following receipt of the written termination notice by the non-terminating Party. The Parties acknowledge that during the period referred to in the previous sentence, they shall be entitled to seek remedies, including but not limited to seeking provisional measures in summary proceedings (*kort geding*) to prevent such termination from taking effect.

6.22 General Meeting

(a) Convocation

In accordance with article 18, paragraph 1 of the Decree, VolkerWessels has convened the General Meeting on 23 December 2019, in which meeting the Offer will also be discussed, recommended to the Shareholders for acceptance and the Shareholders will be requested to vote in favour of the Resolutions. The General Meeting shall be held at 14:00 hours CET on 17 February 2020 at the offices of VolkerWessels at Podium 9 in Amersfoort, the Netherlands. Separate convocation materials will be made available on VolkerWessels' website.

(b) Resolutions

At the General Meeting, VolkerWessels will provide the Shareholders with the necessary information concerning the Offer, including the Position Statement, the Works Council position statement (if any), and request that the Shareholders, subject to (i) the Offer being declared unconditional (*gestanddoening*) and (ii) the number of Shares having been tendered for acceptance during the Offer Period and the Post-Closing Acceptance Period, together with (x) any Shares directly or indirectly held by the Offeror (y) any Shares committed to the Offeror in writing and (z) any Shares to which the Offeror is entitled:

- (i) represent less than 95% but more than 85% of VolkerWessels' aggregate issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon aandelenkapitaal*): (i) approve the Asset Sale in accordance with the Asset Sale Agreement as required under section 2:107a DCC and (ii) upon the transfer of all assets and liabilities to the Offeror pursuant to the Asset Sale, dissolve (*ontbinden*) and liquidate (*vereffenen*) the Company in accordance with section 2:19 of the DCC (the **Liquidation**), and appoint the Management Board as the liquidator (*vereffenaar*) of the Company in accordance with section 2:19 of the DCC (the **Asset Sale and Liquidation Resolutions**);

- (ii) represent 95% or more of VolkerWessels' aggregate issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon aandelenkapitaal*): resolve, effective as from the date the Shares are delisted from Euronext Amsterdam, on the amendment of the Articles of Association and the conversion of the Company into a B.V. substantially in accordance with the draft of the amended Articles of Association set out in section 14,

the resolutions set out in paragraphs (i) and (ii) above collectively, the **Resolutions**).

7. INFORMATION REGARDING VOLKERWESSELS

7.1 Introduction

VolkerWessels is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands with its statutory seat (*statutaire zetel*) in Rotterdam, the Netherlands and its office address at Podium 9, 3826 PA Amersfoort, the Netherlands. It is not envisaged that VolkerWessels will change its statutory seat or office address. VolkerWessels is registered with the trade register of the chamber of commerce under number 34270985 and is listed on the Euronext Amsterdam exchange.

7.2 History of VolkerWessels

The main corporate events of VolkerWessels are set out in the table below.

Year	Event
1854	Contractor Adriaan Volker settles in Sliedrecht and this marks the start of the company
1933	Carpenter Arend Wessels becomes a contractor making him the founder of the Wessels family business
1970	The three contracting companies Van Hattum en Blankevoort, Boele & Van Eesteren and Van Splunder continue under the name Stevin Group
1972	The company is renamed to Royal Adriaan Volker Group
1978	Merger of Royal Adriaan Volker Group with Stevin Group. Royal Volker Stevin is founded and becomes a listed public company
1990	IBB Kondor finds a partner in the Wessels family business and following a reverse take-over the listed company Kondor Wessels Group is founded
1997	The two listed companies Royal Volker Stevin Group and Kondor Wessels merge: Royal VolkerWessels Stevin N.V.
2003	De-listing of Royal VolkerWessels Stevin N.V. and ownership returned to the Wessels family
2007	CVC acquires a 42.5% stake in the delisted company and in 2013 the Wessels family buys back this stake
2017	VolkerWessels returns to Euronext Amsterdam continuing under the name Royal VolkerWessels N.V.

7.3 Business overview

VolkerWessels is an integrated and diversified listed construction group with a “think global, act local” mindset. VolkerWessels’ operating model combines a local sales and client focus with a centralised control and support structure at divisional level that optimises scale and expertise across its operating companies. VolkerWessels operates primarily in the Netherlands (including Belgium Energy & Telecoms), the United Kingdom, North America and Germany. Operationally, its business

is organised in six segments. In the countries in which VolkerWessels operates it has over 120 local operating companies, which have national and regional offices and management.

The Netherlands		
Construction & Real Estate Development	Infrastructure	Energy & Infrastructure (including Belgium) Telecoms (including Belgium)
<ul style="list-style-type: none"> • Construction and renovation of residential and non-residential real estate including industrial and logistic facilities • Real estate development • In-house technical installation services capabilities • Industrial production and supply of construction materials, including pre-fabricated building supplies 	<ul style="list-style-type: none"> • Road construction, service and maintenance and asphalt production • Railway construction, services and maintenance • Civil engineering activities for roads, waterways and rail • Multi-disciplinary project management capabilities for complex projects • Traffic management systems for roads and railways 	<ul style="list-style-type: none"> • Construction and maintenance of energy infrastructure (oil, gas and electricity) • Construction and maintenance of telecoms infrastructure including fibre-optic and wireless networks
United Kingdom		
<ul style="list-style-type: none"> • Civil engineering and infrastructure • Railway infrastructure, renewals and enhancements • Rail systems and maintenance • Construction and maintenance of water and energy infrastructure including ports and harbours, flood risk management, utilities and waste facilities • Highway and airport infrastructure construction and maintenance • Industrial and Commercial building and infrastructure 		
North America		
<ul style="list-style-type: none"> • Operating particularly in the Alberta and British Columbia provinces with focus on municipal road and highways maintenance and underground utilities (sewage and water management) construction • Operating in the broader Seattle area in roadwork construction and maintenance, civil engineering (such as bridge construction and flood risk management) and underground utilities • Asphalt and gravel production 		
Germany		
<ul style="list-style-type: none"> • Construction for residential housing • Real estate development • Focus on selected major urban areas in Germany, in particular around Berlin, North Rhine-Westphalia and Frankfurt 		

7.4 Business strategy

Way of working

The focus at VolkerWessels is on quality and efficiency to drive controlled and profitable growth, with historic positive and stable results. These results are driven by VolkerWessels' core principles focused on a 'diversified portfolio' approach (across countries, sectors, products, and projects), local entrepreneurship, and centralised risk management processes, with continuous focus on profitability and cash returns rather than revenue.

VolkerWessels' decentralised operating model is a key element for sustained growth and profitability. By having a local focus through its operating companies, VolkerWessels' directors and employees can respond swiftly to market developments and is able to work closely with its clients on their projects, increasing its understanding of their overall business needs, as well as the technical requirements of their specific projects.

VolkerWessels aims to pursue the development of long-term relationships and alliances with its clients through its local focus and connections. VolkerWessels is focused on opportunities in the Dutch construction and real estate market as well as its strategic land bank opportunities. In addition, VolkerWessels is pursuing opportunities to develop its UK, North America and Germany operations to match anticipated increasing levels of public infrastructure investments and housing investments.

Combining its local focus with the centralised control and support structures and its ability to share client insights/ expertise across operating companies, VolkerWessels believes that its operating model is able to provide a strong basis to capture local market opportunities and to offer innovative solutions in the market. This operating model provides VolkerWessels with the shared expertise to market the project services that its clients are expected to need in the pre-design phase, such as planning or innovative solutions for projects; in the design phase, such as project coordination across its range of services; and in the construction phases, including operations and maintenance services.

VolkerWessels also focuses on opportunity-driven policy for strategic acquisitions. The core principle for any acquisition is that it should have the right fit with VolkerWessels' corporate culture, strengthen its local capabilities and contribute to the strategic priorities. Whilst business acquisitions are not a specific medium-term objective on its own, VolkerWessels believes that its capital position enables it to engage in selected acquisitions, under suitable market conditions, in order to realise additional growth.

Strategic focus

Going forward, VolkerWessels will continue to have a diversified portfolio with a similar balanced mix of activities across VolkerWessels' four home markets, market segments, products, and a large base of small projects. To remain market leader in each of these segments, VolkerWessels will continue to optimize its proposition in each of its segments, specifically towards profitable niches, and will focus on growing new activities.

To further improve the performance in its multiple market segments, VolkerWessels will focus on four strategic priorities as set out below. Next to these core priorities, risk management & governance and VolkerWessels' core values (safety, sustainability, and integrity) will remain central to its strategy.

(a) Employer of choice

VolkerWessels's people are the bedrock of the company. VolkerWessels wants to attract and retain the highest quality employees. For this it focusses on inspiring leadership that sets a culture of transparency, collaboration, and performance management. Also, VolkerWessels offers development pathways for all disciplines, focusing on contract management, planning/work preparation, risk management, finance, and blue collar professionals. Lastly, VolkerWessels continuously strengthens

its employer brand and employee pride. This is how VolkerWessels aims to be, and remain, the employer of choice.

(b) Operational excellence

VolkerWessels offers high quality projects in terms of design, preparation, execution and service and maintenance. In this way, VolkerWessels optimizes value for its clients and minimize failure costs. VolkerWessels invests intensively in expertise and tools for improving the way it uses project control data / insights to steer on costs, time, and risks and to learn across multiple projects (evaluate and improve). VolkerWessels also industrializes its processes by modularizing, prefabricating and standardizing components to remain distinctive in delivering its unique projects. This creates a continuous operational improvement cycle which is key to VolkerWessels' future success.

(c) Client-centric business model

VolkerWessels values its large base of small projects based on its business model of local entrepreneurship that enables a deep understanding of VolkerWessels' clients, local market circumstances, its people and projects. VolkerWessels complements this work with (larger) multidisciplinary projects that enables it to excel by sharing the knowledge and expertise to collaborate within the VolkerWessels Group. VolkerWessels' natural preference is towards relationship-driven clients and contracts where it has a more collaborative way of working with more focus on adding value for its clients. VolkerWessels pursues fair and clear terms for the work it does, to minimize conflicts and to allow for swift change orders in case the scope of work changes.

(d) Digitalisation and innovation

VolkerWessels must lead change to retain its market leading role. VolkerWessels believes the sector will change more in the next few years than it has done in the previous thirty, both in what we make as well as how we make it. Digitalisation and the energy transition are for example major drivers of this change. To drive the growth of new activities, VolkerWessels focusses on speeding up the identification, development and scaling of its innovations (such as "plastic road").

Risk management & Governance

VolkerWessels' risk management and governance processes ensure that its operating companies maintain a disciplined approach when undertaking projects that is based on prudent budgeting and project selection. VolkerWessels continuously improves the reliability and timeliness of management information to proactively predict and manage the business. This includes compliance with internal procedures, laws and regulations and the protection of assets and information.

Core values

Everything VolkerWessels does is guided by three core values: safety, integrity and sustainability. These values are instilled in the company and everyone who works for VolkerWessels. They are the top priority always and everywhere, be it in the boardroom or at the concrete mixer. They are VolkerWessels' licence to operate.

Safety: We either work safely, or do not work at all. Creating and safeguarding a culture in which working safely is the standard, is an ongoing process. Safety is one of VolkerWessels' core values that is reflected in the way its employees act and feel. A safe working environment is a collective responsibility of all its employees, subcontractors and other relevant stakeholders. VolkerWessels has set clear safety targets for 2020 but will not stop there. It continuously focusses on its safety culture which shows in the increasing number of unsafe situation reports. VolkerWessels wants this number to increase year on year so that unsafe situations can be learned from and prevented.

Integrity is a prerequisite for doing business and therefore this core value ranks equal in importance at VolkerWessels as safety and sustainability. VolkerWessels expects everyone at all group levels

and in every company to demonstrate integrity and professionalism in the workplace. VolkerWessels continuously improves the culture of integrity through awareness workshops, Management Board meetings and e-learning courses. It also expects its supply chain partners to act with integrity as well. Subcontractors are required to sign the Code of Conduct and the Guiding Principles for Commissioning Construction Companies, which VolkerWessels drew up in collaboration with six other major Dutch construction companies.

Sustainability: Within the overarching core value of sustainability, quality of life is a key theme for VolkerWessels. When building, VolkerWessels takes its surroundings into consideration in line with its view that everything it creates should genuinely contribute to society by improving quality of life. VolkerWessels aims to take another step towards a circular economy by trying to make the best possible use of raw materials. Reusing raw materials and using alternative materials will be central to a number of projects in the coming years. VolkerWessels will make a difference in six areas: waste separation, CO2 footprint of its company car scheme, Social Return, Circular Design & Construction, lowering the CO2 footprint of its concrete usage as well as asphalt production and making its own equipment companies more sustainable. VolkerWessels works towards targets on each of those six areas for 2020 and for 2025.



7.5 Recent developments, outlook and aims

VolkerWessels makes all price-sensitive information publicly available in accordance with applicable laws. Publication of such price-sensitive information is also available in the public register on the website of the AFM. In relation to the Offer, VolkerWessels has published the press releases included in section 11 (Press releases) of this Offer Memorandum. In addition, the website of VolkerWessels (www.volkerwessels.com) provides an up-to-date overview of recent developments, such as trading updates and annual reports.

7.6 VolkerWessels Supervisory Board

Mr J.H.M. Hommen was appointed as a member of the Supervisory Board as from 12 May 2017 for a term of four years. Mr Hommen is Chairman of the Supervisory Board and member of the selection and governance committee (chairman), audit committee, remuneration committee and projects committee. He is also a supervisory director of Koninklijke Ahold Delhaize N.V. (as chairman), Proteonic B.V. and United World Colleges Nederland (chairman supervisory board). Mr Hommen was previously CEO of ING Groep and KPMG (Nederland) and CFO of Koninklijke Philips Electronics and Alcoa.

Mr H.M. Holterman was appointed as a member of the Supervisory Board as from 17 January 2017 for a term of four years. Mr Holterman is vice-chairman of the Supervisory Board, chairman of the audit committee and a member of the selection and governance committee. He is also CEO of Reggeborgh Groep and member of the supervisory board of Varo Energy.

Mr E. Blok was appointed as a member of the Supervisory Board as from 18 April 2019 for a term of four years. Mr Blok is chairman of the remuneration committee and a member of the projects committee. He is also non-executive director at Telstra Corporation, member of the supervisory board of Signify N.V. and Post NL N.V., non-executive director at OTE and adviser to Reggeborgh Groep. Mr Blok previously held several management positions at KPN, most recently as chairman of the board of directors and CEO.

Mr S. Hepkema was appointed as member of the Supervisory Board as from 12 May 2017 for a term of four years. Mr Hepkema is member of the remuneration committee and audit committee. He is also member of the supervisory board of Wavin N.V. and SBM Offshore N.V., senior adviser at Bain Capital Private Equity Europe LLP, member of the monitoring committee corporate governance code and director of the Vereniging Effecten Uitgevende Ondernemingen (VEUO). Mr Hepkema was previously Chief Governance & Compliance Officer and member of the board of directors of SBM Offshore N.V., partner at Allen & Overy LLP and member of the supervisory board of The Royal Bank of Scotland N.V.

Ms A.H. Montijn-Groenewoud was appointed as a member of the Supervisory Board as from 18 April 2019 for a term of four years. Ms Montijn is a member of the selection and governance committee and the projects committee. She is also a non-executive director of OCI N.V., member of the supervisory board of Fugro N.V., director of Vereniging Effecten Uitgevende Ondernemingen (VEUO), chairwoman of the supervisory board of Stichting Plan Nederland and adviser to Reggeborgh Groep. Ms Montijn previously held several management positions at Accenture, lastly as Global Managing Director Resources Management Consulting.

Mr F.A. Verhoeven was appointed as a Supervisory Board member as from 3 May 2018 for a term of four years. Mr Verhoeven is chairman of the projects committee. He is also member of the supervisory board of Dekker Groep and Ampelmann Netherlands B.V., member of the supervisory board of Stichting Deltares and chairman of the International Association of Dredging Companies. Mr Verhoeven was previously member of the board of directors of Koninklijke Boskalis Westminster B.V.

7.7 VolkerWessels Management Board

Mr J.A. de Ruiter was appointed as member of the Management Board as from 1 March 2017. Mr De Ruiter is chairman of the Management Board. He is also member of the supervisory board of Bunq.com and member of the board of Stichting De Nieuwe Poort Amsterdam. Mr De Ruiter was previously adviser to Reggeborgh Invest B.V. (a company related to the Offeror), chairman of the board of directors of RBS N.V., CEO of RBS Nederland, global head of M&A and ECM at ABN AMRO Bank N.V. and joint CEO at ABN AMRO Rothschild.

Mr A. Vos has worked at VolkerWessels since 2008 and has been a member of the Management Board as from 1 January 2009 (Energy and Telecom Infrastructure, Infrastructure Netherlands, North America and Germany) and COO as from 1 January 2017. Mr Vos was previously COO Europe at AMB Property Corporation and co-founder and CEO at The Facility Group Europe.

Mr J.G. Van Rooijen was appointed as member of the Management Board as from 1 January 2013. He was previously CFO of Reggefiber Group B.V., at that time a company related to the Offeror.

Mr D. Boers has worked at VolkerWessels since 1989 and was appointed as member of the Management Board as from 2006. He was previously director of VolkerWessels Construction and Real Estate Development.

Mr A.R. Robertson has worked at VolkerWessels UK since 2008 and was appointed as member of the Management Board as from 3 May 2018. He was previously director at Alfred McAlpine plc, CEO at Peterhouse Group plc and CEO at Eve Group plc.

None of the members of the Management Board has performed any work for the Offeror and its affiliates, other than as set out in this paragraph. At the date of this Offer Memorandum, none of the members of the Management Board performs any functions for the Offeror and its affiliates.

7.8 Major Shareholders

According to the AFM register, as at 22 December 2019, there are no holders of notifiable interest (*substantiële deelneming*, a holding of at least three per cent in the share capital or voting rights in VolkerWessels, other than the Offeror.

Latest filings with the AFM by shareholders and other investors, including on gross and net short positions, can be found at the website of the AFM: www.afm.nl.

As at the date of this Offer Memorandum, the Offeror directly holds 57,565,963 Shares representing approximately 71.96% of the aggregate number of the issued and outstanding share capital of VolkerWessels and approximately 71.96% of the aggregate number of voting rights.

7.9 Foundation

The general meeting of VolkerWessels has authorised the Management Board to implement an anti-takeover measure by incorporating a foundation which will be granted a call option by VolkerWessels. On exercise of such call option, the foundation is entitled to subscribe for up to a maximum number of preference shares corresponding with one hundred per cent (100%) of the issued ordinary shares outstanding immediately prior to the exercise of the call option, less one ordinary share. At the date of this Offer Memorandum the foundation has not been incorporated, no call option has been granted by VolkerWessels and no preference shares in the capital of VolkerWessels are issued.

7.10 Capital and Shares

At the date of this Offer Memorandum, the authorised share capital of VolkerWessels amounts to EUR 3,000,000, divided into 150,000,000 ordinary shares with a nominal value of EUR 0.01 each and 150,000,000 preference shares with a nominal value of EUR 0.01 each.

VolkerWessels' issued capital consists of 80,000,000 Shares. No depositary receipts are issued for Shares. As of the date of this Offer Memorandum VolkerWessels does not hold any Shares in its own capital.

The Shares are listed at Euronext Amsterdam. The Euronext ticker symbol is VolkerWessels and ISIN code is NL0012294466.

7.11 Share price development

This graphic below sets out the Share price development from 14 November 2018 to 14 November 2019.



7.12 VolkerWessels share incentive

On 12 May 2017, the Offeror granted a one-off share incentive, on an after tax basis, to the members of the Management Board and to other key managers to ensure a smooth transition from a privately held company to a publicly held company. In 2018 and 2019 additional Shares were granted to the members of the Management Board. All Shares awarded to the members of the Management Board are subject to a certain lock up period, some of which periods have in the mean time expired.

Those Shares that are currently subject to a contractual lock up have been granted by the Offeror pursuant to a share offer letter. The Offeror is solely capable to release those Shares from the lock up as VolkerWessels is not a party to the share offer letters. The Offeror will release those Shares from the lock up and the relevant beneficiary will tender or procure the tender of these Shares into the Offero.

The table in section 6.8(a) shows the total number of Shares granted to the members of the Management Board as at the date of this Offer Memorandum.

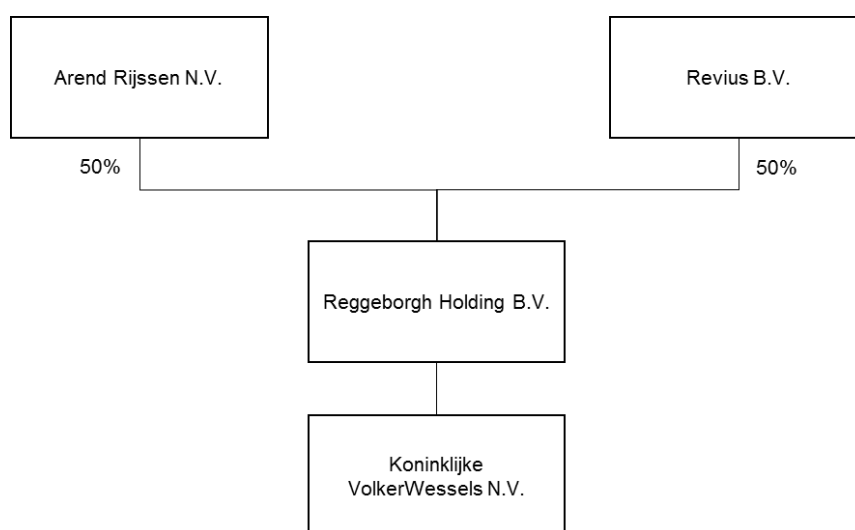
7.13 Transactions by VolkerWessels relating to the Shares

No transactions have been effected and no agreements have been concluded by VolkerWessels in relation to the Shares in the year immediately preceding this Offer Memorandum.

8. INFORMATION REGARDING THE OFFEROR

8.1 Information regarding the Offeror

The Offeror is a private limited liability company (*besloten vennootschap*), incorporated under the laws of the Netherlands with its statutory seat (*statutaire zetel*) in Rijssen, the Netherlands and its office at Reggesingel 10, 7461 BA Rijssen, the Netherlands. It is not envisaged that the Offeror will change its statutory seat or office address. The Offeror is registered with the trade register of the chamber of commerce under number 67970761. Currently, the shares in the Offeror are ultimately held by members of the Wessels family. The shareholdings are being restructured so that the shares in the Offeror will at Settlement be held by two entities in equal proportions, as shown below. Each of Arend Rijssen N.V. and Revius B.V. has its statutory seat (*statutaire zetel*) in Rijssen, the Netherlands. Ms G. Wessels-Holterman is the statutory managing director of Arend Rijssen N.V. and Ms I. Wessels-Bouwens is the statutory managing director of Revius B.V. The shares in these entities will ultimately be held by Ms G. Wessels-Holterman and Ms I. Wessels-Bouwens. For purposes of the Dutch takeover rules, in addition to Reggeborgh Holding B.V., Arend Rijssen N.V., Revius B.V., Ms G. Wessels-Holterman and Ms I. Wessels-Bouwens qualify as offeror (“*bieder*” within the meaning of Article 1:1 of the Wft). The Offer however is made only by the Offeror, Reggeborgh Holding B.V., and that entity is solely responsible for accepting and paying for the Shares tendered into the Offer. All direct and indirect shareholders of the Offeror, in the case before and after the internal restructuring of the shareholdings of the Offeror, will comply with the “best price” rule as set out in Article 19 of the Decree and Article 5:79 of the Wft.



8.2 Reggeborgh board

The statutory managing director of the Offeror is Reggeborgh Bestuur B.V. The statutory managing director of Reggeborgh Bestuur B.V. is Mr H.M. Holterman.

Mr H.M. Holterman will not receive any compensation in relation to the Offer being declared unconditional.

8.3 Intentions regarding employment

The Offeror does not foresee any reductions in its workforce as a consequence of the Transactions or completion thereof and the current employment conditions of employees and directors of the Offeror will be respected.

9. FURTHER INFORMATION REQUIRED BY THE DECREE

In addition to the other statements set out in this Offer Memorandum, the Offeror and VolkerWessels jointly with regard to subject 9(a) and 9(c), the Offeror with regard to subjects 9(b) and 9(d) and VolkerWessels with regard to 9(e), hereby declare as follows:

- (a) There have been consultations between the Offeror and VolkerWessels regarding the Offer, which have resulted in the Merger Protocol. Discussions regarding the Offer, including, but not limited to, the Offer Price, the Offer Conditions and the future strategy of the VolkerWessels Group after the Settlement Date, took place between the Offeror and its advisers on the one hand, and the VolkerWessels Boards (excluding the Non-Independent Members of the Supervisory Board) and their respective advisers on the other hand. Reference is made to section 6.1 (Background and public announcements).
- (b) With due observance of and without prejudice to the restrictions referred to in section 2 (Restrictions), the Offer concerns all Shares not already held by the Offeror and applies on an equal basis to all Shares not already held by the Offeror and all Shareholders other than the Offeror.
- (c) No securities issued in VolkerWessels are held, no transactions or agreements in respect of securities issued by VolkerWessels have been effected or have been concluded, and no similar transactions have been effected in respect of securities issued by VolkerWessels, by the Offeror, Inge Wessels-Bouwens and Gérita Wessels-Holterman, Arend Rijssen N.V., Revius B.V., any member of the executive board of the Offeror, any direct or indirect shareholder of the Offeror, or any member of the VolkerWessels Boards, nor by any of their spouses (*echtgenoten*), registered partners (*geregistreerde partners*), minor children (*minderjarige kinderen*) and any entities over which these members or other persons referred to have control (*zeggenschap hebben in*) within the meaning of Annex A, paragraph 2, subparagraphs 5, 6 and 7 of the Decree, other than in respect of the Offeror as described in section 6.10 (Respective cross-shareholdings the Offeror – VolkerWessels) and in respect of the members of the VolkerWessels Boards as described in section 6.8 (Shareholdings of the members of the VolkerWessels Boards) and as described in section 7.13 (Transactions by VolkerWessels relating to the Shares). No transactions or agreements in respect of securities in VolkerWessels similar to the transactions and agreements referred to in Annex A, paragraph 2, subparagraph 6 of the Decree have been concluded by legal entities with which the Offeror is affiliated within a group or by any direct or indirect shareholder of the Offeror.
- (d) The costs incurred or to be incurred by the Offeror in relation to the Offer are expected to amount to approximately EUR 13.0 million and comprise legal adviser fees, financial adviser fees, communications advisers, financing fees, Settlement Agent fees and printing. These costs will be borne by the Offeror.
- (e) The costs of VolkerWessels' fees of financial advisers, legal advisers, accountants and communications advisers incurred and expected to be incurred in relation to the Offer amount to approximately EUR 2.2 million. These costs will be borne by VolkerWessels.

10. TAX ASPECTS OF THE OFFER AND POSSIBLE POST-CLOSING MEASURES

10.1 Material Dutch Tax Aspects of the Offer

(a) General

The following summary outlines certain principal Dutch tax consequences of disposal of the Shares in connection with the Offer and the possible Post-Closing Measures mentioned in sections 6.12(b) (Buy-Out) and 6.12(c) (Asset Sale and Liquidation), but does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant. For purposes of Dutch tax law, a Shareholder may include an individual or entity who does not have the legal title of the Shares, but to whom nevertheless the Shares or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Shares or the income thereof. This summary is intended as general information only and each Shareholder should consult a professional tax adviser with respect to the tax consequences of the disposal of its Shares under the Offer or in connection with the possible Post-Closing Measures.

This summary is based on Dutch tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Offer Memorandum, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch corporate and individual income tax consequences for:

- (i) investment institutions (*fiscale beleggingsinstellingen*);
- (ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Dutch tax resident entities that are not subject to or exempt from Dutch corporate income tax;
- (iii) corporate Shareholders which qualify for the participation exemption (*deelnemingsvrijstelling*) or would qualify for the participation exemption had the corporate Shareholders been resident in the Netherlands or which qualify for participation credit (*deelnemingsverrekening*). Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption or participation credit if it represents an interest of five per cent or more of the nominal paid-up share capital;
- (iv) Shareholders holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in VolkerWessels and Shareholders of whom a certain related person holds a substantial interest in VolkerWessels. Generally speaking, a substantial interest in VolkerWessels arises if a person, alone or, where such person is an individual, together with his or her partner (*statutorily defined term*), directly or indirectly, holds or is deemed to hold (i) an interest of five per cent or more of the total issued capital of VolkerWessels or five per cent or more of the issued capital of a certain class of shares of VolkerWessels, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit-sharing rights or rights to liquidation proceeds in VolkerWessels relating to five per cent or more of the annual profit of VolkerWessels or to five per cent or more of the liquidation proceeds of VolkerWessels;

- (v) persons to whom the Shares and the income therefrom are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*);
- (vi) entities which are a resident of Aruba, Curacao or Sint Maarten and that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Shares are attributable to such permanent establishment or permanent representative;
- (vii) Shareholders which are not considered the beneficial owner (*uiteindelijk gerechtigde*) of the Shares or the benefits derived from or realised in respect of the Shares; and
- (viii) individuals to whom Shares or the income therefrom are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

(b) Tax aspects for Shareholders who tender their Shares during the Offer Period

(i) Dividend Tax

The payment of the Offer Price by the Offeror to the Shareholders in respect of the disposal of the Shares in connection with the Offer, will not be subject to withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

(ii) Corporate and Individual Income Tax

Residents of the Netherlands

If a corporate Shareholder is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch corporate income tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Shares are attributable, income derived from the Shares and gains realised upon the disposal of the Shares in connection with the Offer are taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual Shareholder is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch individual income tax purposes, income derived from the Shares and gains realised upon the disposal of the Shares in connection with the Offer are taxable at the progressive rates (at up to a maximum rate of 51.75% under the Dutch Income Tax Act 2001) if:

- (A) the individual Shareholder is an entrepreneur (*ondernemer*) and has an enterprise to which the Shares are attributable or the individual Shareholder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Shares are attributable; or
- (B) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies to the individual Shareholder, taxable income with regard to the Shares must be determined on the basis of a deemed return on savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a statutory threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Shares will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on savings and investments is taxed at a rate of 30%.

Non-residents of the Netherlands

If a Shareholder is neither a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Dutch corporate income tax or Dutch individual income tax purposes, such Shareholder is not liable to Dutch corporate income tax or Dutch individual income tax in respect of income derived from the Shares and gains realised upon the disposal of the Shares in connection with the Offer, unless:

- (A) the Shareholder is not an individual and such Shareholder (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or a permanent representative the Shares are attributable, or (2) is, other than by way of securities, entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Shares are attributable;
 - (B) the income or gain derived from the Shares as a result of the disposal of the Shares in connection with the Offer is subject to Dutch corporate income tax at up to a maximum rate of 25%;
 - (C) the Shareholder is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Shares are attributable, or (2) realises income or gains with respect to the Shares that qualify as income from miscellaneous activities in the Netherlands which include activities with respect to the Shares that exceed regular, active portfolio management, or (3) is, other than by way of securities, entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise the Shares are attributable; or
 - (D) the income or gain derived from the Shares as a result of the disposal of the Shares in connection with the Offer as specified under (1) and (2) above by an individual is subject to Dutch individual income tax at progressive rates up to a maximum rate of 51.75%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on savings and investments (as described above under "Residents of the Netherlands").
- (iii) Gift and Inheritance Tax

No Dutch gift tax (*schenkelasting*) or Dutch inheritance tax (*erfbelasting*) will be due as a result of the disposal of the Shares in connection with the Offer.

(iv) Value Added Tax

No Dutch value added tax will arise in respect of payments in consideration for the disposal of the Shares in connection with the Offer.

(v) Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a Shareholder in respect of the disposal of the Shares in connection with the Offer.

(c) Tax aspects for Shareholders who tender their Shares during the Post-Closing Acceptance Period

The Dutch tax consequences of the disposal of the Shares in connection with the Offer during the Post-Closing Acceptance Period are the same as the Dutch tax consequences of the disposal of the Shares in connection with the Offer during the Offer Period, see section 10.1(b) (Tax aspects for Shareholders who tender their Shares during the Offer Period) above.

(d) Tax aspects for Shareholders who did not tender their Shares

Following Settlement and the Post-Closing Acceptance Period, the Offeror may choose to implement (or cause to be implemented) certain restructuring measures, including but not limited to the Post-Closing Measures mentioned in sections 6.12(b) (Buy-Out) and 6.12(c) (Asset Sale and Liquidation).

Furthermore, the Offeror reserves the right to use any legally permitted method to acquire all of the Shares (or full ownership of VolkerWessels' business) and to optimize the corporate, financing and tax structure of VolkerWessels once it is part of the Offeror. No decision in respect of pursuing any restructuring measures as set out in section 6.12 (Possible Post-Closing Measures and future legal structure) has been taken by the Offeror and no such decision is envisaged to be taken prior to the Offer being declared unconditional.

See below for a non-exhaustive description of certain Dutch tax consequences of the Buy-Out and of the Asset Sale and Liquidation.

(i) Buy-Out

(A) Dividend Tax

Any payments made by the Offeror to the Shareholders in respect of the disposal of the Shares in connection with the Buy-Out will not be subject to withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

(B) Corporate and Individual Income Tax

The Dutch corporate income tax and Dutch individual income tax consequences of the disposal of the Shares in connection with a Buy-Out are the same as for the disposal of the Shares in connection with the Offer, see section 10.1(b)(ii) (Corporate and Individual Income Tax).

(C) Gift and Inheritance Tax

No Dutch gift tax (*schenkelasting*) or Dutch inheritance tax (*erfbelasting*) will be due as a result of the disposal of the Shares in connection with the Buy-Out.

(D) Value Added Tax

No Dutch value added tax will arise in respect of payments in consideration for the disposal of the Shares in connection with the Buy-Out.

(E) Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a Shareholder in respect of the disposal of the Shares in connection with the Buy Out.

(ii) Asset Sale and Liquidation

(A) Dividend Tax

VolkerWessels is generally required to withhold 15% Dutch dividend withholding tax in respect of the Liquidation Distribution, to its shareholders to the extent that such distributions are in excess of VolkerWessels' average paid-in capital recognised for Dutch dividend withholding tax purposes. VolkerWessels is responsible for the withholding of such dividend withholding tax at source; the dividend withholding tax is for the account of the Shareholders.

Credit for residents of the Netherlands

If a Shareholder is a resident or deemed to be a resident of the Netherlands for Dutch corporate income tax or Dutch individual income tax purposes, Dutch dividend withholding tax which is withheld in respect of the Liquidation Distribution paid to such holder will generally be creditable for Dutch corporate income tax or Dutch individual income tax purposes or otherwise refundable.

Relief or refund for non-residents of the Netherlands

If a Shareholder is a resident for tax purposes of a country other than the Netherlands, and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country, and such holder is a resident of that country for the purposes of such treaty, such holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund in whole or in part of the Dutch dividend withholding tax withheld.

A refund of Dutch dividend withholding tax is available to entities resident in another EU member state, Norway, Iceland, or Liechtenstein provided (i) these entities are not subject to corporate income tax there, and (ii) these entities would not be subject to Dutch corporate income tax, if these entities would have been tax resident in the Netherlands for Dutch corporate income tax purposes and (iii) these entities are not comparable to investment institutions (*fiscale beleggingsinstellingen*) or exempt investment institutions (*vrijgestelde beleggingsinstellingen*). Furthermore, a similar refund of Dutch dividend withholding tax may be available to such entities resident in other countries, under the additional condition that:

- I. the Shares are considered portfolio investments, i.e. such shares are not held with a view to establish or maintain lasting and direct economic links between the Shareholder and VolkerWessels and the shares do not allow the Shareholder to participate effectively in the management or control of VolkerWessels; and
- II. the Netherlands can exchange information with this other country in line with the international standards for the exchange of information.

Beneficial owner

A recipient of the Liquidation Distribution will not be entitled to any exemption, reduction, refund or credit of Dutch dividend withholding tax if such recipient is not considered to be the beneficial owner of the Liquidation Distribution. A recipient will inter alia not be considered the beneficial owner of the Liquidation Distribution if, in connection with such distribution, the recipient has paid a consideration as part of a series of transactions in respect of which it is likely:

- I. that the proceeds from the Liquidation Distribution have in whole or in part accumulated, directly or indirectly, to a person or legal entity that would: (x) as opposed to the recipient, not be entitled to an exemption from Dutch dividend withholding tax, or (y) in comparison to the recipient, to a lesser extent be entitled to a reduction or refund of Dutch dividend withholding tax; and
- II. that such person or legal entity has, directly or indirectly, retained or acquired an interest in shares, profit-sharing certificates or loans, comparable to the interest it had in similar instruments prior to the series of transactions being initiated.

(B) Corporate and Individual Tax

The Dutch corporate income tax and Dutch individual income tax consequences of the Liquidation are in principle similar to the Dutch tax treatment of the disposal of the Shares in connection with the Offer, see section 10.1(b)(ii) (Corporate and Individual Income Tax) above.

(C) Gift and Inheritance Tax

No Dutch gift tax (*schenkelasting*) or Dutch inheritance tax (*erfbelasting*) will be due by the Shareholder in connection with the Liquidation.

(D) Value Added Tax

No Dutch value added tax will arise in respect of payments in consideration for the disposal of the Shares in connection with the Liquidation.

(E) Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a Shareholder in connection with the Liquidation.

10.2 Material U.S. Federal Income Tax Aspects of the Offer

(a) General

The following is a summary of certain U.S. federal income tax considerations that are likely to be relevant to U.S. Shareholders (as defined below) whose Shares are properly tendered and accepted for payment pursuant to the Offer.

This summary is based on provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial interpretations thereof, in force as of the date hereof. Those authorities may be changed at any time, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below.

This summary is not a comprehensive discussion of all of the tax considerations that may be relevant to a particular U.S. Shareholder’s decision to tender its Shares in the Offer. In particular, this summary is directed only to U.S. Shareholders that hold Shares as capital assets. This discussion does not apply to Shares received pursuant to the exercise of employee stock options or otherwise as compensation. This discussion also does not apply to U.S. Shareholders that exercise any dissent rights that may be available to them under non-U.S. law.

In addition, this discussion does not address tax consequences to U.S. Shareholders who may be subject to special tax rules, such as banks, brokers or dealers in securities or currencies, traders in securities electing to mark to market, financial institutions, life insurance companies, tax exempt entities, entities that are treated as partnerships for U.S. federal income tax purposes (or partners therein), holders that own or are treated as owning 10% or more of the Shares, persons holding Shares as part of a hedging or conversion transaction or a straddle, or persons whose functional currency is not the U.S. dollar. Moreover, this summary does not address state, local or foreign taxes, the U.S. federal estate and gift taxes, or the Medicare contribution tax applicable to net investment income of certain non-corporate U.S. Shareholders, or alternative minimum tax consequences of tendering Shares.

For purposes of this summary, a “U.S. Shareholder” is a beneficial owner of Shares that is (1) an individual citizen of the United States or a resident alien of the United States as determined for US federal income tax purposes; (2) a corporation (or other entity treated as a corporation for US federal income tax purposes) created or organised under the laws of the United States or any state of the United States or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over its administration and one or more US persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

U.S. Shareholders should consult their own tax advisers about the consequences of participating in the Offer, including the relevance to their particular situation of the considerations discussed below and any consequences arising under foreign, state, local or other tax laws.

(b) Sale of the Shares

(i) Sales Pursuant to the Offer

Subject to the discussion below under “Passive foreign investment company considerations”, sales of Shares pursuant to the Offer by U.S. Shareholders generally will be taxable transactions for U.S. federal income tax purposes. A U.S. Shareholder selling Shares pursuant to the Offer generally should recognise gain or loss in an amount equal to the difference between the amount of cash received and the U.S. Shareholder’s adjusted tax

basis in the Shares sold at the time of sale. For this purpose, a U.S. Shareholder's adjusted tax basis in a Share generally will equal its cost of such Share in U.S. dollars. Any gain or loss so realized by a U.S. Shareholder generally will be treated as a capital gain or loss, generally will be long-term capital gain or loss if such U.S. Shareholder's holding period for the Shares is more than one year at the time of sale and generally will be treated as U.S.-source income for foreign tax credit purposes. In the case of a Share that has been held for one year or less, such capital gains generally will be subject to tax at ordinary income tax rates. Certain limitations apply to the use of a U.S. Shareholder's capital losses.

If a U.S. Shareholder sells Shares in exchange for currency other than U.S. dollars, the amount realized generally will be the U.S. dollar value of the currency received at the spot rate on the date of sale (or, assuming the shares are traded on an established securities market at that time, in the case of cash basis and electing accrual basis U.S. Shareholders, the settlement date). An accrual basis U.S. Shareholder that does not elect to determine the amount realized using the spot rate on the settlement date will recognize foreign currency gain or loss equal to the difference between the U.S. dollar value of the amount received based on the spot exchange rates in effect on the date of the sale and the settlement date. A U.S. Shareholder will have a tax basis in the currency received equal to the U.S. dollar value of the currency received at the spot rate on the settlement date. Any currency gain or loss realized on the settlement date or the subsequent sale, conversion, or other disposition of the non-U.S. currency received for a different U.S. dollar amount generally will be U.S.-source ordinary income or loss, and will not be eligible for the reduced tax rate applicable to long-term capital gains. If an accrual basis U.S. Shareholder makes the election described in the first sentence of this paragraph, it must be applied consistently from year to year and cannot be revoked without the consent of the U.S. Internal Revenue Service (the IRS). A U.S. Shareholder should consult its own tax advisers regarding the treatment of any foreign currency gain or loss realized with respect to any currency received in a sale of the Shares.

(ii) Buy-Out

The U.S. federal income tax consequences of a Buy-Out (as described in Section 6.13(b) (Buy-Out) above) will depend on the exact manner in which the transaction is carried out. In general, however, if a U.S. Shareholder receives cash in exchange for transferring its Shares to the Offeror and/or its affiliates in a Buy-Out, the transaction should be taxable in the same manner as described above under "Sales Pursuant to the Offer". U.S. Shareholders should consult their own tax advisers for advice with respect to the potential tax consequences of a Buy-Out.

(iii) Other Post-Closing Measures

The U.S. federal income tax consequences of any other possible Post-Closing Measures as described in Section 6.13 (Possible Post-Closing Measures and future legal structure) above will depend on the exact manner in which the transaction is carried out, which has not yet been determined. Because the terms of such a transaction are not yet determined, U.S. Shareholders should consult their own tax advisers for advice with respect to the potential tax consequences of any Post-Closing Measures.

(c) Passive foreign investment company considerations

If VolkerWessels has been a PFIC in any taxable year in a which U.S. Shareholder held any Shares, then VolkerWessels generally would have continued to be a PFIC as to such U.S. Shareholder in all succeeding years, regardless of whether it continued to meet the test to be classified as a PFIC (as described below). In that case, unless the U.S. Shareholder made a proper election to be taxed differently, gain realised on the exchange of Shares for cash pursuant to the Offer would be allocated

ratably to each taxable year in such U.S. Shareholder's holding period for such Shares during which VolkerWessels was a PFIC as to such U.S. Shareholder, the amount allocated to each such year would be subject to tax at the highest ordinary income tax rate for each such taxable year, and the U.S. Shareholder would be liable for an additional tax equal to an interest charge on the tax liability for each such prior years as if such liability had actually been due in each such prior year. Shareholders of PFICs are also subject to additional reporting requirements in respect of their Shares.

In general, a non-U.S. corporation will be classified as a PFIC for any taxable year if at least 75 per cent. of its gross income is classified as "passive income" or at least 50 per cent. of its assets (determined on the basis of quarterly average value), produce, or are held for the production of, passive income. In making this determination, the non-U.S. corporation is treated as earning its proportionate share of any income and owning its proportionate share of any assets of any corporation in which it directly or indirectly holds 25 per cent. or more (by value) of the stock. Passive income generally includes dividends, interest, rents, royalties and certain gains. An exception exists for certain income earned in the active conduct of a banking business by a bank which meets certain conditions. Although VolkerWessels is regulated as a bank, it may not be eligible for this exception. VolkerWessels has not undertaken to determine its PFIC status with respect to its taxable years prior to the Offer. The determination of whether VolkerWessels was a PFIC for any tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. There can be no assurance that VolkerWessels will not be, or has not been, a PFIC in the current year or any past taxable year. U.S. Shareholders are urged to consult their own tax advisers as to the possible PFIC status of VolkerWessels and the consequences to them in their particular circumstances.

(d) Backup Withholding and Information Reporting

A U.S. Shareholder that tenders its Shares in the Offer may be subject to backup withholding on the payments that such U.S. Shareholder receives unless such U.S. Shareholder: (i) (a) comes within certain exempt categories and demonstrates this fact if required or (b) provides a correct taxpayer identification number on an IRS Form W-9 (a copy of which is available at www.irs.gov), (ii) certifies as to no loss of exemption from backup withholding and (iii) otherwise complies with applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Shareholder will be allowed as a refund or credit against the U.S. Shareholder's U.S. federal income tax liability, provided the required information is furnished to the IRS in a timely manner.

A holder that is a foreign corporation or a non-resident alien individual may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

11. PRESS RELEASES

11.1 Press release VolkerWessels dated 29 October 2019

Amersfoort, 29 October 2019 - Koninklijke VolkerWessels N.V. announces that it has been approached by its majority shareholder Reggeborgh in connection with a potential public offer for all the issued and outstanding shares of VolkerWessels at a proposed offer price per share of €21.75 (cum interim dividend).

Consistent with their fiduciary duties, the Managing Board and the independent members of the Supervisory Board of VolkerWessels have initiated a thorough process. The Boards will be carefully evaluating this expression of interest. In their decision making the Boards will take the interests of all stakeholders, including the minority shareholders, into full consideration.

The negotiations between VolkerWessels and Reggeborgh are at an early stage and there can be no assurance that any transaction will materialize from these discussions.

VolkerWessels has appointed ING Corporate Finance as financial advisor and Linklaters as legal advisor to assist in this process. Further announcements will be made if and when circumstances so require.

This is a public announcement by Koninklijke VolkerWessels N.V. pursuant to section 17 paragraph 1 of the European Market Abuse Regulation (596/2014). This public announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities.

11.2 Initial Announcement dated 12 November 2019 (joint press release VolkerWessels and the Offeror)

JOINT PRESS RELEASE

Recommended all cash offer of € 22.20 per share (cum interim dividend) for VolkerWessels by Reggeborgh

- **Public offer for VolkerWessels of € 22.20 (cum interim dividend) in cash per share**
- **The offer price represents a premium of 25.4% over the closing price on 28 October 2019**
- **Full support for VolkerWessels long-term strategy**
- **Thorough process by independent members of Supervisory Board**
- **Management Board and Supervisory Board fully support and unanimously recommend the offer**

Amersfoort/Rijssen, the Netherlands, 12 November 2019 – Reggeborgh Holding B.V. and VolkerWessels N.V. reached conditional agreement on a recommended public offer of € 22.20 (cum interim dividend) in cash for all VolkerWessels shares.

Reggeborgh has confirmed its full support for the long-term strategy of VolkerWessels. Both the Management Board and the Supervisory Board of VolkerWessels unanimously recommend the offer. They believe the offer is in the best interest of VolkerWessels and all its stakeholders. This recommendation is based on a thorough process where the independence of the decision making has been carefully safeguarded.

Closing of the transaction is subject to certain conditions. The transaction is expected to close in Q1 2020.

Henry Holterman, CEO of Reggeborgh Group:

“At the time of the IPO, Reggeborgh’s intention was to become a long-term minority shareholder in VolkerWessels over time. However, circumstances have changed to the extent that we are currently in a situation that it is no longer possible to achieve this objective. The European peer group of VolkerWessels has de-rated and share prices of Dutch construction companies suffer from additional pressure as a result of increased uncertainty related to environmental regulations.

As such, a further decrease of Reggeborgh’s shareholding has become unrealistic. Notwithstanding these circumstances, we have full confidence in the potential of VolkerWessels. We are of the opinion that making this offer is in the best interest of all stakeholders.”

Jan Hommen, Chairman of the Supervisory Board of VolkerWessels:

“Immediately upon receipt of the initial offer letter on October 8 we have installed a special committee consisting of the independent members of the Supervisory Board, the Chairman of the Management Board, the CFO and the Company Secretary. Our focus was on safeguarding the interests of all stakeholders involved, as well as on ensuring a full and thorough process. This transaction will allow the company to benefit from a loyal shareholder which has historically proven to be financially committed, long-term focused and respectful to all stakeholders in an industry which we believe will change significantly going forward.”

Jan de Ruiter, Chairman of the Management Board of VolkerWessels:

"We understand the reasons of our majority shareholder to make an offer for VolkerWessels. Given this reality we have carefully considered and reviewed the interests of the company and all of its stakeholders. For us it is of eminent importance that Reggeborgh underwrites our strategy in which we as management strongly believe. With the full long-term support of Reggeborgh we can continue to fulfill our objectives."

Strategic rationale

VolkerWessels considers the intended transaction to be a compelling offer for all the company's stakeholders. Reggeborgh fully supports the long-term strategy of VolkerWessels and moreover VolkerWessels will be in a better position to deal with the increasingly challenging market conditions with a long-term shareholder in a private setting. The company will have a strong direct shareholder willing and able to take a long-term view on maintaining and, where possible, enhancing its market position.

Transaction structure

The minority shareholders of VolkerWessels will receive a cash consideration of € 22.20 per share (cum interim dividend) which is an increase of € 0.45 per share versus the initial expression of interest.

On 27 November 2019 (record date 21 November 2019) VolkerWessels will pay out an interim dividend of € 0.28 per share. The residual amount of € 21.92 per share will be paid upon completion of the offer.

The total consideration of € 22.20 per share as agreed between Reggeborgh and VolkerWessels represents the following premiums:

- a premium of 25.4% to VolkerWessels' closing price on 28 October 2019 of € 17.70;
- a premium of 30.5% to VolkerWessels' volume-weighted average price for the 1 month up to and including 28 October 2019 of € 17.01;
- a premium of 34.0% to VolkerWessels' volume-weighted average price for the 3 months up to and including 28 October 2019 of € 16.57;
- a premium of 30.9% to VolkerWessels' volume-weighted average price for the 6 months up to and including 28 October 2019 of € 16.95 and;
- a premium of 31.8% to VolkerWessels' volume-weighted average price for the 12 months up to and including 28 October 2019 of € 16.84.

Full support and recommendation

Since the initial expression of interest from Reggeborgh, a special committee consisting of Jan Hommen, Sietze Hepkema and Frank Verhoeven (all independent members of the Supervisory Board of VolkerWessels), Jan de Ruiter (VolkerWessels' Chairman of the Management Board), Jan van Rooijen (VolkerWessels' CFO) and Thomas Lampe (VolkerWessels' Company Secretary) was formed. VolkerWessels has appointed ING Corporate Finance as financial advisor and Linklaters as legal advisor. The special committee has consulted frequently with its financial and legal advisors to carefully evaluate the intended offer the considerations underlying the key decisions and resolutions in connection therewith, as well as the latest developments.

The Management Board and the independent members of the Supervisory Board fully and unanimously support the offer and recommend that VolkerWessels' shareholders accept the offer and vote in favour of the resolutions relating to the offer at the upcoming extraordinary general meeting of VolkerWessels, to be held during the offer period. In their decision making, the boards have taken the interests of all stakeholders, including the minority shareholders, into full consideration. The boards have concluded that the offer is fair to the shareholders of VolkerWessels from a financial point of view and in the best interests of VolkerWessels, the sustainable success of its business and clients, employees, shareholders

and other stakeholders. The boards have reached this conclusion having given due and careful consideration to the strategic, financial and social aspects and consequences of the proposed transaction.

ING Bank N.V. has issued a fairness opinion to the Management Board and independent members of the Supervisory Board and ABN AMRO Bank N.V. has issued a fairness opinion to the independent members of the Supervisory Board, and both have opined that the intended offer is fair to the shareholders of VolkerWessels from a financial point of view and that the price payable under the Asset Sale and Liquidation (as defined below) is fair from a financial point of view to VolkerWessels. The full text of the fairness opinions will be included in VolkerWessels position statement to be published in advance of the extraordinary general meeting.

The individual board members holding VolkerWessels shares have agreed to tender their shares under the offer.

Conditions

The commencement of the offer is subject to the satisfaction or waiver of pre-offer conditions customary for a transaction of this kind, including:

- no material breach of the merger protocol having occurred
- no material adverse effect having occurred
- the AFM having approved the offer memorandum
- no superior offer (as set out below) having been announced or made
- trading in the Shares on Euronext Amsterdam not having been suspended or ended as a result of a listing measure (*noteringsmaatregel*) by Euronext Amsterdam
- no notification having been received from AFM stating that one or more investment firms will not be allowed to cooperate with the Offer
- no order, stay judgment or decree having been issued prohibiting the making of the offer and/or related transactions
- Reggeborgh having received executed copies of resignation letters from the resigning members of the Supervisory Board
- no amendment or withdrawal of the recommendation of the Management Board or Supervisory Board

If and when made, the consummation of the offer will be subject to the satisfaction or waiver of the following offer conditions customary for a transaction of this kind, including:

- minimum acceptance level of at least 95% of the shares, which will be reduced to 85% in the event that the VolkerWessels shareholders have adopted the Asset Sale and Liquidation resolution at the extraordinary general meeting
- no material breach of the merger protocol having occurred
- no material adverse effect having occurred
- no superior offer (as set out below) having been announced or made
- no third party mandatory offer having been announced or made
- trading in the Shares on Euronext Amsterdam not having been suspended or ended as a result of a listing measure (*noteringsmaatregel*) by Euronext Amsterdam
- no notification having been received from AFM stating that one or more investment firms will not be allowed to cooperate with the offer
- no order, stay judgment or decree having been issued prohibiting the making of the offer and/or related transactions

- no revocation or amendment of the recommendation by the Management Board or the Supervisory Board

The offer conditions will have to be satisfied or waived ultimately on 30 June 2020.

Exclusivity and Superior Offer

VolkerWessels has entered into customary undertakings not to solicit third party offers. VolkerWessels and Reggeborgh may terminate the merger protocol in the event an unsolicited bona fide third-party offeror makes an offer which, in the reasonable opinion of the Management Board and the independent members of the Supervisory Board, is on balance more beneficial offer than the offer, is in cash or liquid securities and is binding on the offeror. In the event of such a superior offer, Reggeborgh will be given the opportunity to match such offer. If Reggeborgh indeed so matches the offer then the third-party offer may not be accepted and the merger protocol may not be terminated by VolkerWessels.

Certain funds

Reggeborgh shall fund the offer through a combination of its own cash reserves and third-party debt financing. Reggeborgh has entered into binding debt financing documentation with a consortium consisting of Van Lanschot and NIBC with the ability to draw down debt for an aggregate amount of € 400 million.

Employees and governance

All existing employee rights will be fully respected. The required employee consultation will take place.

Reggeborgh will maintain the current governance structure. After successful completion of the offer, the current Management Board will remain in place. The proposed Supervisory Board will consist of three members, of which one independent member, who for one year post closing will have a veto on certain matters set forth in the merger protocol.

Acquisition of 100%

VolkerWessels and Reggeborgh acknowledge the importance for Reggeborgh to acquire 100% of VolkerWessels.

If Reggeborgh acquires at least 95% of the shares, it is intended that VolkerWessels' listing on Euronext Amsterdam will be terminated as soon as possible. In addition, Reggeborgh will commence statutory squeeze-out proceedings.

The parties agreed that if Reggeborgh, after the post-closing acceptance period, holds less than 95% but at least 85% of the shares, it may acquire the entire business of VolkerWessels at the same price as the offer price pursuant to an asset sale, combined with a liquidation of VolkerWessels, to deliver such consideration to the remaining VolkerWessels shareholders (the "Asset Sale and Liquidation"). The Asset Sale and Liquidation is subject to VolkerWessels extraordinary general meeting approval. The boards have agreed to unanimously recommend to the shareholders to vote in favour of the Asset Sale and Liquidation.

Reggeborgh may utilize all other available legal measures in order to acquire full ownership of VolkerWessels' outstanding shares and/or its business in accordance with the terms of the merger protocol.

Timetable

Reggeborgh expects to submit a request for review and approval of its offer memorandum with the AFM at short notice and to publish the offer memorandum after approval, in accordance with the applicable statutory timelines.

The transaction does not require approval from the competition authorities as there will be no change of control given Reggeborgh's current majority stake in VolkerWessels.

VolkerWessels will hold the extraordinary general meeting at least six business days prior to the closing of the offer period in accordance with Section 18 Paragraph 1 of the Decree to inform the shareholders about the offer and to adopt certain resolutions that are conditions to the consummation of the offer.

Based on the required steps and subject to the approval of the offer memorandum, VolkerWessels and Reggeborgh anticipate that the offer will close in Q1 2020.

Purchases outside the offer

Reggeborgh reserves the right to purchase VolkerWessels shares outside the offer. Any such purchases will be published via the website of the AFM (register Managers' Transactions MAR 19).

Advisors

ING is acting as financial advisor and Linklaters is acting as legal advisor to VolkerWessels in connection with the transaction. ABN AMRO has acted as independent financial advisor to the independent members of the Supervisory Board.

Kempen is acting as financial advisor to Reggeborgh and Allen & Overy LLP is acting as legal advisor to Reggeborgh. NIBC is acting as financial advisor to the shareholders of Reggeborgh.

For more information:**VolkerWessels**

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Reggeborgh

Peter Zeylmaker

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Analyst meeting

VolkerWessels will comment on the announcements during an analyst meeting with moderated call on 12 November 2019 at 11.30 CET . You can download the presentation on: www.volkerwessels.com => Investor Relations => Financial Information. You can follow the meeting by dialling: 0031-20-531 5867 (international numbers available via this [link](#)).

Please dial in five minutes prior to commencement.

About VolkerWessels

Koninklijke VolkerWessels is a leading integrated and diversified listed construction group with a “think global, act local” mind-set. VolkerWessels’ operating model combines a local sales and client focus with a control and support structure at divisional level that optimises scale and expertise across its operating companies.

VolkerWessels operates primarily in the Netherlands, the United Kingdom, North America and Germany. Operationally, its business is organised in six segments. In the countries in which VolkerWessels operates it has over 120 local operating companies, which have national and regional offices and management.

About Reggeborgh

Reggeborgh is an internationally active investment company owned by the Wessels family, with a wide variety of investments. Reggeborgh currently owns approx. 64% of the VolkerWessels shares.

Disclaimer

This is a joint public announcement by VolkerWessels and Reggeborgh pursuant to section 4 paragraphs 1 and 3, section 5 paragraph 1 and Section 7 paragraph 4 of the Netherlands Decree in Public Takeover Bids (“Besluit openbare biedingen Wft”) and contains inside information as meant in the European Market Abuse Regulation (596/2014).

The information in the press release is not intended to be complete. This announcement is for information purposes only and does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities.

The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, Reggeborgh and VolkerWessels disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither Reggeborgh, nor VolkerWessels, nor any of their advisors assumes any responsibility for any violation by any of these restrictions. Any VolkerWessels shareholder who is in any doubt as to his or her position should consult an appropriate professional advisor without delay.

Certain statements in this public announcement may be considered forward-looking statements such as statements relating to the impact of this transaction on Reggeborgh and VolkerWessels. These forward-looking statements speak only as of the date of this announcement. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and VolkerWessels and Reggeborgh cannot guarantee the accuracy and completeness of forward- looking statements. A number of important factors, not all of which are known to VolkerWessels or Reggeborgh or are within their control, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing VolkerWessels. Any forward-looking statements are made only as of the date of this press release, and VolkerWessels and Reggeborgh assume no obligation to publicly update or revise any forward looking statements, whether as a result of new information or for any other reason. Neither Reggeborgh nor VolkerWessels, nor any of their advisors, accepts any responsibility for any financial information contained in this announcement relating to the business, results of operations or financial condition of the other or their respective groups.

11.3 Press release VolkerWessels dated 12 November 2019 on Q3 2019 financial figures



P R E S S R E L A S E

FIRST NINE MONTHS 2019

VolkerWessels reports EBITDA of € 148 million, interim dividend of € 0.28 per share

- EBITDA 9M 2019 increased to € 148 million from € 130 million (9M 2018)
- Underlying EBITDA (excluding OpenIJ provision) decreased to € 157 million from € 167 million
- Net result attributable to shareholders € 65 million (+6.6%), net result per share € 0.81 (9M 2018: € 0.76)
- Order book remains high at € 9,043 million (+1.9%)
- Revenue increased to € 4,760 million (+14.3%)
- Interim dividend of € 0.28 per share
- Outlook 2019: EBITDA expected to increase between 4% and 7%
- OpenIJ 76% completed; managerial target for the final project result is estimated between - € 110 million and - € 77.5 million versus the current loss provision of € 115 million

The above numbers exclude the impact of IFRS 16

Amersfoort, 12 November 2019 – Koninklijke VolkerWessels N.V. reports an increased EBITDA of € 148 million, an order book of € 9.0 billion and expects EBITDA for 2019 to increase between 4% and 7%. Most segments perform in line with expectation, except Infrastructure and North America.

Jan de Ruiter, Chairman of the Management Board

“EBITDA (including OpenIJ) for the first nine months came in at € 148 million, which is € 18 million higher than 9M 2018. We saw EBITDA growth in most of our businesses, including Infrastructure as a result of a much lower addition to the OpenIJ loss provision. Only our North American business came in lower than last year due to continued weather-related inefficiencies in our operating businesses.

Our order book at the end of September was € 9,043 million, an increase of € 167 million as compared to the end of 9M 2018. The increase relates to the order books of Construction & Real Estate Development (C&RED), United Kingdom and North America. Production volumes in Infrastructure and Germany outpaced new order intake in those segments. The decrease in the E&T segment is due to the volumes delivered on long-term framework contracts.

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The completion of project OpenIJ at the end of the third quarter is approximately 76%. During the third quarter we increased the loss provision for OpenIJ by € 1 million, bringing the total for 2019 to € 8.5 million (and for the project to € 115 million, VolkerWessels' share). The managerial target for the final project result is estimated between - € 110 million and - € 77.5 million.

Excluding the impact of IFRS 16 on the lease liabilities included in the debt position, the net cash position increased by € 275 million to € 76 million. This is a reflection of our ongoing profitability, a strong focus on traditional working capital and the successful reduction in strategic working capital. Including the IFRS 16 impact on the 30 September 2019 balance sheet, the net debt position is € 165 million at the end of September, an improvement of € 34 million as compared to the end of September 2018.

The issues surrounding Nitrogen, PFAS and PFOS have not been resolved as yet. It is clear that after the summer the call for action has become very loud and the Dutch government has promised an interim solution to be announced before the 1st of December 2019. The impact on our company very much depends on the outcome of these discussions but – if unresolved - will have the biggest impact on our Infra business in the Netherlands. The impact of Brexit remains unpredictable and weighs on the economic development of the UK while in Germany the bill by the state government of Berlin on freezing rent passed in October 2019 and will be effective as from January 2020.

We will pay an interim dividend of € 0.28 per share. The payment date of the dividend is November 27, 2019.

For 2019, we expect all our segments to contribute to our EBITDA, and we expect full year EBITDA to increase between 4% and 7% (incl. the OpenIJ provision)."

The financial information in this press release has not been audited

Underlying operational performance (excluding the OpenIJ provision and IFRS 16)

Net result attributable to shareholders	EBITDA	EBITDA margin	ROCE	Solvency	Net cash position	Order Book	Revenue
9M 2019 € 73 m	9M 2019 € 157 m	9M 2019 3.3%	30/09/19 16.5%	30/09/19 32.8%	30/09/19 € 76m	30/09/19 € 9,043m	9M 2019 € 4,760m
18.0 % ↓	6.0 % ↓	70 bps ↓	210 bps ↑	260 bps ↑	€275 m ↑	1.9% ↑	14.3 % ↑
9M 2018 € 89 m	9M 2018 € 167 m	9M 2018 4.0%	30/09/18 14.4%	30/09/18 30.2%	30/09/18 € -199m	30/09/18 € 8,876m	9M 2018 € 4,166 m

Financial performance (including the OpenIJ provision and excluding IFRS 16)

Net result attributable to shareholders	EBITDA	EBITDA margin	ROCE	Solvency	Net cash position	Order Book	Revenue
9M 2019 € 66 m	9M 2019 € 148 m	9M 2019 3.1%	30/09/19 16.1%	30/09/19 32.8%	30/09/19 € 76m	30/09/19 € 9,043 m	9M 2019 € 4,760m
8.2 % ↑	13.8 % ↑	=	420 bps ↑	260 bps ↑	€275 m ↑	1.9% ↑	14.3 % ↑
9M 2018 € 61 m	9M 2018 € 130 m	9M 2018 3.1%	30/09/18 11.9%	30/09/18 30.2%	30/09/18 € -199m	30/09/18 € 8,876m	9M 2018 € 4,166m

Reported financial performance (including the OpenIJ provision and IFRS 16)*

Net result attributable to shareholders	EBITDA	EBITDA margin	ROCE	Solvency	Net cash position	Order Book	Revenue
9M 2019 € 65 m	9M 2019 € 200 m	9M 2019 4.2%	30/09/19 13.2%	30/09/19 30.8%	30/09/19 € -165m	30/09/19 € 9,043 m	9M 2019 € 4,760m
6.6 % ↑	53.8 % ↑	110 bps ↑	130 bps ↑	60 bps ↑	€34 m ↑	1.9% ↑	14.3 % ↑
9M 2018 € 61 m	9M 2018 € 130 m	9M 2018 3.1%	30/09/18 11.9%	30/09/18 30.2%	30/09/18 € -199m	30/09/18 € 8,876m	9M 2018 € 4,166m

All numbers exclude share incentive charge (9M 2019: € 4 million; 9M 2018: € 5 million).

* The comparative information for 9M 2018 is not restated for IFRS 16.

The financial information in this press release has not been audited

Overall performance of VolkerWessels

Summary overview of results

(€ million, unless otherwise stated)

	9M 2019	9M 2018	FY 2018
Revenue	4,760	4,166	5,924
Operating expenses	*-4,683	*-4,115	*-5,790
Share in results of associates and JVs (after income tax and 3rd party result)	8	19	33
Operating result	85	70	167
Net financial result	-5	2	3
Income tax	-13	-9	-30
Net result from continuing operations	67	63	140
Net result from discontinued operations (after tax)	-1	-1	-2
Net result for the financial period	66	62	138
Minority interests	1	1	1
Net result attributable to shareholders	65	61	137
Operating result	85	70	167
D&I of property, plant and equipment	56	53	74
A&I of intangible assets	8	7	9
EBITDA	148	130	250
IFRS 16 impact	52	0	0
EBITDA incl. impact IFRS 16	200	130	251
EBITDA margin (%)	4.2%	3.1%	4.2%
Order book (at year end)	9,043	8,876	8,924
Interim dividend			22.4
Final dividend			61.6
Total dividend			84.0
Total dividend as % of net results attributable to shareholders (adjusted for share incentive plan)			61%
Per share data attributable to shareholders			
Number of shares (in millions)	80	80	80
Earnings per share (€)	0.81	0.76	1.71
Earnings per share from continuing operations (€)	0.83	0.78	1.74
Earnings per share from discontinued operations (€)	-0.02	-0.02	-0.03
Interim dividend			0.28
Final dividend			0.77
Total dividend			1.05

* Under IFRS any benefit due to the Managing Directors or any of the relevant key managers will need to be reflected in the annual accounts of VolkerWessels as personnel expenses, irrespective of whether the costs are borne by VolkerWessels or not. The cash flow related to these share incentives including tax, are borne in full by Reggeborgh Holding and consequently, the cash flow impact for VolkerWessels is nil. For the period between 1 January 2019 and 30 September 2019 € 4 million, for the period 1 January 2018 and 30 September 2018 € 5 million and FY 2018: € 6 million, this is adjusted in comparison to the (interim) financial statements.

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Summary overview of results by operating segment

(€ million, unless stated otherwise)	Revenue			EBITDA*			Order Book (period end)		
	9M 2019	9M 2018	Δ	9M 2019	9M 2018	Δ	9M 2019	9M 2018	Δ
NL – C&RED	1,654	1,455	13.7%	54	50	8.0%	3,716	3,589	3.5%
NL – Infrastructure	1,076	993	8.4%	22	22	0.0%	1,660	1,849	-10.2%
NL – E&T Infrastructure	628	526	19.4%	26	23	13.0%	806	887	-9.1%
United Kingdom	995	816	21.9%	30	28	7.1%	1,353	1,108	22.1%
Local currency (GBPm)	873	719	21.4%	26	25	4.0%	1,198	983	21.9%
North America	249	250	-0.4%	24	31	-22.6%	1,100	824	33.5%
Local currency (CADm)	374	386	-3.1%	36	48	-25.0%	1,587	1,241	27.9%
Germany	215	178	20.8%	14	12	16.7%	453	664	-31.8%
Other/eliminations	-57	-52		-13	1		-45	-45	
Subtotal	4,760	4,166	14.3%	157	167	-6.0%	9,043	8,876	1.9%
OpenIJ provision				9	37				
Subtotal	4,760	4,166	14.3%	148	130	13.8%	9,043	8,876	1.9%
IFRS 16 impact				52	0				
Total	4,760	4,166	14.3%	200	130	53.8%	9,043	8,876	1.9%

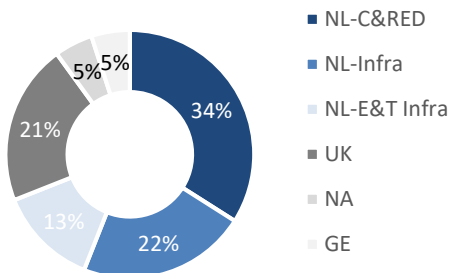
* All EBITDA numbers are excluding share incentive charge.

Quarterly revenue and EBITDA (including OpenIJ provision)

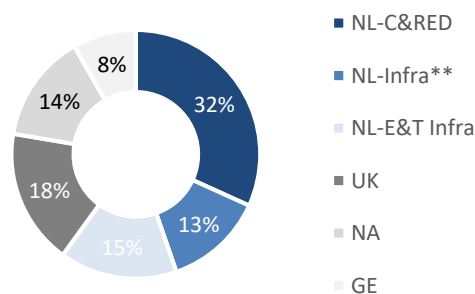
(€ million)	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenue	1,705	1,681	1,374	1,758	1,397	1,539	1,230	1,747	1,299	1,473	1,195
EBITDA*	82	99	19	121	69	53	8	110	65	77	13
of which IFRS 16 impact	19	17	16								

* 2017, 2018 and 2019 EBITDA includes OpenIJ provisioning: 2017: € 67.5 million; 2018: € 39 million; 9M 2018: € 37 million, 9M 2019: € 8.5 million.

9M 2019 Revenue per segment*



9M 2019 EBITDA per segment*



* Breakdown excludes Other/Eliminations and the IFRS 16 impact, NL-E&T Infrastructure includes the activities in Belgium.

** NL-Infra EBITDA and total EBITDA exclude the OpenIJ provisioning.

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OpenIJ update

On October 10, 2019 OpenIJ announced the successful immersion of the second – bigger – inner lock head (“binnenhoofd”). With the inner lock head now at its final position, OpenIJ successfully concluded the three key milestones it defined for itself at the beginning of 2018: the immersion of the outer lock head (“buitenhoofd”), the arrival of the lock doors in Amsterdam and the immersion of the inner lock head. The expected remaining construction time of the world’s largest sea lock is between 17 and 22 months.

Delivery date is scheduled for Q2 2021. With a percentage completion of 76%, the remaining construction value is approx. € 200 million (VolkerWessels’ share € 100 million). For VolkerWessels, the loss provision for OpenIJ currently amounts to € 115 million as per the end of the 3rd quarter. 93% of this amount has been funded. Furthermore, due to the delay, VolkerWessels will need to make available to the SPC a 26 year loan of € 20 million.

At this moment in time, our managerial target for the final project result is estimated between - € 110 million and - € 77.5 million. Please note that the managerial target is based on estimates which may be subject to changes that may have a material effect as the final outcome depends on factors which are uncertain and/or outside the control of VolkerWessels. Hence, no certainty can be ascribed to this managerial target. Potential negative and/or positive effects may occur at different moments in time and may not necessarily cancel each other out in any given time period.

IFRS 16 transition

VolkerWessels adopted IFRS 16 with effect from January 1 2019. We have applied the simplified transition approach and have not restated comparative amounts for the year prior to first adoption (9M 2018 and FY 2018). As a result of this new accounting standard we expect an increase in EBITDA in 2019 of approximately € 70 million (actual impact in 9M 2019: € 52 million). The impact on our net result for 2019 is expected to be limited. On adoption of IFRS 16, we have recognized, in addition to the already existing finance lease agreements, right-of-use assets of € 235 million and corresponding lease liabilities of € 235 million. Operating cash flows increased and financing cash flows decreased by € 52 million as repayment of the principal portion of the lease liabilities are classified as cash flows from financing activities instead of cash flows from operating activities.

Order Book

VolkerWessels’ order book at 30 September 2019 increased to € 9,043 million as compared to € 8,876 million at 30 September 2018, which represents an increase of 1.9%. The strong order book consists of an increased pipeline of projects in Construction & Real Estate Development, in the United Kingdom and North America, balanced by a decrease in the Dutch Infrastructure and E&T Infrastructure segments. Dutch Infrastructure experienced low tender volume. The decrease in the E&T segment is due to the volumes delivered on long-term framework contracts. In Germany our order book decreased compared with 9M 2018 but is still very strong and amounts to 1.7 times the revenue delivered in 2018. Our order book in Germany is expected to benefit from land acquisitions in the fourth quarter.

We take a prudent approach to order book recognition; we only include signed contracts, and for framework contracts, work packages agreed with our clients.

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Consolidated income statement

Revenue

Revenue in 9M 2019 increased by 14.3%, or € 594 million, to € 4,760 million as compared to € 4,166 million in 9M 2018. Revenues increased in all segments, except in North America, where it was stable.

EBITDA and EBITDA margin

Underlying EBITDA -i.e. excluding OpenIJ and IFRS 16- decreased to € 157 million from € 167 million in 9M 2018. Stepping away from the impact of IFRS 16 EBITDA increased from € 130 million to € 148 million in 9M 2019. Excluding IFRS 16 and the additional loss provision for OpenIJ, our EBITDA margin is 70 bps lower than in the same period last year. Reported EBITDA increased by 53.8% to € 200 million (including the effect of IFRS 16 of € 52 million) and the EBITDA margin increased to 4.2%.

The C&RED (+€ 4 million), E&T (+€ 3 million), UK (+€ 2 million) and Germany (+€ 2 million) segments delivered increased EBITDA resulting mainly from positive momentum in these markets. The Infrastructure segment improved € 28 million to € 13 million in 9M 2019, which is driven by a lower loss provision for OpenIJ in 9M 2019, excluding OpenIJ performance was stable.

In North America, our results are behind last year which is primarily weather related as well as the effect from lower results from participating interests and lower land sales in the US.

Other

Increased expenses for digitisation and innovation projects and lower book profits on non-core asset sales are included in "Other".

Personnel

VolkerWessels' average number of employees increased by 467 to 17,097 in the first nine months of 2019.

Net financial result

The net financial result decreased in 9M 2019 to € 5 million negative (9M 2018: € 2 million positive). Due to our continued strong focus on working capital our net debt position improved significantly. This resulted in an over-hedged situation, with a cost of € 3 million which has been accounted for as a loss in the profit and loss. Furthermore net financial result was impacted for an amount of € 2 million negative by the transition to IFRS 16.

Income tax

Income tax increased from € 9 million in 9M 2018 to € 13 million in 9M 2019 due to overall higher taxable profits and less results from participations where we have tax exemption.

Net result

The 9M 2019 net result attributable to shareholders amounted to € 65 million (9M 2018: € 61 million).

Capital expenditure

In 9M 2019, the gross capital expenditure relating to property, plant and equipment amounted to € 87 million, 1.8% of revenue (9M 2018: € 54 million, 1.3% of revenue). In 9M 2019, the net capital

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expenditure relating to property, plant and equipment amounted to € 71 million, 1.5% of revenue (9M 2018: € 37 million, 0.9% of revenue). The increased capital expenditure is predominantly the result of contract renewals and our growing highway maintenance business in Canada.

Key balance sheet items

(€ million, unless stated otherwise)

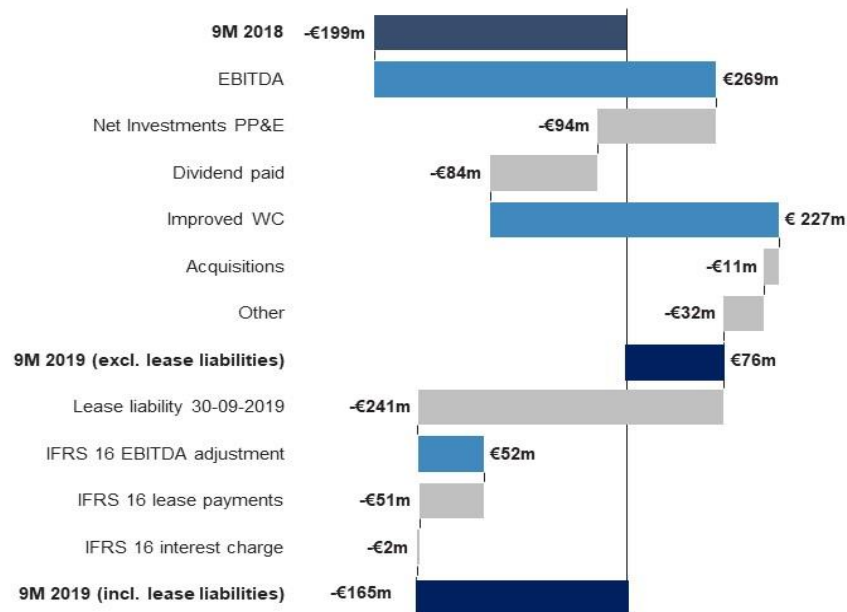
	30/09/2019	30/09/2018	31/12/2018
Total assets	3,923	3,748	3,684
Total group equity	1,208	1,133	1,196
Net cash / debt	-165	-199	366
Capital employed	1,373	1,332	830
Solvency ratio (%)	30.8%	30.2%	32.5%

Solvency and net cash position

VolkerWessels has a solid capital structure, with a solvency ratio of 30.8% at 30 September 2019 (30.2% at 30 September 2018). Total equity increased by € 75 million to € 1.2 billion at 30 September 2019. This is the net impact after allocation of the profit over the last twelve months and reduction for dividends of € 84 million which includes both the final and the interim dividend for 2018. As a result of the IFRS 16 transition total assets increased by € 242 million at 30 September 2019. Excluding the IFRS 16 effect the solvency increased to 32.8%.

Our net debt position improved by € 34 million, resulting in a net debt position of € 165 million at 30 September 2019. Excluding the IFRS 16 impact the net cash position increased by € 275 million compared to 30 September 2018.

Change in net debt position



At 30 September 2019 € 90 million was drawn under the RCF (€ 325 million at 30 September 2018).

The financial information in this press release has not been audited

Working capital overview

(€ million)

	30/09/2019	30/09/2018	31/12/2018
Inventories (excl. property development)	75	74	76
Contract balances (including provision onerous contracts)	-2	65	-28
Trade and other receivables (excl. receivables from associates and JVs and current 3 rd party loans)	937	924	839
Trade and other payables (excl. amounts owed to associates and JVs)	-1,319	-1,249	-1,497
Net taxes	-5	-15	-15
Traditional working capital	-314	-201	-625
Land	172	184	184
Property development	39	119	81
Property held for sale	22	41	42
Investments in associates and JVs (less provisions)	141	125	132
Non-current receivables from associates and JVs	86	97	71
Net receivables on participations	95	103	101
Strategic working capital	555	669	611
Net working capital	241	468	-14

Traditional negative working capital improved to - € 314 million on 30 September 2019 compared to - € 201 million at 30 September 2018. This is mainly the effect of an improvement in the contract balances position of € 67 million. Strategic positive working capital improved by € 114 million to € 555 million at 30 September 2019. This mainly relates to a lower working capital requirement for property development following the sale of several properties. The directly owned land bank decreased by € 12 million to € 172 million at 30 September 2019. Overall net working capital improved by € 227 million to a working capital position of € 241 million at 30 September 2019 compared to € 468 million at 30 September 2018.

Interim dividend

VolkerWessels will pay an interim dividend of € 0.28 per share. The payment date of the dividend is November, 27 2019.

Outlook 2019

For 2019, we expect all our segments to contribute positively to our EBITDA, and we expect full year EBITDA to increase between 4% and 7% (including the OpenIJ provision).

The financial information in this press release has not been audited

Results per segment

Netherlands – Construction & Real Estate Development

(€ million, unless stated otherwise)

	9M 2019	9M 2018	2018
Revenue	1,654	1,455	2,105
EBITDA	54	50	100
EBITDA margin (%)	3.3%	3.4%	4.8%
Average number of employees (#)	3,860	3,787	3,768
Order book (at period end)	3,716	3,589	3,493

Construction & Real Estate Development segment's (C&RED) revenue increased by 13.7% or € 199 million, to € 1,654 million in 9M 2019, mainly as a result of continuous strong market conditions especially in the residential construction market. The number of new homes sold increased to 1,871 in 9M 2019 from 1,477 in 9M 2018. EBITDA increased by € 4 million to € 54 million, the EBITDA margin was stable. C&RED's results are held back by fewer large real estate transactions compared to 2018.

Market developments in 9M 2019

Demand in the residential market remains buoyant while price increases are levelling off. The relatively slow process of obtaining permits for new build homes and the increased focus on social housing developments in certain bigger cities cause the growth in new build homes to remain below the national target. The recent ruling from the State Council on nitrogen emissions delayed the start and sale of certain projects. The impact of nitrogen deposition on C&RED projects in 2020 (and beyond) very much depends on the willingness of the Dutch government to raise the current very low norm on nitrogen emissions (of 0.05 mol/ha/year).

We continue to see healthy interest from international investors in residential products and expect this trend to continue. Looking forward, we expect the price of materials to consolidate whilst labour costs will continue to rise. The construction of industrial/logistics buildings shows strong growth.

The financial information in this press release has not been audited

Netherlands – Infrastructure

(€ million, unless stated otherwise)

	9M 2019	9M 2018	2018
Revenue	1,076	993	1,414
EBITDA	22	22	61
OpenIJ provision	-9	-37	-39
EBITDA including OpenIJ provision	13	-15	22
EBITDA margin (%)	1.2%	-1.5%	1.6%
Average number of employees (#)	4,844	4,930	4,903
Order book (at period end)	1,660	1,849	1,660

Netherlands – Infrastructure segment's revenue increased by 8.4% or € 83 million to € 1,076 million in 9M 2019. Including the provision for OpenIJ in 9M 2018 and 9M 2019, EBITDA increased by € 28 million to € 13 million. The order book decreased by 10.2% to € 1.7 billion at 30 September 2019 but was stable compared with the 2018 year end.

Market developments in 9M 2019

The market for multidisciplinary infra projects is severely disrupted by the Nitrogen, PFAS and PFOS issues. As a consequence, government entities are delaying and/or cancelling Infra projects which translates in lower capacity utilization and unbillable hours going forward. We now expect that this will result in lower revenue in our Infra segment in 2020, even in a situation when the Dutch government decides to raise the current low deposition norm for nitrogen and PFAS/PFOS before the end of this year. Due to the nature of these businesses, a (relatively) small increase of the deposition norm will benefit C&RED more than our Infra business where nitrogen deposition is normally higher (requiring a more substantial increase).

We continue to focus on margin over volume, on constructive cooperation with our partners and clients, and on the quality of our order book.

The financial information in this press release has not been audited

Netherlands – Energy & Telecoms Infrastructure*

(€ million, unless stated otherwise)

	9M 2019	9M 2018	2018
Revenue	628	526	751
EBITDA	26	23	39
EBITDA margin (%)	4.1%	4.4%	5.2%
Average number of employees (#)	3,134	2,966	2,950
Order book (<i>at period end</i>)	806	887	932

* NL-E&T Infra includes the activities in Belgium

The revenue of our Netherlands – Energy & Telecoms Infrastructure segment increased by 19.4%, or € 102 million, to € 628 million. The increased revenue relates to the acquisition of JES and higher volumes both in our Energy and Telecoms activities. EBITDA increased by € 3 million to € 26 million in 9M 2019. The improvement in our result was delivered by both the Energy and Telecoms companies, including our Belgian E&T activities. The order book decreased due to the volume delivered in 9M 2019 on long-term framework contracts. Underlying, the order book increased significantly.

Market developments in 9M 2019

Digital transformation is an important ongoing trend in the telecoms market, requiring a continuing need for fast data transmission. Connectivity is seen as a basic need and is therefore becoming a growing commodity. The roll-out of 5G, optical fibre and IoT will have a positive impact on VolkerWessels Telecoms business.

The transition to sustainable energy sources, such as wind, solar and hydrogen continues to be an important driver for the demand in the energy infrastructure market in the Netherlands. VolkerWessels' energy business is focused on the associated transmission and distribution infrastructure for these energy sources.

The financial information in this press release has not been audited

VolkerWessels United Kingdom

(€ million, unless stated otherwise)

	9M 2019	9M 2018	2018
Revenue	995	816	1,116
Revenue in GBP m	873	719	984
EBITDA	30	28	39
EBITDA in GBP m	26	25	34
EBITDA margin (%)	3.0%	3.4%	3.5%
Average number of employees (#)	3,071	2,873	2,890
Order book (at period end)	1,353	1,108	1,528
Order book (at period end) GBP m	1,198	983	1,367

In local currency, revenue in 9M 2019 increased by 21.4% to £ 873 million following positive developments across all market sectors in which we operate. EBITDA improved by £ 1 million to £ 26 million. In euro terms the increase in revenue and EBITDA are in line with the increase in GBP terms. The UK order book increased by 21.9% to £ 1,198 million which is largely a reflection of the growth in infrastructure build as set out in the National Infrastructure plan in the UK. During 9M 2019 we further strengthened our market position by securing, extending and renewing a number of long-term contracts. For FY 2019 we expect the EBITDA margin to improve towards the FY 2018 level.

Market developments in 9M 2019

The nine months to September 2019 have seen a general slowdown across the wider construction sector in the UK, against a challenging and distracting economic backdrop. Political and policy uncertainty has been a theme, as a result of protracted debate and indecision relating to Brexit, and a change of government leadership. This uncertain environment, along with the weakness of sterling and slowing growth in the construction market, has seen a number of companies in the sector fall into difficulty. A general election has been scheduled for December 2019, and a decision on Brexit is due at the end of January 2020; it is hoped that this will bring more political and economic clarity in the medium term.

Despite the challenges and uncertainty of this backdrop, VolkerWessels UK has maintained its strong position in the infrastructure sector; with a quality order book and sound financial footing, a track record of delivery and effective risk management processes, the business has seen minimal direct impact from these external factors.

The financial information in this press release has not been audited

VolkerWessels North America

(€ million, unless stated otherwise)

	9M 2019	9M 2018	2018
Revenue	249	250	350
Revenue in CAD m	374	386	538
EBITDA	24	31	47
EBITDA in CAD m	36	48	72
EBITDA margin (%)	9.6%	12.4%	13.4%
Average number of employees (#)	1,486	1,316	1,400
Order book (at period end)	1,100	824	764
Order book (at period end) CAD m	1,587	1,241	1,193

Revenue from our North America segment was stable at € 249 million while EBITDA decreased by € 7 million to € 24 million. Our results are behind last year which is partly weather related, the effect from lower results from participating interests and lower land sales in the US.

Market developments in 9M 2019

Our companies in Canada are based in Alberta and British Columbia. The economy of these two provinces is primarily resource based. The outlook for VolkerWessels in British Columbia remains strong for the coming years, with the successful renewal of two long-term contracts for provincial highway maintenance ("Service Area 24 and 28").

The outlook for VolkerWessels in Alberta remains solid, with a dependency on market developments within the energy industry (especially the price of oil) and housing. In the Seattle area, VolkerWessels is well positioned to benefit from increased investment in infrastructure, particularly through its exposure to roadworks (including new construction, rehabilitation and intersections), civil work (for example, bridges and retaining walls), as well as underground utilities and development construction.

The financial information in this press release has not been audited

VolkerWessels Germany

(€ million, unless stated otherwise)

	9M 2019	9M 2018	2018
Revenue	215	178	268
EBITDA	14	12	16
EBITDA margin (%)	6.5%	6.7%	6.0%
Average number of employees (#)	334	355	353
Order book (at period end)	453	664	595

The Germany segment's revenue increased by 20.8%, or € 37 million, to € 215 million. EBITDA increased by € 2 million to € 14 million. The order book declined to € 453 million, which is still exceptionally strong and amounts to 1.7 times the revenue in 2018. This decrease mainly relates to delays in the commencement of a few new development projects.

Market developments in 9M 2019

VolkerWessels expects to see ongoing favorable market conditions over the coming years with strong demand in Germany for owner-occupied and rented apartments, as well as for office, commercial and logistic space for all three regions where VolkerWessels is active.

VolkerWessels is closely monitoring political developments in general and in the Berlin housing market in particular. One of these developments is a bill by the state government of Berlin, to set a new upper rental limit for apartments built before 2014. This law passed in October 2019 and will be effective at January 2020. It intends to limit rental price increases for existing properties over a period of five years starting from the year 2020.

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The financial information in this press release has not been audited

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Analyst meeting

VolkerWessels will comment on the announcements during an analyst meeting with moderated call on 12 November 2019 at 11.30 CET. You can download the presentation on: www.volkerwessels.com => Investor Relations => Financial Information. You can follow the meeting by dialling: 0031-20-531 5867 (international numbers available via this [link](#)). *Please dial in five minutes prior to commencement.*

Financial calendar

Event	Date
Ex-dividend date (interim dividend 2019)	20 November 2019
Record date (interim dividend 2019)	21 November 2019
Payment date (interim dividend 2019)	27 November 2019
Annual results 2019 (before trading)	27 February 2020
Annual report 2019 available	2 March 2020
Annual General Meeting of shareholders	16 April 2020
Ex-dividend date (final dividend 2019)	20 April 2020
Record date (final dividend 2019)	21 April 2020
Payment date (final dividend 2019)	29 April 2020
First quarter 2020 trading update (before trading)	14 May 2020
Half year results 2020 (before trading)	27 August 2020
Nine months trading update 2020 and interim dividend 2020 announcement (before trading)	12 November 2020
Ex-dividend date (interim dividend 2020)	18 November 2020
Record date (interim dividend 2020)	19 November 2020
Payment date (interim dividend 2020)	26 November 2020

The financial information in this press release has not been audited

Important information:

This document is intended to provide financial and general information about Koninklijke VolkerWessels and its group companies in respect of its most recent financial results and, as such, is solely informative. This document must be read in connection with the relevant financial documents it refers to and such financial documents take primacy in case of any inconsistency with the information as provided herein. This document contains forward-looking statements which are based on the current expectations, estimates and projections of Koninklijke VolkerWessels' management and information available at the date of publication of this document. These forward-looking-statements are subject to uncertainties and cannot be relied upon. VolkerWessels does not assume any obligation to update or revise forward-looking-statements after the date of publication of this document.

This press release contains information that qualifies, or may qualify, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

The financial information in this press release has not been audited

APPENDIX

Consolidated income statement

(€ million)

	9M 2019	9M 2018	2018
Continuing operations			
Revenue	4,760	4,166	5,924
Operating expenses *	-4,687	-4,120	-5,796
Result from sale of participating interests (after income tax)	8	19	33
Operating result	81	65	161
Financial income	14	14	22
Financial expenses	-19	-12	-19
Net financial result	-5	2	3
Result before tax	76	67	164
Income tax	-13	-9	-30
Result from continuing operations	63	58	134
Result from discontinued operations (after income tax)	-1	-1	-2
Net result for the financial year	62	57	132
Attributable to:			
Shareholders of the Company	61	56	131
Minority interests	1	1	1
Net result for the financial year	62	57	132

The comparative information for 9M 2018 and FY 2018 is not restated for IFRS 16.

* Including share incentive charge of € 4 million (9M 2018: € 5 million; FY 2018: € 6 million).

The financial information in this press release has not been audited

Consolidated statement of financial position
(€ million)

	30/09/2019	30/09/2018	31/12/2018
Property, plant and equipment	505	479	482
Right-of-use assets	242	-	-
Intangible assets	491	453	484
Investments in associates and joint ventures	163	132	153
Non-current receivables	129	139	107
Other non-current assets	5	27	6
Deferred tax assets	29	58	31
Other non-current assets	326	356	297
Total non-current assets	1,564	1,288	1,263
Land	172	184	184
Property held for sale	22	41	42
Inventories	114	194	157
Contract assets	721	682	579
Trade and other receivables	1,085	1,065	986
Income tax receivable	6	11	6
Cash and cash equivalents	239	283	467
Total current assets	2,359	2,460	2,421
Total assets	3,923	3,748	3,684

The comparative information for 9M 2018 and FY 2018 is not restated for IFRS 16.

The financial information in this press release has not been audited

Consolidated statement of financial position

(€ million)

Equity

Equity attributable to shareholders of the Company

Minority interests

Total group equity

Loans and other financing obligations

Lease liabilities

Derivatives

Employee benefits

Provisions for associates and joint ventures

Other provisions

Deferred tax liabilities

Total non-current liabilities

Loans and other financing obligations

Lease liabilities

Contract liabilities

Trade and other payables

Employee benefits

Provisions for associates and joint ventures

Other provisions

Income tax payable

Total current liabilities

Total equity and liabilities

	30/09/2019	30/09/2018	31/12/2018
Equity attributable to shareholders of the Company	1,195	1,119	1,182
Minority interests	13	14	14
Total group equity	1,208	1,133	1,196
Loans and other financing obligations	26	88	43
Lease liabilities	170	-	-
Derivatives	5	1	2
Employee benefits	40	34	40
Provisions for associates and joint ventures	22	8	16
Other provisions	121	127	138
Deferred tax liabilities	32	41	31
Total non-current liabilities	416	299	270
Loans and other financing obligations	132	393	56
Lease liabilities	72	-	-
Contract liabilities	610	515	489
Trade and other payables	1,361	1,276	1,532
Employee benefits	9	16	19
Provisions for associates and joint ventures	-	-	3
Other provisions	104	90	98
Income tax payable	11	26	21
Total current liabilities	2,299	2,316	2,218
Total equity and liabilities	3,923	3,748	3,684

The comparative information for 9M 2018 and FY 2018 is not restated for IFRS 16.

The financial information in this press release has not been audited

Consolidated cash flow statement

(€ million)

Liquidity position at beginning of the period

Net cash flow continuing operating activities

Net cash flow from discontinued operating activities

Net cash flow from operating activities (total)

Net cash flow from continuing investment activities

Net cash flow from discontinued investment activities

Net cash flow from investing activities (total)

Net cash flow from continuing financing activities

Net cash flow from discontinued financing activities

Net cash flow from financing activities (total)

Decrease in liquidity position

Effects of exchange rate differences on cash, cash equivalents and bank overdrafts

Liquidity position at the end of the period

9M 2019	9M 2018	2018
445	484	484
-69	-304	242
-2	-4	-5
-71	-308	237
-118	-120	-117
2	-1	-
-116	-121	-117
-52	209	-159
-	-	-
-52	209	-159
-239	-220	-39
3	-	-
209	264	445

Consolidated statement of changes in equity

(€ million)

Balance as at 31 December 2018

Impact of change in accounting policy (IFRS 16)

Balance as at 1 January 2019 (after adjustment)

Result for the financial year YTD

Other comprehensive income for the financial year

Total comprehensive income for the financial year

Dividends

Share based payments by the majority shareholder *

Other movements

Balance as at 30 September 2019

Equity shareholders	Minority interests	Total equity
1,182	14	1,196
-	-	-
1,182	14	1,196
61	1	62
16	-	16
77	1	78
-62	-1	-63
-	-	-
-2	-1	-3
1,195	13	1,208

* Share based payments by the majority shareholder includes the share incentive charge for 9M 2019 (€ 4.2m) and the settlement of wage taxes (€ - 4.3m).
The comparative information for 9M 2018 and FY 2018 is not restated for IFRS 16.

The financial information in this press release has not been audited



From left to right from:

KWS piloted the noise-reducing sustainable asphalt mixture KonwéCity 5 Circulair (circular) to surface a section of test road in Vianen, near the Dutch city of Utrecht. It is the first KWS noise-reducing mixture to contain 50% recycled asphalt, resulting in substantial carbon savings of 33.5%.

Measuring and data analyses of railway by Asset.Insight.

On October, 3 2019, His Majesty King Willem-Alexander of the Netherlands officially opened Brainport Industries Campus (BIC) in Eindhoven, BIC is developed by SDK Vastgoed.

Scout-In19 Festival in Zeewolde, VolkerWessels provided a mast to improve communication of the participants.

About VolkerWessels

Koninklijke VolkerWessels is a leading integrated and diversified listed construction group with a “think global, act local” mind-set. VolkerWessels’ operating model combines a local sales and client focus with a control and support structure at divisional level that optimises scale and expertise across its operating companies.

VolkerWessels operates primarily in the Netherlands, the United Kingdom, North America and Germany. Operationally, its business is organised in six segments. In the countries in which VolkerWessels operates it has over 120 local operating companies, which have national and regional offices and management.

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The financial information in this press release has not been audited

11.4 Press release of the Offeror dated 15 November 2019



*This is a press release by Reggeborgh Holding B.V. (**Reggeborgh**) pursuant to the provisions of Section 5 paragraphs 4 and 5 of the Decree on Public Takeover Bids (Besluit openbare biedingen Wft) (the **Decree**) in connection with the announced recommended public offer by Reggeborgh for all the issued and outstanding shares in the capital of Koninklijke VolkerWessels N.V. (**VolkerWessels**). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, any jurisdiction in which such release, publication or distribution would be unlawful.*

Reggeborgh acquires shares in VolkerWessels

Rijssen, 15 November 2019 – Reggeborgh announces that it conducted transactions in VolkerWessels shares

Reference is made to the joint press release by Reggeborgh and VolkerWessels regarding the announcement of the recommended all-cash public offer for all VolkerWessels shares dated 12 November 2019 (the **Offer**).

Pursuant to the provisions of Section 5 paragraphs 4 and 5 of the Decree, Reggeborgh announces that it conducted transactions in shares of VolkerWessels or securities that are convertible into, exchangeable for or exercisable for such shares, the details of which are stated below.

Date	Transaction type	Total number Shares	Type of Shares	Volume weighted average price (€)
15 November 2019	Purchase	208,403	Ordinary	22.20

The highest price per VolkerWessels share paid in a transaction conducted today was EUR 22.20 per VolkerWessels share.

Based on the transactions set out above, Reggeborgh and its affiliates acquired today a total of 208,403 shares in VolkerWessels, representing 0.261% of the issued and outstanding share capital of VolkerWessels.

Together with the VolkerWessels shares already held by Reggeborgh prior to today, Reggeborgh holds 55,477,328 VolkerWessels shares, representing approximately 69.35% of the issued and outstanding share capital of VolkerWessels on the date hereof.

Other

To the extent permissible under applicable law or regulation, Reggeborgh and its affiliates may from time to time after the date hereof, and other than pursuant to the intended offer, directly or indirectly purchase, or arrange to purchase, shares in the capital of VolkerWessels, that are the subject of the Offer. To the extent information about such purchases or arrangements to purchase is made public in the Netherlands, such information will be disclosed by means of a press release to inform shareholders of such information, which will be made available on the website of Reggeborgh. In addition, financial advisors to Reggeborgh may also engage in ordinary course trading activities in securities of VolkerWessels, which may include purchases or arrangements to purchase such securities.

For more information

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About Reggeborgh

Reggeborgh is an internationally active investment company owned by the Wessels family, with a wide variety of investments.

Restrictions

The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, Reggeborgh disclaims any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither Reggeborgh nor any of its advisors assumes any responsibility for any violation by any of these restrictions. Any VolkerWessels shareholder who is in any doubt as to his or her position should consult an appropriate professional advisor without delay.

The information in the press release is not intended to be complete. This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice or an inducement to enter into investment activity. This announcement does not constitute an offer to sell or the solicitation of an offer to buy or acquire the securities of VolkerWessels in any jurisdiction.

Forward Looking Statements

Certain statements in this press release may be considered “forward-looking statements”. Forward-looking statements include those preceded by, followed by or that include the words “anticipated,” “expected” or similar expressions. These forward-looking statements speak only as of the date of this release. Reggeborgh can give no assurance that these forward-looking statements will prove to be correct. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. A number of important factors, not all of which are known to Reggeborgh or are within its control, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing VolkerWessels.

Neither Reggeborgh nor any of its advisors accepts any responsibility for any financial information contained in this press release relating to the business, results of operations or financial condition of the other or their respective groups. Reggeborgh expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

11.5 Press releases pursuant to the provisions of Article 5 of the Decree

After the Initial Announcement on 12 December 2019, the Offeror has purchased Shares that are the subject of the Offer. The Offeror has disclosed information about such purchases by means of a press release made available on the website of the Offeror at www.reggeborgh.nl.

12. DUTCH LANGUAGE SUMMARY

Dit hoofdstuk 12 is de Nederlandse samenvatting van het Biedingsbericht dat is uitgegeven ter zake van het openbaar bod dat door de Bieder is uitgebracht op alle aandelen in het geplaatst en uitstaand kapitaal van VolkerWessels met inachtneming van de voorwaarden zoals beschreven in het Biedingsbericht.

De gedefinieerde termen in dit hoofdstuk 12 van het Biedingsbericht hebben de betekenis die daaraan is gegeven in hoofdstuk 12.2. Deze Nederlandse samenvatting maakt deel uit van het Biedingsbericht, maar vervangt dit niet. Deze Nederlandse samenvatting is niet volledig en bevat niet alle informatie die voor de Aandeelhouders van belang is om een afgewogen oordeel te kunnen vormen over het Bod.

Het lezen van deze Nederlandse samenvatting mag niet worden beschouwd als een alternatief voor het bestuderen van het volledige Biedingsbericht. Aandeelhouders wordt geadviseerd het volledige Biedingsbericht zorgvuldig door te lezen en zo nodig onafhankelijk advies in te winnen teneinde een afgewogen en goed geïnformeerd oordeel te kunnen vormen omtrent het Bod. Daarnaast wordt Aandeelhouders geadviseerd een onafhankelijke professionele adviseur te raadplegen met betrekking tot de fiscale gevolgen van het aanmelden van Aandelen onder het Bod.

Waar deze Nederlandse samenvatting afwijkt van de Engelse tekst van het Biedingsbericht, prevaleert de Engelse tekst.

12.1 Belangrijke informatie

Het uitbrengen van het Bod, de algemeenverkrijgbaarstelling van het Biedingsbericht, inclusief deze Nederlandse samenvatting, en/of de verspreiding van enige andere informatie met betrekking tot het Bod, kunnen in bepaalde jurisdicties aan restricties onderhevig zijn. Zie hoofdstukken 2 (Restrictions) en 3 (Important information) van het Biedingsbericht. Het Bod wordt direct noch indirect gedaan in, en mag niet worden aanvaard door of namens Aandeelhouders vanuit een jurisdictie waarin het uitbrengen van het Bod of het aanvaarden daarvan niet in overeenstemming is met de in die jurisdictie geldende wet- en regelgeving. Het niet in acht nemen van deze restricties kan een overtreding van de effectenwet- en regelgeving van de desbetreffende jurisdictie opleveren. De Bieder, VolkerWessels en hun respectievelijke adviseurs aanvaarden geen enkele aansprakelijkheid ter zake van overtredingen van voornoemde restricties. Aandeelhouders dienen zo nodig onafhankelijk advies in te winnen omtrent hun positie dienaangaande.

De Bieder behoudt zich het recht voor om in het kader van het Bod de aanmelding van Aandelen te accepteren, zelfs indien dit niet gebeurt in overeenstemming met de bepalingen zoals uiteengezet in het Biedingsbericht.

De informatie en verklaringen opgenomen in de hoofdstukken 1 tot en met 6 (met uitzondering van de informatie opgenomen in de hoofdstukken 6.7 tot en met 6.10), 8, 9 (aanhef), 9(b), 9(d), 10, 12 en 14 van het Biedingsbericht zijn uitsluitend door de Bieder verstrekt. De informatie opgenomen in de hoofdstukken 6.7, 6.8, 7, 9(e) en 13 van het Biedingsbericht is uitsluitend door VolkerWessels verstrekt. De informatie opgenomen op het voorblad, op de pagina's 1 en 2 en in de hoofdstukken 6.9, 6.10, 9(a), 9(c), 11 en 15 is door de Bieder en VolkerWessels gezamenlijk verstrekt.

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

De Bieder en VolkerWessels verklaren ieder afzonderlijk ten aanzien van de informatie die door hen zelf in het Biedingsbericht is verstrekt, en gezamenlijk ten aanzien van de informatie die door hen gezamenlijk is verstrekt, dat de informatie in het Biedingsbericht, voor zover hen redelijkerwijs bekend kan zijn, in overeenstemming is met de werkelijkheid en dat geen gegevens zijn weggelaten waarvan de vermelding de strekking van het Biedingsbericht zou wijzigen.

De informatie opgenomen in hoofdstuk 13 (Financial information VolkerWessels) is door VolkerWessels ontleend aan de gecontroleerde jaarrekening voor de boekjaren 2018, 2017 en 2016 zoals gepubliceerd in de jaarverslagen van VolkerWessels voor 2018, 2017 en 2016, respectievelijk, en zoals verder toegelicht in hoofdstuk 13 (Financial information VolkerWessels). Het accountantsverslag opgenomen in hoofdstuk 13.6 (Independent auditor's report of Deloitte on the selected consolidated financial information of VolkerWessels) voor de boekjaren 2018, 2017 en 2016 is door VolkerWessels verkregen van Deloitte, de onafhankelijke accountant van VolkerWessels.

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

Kempen is door de Bieder benoemd als Omwissel- en Betaalkantoor voor het Bod, op de voorwaarden zoals opgenomen in de agentovereenkomst. Zowel het Omwissel- en Betaalkantoor als haar directeuren, bestuurders, werknemers en agenten geven geen garantie of verklaring over de nauwkeuringheid, volledigheid of redelijkheid van de informatie of de meningen beschreven of opgenomen via verwijzing in dit Biedingsbericht of over enige andere verklaring gemaakt of beweerdelijk gemaakt door zichzelf of namens zichzelf in verband met het Bod dat is uiteengezet in dit Biedingsbericht. Daarom wijst het Omwissel- en Betaalkantoor alle aansprakelijkheid af, voortvloeiend uit een onrechtmatige daad, overeenkomst of anderszins, in verband met dit Biedingsbericht of andere dergelijke verklaringen.

12.2 Nederlandse definities

Aanbeveling	heeft de betekenis die daaraan is gegeven in hoofdstuk 12.11;
Aandeelhouder(s)	betekent houder(s) van één of meer Aandelen;
Algemene Vergadering	betekent de algemene vergadering van VolkerWessels die in overeenstemming met artikel 18 lid 1 van het Bob zal worden gehouden om uur 14.00 CET op 17 februari 2020 op het adres van VolkerWessels, Podium 9 in Amersfoort;
Aandelen	betekent de geplaatste en uitstaande gewone aandelen in het aandelenkapitaal van VolkerWessels, elk met een nominale waarde van EUR 0,01;
Aangemelde Aandelen	betekent elk Aandeel dat voorafgaand aan of op de Uiterste Dag van Aanmelding op juiste wijze is aangemeld (of op onjuiste wijze indien de Bieder de Aanmelding desalniettemin heeft aanvaard) en dat niet is ingetrokken onder het Bod;
Aangesloten Instelling	betekent de tot Euronext Amsterdam aangesloten instellingen;
Aanmelding	betekent de aanmelding van Aandelen door de Aandeelhouders ter aanvaarding van het Bod;
Aanmeldingstermijn	betekent de periode gedurende welke de Aandeelhouders hun

	Aandelen kunnen aanmelden bij de Bieder, beginnend om 09:00 uur CET, op 24 december 2019 en eindigend om 17:40 uur CET, op de Uiterste Dag van Aanmelding;
ABN AMRO Bank	betekent ABN AMRO Bank N.V.;
Acceptatievoorwaarde	heeft de betekenis die daaraan wordt gegeven in hoofdstuk 12.8(a)(i);
AFM	betekent de Stichting Autoriteit Financiële Markten;
Besluiten	heeft de betekenis die aan "Resolutions" is gegeven in hoofdstuk 6.22(b);
Besluit tot Verkoop van de Onderneming en Liquidatie	heeft de betekenis die aan "Asset Sale and Liquidation Resolutions" is gegeven in hoofdstuk 6.22(b)(i);
Bieder	betekent Reggeborgh Holding B.V., een besloten vennootschap opgericht naar Nederlands recht, met statutaire zetel te Rijssen, Nederland en kantoorhoudende te Reggesingel 10, 7461 BA Rijssen, Nederland en geregistreerd bij de Kamer van Koophandel onder nummer 67970761;
Biedingsbericht	betekent dit biedingsbericht dat de voorwaarden en beperkingen beschrijft die van toepassing zijn op het Bod, waarvan de Standpuntbepaling geen deel uitmaakt;
Biedprijs	heeft de betekenis die daaraan is gegeven in hoofdstuk 12.5;
Bob	betekent Besluit openbare biedingen Wft;
Bod	betekent het bod zoals in het Biedingsbericht beschreven;
CET	betekent Central European Time;
Dag van Gestanddoening	heeft de betekenis die daaraan is gegeven in hoofdstuk 12.9(c);
Dag van Overdracht	heeft de betekenis die daaraan is gegeven in hoofdstuk 12.9(e);
Deloitte	betekent Deloitte Accountants B.V.;
Euronext Amsterdam	betekent de beurs van Euronext Amsterdam, de gereguleerde markt van Euronext Amsterdam N.V.;
ING Bank	betekent ING Bank N.V.;
Initiële Aankondiging	betekent de gezamenlijke openbare mededeling van de Bieder en VolkerWessels van de voorwaardelijke overeenstemming over het Bod d.d. 12 november 2019;
Fusieovereenkomst	betekent de fusieovereenkomst tussen de Bieder en VolkerWessels zoals overeengekomen op 11 november 2019;
Liquidatie	heeft de betekenis die is gegeven aan "Liquidation" in hoofdstuk 6.12(c)(iv);

Long Stop Date	heeft de betekenis die daaraan is gegeven in hoofdstuk 12.8(e);
Maatregelen na de Uiterste Dag van Aanmelding	heeft de betekenis die aan "Post-Closing Measures" is gegeven in hoofdstuk 6.12(d);
Materieel Nadelig Effect	betekent elke onvoorziene gebeurtenis, aangelegenheid, feit, toestand of verandering die, individueel of in samenhang (met dien verstande dat bij de bepaling in hoeverre een Materieel Nadelig Effect heeft plaatsgevonden op de Dag van Gestanddoening, elke verandering, gebeurtenis, aangelegenheid of omstandigheid bekend voor de datum van dit Biedingsbericht alleen in aanmerking mag worden genomen in samenhang met elke verandering, gebeurtenis, aangelegenheid of omstandigheid dat bekend is geworden na de datum van dit Biedingsbericht), een materieel nadelig effect heeft of redelijkerwijs kan hebben op (i) de onderneming, de werkzaamheden, de resultaten uit de werkzaamheden of de (financiële of andersoortige) toestand van de VolkerWessels Groep als geheel, of (ii) het vermogen van de Bieder om de Transacties te voltooien uiterlijk op de Long Stop Date, zoals overeengekomen in de Fusieovereenkomst, zodanig dat niet redelijkerwijs van de Bieder verlangd kan worden dat deze het Bod gestand doet;
Minderheidsaandeelhouders	betekent houders van Aandelen die niet zijn aangemeld op grond van het Bod of in de Na-aanmeldingstermijn;
Na-aanmeldingstermijn	betekent een periode van twee weken na afloop van de Aanmeldingstermijn gedurende welke Aandeelhouders die hun Aandelen nog niet hebben aangemeld onder het Bod de kans wordt gegeven dit alsnog te doen, op dezelfde wijze en onder dezelfde voorwaarden als opgenomen in het Biedingsbericht;
Nadelige Verandering van de Aanbeveling	heeft de betekenis die aan "Adverse Recommendation Change" is gegeven in hoofdstuk 4;
Niet-Financiële Covenanten	heeft de betekenis die aan "Non-Financial Covenants" is gegeven in hoofdstuk 4;
Niet-Onafhankelijke Leden van de Raad van Commissarissen	betekent dhr. H.M. Holterman, dhr. E. Blok en mevr. A.M. Montijn-Groenewoud;
Omwissel- en Betaalkantoor	betekent Kempen & Co N.V.;
Onafhankelijke Leden van de Raad van Commissarissen	betekent dhr. J.H.M. Hommen, dhr. Mr S. Hepkema en dhr. F.A. Verhoeven;
Overdracht	betekent de afwikkeling van het Bod, inhoudende de levering van de Aandelen tegen betaling van de Biedprijs door de Bieder aan de Aandeelhouders die op geldige wijze hun Aandelen hebben aangemeld (of op ongeldige wijze, indien de Bieder zulke Aandelen desalniettemin aanvaardt) en geleverd onder het Bod en niet op een geldige wijze zijn ingetrokken;

Peildatum	betekent 28 oktober 2019;
Raad van Bestuur	betekent de raad van bestuur van VolkerWessels;
Raad van Commissarissen	betekent de raad van commissarissen van VolkerWessels;
Speciale Comité	betekent het comité bestaande uit de Onafhankelijke Leden van de Raad van Commissarissen, dhr. J.A. de Ruiter, dhr. J.G. Van Rooijen en dhr. T. Lampe;
Standpuntbepaling	betekent de standpuntbepaling van VolkerWessels, die geen onderdeel uitmaakt van het Biedingsbericht;
Superieur Bod	heeft de betekenis die aan "Superior Offer" is gegeven in hoofdstuk 6.20;
Toepasselijke Regelgeving	betekent alle toepasselijke wet- en regelgeving, inclusief maar niet beperkt tot de toepasselijke bepalingen van en alle nadere regelgeving en beleidsregels die zijn vastgesteld of anderszins gelding hebben krachtens de Wft, de Europese Verordening marktmisbruik (596/2014), het Bob, de beleidsregels en instructies van de AFM, de Wet op de ondernemingsraden, het SER-Besluit Fusiegedragsregels 2000, de regelgeving en beleidsregels van Euronext Amsterdam, en voor zover van toepassing, het Burgerlijk Wetboek, en de relevante effecten- en medezeggenschapsregelgeving in andere relevante jurisdicties en relevante mededingingswetgeving;
Transacties	betekent het Bod, evenals de transacties die daarmee samenhangen zoals uiteengezet in hoofdstuk 6.11 en 6.12, met inbegrip van, voor zover van toepassing, de Uitkoopprocedure en de Verkoop van de Onderneming en Liquidatie;
Uiterste dag van Aanmelding	betekent de tijd en datum waarop het Bod afloopt, zijnde om 17:40 uur CET, op 28 februari 2020, tenzij de Aanmeldingstermijn is verlengd in overeenstemming met artikel 15 van het Bob, in welk geval de Uiterste Dag van Aanmelding zal zijn de dag waarop de verlengde Aanmeldingstermijn afloopt;
Uitkering	heeft de betekenis die daaraan is gegeven in hoofdstuk 12.5;
Uitkoopprocedure	heeft de betekenis die aan "Buy-Out" is gegeven in hoofdstuk 6.12(b);
VolkerWessels	betekent Koninklijke VolkerWessels N.V., een naamloze vennootschap opgericht naar Nederlands recht, met statutaire zetel te Rotterdam, Nederland en kantoorhoudende te Podium 9, 3826 PA Amersfoort, Nederland en geregistreerd bij de Kamer van Koophandel onder nummer 34270985;
VolkerWessels Besturen	betekent de Raad van Bestuur en Raad van Commissarissen gezamenlijk;

VolkerWessels Groep	betekent VolkerWessels en de aan haar Verbonden Partijen;
Voorwaarden	betekent de opschortende voorwaarden waarvan de verplichting van de Bieder het Bod gestand te doen afhankelijk is gesteld zoals uiteengezet in hoofdstuk 12.8;
Verbonden Partijen	betekent in relatie tot VolkerWessels, een directe of indirecte dochtermaatschappij van VolkerWessels en in relatie tot de Bieder een moedervervennootschap van de Bieder en een directe of indirecte dochtermaatschappij van een dergelijke moedervervennootschap, in ieder geval van tijd tot tijd, met dienverstande dat voor het doel van dit Biedingsbericht VolkerWessels en haar dochtermaatschappijen niet worden geacht Verbonden Partijen van de Bieder te zijn;
Verkoop van de Onderneming	heeft de betekenis die aan "Asset Sale" is gegeven in hoofdstuk 4;
Verkoop van de Onderneming en Liquidatie	heeft de betekenis die aan "Asset Sale and Liquidation" is gegeven in hoofdstuk 6.12(c);
Werkdag(en)	betekent een dag anders dan een zaterdag of zondag waarop banken in Nederland en Euronext Amsterdam open zijn; en
Wft	betekent Wet op het financieel toezicht.

12.3 Uitnodiging aan de Aandeelhouders

Onder verwijzing naar de verklaringen, voorwaarden en beperkingen zoals opgenomen in de hoofdstukken 2 (Restrictions) en 3 (Important information) van het Biedingsbericht worden Aandeelhouders uitgenodigd om hun Aandelen aan te bieden op de wijze en onder de voorwaarden zoals in dit Biedingsbericht beschreven.

12.4 Het Bod

De Bieder brengt het Bod uit om alle Aandelen te verwerven van de Aandeelhouders, onder de voorwaarden en conform de bepalingen en beperkingen zoals opgenomen in het Biedingsbericht. Op voorwaarde dat het Bod gestand wordt gedaan, zullen de Aandeelhouders de Biedprijs per Aangemeld Aandeel ontvangen.

De Aanbieding van EUR 22,20 (tweeëntwintig euro en twintig eurocent) (cum dividend) vertegenwoordigt:

- (a) een premie van 25,4% ten opzichte van de slotkoers per Aandeel op Euronext Amsterdam op de Peildatum;¹⁵
- (b) een premie van 30,5% ten opzichte van de volume gewogen gemiddelde prijs per Aandeel op Euronext Amsterdam gedurende een periode van één (1) maand eindigend op de Peildatum;

¹⁵

De slotkoers van de Aandelen op de Peildatum is EUR 17,70, volgens Bloomberg.

- (c) een premie van 34,0% ten opzichte van de volume gewogen gemiddelde prijs per Aandeel op Euronext Amsterdam gedurende een periode van drie (3) maanden eindigend op de Peildatum;
- (d) een premie van 30,9% ten opzichte van de volume gewogen gemiddelde prijs per Aandeel op Euronext Amsterdam gedurende een periode van zes (6) maanden eindigend op de Peildatum;
- (e) een premie van 31,8% ten opzichte van de volume gewogen gemiddelde prijs per Aandeel op Euronext Amsterdam gedurende een periode van twaalf (12) maanden eindigend op de Peildatum; en

12.5 Biedprijs

Voor elk Aangemeld Aandeel biedt de Bieder een vergoeding van EUR 22,20 cum dividend in contanten, zonder betaling van rente en onder aftrek van enige toepasselijke belasting, onder de voorwaarden en conform de bepalingen en beperkingen in het Biedingsbericht. Aangezien op 27 november 2019 een interimdividenduitkering ter hoogte van EUR 0,28 door VolkerWessels is betaald, vertegenwoordigt de biedprijs op dit moment een waarde van EUR 21,92 cum interim dividend, zonder betaling van rente en onder aftrek van enige toepasselijke belasting onder Toepasselijke Regelgeving (voor zover relevant) (de **Biedprijs**).

Indien enige (interim) dividenduitkering of andere uitkering op de Aandelen (elk een **Uitkering** en tezamen de **Uitkeringen**) wordt vastgesteld door VolkerWessels (waarbij de record date die bepalend is voor gerechtigheid tot een dergelijke Uitkering gelegen is na 24 december 2019 en op of voorafgaand aan de Dag van Overdracht), zal de Biedprijs worden verminderd met het volledige bedrag van een dergelijke Uitkering gedaan door VolkerWessels per Aandeel (vóór toepassing van enige relevante heffingen). Op de datum van het Biedingsbericht is het niet voorzien dat VolkerWessels een Uiterking zal doen, maar elke aanpassing van de Biedprijs ten gevolge van een Uitkering vastgesteld door VolkerWessels zal door middel van een persbericht in overeenstemming met hoofdstuk 5.13 (Announcements) van het Biedingsbericht kenbaar worden gemaakt.

12.6 Rationale van het Bod

VolkerWessels is een internationaal opererende bouwonderneming (Nederland (inclusief Belgium Energy & Telecoms) (71%), Verenigd Koninkrijk (19%), Noord-Amerika (6%) en Duitsland (4%) (% van de jaaromzet in 2018)) met leidende posities in de markten waarin het actief is. Ten tijde van de IPO in mei 2017 was het idee van de Bieder om op termijn een langetermijn minderheidsaandeelhouder in VolkerWessels te worden.

Naar het oordeel van de Bieder zijn de omstandigheden echter veranderd en beschouwt zij de doelstelling om op termijn een minderheidsaandeelhouder op lange termijn te worden niet langer realistisch.

De gehele Europese peer group van VolkerWessels, bestaande uit BAM, Heijmans, Kier Group, NCC, Peab en Skanska, heeft een de-rating ondergaan en de aandelenprijzen van Nederlandse bouwbedrijven ondervinden druk als gevolg van een toenemende mate van onzekerheid als het gaat om milieuwetgeving.

Ondanks deze omstandigheden heeft de Bieder volledig het vertrouwen in het potentieel van VolkerWessels. De Bieder is van mening dat het doen van het Bod in het beste belang is van alle stakeholders. De Bieder ondersteunt de langetermijnstrategie van VolkerWessels volledig, terwijl hij zich realiseert dat de huidige uitdagingen flexibiliteit vereisen.

Bovendien zal VolkerWessels beter in staat zijn om de steeds moeilijker wordende marktomstandigheden het hoofd te bieden met een langetermijnaandeelhouder in een private omgeving. Het bedrijf zal een sterke directe aandeelhouder hebben die met een langetermijnvisie haar marktpositie vasthoudt en, waar mogelijk, vergroot. Dit stelt VolkerWessels in staat om in onzekere periodes de benodigde investeringen te doen om haar leidende posities te versterken en kansen te benutten en tegelijkertijd de waardecreatie op lange termijn voor alle stakeholders te beschermen. Als private onderneming zal VolkerWessels ook minder kwetsbaar zijn voor mogelijke nadelige gevolgen van negatieve (sectorbrede) beursomstandigheden. Bovendien zal VolkerWessels ten behoeve van het bedrijf middelen en managementtijd (naar verwachting meerdere werkdagen per jaar) kunnen vrijmaken die nu zijn gewijd aan de publieke notering.

12.7 Financiering van het Bod

De Bieder zal het Aanbod en, indien van toepassing, de Verkoop van de Onderneming financieren, door een combinatie van eigen beschikbare cash reserves en schuldfinanciering door derden.

De Bieder is bindende financieringsdocumentatie aangegaan met Van Lanschot en NIBC die de Bieder de mogelijkheid bieden om schuldfinanciering te krijgen voor een totaalbedrag van EUR 400 miljoen (vierhonderd miljoen euro) onder de voorwaarden die daarin zijn afgesproken. De Bieder heeft geen reden om aan te nemen dat dergelijke voorwaarden niet zullen worden vervuld op of voorafgaand aan de Dag van Overdracht.

Uit de financiering kan de Bieder de aankoop van Aandelen onder het Bod, de vergoeding voor de Verkoop van Onderneming en de betaling van vergoedingen en kosten met betrekking tot het Bod financieren.

Onder verwijzing naar artikel 7 lid 4 van het Bob, heeft de Bieder in de Initiële Aankondiging aangekondigd over voldoende middelen te beschikken om het Bod te financieren.

12.8 Voorwaarden, afstand en vervulling

(a) Voorwaarden

Niettegenstaande de andere bepalingen met betrekking tot het Bod, is de verplichting van de Bieder om het bod gestand te doen afhankelijk van of wordt voldaan aan de volgende opschortende voorwaarden of, voor zover van toepassing, daarvan afstand is gedaan, op of voorafgaand aan de Long Stop Date:

- (i) het totale aantal Aangemelde Aandelen, samen met (i) de Aandelen rechtstreeks of niet rechtstreeks gehouden door de Bieder, (ii) Aandelen die schriftelijk tot verkoop aan de Bieder zijn toegezegd en (iii) Aandelen waartoe de Bieder gerechtigd is (gekocht maar nog niet geleverd), vertegenwoordigt ten minste de Acceptatievoorwaarde,

waarbij **Acceptatievoorwaarde** een van de volgende betekenissen heeft:

- (A) 95% van VolkerWessels geplaatst en uitstaand gewoon kapitaal op de Uiterste Dag van Aanmelding; of
- (B) 85% van VolkerWessels geplaatst en uitstaand gewoon kapitaal op de Uiterste Dag van Aanmelding indien het Besluit tot Verkoop van de Onderneming en Liquidatie is aangenomen en volledig van kracht is op de Uiterste Dag van Aanmelding;

De Bieder zal vóór het Besluit tot Verkoop van de Onderneming en Liquidatie stemmen. Indien echter Voorwaarde 12.8(a) niet vervuld is ten gevolge van een gebeurtenis die niet afhankelijk is van de wil van de Bieder, dan geldt de Acceptatievoorwaarde van 95%.

- (ii) VolkerWessels heeft op of voorafgaand aan de Uiterste Dag van Aanmelding geen inbreuk gemaakt op enige bepaling uit de Fusieovereenkomst, voor zover deze inbreuk naar verwachting (i) redelijkerwijs materieel negatieve consequenties heeft of kan hebben voor VolkerWessels, de Bieder of het Bod en (ii) niet kan worden hersteld (voor zover noodzakelijk) binnen tien Werkdagen na ontvangst door VolkerWessels van een schriftelijke aanmaning van de Bieder (of, indien eerder, op of voorafgaand aan de Long Stop Date) of niet is hersteld (voor zover noodzakelijk) binnen tien Werkdagen na ontvangst door VolkerWessels van een schriftelijke aanmaning van de Bieder (of, indien eerder, op of voorafgaand aan de Long Stop Date);
- (iii) de Bieder heeft op of voorafgaand aan de Uiterste Dag van Aanmelding geen inbreuk gemaakt op enige bepaling uit de Fusieovereenkomst, voor zover deze inbreuk naar verwachting (i) redelijkerwijs materieel negatieve consequenties heeft of kan hebben voor VolkerWessels, de Bieder of het Bod en (ii) niet kan worden hersteld (voor zover noodzakelijk) binnen tien Werkdagen na ontvangst door de Bieder van een schriftelijke aanmaning van de VolkerWessels (of, indien eerder, op of voorafgaand aan de Dag van Gestanddoening) of niet is hersteld (voor zover noodzakelijk) door de Bieder binnen tien Werkdagen na ontvangst door de Bieder van een schriftelijke aanmaning van VolkerWessels (of, indien eerder, op of voorafgaand aan de Long Stop Date);
- (iv) er heeft zich op of voorafgaand aan de Dag van Gestanddoening geen Materieel Nadelig Effect voorgedaan welke voortduurt op de Dag van Gestanddoening;
- (v) er is geen Superieur Bod aangekondigd op of voorafgaand aan de Dag van Gestanddoening;
- (vi) de handel in Aandelen op Euronext Amsterdam is op of voorafgaand aan de Dag van Gestanddoening niet opgeschort of beëindigd als gevolg van een noteringsmaatregel genomen door Euronext Amsterdam overeenkomstig artikel 6901/02 of enige andere relevante bepaling van het Euronext Rulebook I (Geharmoniseerde Regels);
- (vii) er is op of voorafgaand aan de Dag van Gestanddoening geen mededeling ontvangen van de AFM, waarin wordt gesteld dat ingevolge artikel 5:80 lid 2 van de Wft, betrokken beleggingsondernemingen niet zouden mogen meewerken aan het Bod;
- (viii) op of voorafgaand aan de Dag van Gestanddoening is geen bevel, aanhouding, uitspraak of vonnis uitgevaardigd door enige rechtbank, arbitraal college, regering, overheidsinstantie of andere toezichthoudende of administratieve instantie, en van kracht, of enige wet, regel, wetgeving, overheidsaanwijzing of maatregel uitgevaardigd (al dan niet tijdelijk, voorwaardelijk of permanent), van kracht welke het afronden van het Bod in overeenstemming met de Fusieovereenkomst, de Fusie na de Uiterste Dag van Aanmelding en/of de overige Transacties op enige wezenlijke wijze verbiedt of vertraagt of redelijkerwijs mogelijk verbiedt of vertraagt; en

- (ix) noch de VolkerWessels Besturen noch een of meer van de leden van de VolkerWessels Besturen (exclusief de Niet-Onafhankelijke Leden van de Raad van Commissarissen) hebben een Nadelige Verandering van de Aanbeveling gegeven.

(b) Afstand

De Voorwaarden in paragrafen (i), (ii), (iv), (v), en (ix) van hoofdstuk 12.8(a) zijn uitsluitend opgenomen ten behoeve van de Bieder en hiervan mag te allen tijde (geheel of gedeeltelijk) afstand worden gedaan door de Bieder, door middel van een schriftelijke kennisgeving aan VolkerWessels.

De Voorwaarde uiteengezet in paragraaf (iii) van hoofdstuk 12.8(a) is uitsluitend opgenomen ten behoeve van VolkerWessels en hiervan mag te allen tijde (geheel of gedeeltelijk) afstand worden gedaan door de VolkerWessels, door middel van een schriftelijke kennisgeving aan de Bieder.

Van de Voorwaarde uiteengezet in paragraaf (vi) van hoofdstuk 12.8(a) kan door de Bieder en VolkerWessels gezamenlijk afstand worden gedaan.

Van de Voorwaarden uiteengezet in de paragrafen (vii) en (viii) van hoofdstuk 12.8(a) kan geen afstand worden gedaan.

De Bieder en VolkerWessels mogen zich er niet op beroepen dat een Voorwaarde niet is vervuld indien die niet-vervulling van (een) dergelijke Voorwaarde(n) veroorzaakt is door een inbreuk van diezelfde partij op enige van haar verplichtingen uit de Fusieovereenkomst.

De Niet-Onafhankelijke Leden van de Raad van Commissarissen nemen niet deel aan de besluitvorming of één van de Voorwaarden al dan niet zal worden ingeroepen, inclusief in geval van schending van enige verplichting onder de Fusieovereenkomst. Handelingen verricht door de Niet-Onafhankelijke Leden van de Raad van Commissarissen kunnen niet leiden tot een schending door VolkerWessels van de Fusieovereenkomst.

(c) Nadelige Verandering van de Aanbeveling

Onverminderd paragraaf (ix) van hoofdstuk 12.8(a) en de mogelijkheid voor de Bieder om de Fusieovereenkomst te beëindigen indien zich een Nadelige Verandering van de Aanbeveling heeft voorgedaan, kunnen de VolkerWessels Besturen, gezamenlijk handelend en op advies van het Speciaal Comité, een Nadelige Verandering van de Aanbeveling inroepen als zich een materiële gebeurtenis, ontwikkeling, omstandigheid of verandering in omstandigheden of feiten (inclusief eventuele materiële verandering in waarschijnlijkheid of omvang van omstandigheden) voordoet of bekend wordt na de datum van het Biedingsbericht, die niet was voorzien door de VolkerWessels Besturen, en zij bepalen, te goeder trouw en na overleg met hun financiële en juridische adviseurs, indien het niet inroepen daarvan een schending zou zijn van hun fiduciaire verantwoordelijkheden onder Nederlands recht. Zonder de algemeenheid van het voorgaande te beperken, zullen de VolkerWessels Besturen bij het nemen van hun beslissing om een Nadelige Verandering van de Aanbeveling in te roepen, elk alternatief bod negeren, behalve als zij vaststellen dat het een Superieur Bod is.

(d) Vervulling

Overeenkomstig de in artikel 12 lid 2 van het Bob opgenomen verbodsbepaling hangt de vervulling van elk van de Voorwaarden niet af van de wil van de Bieder.

Ten aanzien van de Voorwaarde uiteengezet in paragraaf (iv) van hoofdstuk 12.8(a) zijn de Bieder en VolkerWessels een bindend advies procedure overeengekomen, voor het geval dat de Bieder meent dat de Voorwaarde niet is vervuld en VolkerWessels het daar niet mee eens is.

Zowel de Bieder als VolkerWessels zal zijn uiterste best doen om zo snel als redelijkerwijs mogelijk de vervulling van de Voorwaarden te bewerkstelligen.

(e) Long Stop Date

De Voorwaarden moeten zijn voldaan of, voor zover van toepassing, daarvan moet afstand zijn gedaan op of voorafgaand aan de Long Stop Date. De **Long Stop Date** is 30 juni 2020.

12.9 Aanmelding

(a) Aanmeldingstermijn

De Aanmeldingstermijn vangt aan om 09:00 uur, CET op 24 december 2019 en eindigt om 17:40 uur CET, op 28 februari 2020, tenzij de Aanmeldingstermijn wordt verlengd in overeenstemming met hoofdstuk 12.9(d) (Verlenging).

Indien aan alle Voorwaarden is voldaan of, voor zover van toepassing, daarvan afstand is gedaan, zal de Bieder alle Aandelen aanvaarden die niet zijn ingetrokken ingevolge artikel 5b lid 5, artikel 15 leden 3 en 8 en artikel 15a lid 3 van het Bob, met inachtneming van de procedures zoals uiteengezet in hoofdstuk 12.10.

(b) Recht tot intrekking

Aandelen die zijn aangemeld op of voorafgaand aan de Uiterste Dag van Aanmelding mogen niet worden ingetrokken, behoudens het recht tot intrekking van elke aanmelding:

- (i) gedurende enige verlenging van de Aanmeldingstermijn in overeenstemming met de bepalingen in artikel 15 lid 3 van het Bob;
- (ii) na een aankondiging van een verplicht openbaar bod in overeenstemming met de bepalingen van artikel 5b lid 5 van het Bob (mits dergelijke Aandelen al aangemeld waren voorafgaand aan de aankondiging en werden ingetrokken binnen zeven Werkdagen na de aankondiging);
- (iii) na indiening van een succesvol verzoek tot het vaststellen van een redelijke prijs voor een verplicht openbaar bod in overeenstemming met de bepalingen van artikel 15 lid 8 van het Bob (mits (A) het verzoek is toegewezen, (B) dergelijke Aandelen al aangemeld waren voorafgaand aan het verzoek en (C) werden ingetrokken binnen zeven Werkdagen na de datum waarop de beslissing van de Ondernemingskamer van het gerechtshof te Amsterdam uitvoerbaar bij voorraad of onherroepelijk is geworden); of
- (iv) na de verhoging van de Biedprijs die erin resulteert dat de Biedprijs niet langer bestaat uit slechts contanten en er een document dat daaraan gerelateerd is algemeen verkrijgbaar wordt gemaakt in overeenstemming met de bepalingen in artikel 15a lid 3 van het Bob (mits dergelijke Aandelen reeds aangemeld waren voorafgaand aan het algemeen verkrijgbaar stellen van het document en werden ingetrokken binnen zeven Werkdagen nadat het document algemeen verkrijgbaar is gesteld).

(c) Gestanddoening

Het Bod wordt gedaan onder voorbehoud van de vervulling van de Voorwaarden zoals uiteengezet in hoofdstuk 12.8(a). Van de Voorwaarden kan afstand worden gedaan, voor zover toegestaan bij wet, zoals uiteengezet in hoofdstuk 12.8(b). Indien de Bieder of VolkerWessels geheel of

gedeeltelijk afstand doet van één of meerdere Voorwaarden in overeenstemming met het bepaalde in hoofdstuk 12.8(b), dan zal de Bieder daarvan kennis geven aan de Aandeelhouders zoals voorgeschreven door de Toepasselijke Regelgeving.

De Bieder zal niet later dan op de derde Werkdag na de Uiterste Dag van Aanmelding, zijnde de **Dag van Gestanddoening**, vaststellen of aan de Voorwaarden is voldaan dan wel daarvan afstand is gedaan als uiteengezet in hoofdstuk 12.8, voor zover wettelijk toegestaan. Bovendien zal de Bieder op de Dag van Gestanddoening een openbare mededeling doen inhoudende dat ofwel (i) het Bod gestand wordt gedaan, ofwel (ii) het Bod wordt verlengd in overeenstemming met artikel 15 van het Bob, ofwel (iii) het Bod wordt beëindigd omdat niet is voldaan aan de Voorwaarden en daarvan geen afstand is gedaan, alles met inachtneming van hoofdstuk 12.8(b), 12.8(d) en artikel 16 van het Bob. Indien het Bod niet gestand wordt gedaan, zal de Bieder de reden hiervan openbaar mededelen.

Indien de Bieder openbaar meedeelt het Bod gestand te doen, zal de Bieder de Aangemelde Aandelen accepteren en zal zij het Bod laten voortduren gedurende een Na-aanmeldingstermijn, zoals uiteengezet in hoofdstuk 12.9(f).

(d) Verlenging

Indien één of meer van de Voorwaarden zoals uiteengezet in hoofdstuk 12.8(a) niet is vervuld op de initiële Uiterste Dag van Aanmelding of indien hiervan geen afstand is gedaan in overeenstemming met hoofdstuk 12.8(b), dan kan de Bieder indien zij daarvoor kiest in overeenstemming met artikel 15 leden 1 en 2 van het Bob, de Aanmeldingstermijn eenmaal verlengen voor een minimale periode van twee weken en een maximale periode van tien weken teneinde deze Voorwaarden in vervulling te doen gaan of daarvan afstand te doen. Op de dag van dit Biedingsbericht is het niet voorzien dat de Bieder de Aanmeldingstermijn zal verlengen. Indien voor het tijdstip waarop de Aanmeldingstermijn eindigt door een derde een openbaar bod wordt aangekondigd of uitgebracht op de Aandelen, kan de Bieder de, al dan niet verlengde, Aanmeldingstermijn verlengen tot het einde van de aanmeldingstermijn van dat openbaar bod. Verdere verlengingen zijn afhankelijk van een vrijstelling van de AFM.

Indien de Bieder besluit aan AFM een vrijstelling te verzoeken kan de Bieder, behoudens ontvangst van een dergelijke vrijstelling, de Aanmeldingstermijn verlengen tot het moment dat de Bieder redelijkerwijs verwacht nodig te hebben om de Voorwaarden te laten vervullen, maar niet tot later dan de Long Stop Date. Indien de AFM geen vrijstelling verleent terwijl niet alle Voorwaarden zijn vervuld voor het eind van de verlengde Aanmeldingstermijn (en indien van (een) dergelijke Voorwaarde(n) geen afstand is gedaan voor zover dit wettelijk is toegestaan in overeenstemming met hoofdstuk 12.8(b)), zal het Bod beëindigd worden als gevolg van het feit dat (een) dergelijke Voorwaarde(n) niet is of zijn vervuld of daarvan geen afstand is gedaan op of voorafgaand aan de Dag van Gestanddoening.

In geval van een verlenging zullen alle verwijzingen in het Biedingsbericht naar 17:40 uur, CET, op de Uiterste Dag van Aanmelding, wijzigen naar de laatste datum en tijd van de verlengde Aanmeldingstermijn, tenzij uit de context anderszins blijkt.

Indien het Bod wordt verlengd, zodat de verplichting op grond van artikel 16 van het Bob om openbaar mede te delen of gestanddoening van het Bod wordt uitgesteld, zal een openbare mededeling in die zin uiterlijk dienen te worden gedaan op de derde Werkdag na de Uiterste Dag van Aanmelding, in overeenstemming met de bepalingen van artikel 15 leden 1 en 2 van het Bob. Indien de Bieder de Aanmeldingstermijn verlengt, zal het Bod aflopen op de uiterste datum en tijd waarop de Bieder de Aanmeldingstermijn verlengt.

Gedurende een verlenging van de Aanmeldingstermijn blijft elk Aandeel dat is aangemeld en niet is ingetrokken onderworpen aan het Bod, behoudens het recht van elke Aandeelhouder om de

Aandelen die hij of zij reeds heeft aangemeld in te trekken, in overeenstemming met hoofdstuk 12.9(b).

(e) Overdracht

Indien de Bieder openbaar mededeelt het Bod gestand te doen, zullen Aandeelhouders die hun Aandelen ter aanvaarding van het Bod op geldige wijze hebben aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin heeft aanvaard) en hun Aandelen hebben geleverd voor aanvaarding op grond van het Bod op of voorafgaand aan de Uiterste Dag van Aanmelding, binnen vijf Werkdagen volgend op de Uiterste Dag van Aanmelding (de **Dag van Overdracht**), de Biedprijs ontvangen voor elk Aangemeld Aandeel, vanaf welk moment ontbinding of vernietiging van een aanmelding of levering niet zal zijn toegestaan. Overdracht zal enkel plaatsvinden indien het Bod gestand wordt gedaan.

(f) Na-aanmeldingstermijn

Indien de Bieder openbaar mededeelt het Bod gestand te doen, zal de Bieder, in overeenstemming met artikel 17 van het Bob, binnen drie Werkdagen na de Dag van Gestanddoening een Na-aanmeldingstermijn aankondigen van twee weken, gedurende welke termijn Aandeelhouders die hun Aandelen niet hebben aangemeld gedurende de Aanmeldingstermijn alsnog hun Aandelen onder dezelfde voorwaarden als het Bod mogen aanmelden.

In de Na-aanmeldingstermijn geldt dat Aandeelhouders die hun Aandelen houden via een Aangesloten Instelling wordt verzocht om hun Aanmelding via hun bewaarnemer, bank of commissionair niet later dan om 17:40 uur CET, op de laatste werkdag van de Na-aanmeldingstermijn kenbaar te maken, tenzij de Aanmeldingstermijn is verlengd in overeenstemming met hoofdstuk 12.9(d). De bewaarnemer, bank of commissionair kan een eerdere uiterste datum vaststellen voor de communicatie door Aandeelhouders zodat de bewaarnemer, bank of commissionair voldoende tijd heeft om de Aanmelding door te geven aan het Omwissel- en Betaalkantoor.

De Bieder zal de resultaten van de Na-aanmeldingstermijn en het totale aantal en percentage van de door haar gehouden Aandelen uiterlijk op de derde Werkdag na afloop van de Na-aanmeldingstermijn openbaar mededelen, in overeenstemming met artikel 17 lid 4 van het Bob. Tijdens een dergelijke Na-aanmeldingstermijn zal de Bieder doorgaan met het aanvaarden van alle Aandelen die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin heeft aanvaard) en betaling voor dergelijke Aandelen zal plaatsvinden zo snel als redelijkerwijs mogelijk is, maar in ieder geval niet later dan op de vijfde Werkdag na afloop van de laatste dag van de Na-aanmeldingstermijn.

Gedurende de Na-aanmeldingstermijn hebben Aandeelhouders die hun Aandelen gedurende de Aanmeldingstermijn of gedurende de Na-aanmeldingstermijn op geldige wijze hebben aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin heeft aanvaard) niet het recht om hun Aandelen in te trekken.

Indien enige Uitkering wordt vastgesteld door VolkerWessels op of vóór de dag van overdracht van de Aangemelde Aandelen in de Na-aanmeldingstermijn (waarbij de record date die bepalend is voor gerechtigheid tot een dergelijke Uitkering gelegen is op of voorafgaand aan de relevante dag van overdracht), zal de Biedprijs worden verminderd met het volledige bedrag van een dergelijke Uitkering gedaan door VolkerWessels per Aandeel (vóór toepassing van enige relevante heffingen).

12.10 Aanvaarding door houders van Aandelen via Aangesloten Instellingen

Aandeelhouders die hun Aandelen houden via een Aangesloten Instelling wordt verzocht om hun Aanmelding via hun bewaarnemer, bank of commissionair niet later dan om 17:40 uur CET, op de initiële Uiterste Dag van Aanmelding kenbaar te maken, tenzij de Aanmeldingstermijn is verlengd overeenkomstig hoofdstuk 12.9(d). De bewaarnemer, bank of commissionair kan een eerdere uiterste datum vaststellen voor de communicatie door Aandeelhouders zodat de bewaarnemer, bank of commissionair voldoende tijd heeft om de Aanmelding door te geven aan het Omwissel- en Betaalkantoor.

Aangesloten Instellingen mogen de Aanmeldingen slechts indienen bij het Omwissel- en Betaalkantoor en alleen in schriftelijke vorm. Bij het indienen van de Aanmeldingen dienen Aangesloten Instelling te verklaren dat: (i) zij de aangemelde Aandelen in hun administratie hebben opgenomen, (ii) de betrokken Aandeelhouder onherroepelijk garandeert dat (a) hij/zij zal voldoen aan alle restricties die worden genoemd in de hoofdstukken 2 (Restrictions) en 3 (Important Information) van het Biedingsbericht, en (b) zij niet (direct of indirect) zijn onderworpen aan of getroffen door enige economische of financiële sancties uitgevoerd of afgedwongen door enig orgaan van de Amerikaanse overheid, de Europese Unie of een van haar lidstaten of de Verenigde Naties, anders dan enkel uit hoofde van zijn opname in, of eigendom door een persoon opgenomen in de Amerikaanse “Sectoral Sanctions Identifications (SSI) List” of Annex III, IV, V of VI van Verordening (EU) No. 833/2014 van 31 juli 2014, zoals laatstelijk gewijzigd en (iii) zij zich verplicht om de Aangemelde Aandelen tegen ontvangst van de Biedprijs te leveren aan de Bieder op de Dag van Overdracht, onder voorwaarde dat het Bod gestand is gedaan.

Met inachtneming van artikel 5b lid 5, artikel 15 leden 3 en 8 en artikel 15a lid 3 van het Bob, zal het aanmelden van Aandelen als aanvaarding van het Bod leiden tot onherroepelijke instructies om (i) de levering van de Aangemelde Aandelen tegen te houden, zodat op of voorafgaand aan de Dag van Overdracht geen van de leveringen van de Aandelen uitgevoerd kan worden (anders dan aan het Omwissel- en Betaalkantoor op of voorafgaand aan de Dag van Overdracht indien het Bod gestand wordt gedaan en de Aandelen aanvaard zijn voor aankoop) en om (ii) de effectenrekening waarop dergelijke Aandelen worden gehouden op de Dag van Overdracht te debiteren ten aanzien van de Aangemelde Aandelen, tegen betaling bij het Omwissel- en Betaalkantoor van de Biedprijs per Aandeel.

12.11 Besluitvorming en aanbeveling van de Raad van Bestuur en de Raad van Commissarissen

Zowel de Raad van Bestuur als de Raad van Commissarissen (met en zonder aanwezigheid van de Raad van Bestuur) zijn regelmatig bijeengekomen om de ontwikkelingen, discussies, processen en voorbereidingen met betrekking tot het Bod te bespreken gedurende het proces vanaf de ontvangst van de brief van de Bieder waarin zij haar interesse kenbaar maakte.

De leden van de VolkerWessels Besturen hebben onderzocht of er sprake is van een belangenconflict tussen een van hen en VolkerWessels. Dhr. H.M. Holterman, dhr. E. Blok en mevr. A.M. Montijn-Groenewoud, leden van de Raad van Commissarissen die zijn voorgedragen door de Bieder, hebben niet deelgenomen aan de discussies en de besluitvorming met betrekking tot het Bod, vanaf het moment dat de Bieder VolkerWessels voor het eerst benaderde in oktober 2019 omdat zij een tegenstrijdig belang hebben met betrekking tot het Bod en de Transacties.

In overeenstemming met hun verdere fiduciaire verantwoordelijkheden hebben de VolkerWessels Besturen, met de steun van hun financiële en juridische adviseurs, het Bod zorgvuldig en uitgebreid beoordeeld. Daarnaast hebben de Raad van Bestuur en de Onafhankelijke Leden van de Raad van Commissarissen een *fairness opinion* ontvangen op 11 november 2019 van ING Bank en hebben de Onafhankelijke Leden van de Raad van Commissarissen een *fairness opinion* ontvangen op 11 november 2019 van ABN AMRO Bank. Beide *fairness opinions* hadden de strekking dat op die

datum en gebaseerd op en afhankelijk van hetgeen in de *fairness opinion* is opgenomen (i) de Biedprijs vanuit een financieel oogpunt *fair* is jegens de Aandeelhouders (met uitzondering van de Bieder, VolkerWessels of een van hun respectievelijke gelieerde ondernemingen) en (ii) de totale waarde van de koopprijs van de gehele onderneming van VolkerWessels onder de Verkoop van de Onderneming vanuit een financieel oogpunt *fair* is jegens VolkerWessels.

Onder verwijzing naar het bovenstaande, zijn de VolkerWessels Besturen, na bestudering van de bepalingen en voorwaarden van het Bod en alle andere acties die in de Fusieovereenkomst, waaronder de Niet-Financiële Convenanten, worden overwogen, en rekening houdend met de belangen van alle stakeholders van VolkerWessels, unaniem tot de conclusie gekomen dat het Bod in het langetermijnbelang van VolkerWessels, het duurzame succes van haar onderneming en haar klanten, medewerkers, aandeelhouders en andere belanghebbenden van VolkerWessels is. Dienovereenkomstig hebben de VolkerWessels Besturen unaniem besloten om (i) het Bod te steunen, (ii) de Aandeelhouders aan te bevelen het Bod te accepteren en hun Aandelen onder het Bod aan te bieden en (iii) de Aandeelhouders aan te bevelen vóór de Besluiten te stemmen (de **Aanbeveling**).

VolkerWessels heeft een Standpuntbepaling opgesteld in overeenstemming met artikel 18 van het Bob, waarin de Aanbeveling uiteen wordt gezet. De volledige tekst van elk van de *fairness opinions* is opgenomen in de Standpuntbepaling.

De VolkerWessels Besturen kunnen de Aanbeveling alleen intrekken, wijzigen of kwalificeren zoals uiteengezet in hoofdstuk 12.8(c) (Nadelige Verandering van de Aanbeveling) en 6.20 (Potential Superior Offer).

Meer informatie is opgenomen in de Standpuntbepaling.

12.12 De gevolgen van het Bod met betrekking tot liquiditeit en beëindiging beursnotering

De aankoop van Aandelen door de Bieder op grond van het Bod zal onder andere het aantal Aandeelhouders en het aantal Aandelen dat onder andere omstandigheden publiekelijk zou worden verhandeld verminderen. Als gevolg daarvan zal de liquiditeit en mogelijk de marktwaaarde van de resterende niet aangemelde Aandelen of wel aangemelde en teruggetrokken Aandelen negatief worden beïnvloed. De Bieder heeft niet de intentie dit te compenseren, bijvoorbeeld door te voorzien in een liquiditeitsmechanisme voor de Aandelen die niet zijn aangemeld na de Dag van Overdracht en de Na-aanmeldingstermijn.

Indien het Bod gestand wordt gedaan zijn de Bieder en VolkerWessels voornemens om zo spoedig mogelijk onder de Toepasselijke Regelgeving de notering van de Aandelen aan de Euronext Amsterdam te beëindigen, hetgeen de liquiditeit en de marktwaaarde van de niet aangemelde Aandelen negatief zal (kunnen) beïnvloeden.

Als de Bieder 95% of meer van de Aandelen verwerft, kan het de notering van de Aandelen aan Euronext Amsterdam beëindigen in overeenstemming met de beleidsregels die daarvoor gelden. De notering van de Aandelen aan Euronext Amsterdam zal ook worden beëindigd na een succesvolle Verkoop van de Onderneming zoals uiteengezet in hoofdstuk 12.15 (Verkoop van de Onderneming en Liquidatie) of een van de overige maatregelen of procedures zoals uiteengezet in hoofdstuk 6.12 (Possible Post-Closing Measures and future legal structure).

12.13 Mogelijke Maatregelen na de Uiterste Dag van Aanmelding en toekomstige juridische structuur

Na Overdracht kan de Bieder ervoor kiezen om bepaalde herstructureringsmaatregelen te (laten) implementeren, inclusief, maar niet beperkt tot, de Maatregelen na de Uiterste Dag van Aanmelding

genoemd in hoofdstukken 12.14 (Uitkoopprocedure) en 12.15 (Verkoop van de Onderneming en Liquidatie).

Daarnaast behoudt de Bieder zich iedere juridische toegestane methode voor om alle Aandelen te verwerven (of de volledige eigendom van de onderneming van VolkerWessels) en/of om de juridische, financiële of fiscale structuur van VolkerWessels te optimaliseren. Verwezen wordt naar hoofdstuk 6.12(a) (General).

12.14 Uitkoopprocedure

In het geval dat na de Dag van Overdracht of na de overdracht van de Aandelen die zijn aangemeld tijdens de Na-aanmeldingsperiode, de Bieder (i) ten minste 95% van het geplaatst en uitstaand gewoon kapitaal van VolkerWessels en ten minste 95% van de stemrechten met betrekking tot het geplaatst en uitstaand gewoon kapitaal van VolkerWessels heeft verkregen of (ii) ten minste 95% van het totale geplaatst en uitstaand gewoon kapitaal van VolkerWessels heeft verkregen, zal de Bieder zo spoedig mogelijk een wettelijke Uitkoopprocedure starten overeenkomstig artikel 2:92a Burgerlijk Wetboek of 2:201a en/of 2:359c Burgerlijk Wetboek door middel van het indienen van een dagvaarding bij de Ondernemingskamer van het gerechtshof te Amsterdam om de resterende Aandelen die niet zijn aangemeld en niet worden gehouden door de Bieder of VolkerWessels te verwerven. Voor een verdere uitleg over de Uitkoopprocedure wordt verwezen naar hoofdstuk 6.12(b) (Buy-Out).

12.15 Verkoop van de Onderneming en Liquidatie

In het geval de Bieder het Bod gestand heeft gedaan en (i) het aantal Aandelen dat is aangemeld tijdens de Aanmeldingstermijn en de Na-aanmeldingsperiode samen met (x) de Aandelen die direct of indirect door de Bieder worden gehouden, (y) de Aandelen die schriftelijk tot verkoop aan de Bieder zijn toegezegd en (z) Aandelen waartoe de Bieder gerechtigd is (gekocht maar nog niet geleverd), meer dan 85% van het geplaatst en uitstaand gewoon kapitaal van VolkerWessels vertegenwoordigen op de Uiterste Dag van Aanmelding en (ii) de Besluiten tot Verkoop van de Onderneming en Liquidatie zijn aangenomen, kan de Bieder ervoor kiezen om de Verkoop van de Onderneming toe te passen. De Bieder verwacht de Verkoop van de Onderneming te implementeren indien na de Dag van Overdracht of overdracht van de Aandelen aangeboden tijdens de Na-aanmeldingstermijn, de Bieder niet (i) ten minste 95% van VolkerWessels' geplaatst en uitstaand gewoon kapitaal en ten minste 95% van de stemrechten van VolkerWessels' geplaatst en uitstaand gewoon kapitaal of (ii) ten minste 95% van VolkerWessels' totale geplaatst en uitstaand gewoon kapitaal heeft verkregen. Voor een verdere uitleg over de Verkoop van de Onderneming en Liquidatie wordt verwezen naar hoofdstuk 6.12(c) (Asset Sale and Liquidation).

12.16 Samenstelling van de Raad van Bestuur en Raad van Commissarissen

De Raad van Bestuur zal direct na de Dag van Overdracht bestaan uit haar huidige leden: Jan de Ruiter (voorzitter), Jan van Rooijen, Alfred Vos, Dick Boers en Alan Robertson.

De Bieder en VolkerWessels, inclusief de Raad van Commissarissen en alle leden daarvan, zullen redelijke inspanningen leveren om ervoor te zorgen dat de Raad van Commissarissen na de algemene vergadering van aandeelhouders van VolkerWessels als volgt zal zijn samengesteld: (i) dhr. F.A. Verhoeven, kwalificerend als onafhankelijk in de zin van de Nederlandse Corporate Governance Code, en (ii) twee (2) andere leden, zijnde dhr. H.M. Holterman en dhr. E. Blok.

Dhr. J.H.M. Hommen, dhr. S. Hepkema en mevr. A.M. Montijn-Groenewoud zullen terugtreden als lid van de Raad van Commissarissen indien de Overdracht plaatsvindt en met ingang van het moment direct na de algemene vergadering van aandeelhouders van VolkerWessels (welke gehouden zal worden op 16 april 2020).

Aan alle leden van de Raad van Commissarissen zal algehele en volledige décharge worden verleend op de algemene vergadering van aandeelhouders van VolkerWessels (welke gehouden zal worden op 16 april 2020).

12.17 Governance Bieder

De statutair bestuurder van de Bieder is Reggeborgh Bestuur B.V. De statutair bestuurder daarvan is dhr. H.M. Holterman.

12.18 Aankondigingen

Iedere aankondiging met betrekking tot dit Biedingsbericht zal verstrekt worden door middel van een persbericht. Ieder persbericht dat wordt uitgebracht door de Bieder zal beschikbaar worden geteld op de website www.reggeborgh.nl. Ieder persbericht dat wordt uitgebracht door VolkerWessels zal beschikbaar worden gesteld op de website <https://www.volkerwessels.com/nl/>.

Met inachtneming van de wettelijke vereisten op grond van de Toepasselijke Regelgeving en zonder afbreuk te doen aan de manier waarop de Bieder een openbare mededeling wenst te doen, zal op de Bieder geen enkele verplichting rusten om een openbare mededeling te doen anders dan zoals uiteengezet in hoofdstuk 5.13 (Announcements).

13. FINANCIAL INFORMATION VOLKERWESSELS

This section 13 (Financial information VolkerWessels) contains certain consolidated financial information relating to VolkerWessels. The following financial information is made available:

- 13.1 Selected consolidated financial information of VolkerWessels;
- 13.2 Basis for preparation;
- 13.3 Comparative overview of consolidated statement of financial position for the financial years 2018, 2017 and 2016;
- 13.4 Comparative overview of consolidated income statement for the financial years 2018, 2017 and 2016;
- 13.5 Comparative overview of consolidated cash flow statement for the financial years 2018, 2017 and 2016;
- 13.6 Independent auditor's report of Deloitte on the selected consolidated financial information of VolkerWessels for the financial years 2018, 2017 and 2016;
- 13.7 Financial statements for the financial year 2018 including independent auditor's report of Deloitte;
- 13.8 Interim financial information for the six months period ended 30 June 2019 and the review report in respect thereof; and
- 13.9 Financial results for the financial year 2019.

13.1 Selected consolidated financial information VolkerWessels

The selected consolidated financial information has been derived from the 2018, 2017 and 2016 annual reports. Reading the selected consolidated financial information is not a substitute for reading the audited annual reports of VolkerWessels for the financial years 2018, 2017 and 2016.

13.2 Basis for preparation

The selected consolidated financial information of VolkerWessels that has been prepared and included in this section 13 (Financial information VolkerWessels), comprises summaries of the consolidated statements of financial position, consolidated income statements and the consolidated cash flow statements for the financial years 2018, 2017 and 2016. This selected consolidated financial information has been derived from the annual reports for the financial years 2018, 2017 and 2016 which have been audited by Deloitte.

The annual reports from which the selected consolidated financial information has been derived were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union, and Part 9 of Book 2 of the Dutch Civil Code.

Reference is made to section 13.7 (Financial statements for the financial year 2018 including independent auditor's report of Deloitte) for a summary of the significant accounting policies of VolkerWessels for the consolidated financial statements for the financial year 2018. The consolidated financial statements for the financial year 2018 include the effect of IFRS 15 and IFRS 9 as from 1 January 2018. Due to the transition methods chosen by VolkerWessels in applying these

standards, comparative information for 2017 and 2016 has not been restated to reflect the requirements of the new standards. For further details please refer to paragraph 2.2 in the consolidated financial statements for the financial year 2018.

The selected consolidated financial information set out below contains summaries only of the consolidated statement of financial position, the consolidated income statements, and the consolidated statement of cash flows, excluding related note disclosures and a description of significant accounting policies. For a better understanding of VolkerWessels' financial position, income and cash flows, the selected consolidated financial information should be read in conjunction with the unabbreviated audited annual reports for the financial years 2018, 2017 and 2016, including the related notes and description of significant accounting policies that were applied for each of these years, which are available on the website of VolkerWessels at <https://www.volkerwessels.com/nl/investor-relations/jaarverslagen> and the AFM register of financial reporting.

13.3 Comparative overview of consolidated statement of financial position for the financial years 2018, 2017 and 2016

	As at 31 December		
	2018 (EURm)	2017 (EURm)	2016 (EURm)
Assets			
Total non-current assets	1,263	1,211	1,220
Total current assets	2,421	2,394	2,362
Total assets	3,684	3,605	3,582
Equity and Liabilities			
Total equity	1,196	1,135	1,128
Total non-current liabilities	270	256	318
Total current liabilities	2,218	2,214	2,136
Total equity and liabilities	3,684	3,605	3,582

13.4 Comparative overview of consolidated income statement for the financial years 2018, 2017 and 2016

	Year ended 31 December		
	2018 (EURm)	2017 (EURm)	2016 (EURm)
Revenue	5,924	5,714	5,490
Costs of raw materials and consumables.....	-1,192	-1,230	-1,251
Costs of outsourced work and other external costs	-2,973	-2,777	-2,653
Personnel expenses	-1,242	-1,173	-1,111
Depreciation and impairment of tangible fixed assets.....	-75	-69	-73
Amortisation and impairment of intangible assets	-9	-13	-16
Other operating costs	-305	-301	-231
Total operating expenses	-5,796	-5,563	-5,335
Share in results of associates and joint ventures (after income tax).....	33	40	10
Operating result	161	191	165
Financial income.....	22	21	26
Financial expenses.....	-19	-17	-52
Net financial result	3	4	-26
Result before tax	164	195	139
Income tax	-30	-45	-36
Result from continuing operations	134	150	103
Result from discontinued operations (after income tax).....	-2	1	38

	Year ended 31 December		
	2018	2017	2016
	(EURm)	(EURm)	(EURm)
Result for the financial year	132	151	141
Attributable to shareholders of the Company.....	131	135	139
Attributable to minority interests	1	16	2
Result for the financial year	132	151	141

13.5 Comparative overview of consolidated cash flow statement for the financial years 2018, 2017 and 2016

	Year ended 31 December		
	2018	2017	2016
	(EURm)	(EURm)	(EURm)
Cash and cash equivalents at the beginning of the period	484	386	357
Net cash flow from continuing operating activities.....	242	274	286
Net cash flow from discontinued operating activities	-5	-7	4
Net cash flow from operating activities (total)	237	267	290
Net cash flow from continuing investment activities	-117	-48	-212
Net cash flow from discontinued investment activities.....	-	-	133
Net cash flow from investment activities (total)	-117	-48	-79
Net cash flow from continuing financing activities.....	-159	-110	-152
Net cash flow from discontinued financing activities	-	-	-21
Net cash flow from financing activities (total)	-159	-110	-173
Increase/(decrease) in net cash position	-39	109	38
Effects of exchange rate differences on cash, cash equivalents and current account banks	-	-11	-9
Cash and cash equivalents at the end of the period ⁽¹⁾	445	484	386

(1) Includes bank overdrafts.

13.6 Independent auditor's report of Deloitte on the selected consolidated financial information of VolkerWessels

Independent auditor's report

To the Executive Board and Supervisory Board of Koninklijke VolkerWessels N.V.

Our opinion

The financial information for the years 2018, 2017 and 2016 of the selected consolidated financial information as included in sections 13.3, 13.4 and 13.5 of this Offer Memorandum (hereafter: 'the summary financial statements') of Koninklijke VolkerWessels N.V., based in Amersfoort, is derived from the audited consolidated annual reports of Koninklijke VolkerWessels N.V. for the years 2018, 2017 and 2016.

In our opinion the accompanying summary financial statements are consistent, in all material respects, with the audited annual reports 2018, 2017 and 2016 of Koninklijke VolkerWessels N.V., on the basis of preparation as described in section 13.2 of this Offer Memorandum.

The summary financial statements comprise:

1. The summary consolidated statement of the financial position at 31 December 2018, 31 December 2017 and 31 December 2016.
2. The following consolidated summary statements over 2018, 2017 and 2016: the income statement and statement of cash flows.

Summary financial statements

The summary financial statements as included in sections 13.3, 13.4 and 13.5 do not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union and by Part 9 of Book 2 of the Dutch Civil Code. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated annual reports of Koninklijke VolkerWessels N.V. and our independent auditor's reports thereon. The summary financial statements and the audited consolidated annual reports do not reflect the effects of events that occurred subsequent to the dates of our independent auditor's reports on those consolidated annual reports.

The audited annual reports and our auditor's report thereon

We expressed an unqualified audit opinion on the consolidated annual reports 2018, 2017 and 2016 of Koninklijke VolkerWessels N.V. in our independent auditor's reports dated 27 February 2019, 14 March 2018 and 24 April 2017. The audit reports of 2017 and 2018 also includes communication of materiality, scope of the group audit and key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements.

Responsibilities of the Executive Board and the Supervisory Board for the summary financial statements

The Executive Board is responsible for the preparation of the summary financial statements on the basis of preparation as described in section 13.2 of this Offer Memorandum. The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which we conducted in accordance with Dutch law, including the Dutch Standard 810 'Engagements to report on summary financial statements'.

Restriction on use

The summary financial statements as included in sections 13.3, 13.4 and 13.5 and our independent auditor's report thereon are intended solely for enclosure in the Offer Memorandum in connection with the recommended cash offer of Reggeborgh Holding B.V. and cannot be used for other purposes.

Rotterdam, 12 December 2019

Deloitte Accountants B.V.

Signed on the original: A.G. van Bochove

13.7 Financial statements for the financial year 2018 including independent auditor's report of Deloitte

Financial statements 2018

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CONSOLIDATED INCOME STATEMENT

Amounts in millions of euros

	Note	2018	2017
Continuing operations			
Revenue	6	5,924	5,714
Costs of raw materials and consumables		-1,192	-1,230
Costs of outsourced work and other external costs		-2,973	-2,777
Employee benefit expenses ¹	7	-1,242	-1,173
Depreciation and impairment of property, plant and equipment	8	-75	-69
Amortisation and impairment of intangible assets	8	-9	-13
Other operating costs	9	-305	-301
Operating expenses		-5,796	-5,563
Result from sale of participating interest(s) ²	15	5	26
Share of result from associates and joint ventures	18	28	14
Results from participating interests (after income tax)		33	40
Operating result		161	191
Financial income	10	22	21
Financial expenses	10	-19	-17
Net financial result		3	4
Result before tax		164	195
Income tax	11	-30	-45
Result from continuing operations		134	150
Result from discontinued operations (after income tax)	14	-2	1
Result for the financial year		132	151
Attributable to:			
Shareholders of the Company		131	135
Minority interests		1	16
Result for the financial year		132	151

The Group has applied IFRS 15 using the modified retrospective method. Under this method the comparative information is not restated. There was no material impact on the Group's statement of profit and loss, OCI and statement of cash flows for the year ended 31 December 2018. See note 2.2.

¹ Including share incentive charge of €6 million (2017: €5 million).

² Including third party result of €13 million in 2017.

EARNINGS PER SHARE

Amounts in euros

	Note	2018	2017
Basic			
Continuing operations	12	1.66	1.68
Discontinued operations	12	-0.03	0.01
Total		1.63	1.69
Diluted			
Continuing operations	12	1.66	1.68
Discontinued operations	12	-0.03	0.01
Total		1.63	1.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in millions of euros

	Note	2018	2017
Result for the financial year		132	151
Revaluations of commitments/(assets) defined benefit plans	11, 32	–	–5
Income tax	11	–	1
Items which will never be transferred to the income statement		–	–4
Foreign currency exchange differences from foreign operations		–3	–29
Reclassification of currency exchange differences on sale of group companies		–	–
Share of unrealised result from associates and joint ventures		14	5
Effective portion from changes of fair value cash flow hedges	11, 30	–2	4
Income tax	11	–	–1
Items which have been or may be transferred to the income statement		9	–21
Total other comprehensive income after income tax		9	–25
Total comprehensive income for the financial year		141	126
Attributable to:			
Shareholders of the Company		140	110
Minority interests		1	16
Total comprehensive income for the financial year		141	126
Total comprehensive income attributable to shareholders of the Company arising from:			
– Continuing operations		140	109
– Discontinued operations		–	1
Total comprehensive income attributable to shareholders of the Company		140	110

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in millions of euros

	Note	31 December 2018	31 December 2017
Land and buildings		223	237
Machinery and equipment		218	198
Other fixed operating assets		29	44
Property, plant and equipment under construction		12	4
Property, plant and equipment	16	482	483
Goodwill		432	407
Other intangible assets		52	29
Intangible assets	17	484	436
Investments in associates and joint ventures	18	153	126
Non-current receivables	19	107	85
Other non-current assets	20	6	29
Deferred tax assets	21	31	52
Other non-current assets		297	292
Total non-current assets		1,263	1,211
Land	22	184	193
Property held for sale	23	42	69
Inventories	24	157	241
Contract assets	6	579	–
Construction contracts		–	410
Trade and other receivables	25	986	967
Income tax receivable		6	8
Assets held for sale	26	–	12
Cash and cash equivalents	27	467	494
Total current assets		2,421	2,394
Total assets		3,684	3,605

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in millions of euros

	Note	31 December 2018	31 December 2017
Equity attributable to shareholders of the Company		1,182	1,124
Minority interests		14	11
Total group equity	28	1,196	1,135
Loans and other financing obligations	29	43	71
Derivatives	31	2	–
Employee benefits	32	40	44
Provisions for associates and joint ventures	33	16	11
Other provisions	34	138	89
Deferred tax liabilities	21	31	41
Total non-current liabilities		270	256
Loans and other financing obligations	29	56	126
Derivatives	31	–	–
Contract liabilities	6	489	–
Construction contracts		–	485
Trade and other payables	35	1,532	1,508
Employee benefits	32	19	19
Provisions for associates and joint ventures	33	3	2
Other provisions	34	98	40
Income tax payable		21	26
Liabilities held for sale	26	–	8
Total current liabilities		2,218	2,214
Total equity and liabilities		3,684	3,605

The Group has applied IFRS 15 using the modified retrospective method. Under this method the comparative information is not restated. There was no material impact on the Group's statement of profit and loss, OCI and statement of cash flows for the year ended 31 December 2018. See note 2.2.

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in millions of euros

	Note	2018	2017
Cash flow from operating activities			
Result from continuing operations ¹		134	150
Adjustments for:			
– Depreciation and impairment of property, plant and equipment	8	75	69
– Amortisation and impairment of intangible assets	8	9	13
– Proceeds from sale of property, plant and equipment		–12	–4
– Result from the sale of participating interests		–6	–26
– Other impairments		–5	–
– Share of result, less dividend received, from associates and joint ventures	18	3	–2
– Financial income	10	–22	–21
– Financial expenses	10	19	17
– Income tax	11	30	45
– Share incentive	38	6	5
Operating cash flow before changes in working capital and provisions		231	246
Changes in land, property classified as held for sale, inventories and contract balances		33	150
Changes in trade and other receivables		27	–120
Changes in trade and other payables		4	16
Changes in provisions and employee benefits		–35	–6
		29	40
Cash (used in)/generated by operating activities		260	286
Interest paid		–15	–14
Interest received		19	18
Income tax paid		–22	–16
Income tax received		–	–
		–18	–12
Net cash (used in)/generated by from continuing operating activities		242	274
Net cash (used in)/generated by from discontinued operating activities	14	–5	–7
Net cash (used in)/generated by from operating activities		237	267

The Group has applied IFRS 15 using the modified retrospective method. Under this method the comparative information is not restated. There was no material impact on the Group's statement of profit and loss, OCI and statement of cash flows for the year ended 31 December 2018. See note 2.2.

¹ Result from continuing operations is adjusted to include minority interest, which was not included previously.

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in millions of euros

	Note	2018	2017
Cash flow from investment activities			
Acquisitions, net of cash	15	-29	-5
Investment in property, plant and equipment	16	-84	-81
Investment in intangible assets	17	-16	-10
Proceeds from the sale of property, plant and equipment		28	18
Granted borrowings		-98	-71
Repayments of borrowings		70	83
Investments in other financial assets		4	-4
Investments in joint ventures, associates and other investments		-32	-8
Proceeds from sale of non consolidated entities		10	-
Proceeds from sale of subsidiaries, net of cash		30	30
Net cash (used in)/generated by continuing investment activities		-117	-48
Net cash (used in)/generated by discontinued investment activities	14	-	-
Net cash (used in)/generated by investment activities		-117	-48
Cash flow from financing activities			
Receipts from non-current loans and borrowings		47	51
Repayment of non-current loans and borrowings		-102	-45
Payment arising from financial lease liabilities		-20	-10
Dividends paid to shareholders of the Company	13	-84	-106
Other movements		-	-
Net cash (used in)/generated by continuing financing activities		-159	-110
Net cash (used in)/generated by discontinued financing activities	14	-	-
Net cash (used in)/generated by financing activities		-159	-110

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in millions of euros

	Note	2018	2017
Change in liquidity position			
Liquidity position as at 1 January		484	386
Effect of exchange rate differences on cash and cash equivalents and bank overdrafts		–	–11
Net cash (used in)/generated by operating activities		237	267
Net cash (used in)/generated by investment activities		–117	–48
Net cash (used in)/generated by financing activities		–159	–110
Liquidity position as at 31 December		445	484
Composition of liquidity position as at 31 December			
Cash and cash equivalents	27	467	494
Bank overdrafts	29	–22	–10
Total liquidity position as at 31 December		445	484

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in millions of euros

	Issued share capital	Share premium reserve	Legal reserves			Other reserves		Result for the year	Total	Minority interests	Total group equity
			Translation reserve	Hedge reserve	Other legal reserves	Actuarial reserve	Other reserves				
Balance as at 1 January 2018¹	1	1,177	-12	-16	4	-11	-154	135	1,124	11	1,135
Impact of change in accounting policy	-	-	-	-	-	-	-2	-	-2	-	-2
Adjusted balance at 1 January 2018	1	1,177	-12	-16	4	-11	-156	135	1,122	11	1,133
Comprehensive income for the financial year											
Result for the financial year	-	-	-	-	-	-	-	131	131	1	132
Other comprehensive income for the financial year	-	-	-3	12	-	-	-	-	9	-	9
Total comprehensive income for the financial year	-	-	-3	12	-	-	-	131	140	1	141
Appropriation of profit for 2017	-	-	-	-	-	-	135	-135	-	-	-
Dividends	-	-84	-	-	-	-	-	-	-84	-1	-85
Acquisition of minority interests that do not lead to a change of control	-	-	-	-	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	23	-	-23	-	-	-	-
Share based payments by the majority shareholder	-	6	-	-	-	-	-	-	6	-	6
Other movements	-	-	-	-	-	-	-2	-	-2	3	1
Balance as at 31 December 2018	1	1,099	-15	-4	27	-11	-46	131	1,182	14	1,196

¹ The Group has applied IFRS 15 using the modified retrospective method. Under this method the comparative information is not restated. See note 2.2.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in millions of euros

	Issued share capital	Share premium reserve	Legal reserves			Other reserves		Result for the year	Total	Minority interests	Total group equity
			Translation reserve	Hedge reserve	Other legal reserves	Actuarial reserve	Other reserves				
Balance as at 1 January 2017	1	1,278	17	-24	-	-7	-288	139	1,116	12	1,128
Comprehensive income for the financial year											
Result for the financial year	-	-	-	-	-	-	-	135	135	16	151
Other comprehensive income for the financial year	-	-	-29	8	-	-4	-	-	-25	-	-25
Total comprehensive income for the financial year	-	-	-29	8	-	-4	-	135	110	16	126
Appropriation of profit for 2016	-	-	-	-	-	-	139	-139	-	-	-
Dividends	-	-106	-	-	-	-	-	-	-106	-14	-120
Acquisition of minority interests that do not lead to a change of control	-	-	-	-	-	-	-1	-	-1	-1	-2
Transfer from retained earnings	-	-	-	-	4	-	-4	-	-	-	-
Share based payments by the majority shareholder	-	5	-	-	-	-	-	-	5	-	5
Other movements	-	-	-	-	-	-	-	-	-	-2	-2
Balance as at 31 December 2017	1	1,177	-12	-16	4	-11	-154	135	1,124	11	1,135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Reporting entity

Royal VolkerWessels NV has its registered office in Rotterdam, the Netherlands with its head office located at Podium 9, Amersfoort, the Netherlands. The Chamber of Commerce number of Royal VolkerWessels NV is 34270985.

The consolidated financial statements of the Company for the 2018 financial year comprise the Company and its subsidiaries (collectively referred to as 'VolkerWessels' or 'the Company' or 'the Group').

VolkerWessels is the preferred partner for its stakeholders to shape a sustainable society in terms of construction, transport, energy and communications.

Group relationships

The Group consists of a closely related group of operating companies of which Royal VolkerWessels NV, based in Amersfoort, acts as head of the Group. The home markets are located predominantly in the Netherlands, United Kingdom, North America and Germany.

An overview of the Group and its subsidiaries has been filed separately with the Chamber of Commerce in accordance with Article 379 of Book 2 of the Dutch Civil Code.

2 Significant accounting principles

2.1 Statement of compliance

These financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and the relevant interpretations that were issued by the IFRS

Interpretations Committee ('IFRIC') as endorsed by the European Union as applicable for financial years commencing on 1 January 2018. These financial statements also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code, as far as applicable.

The policies have been consistently applied to all the years presented, unless stated otherwise. Certain comparative figures have been reclassified to conform to current year presentation.

2.2 Changes in significant accounting policies

The Group has adopted IFRS 15 and IFRS 9 as from 1 January 2018. However, as noted in our Annual report 2017, the adoption of IFRS 9 does not have a significant impact in terms of classification and measurement, impairment and hedge accounting. The adoption of the expected loss approach has not resulted in a material impact. A number of other new standards as well as amendments (e.g. IFRS 2) are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. There was no material impact on the Group's statement of profit and loss, OCI and statement of cash flows for the year ended 31 December 2018.

The Group has adopted IFRS 15 using the modified retrospective method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for FY 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. The details of the significant changes and quantitative impact of the changes are set out below.

Progress measurement (a, b)

VolkerWessels excludes certain costs in the measure of progress as these costs do not result in progress in transferring control of goods or services to the customers.

- (a) VolkerWessels recognises those costs (e.g. costs for mobilisation and tender costs) as a separate asset if it expects to recover the costs. All costs up to the period in which the preferred bid stage is achieved are therefore recognised to the profit and loss account. This change has a limited impact on Group equity at 1 January 2018;
- (b) costs that relate to significant inefficiencies (wasted materials, labour or other resources) have to be excluded from the progress measurement. For projects identified with significant inefficiencies, provisions for losses were already recognised within construction contracts. The proper reclassifications from construction contracts to contract liabilities and/or provisions for onerous contracts have been made.

Onerous construction contracts (c)

IAS 11 contained specific requirements on the costs an entity includes and does not include in identifying, recognising and measuring an onerous construction contract. In contrast, IFRS 15 does not include such requirements. Based on requests for clarification the

IFRS Interpretations Committee decided to start a project to clarify the meaning of the term 'unavoidable costs' in the IAS 37 definition of an onerous contract. This resulted in an exposure draft of proposed clarifications (ED/2018/2) with a comment period until 15 April 2019. Awaiting this clarification, VolkerWessels has taken the position that the unavoidable costs in measuring onerous construction contracts are in line with the IFRS 15 definition regarding costs to fulfill a contract.

Presentation of contract assets and contract liabilities, including the provision for onerous contracts (d)

VolkerWessels has changed the presentation of certain amounts in the balance sheet to align with the terminology of IFRS 15 and IAS 37:

- construction contracts (due from customers, debit balance) are presented as contract asset;
- construction contracts (due to customers, credit balance) are presented as contract liabilities; and
- provisions for onerous contracts were previously presented as part of the construction contracts position and are now presented separately (in the line item 'other provisions').

The following table summarises the impact of adopting IFRS 15 for each individual line item on the Group's statement of financial position as at 31 December 2018. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail in the accounting principles for revenue recognition as explained in note 6.

Impact on the condensed consolidated statement of financial position

	Notes	As reported 31 December 2018	Adjustment	Without IFRS 15
Contract assets	(a,d)	579	579	–
Construction contracts	(d)	–	–564	564
Total current assets		2,421	15	2,406
Total assets		3,684	15	3,669
Equity attributable to shareholders of the Company	(a)	1,182	–1	1,183
Total group equity		1,196	–1	1,197
Other provisions	(b,c,d)	138	53	85
Total non-current liabilities		270	53	217
Contract liabilities	(b,d)	489	489	–
Construction contracts	(d)	–	–591	591
Other provisions	(b,c,d)	98	65	33
Total current liabilities		2,218	–37	2,255
Total equity and liabilities		3,684	15	3,669

2.3 Basis of preparation

Historical cost or fair value

These financial statements have been prepared on historical cost bases, with the exception of the following material assets and liabilities:

- derivative financial instruments are shown at their fair value;
- plan assets related to defined benefit obligations are valued at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that process

is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are in the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2: inputs, other than quoted prices included within Level 1, that are observable for the assets or liability, either directly or indirectly; and
- level 3: inputs for the assets or liability not based on observable market data.

Use of estimates and judgements

The preparation of the financial statements in accordance with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of principles and reported values of assets and liabilities, and of income and expenses. Based on past experience the Group makes estimates and assumptions with regard to the future, that could reasonably be expected to occur. The outcome may differ from these estimates.

The estimates and underlying assumptions are constantly re-evaluated. Revisions of accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of revision and future periods if the revision affects both current and future periods. Information about significant areas of estimation uncertainty and critical assessments in the application of the accounting principles are particularly important if they have a significant impact on the amounts included in the financial statements.

The Group acknowledges the following areas:

- the valuation of trade receivables (note 39);
- measuring progress for recognizing revenue over time (note 6);
- the estimate of contract costs and contract revenues, and consequently the profitability of long-term contracts (note 6);
- the height of potential liabilities arising from guarantees, claims, legal cases, and environmental and remediation costs;
- the useful life estimate of assets;
- fair value measurements and valuation processes (note 39).

The nature of the judgements and estimates including the assumptions are included in the notes of the related accounts if they contribute to the presentation requirements of IAS 1.122 and IAS 1.125.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These financial statements are presented in euros (€), which is the Group's presentation currency.

Transactions in foreign currency

Transactions in foreign currency are translated into euros at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into euros as at the reporting date at the exchange rate prevailing on that date. The differences that arise from the translation are recognised in the income statement. Non-monetary assets and liabilities that are denominated in a foreign currency and valued on the basis of historical cost are translated at the exchange rate on the transaction date.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euros at the exchange rate valid on the reporting date. Revenues and expenses of foreign operations are translated into euros at the rate which approximates to the exchange rate on the transaction date. Currency translation differences are included directly in the translation reserve. When a foreign operation is wholly or partially sold, the corresponding amount is transferred from the translation reserve to the income statement.

Currency rates

The euro exchange rate against the significant currencies for the Group are as follows:

	Average exchange rate		Closing rate	
	2018	2017	2018	2017
GBP	1.13	1.14	1.12	1.13
CAD	0.65	0.68	0.64	0.66

Segment information

Operational segments are reported in line with the internal reporting provided to the Management Board. The Management Board considers the business from a geographical perspective and identifies Construction & Real Estate Development the Netherlands, Infrastructure the Netherlands, Energy & Telecoms Infrastructure the Netherlands, United Kingdom, North America and Germany as operating segments. In the Netherlands the segments are additionally based on the nature of the activities.

Financial instruments

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely receipts of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. To date, this has not been the case for any of the investments within the Group.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Financial liabilities

Financial liabilities are measured at amortised cost or fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which

substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedge reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is

discontinued prospectively. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability or direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If deemed necessary, the accounting policies of consolidated subsidiaries and other entities are revised in accordance with the Group accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries

The consolidated financial statements of the Group include the financial data of companies belonging to the Group and other legal entities over which control can predominantly be exercised. The Group has control over an entity if the Group is exposed to, or has the rights to variable returns from its involvement with the entity

and is able to use its power to affect the amount of the investor's returns. Subsidiaries and other entities over which the Group has control, are fully consolidated from the date on which control is transferred to the Group. The non-controlling interest in equity and comprehensive income is presented separately. The financial data of the subsidiaries and other entities included in the consolidation have been included in full, to the exclusion of intercompany relationships, intercompany profit and intercompany receivables and liabilities between subsidiaries and other entities included in the consolidation, to the extent that the results are not realised by a third party outside the Group. Unrealised losses on intercompany transactions are eliminated unless they concern impairments.

Acquisitions and disposals of subsidiaries

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred to and the liabilities incurred by the former shareholders of the subsidiary. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Subsequent changes to the fair value of a contingent consideration that is deemed to be an asset or liability are recognised in the income statement.

The acquisition of subsidiaries by the Group is accounted for using the acquisition method.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets

acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Transaction costs are directly recognised in the income statement. Non-controlling interests that are acquired are accounted for as transactions with shareholders in their capacity as shareholders and for such transactions no goodwill is recognised.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the income statement. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amount recognised at that date.

Investments in joint arrangements

Investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations.

Joint ventures are joint arrangements whereby the Group and other parties that have joint control over the arrangement have rights to the net assets of the joint venture. The parties to the arrangement have contractually agreed that control is shared and decisions regarding relevant activities require unanimous consent of the parties which have joint control of the joint venture. Joint ventures are accounted for using the equity method. This method is explained in the paragraph related to associates.

Joint operations are joint arrangements whereby the Group and other parties that have joint control over the arrangement have rights to the assets and obligations for the liabilities, relating to the joint operation. The Group recognises its share in the joint operations' individual revenues and expenses, assets and liabilities and combines it on a line-by-line basis with corresponding items in the Group's financial statements.

Investments in associates

Associates are those entities over which the Group exerts significant influence on, but no control over the financial and operating policy. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investors share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amount previously recognised in other comprehensive income is reclassified to the income statement, where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

Profits and losses resulting from transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment on the asset transferred.

The result of associates and joint ventures after tax constitute part of the operating result. This provides a greater insight into the Group's result and is in line with common practice in the industry.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the shareholders in their capacity as shareholders. The difference between fair value of any consideration

paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

If the Group ceases to have control over an entity, any retained interest in the entity is remeasured to fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or other financial asset. Amounts previously recognised in other comprehensive income are reclassified to profit or loss. Deconsolidation occurs when the Group no longer controls a subsidiary.

3 Application of new and revised International Financial Reporting Standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2019. These standards and interpretations have not been applied in preparing these consolidated statements.

Of those standards that are not yet effective, IFRS 16 is expected to have a material impact on the Group's financial statements in the period of initial application.

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short term and low-value leases. The accounting for lessors will not significantly change.

The standard has a mandatory adoption date of 1 January 2019, and VolkerWessels will adopt the standard on that date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Impact

VolkerWessels has set up an IFRS 16 project team, which has reviewed the Group's leasing arrangements in 2018 in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

The most significant change resulting from the adoption of the new standard will be the recognition of Right-of-use (ROU) assets and lease liabilities for our operating leases. Lease assets and lease liabilities will be recognised based on the present value of the future minimum lease payments over the lease term at commencement date. As our leases do not provide an implicit rate, VolkerWessels will use its incremental borrowing rate based upon information available at the commencement date in determining the present value of future payments. Our lease terms may include options to extend or terminate the lease, which will be included in the measurement of the ROU assets and lease liabilities when it is reasonably certain that we will exercise that option. Our ROU asset will also include any lease payment made and any initial direct costs incurred.

We have determined that upon adoption of the standard, we will elect the following practical expedients and exemptions, which are permissible under the standard and will be applied consistently to all of our leases:

- the Company will not reassess whether any expired or existing contracts are or contain leases;

- the Company will elect the short-term exemption for existing contracts with a remaining lease term of 12 months or less on the transition date; and
- the Company will exempt certain low-value contracts, where no ROU asset nor lease liability would be recognised. The expenses relating to the lease of small ticket items will still be recognised as an expense on the income statement for the period over which the asset is utilised by VolkerWessels.

Financial analysis

As at the reporting date, the Group has non-cancellable operating lease commitments of €251 million, see note 36. A preliminary assessment indicates that, in addition to the Group's finance lease agreements, the Group will recognise right-of-use assets of approximately €220-€240 million on 1 January 2019 and lease liabilities of €220-€240 million. The lease liabilities are expected to be lower than the lease commitments, mainly as a result that short-term leases are recognised on a straight-line basis as expense in profit or loss and therefore not included in the lease liability.

As a result of the new accounting rules the Group expects an increase in EBITDA of approximately €55-€65 million, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure. The impact on net result, due to front-loaded expense profile, for 2019 is expected to be limited.

Operating cash flows will increase and financing cash flows decrease by approximately €55-€65 million as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities instead of cash flows from operating activities.

The above-mentioned figures are estimates, and the actual impacts of adopting the standard on 1 January 2019 may change because:

- the impact assessment has been primarily performed based on contract data gathered per 30 September 2018;
- the impact is subject to variables of which the Group has no influence (e.g. foreign exchange rates); and
- the choices made by the Company relating to lease accounting might be updated until the Group presents its first financial statements that include the new accounting policies.

The Group's activities as a lessor are not material and hence VolkerWessels does not expect any significant impact on the financial statements in this respect.

4 Accounting policies

a Accounting policies for assets and liabilities

Intangible assets

Intangible assets are valued at historical cost after deduction of accumulated amortisation and any impairments. Amortisation is calculated on a straight-line basis as a percentage of the purchase cost. The expected useful life and the amortisation method are reviewed each reporting period.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. For associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment.

Goodwill is valued at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and not systematically amortised.

Other intangible assets

Acquired intangible assets with a finite useful life, are valued at cost less cumulative amortisation and cumulative impairment losses.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure after initial recognition

Expenditure on intangible assets, excluding goodwill, is capitalised after initial recognition only if it is expected that this will increase future economic benefits. These benefits are embodied in the specific asset to which the expenditure relates. All other expenditure is recognised in the income statement when it is incurred.

Amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful economic life of the intangible assets, unless this life is indefinite. Amortisation commences as soon as the assets are ready for use. The estimated useful economic life is as follows:

Software	3 – 10 years
Customer files/contracts	5 – 10 years
Brands	10 years
Capitalised development costs	5 – 10 years

Property, plant and equipment

Owned assets

Property, plant and equipment are valued at cost less accumulated depreciation and any impairment losses. The cost includes costs directly attributable to the acquisition of the asset. The cost of self-constructed assets includes material costs, direct labour costs, financing costs and any other costs that are directly attributable to ensuring that the asset can be used. When property, plant and equipment consist of components with differing useful lives, the component approach is used.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Other costs are charged to the income statement during the financial period in which they are incurred.

In the carrying amount of an item of property, plant and equipment, the Group recognises the cost of replacing a portion of the asset where such costs are incurred. This happens when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably determined. All other costs are recognised in the income statement when they are incurred.

Land is not depreciated. Depreciation on other assets is, calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 – 30 years
Machinery and equipment	5 – 20 years
Other fixed operating assets	3 – 5 years

Property, plant and equipment acquired under a financial lease agreement are capitalised. Commitments arising from the financial lease agreement are accounted for as a liability.

The interest in future lease instalments is charged over the result over the term of the financial lease agreement.

The costs of future replacement are capitalised based on the component approach. Under this approach the total costs are allocated to the 'component assets'. Government grants on investments are deducted from the purchase price or manufacturing price of the assets to which the government grants relate.

A provision is taken into account for obligations to recover or remove assets after usage (demolition costs) for the expected amount at the moment of capitalisation. This amount is included in the carrying amount of the asset to which the provision relates.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating expenses' in the income statement.

Impairments on non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. A test for impairment will also take place if there is an indication for impairment.

An impairment loss is the difference between the asset's carrying amount and its recoverable amount. An impairment loss is directly recognised as an expense.

The recoverable amount is the highest of an asset's fair value less costs of disposal and value in use. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Assets held for sale and discontinued operations

Immediately before classification as an asset held for sale, the valuation of assets (and all assets and liabilities of a disposal group) is brought in line with the relevant EU-IFRS standards. Subsequently, fixed assets and disposal groups, on initial recognition as held for sale, are valued at the lower of the carrying amount and the fair value less the sale costs. Impairment losses on initial classification as held for sale are recognised as a loss in the income statement. Once recognised as held for sale, intangible assets and property, plant and equipment are not amortised or impaired.

Classification as discontinued operations occurs upon disposal or liquidation, or earlier, if the operations meet the criteria for classification as discontinued operations. The results of discontinued operations must be presented separately in the income statement and the comparative figures are adjusted accordingly. In the disclosures to the income statement the amounts are presented excluding the discontinued operations.

Financial fixed assets

The Group classifies financial assets in the following categories: loans and receivables, other non-current assets and deferred tax assets.

Loans and receivables

Receivables and loans to subsidiaries and other receivables are recognised initially at fair value and subsequently at amortised cost.

Other non-current assets

Other investments comprise equity interests in entities where the Group has no control or significant influence. These investments are accounted for as FVOCI. Upon disposal the accumulated fair-value adjustments on the investments concerned are eliminated from OCI and included in the income statement. If no reliable fair value can be determined, the remaining investment is valued at cost.

Dividends, as well as the book profit or book loss made on the sale of these other investments, are accounted for in the income statement.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences if and to the extent it is probable that the tax claim can be realised in due course. These deferred tax assets are stated under financial fixed assets and valued at nominal value. They are long term by nature.

Land and property held for sale

Land and property held for sale are reported at the lower of cost and net realisable value.

Interest is not capitalised until the time at which planning permission is sought. A substantial period of time may elapse between the point of acquisition and the submission of the planning application.

The non-capitalisation of interest in this period reduces our risk profile on these positions. If no development and construction activities take place for an extended period, interest is no longer capitalised.

As soon as the building permit has been received and the construction activities have been started, the landbank positions will be transferred to property development or construction contracts.

Inventories

Inventories are valued at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. The cost of inventories is based on the first-in, first-out principle (FIFO) and includes expenses incurred in acquiring the inventories and related purchase costs. The cost of inventories of finished products includes a reasonable share of the indirect overhead based on normal production capacity.

Sand and gravel pits are valued at purchase price plus directly attributable costs. A provision is made if there is a refurbishment obligation on the acquired sand or gravel pit. Housing and other projects not covered by the definition of construction contracts are classified under inventories.

Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value. Cash and cash equivalents include cash at banks, cash in hand and bank deposits. The deposits have a maturity of no more than one month and are callable at any time. In the cash flow statement cash and cash equivalents comprises cash at banks, cash in hand and bank deposits including bank overdrafts.

Impairments of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets at measured amortised costs and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Equity

Share capital

Ordinary shares and preference shares are classified as equity. The preference shares are valued at nominal value increased with additional paid-in capital relating to these shares and unpaid dividends.

Reserves

The reserves consist of a share premium reserve, a translation reserve, a legal reserve for participating interests, a legal reserve for capitalised development costs an actuarial reserve and a hedge reserve.

Other reserves

These include the cumulative results from prior financial years net of the dividend set and changes in the legal reserves.

Minority interests

The share of third parties concerns the minority interests of third parties in total equity from consolidated entities.

The minority interests in the result of consolidated entities is presented separately in the balance sheet and income statement.

The entity shall attribute the total comprehensive income to the shareholders of the parent and to the minority interests even if this results in the minority interests having a deficit balance.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Provisions

General

A provision is recognised in the statement of financial position if the Group has a legal or constructive obligation as a result of a past event, if it is likely that the settlement of such an obligation will require an outflow of resources, and if such obligation can be reliably estimated. If the effect of this is material, provisions are calculated by discounting the expected future cash flows using a discount rate before tax that reflects current market assessments of the time value of money and, where appropriate, the specific risks related to the liability. Interest accruals on the provision is recognised as a financial expense.

Provision for deferred tax liabilities

Deferred tax liabilities are recognised for taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes based on the total of the differences multiplied by the applicable tax rate.

The deferred tax liability is deducted with carry forward losses to the extent that it is likely that taxable profits will be available in the future for compensation.

Deferred taxes are recognised at nominal value.

Guarantee provisions

Guarantee provisions are recognised for the expected outflow of resources (costs) that will be required to settle the present obligation (i.e. guarantee obligations based on delivered goods and/or services) at balance sheet date. Granted guarantee claims are paid out of the guarantee provision.

Restructuring provision

Restructuring provisions are recognised if the Group has a detailed and formal restructuring plan and the restructuring has commenced or has been publicly announced. No provision has been made for future operating expenses.

Environmental and remediation costs

The provision for environmental and remediation costs is intended to cover possible expenditure on environmental modifications.

Provision for associates and joint ventures

If the Group's share in losses exceeds the carrying amount of the investment (including separately presented goodwill and other uninsured receivables), further losses will not be recognised, unless the Group has provided securities to the associate or joint venture, committed to liabilities or payment on behalf of the associate and joint venture. In that case, the excess will be provided for.

Decommissioning provision

Decommissioning provisions are recognised for the expected outflow of resources (costs) that will be required to settle the present obligation at balance sheet date related to restoration obligations.

Onerous contracts

A provision for onerous contracts is included in the statement of financial position if the economic benefits the Group expects to derive from a contract are lower

than the unavoidable costs of meeting its obligations under the contract.

Employee benefits

Defined contribution plans

For defined contribution plans, the Group pays contributions on a mandatory, contractual or voluntary basis to pension funds or insurance companies. Apart from the payment of premiums, the Group has no obligations. Obligations concerning contributions to pension schemes based on defined contributions are recognised as an expense in the income statement when the contributions are due.

Defined benefit plans

Defined benefit plans are all post-employment benefit plans other than defined contribution plans. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have accrued in return for their service in current and prior periods. The present value of these benefits is determined and the fair value of the plan assets is deducted from this. The discount rate is the yield, at the reporting date, of high-quality corporate bonds where the maturity date is approaching that of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. This method takes into account future salary increases as a result of career opportunities for employees and general wage developments including adjustments for inflation. If the pension entitlement under a plan improves, the portion of the increased pension entitlement that relates to past service by employees is recognised directly as an expense in the income statement.

The Group recognises all remeasurements related to defined benefit plans in other comprehensive income.

These remeasurements comprise: actuarial gains and losses, the return on plan assets (excluding amounts included in net interest) and any change in the effect of the asset ceiling (excluding amounts included in net interest).

Other non-current employee benefits

The Group's net liability in respect of non-current employee benefits, other than pension schemes, is the amount of future entitlements, such as long-service awards, bonuses and ex gratia payments that employees have earned in exchange for their service during the reporting period and previous periods. The liabilities are calculated using the projected unit credit method and are discounted to net present value.

The discount rate is the yield at the reporting date of high quality corporate bonds where the maturity date is approaching that of the Group's obligations. Any actuarial gains or losses are recognised in the income statement in the period in which they occur.

b Accounting policies for the determination of the result

Revenue recognition

The accounting policies for the Group's revenue from contracts with customers are explained in note 6.

Government grants

Grants to offset costs incurred by the Group are systematically recognised as revenue in the income statement in the same period in which the costs are incurred. Subsidies to compensate the Group for the costs of an asset are systematically recognised as revenue in the income statement over the useful life of the asset.

Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Lease agreements

At the inception of an agreement, the Group assesses if the agreement contains a lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of lease.

The Group leases certain property, plant and/or equipment. Leases of property, plant and/or equipment where the Group has substantially all the risks and rewards of ownership are classified as financial leases. Financial leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charge. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and/or equipment acquired under financial leases is depreciated over the shorter of the useful life of the asset and the lease term.

Financial income and expenses

The net financial result is the balance of financial expenses and income. Financial income includes interest income on invested funds, foreign currency gains, and the expected return on plan assets and results on hedging instruments that are recognised in the income statement. Financial expenses include interest incurred on borrowings calculated using the effective interest method, interest accruals for provisions, foreign currency losses and losses on hedging instruments that are recognised in the income statement.

Financing expenses that are directly attributable to the acquisition, construction or production of a qualifying asset must be attributed to all qualifying assets such as construction contracts.

Currency translation differences

Exchange differences arising on the settlement of monetary items shall be recognised in the income statement in the period in which they arise, unless hedge-accounting is applied.

Dividends

Dividends to be received from associates and other interests that are not accounted for based on the equity method are recognised when the Group has been granted the rights to the dividends.

Share-based payments arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 38.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line based over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Taxes

Current tax

Current tax is the expected payable or receivable on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Share in the results of associated companies

The Group's share of post-acquisition profit or loss is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Dividends from associates of which the Group has no significant influence over the financial and operating policy are recognised as result. These dividends are included in the results within financial income and expenses.

c Accounting policies for the statement of cash flows

The statement of cash flows is prepared using the indirect method.

The net cash position in the statement of cash flows consists of cash and cash equivalents, deposits and bank overdrafts. The deposits have a remaining maximum duration of one month and are available at all times.

Cash flows in foreign currencies are converted using the average exchange rate. Exchange rate differences on the net cash position are presented separately in the statement of cash flow.

Income tax, interest received and paid, and dividends received are included in the cash flow from operations.

The purchase price of acquisitions of subsidiaries is included in the cash flow from investing activities insofar as payments have taken place.

Cash and cash equivalents in the subsidiaries are deducted from the purchase price.

Non-cash transactions are not included in the statement of cash flows.

5 Segment information

Royal VolkerWessels NV mainly operates in four geographical areas: the Netherlands (including Belgium), the United Kingdom, North America and Germany. In the Netherlands the segments are additionally based on the nature of the activities.

The segment 'Other' includes a real estate portfolio of which a large part is rented internally, facility management, holding companies and eliminations. Management primarily uses a measure of earnings before interest, tax, depreciation and amortisation (EBITDA) to assess the performance of the operating segments.

Amounts in millions of euros	The Netherlands			United Kingdom	North America	Germany	Other/ Eliminations	Total
	Construction & Real Estate Development	Infrastructure	Energy & Telecoms Infrastructure					
2018								
External revenue	2,098	1,349	723	1,116	350	268	20	5,924
Intrasegment revenue	7	65	28	–	–	–	–100	–
Total revenue	2,105	1,414	751	1,116	350	268	–80¹	5,924
EBITDA	100	22	39	39	47	16	–18 ²	245 ²
Amortisation and depreciation	–14	–31	–2	–6	–19	–1	–11	–84
Operating result (EBIT)	86	–9	37	33	28	15	–29	161
Net financial result								3
Result before tax								164
Income tax								–30
Result from discontinued operations (after income tax)								–2
Result for the financial year								132
Total assets								3,684
Total liabilities								2,488
Investments in property, plant and equipment	16	36	2	15	17	1	–	87
Average number of employees	3,768	4,903	2,950	2,890	1,400	353	366 ³	16,630
Order book ⁴	3,493	1,660	932	1,528	764	595	–48 ¹	8,924

¹ In revenue in 'Other' an amount of €-112 million is included regarding eliminations. In the order book in 'Other' an amount of €-115 million is included regarding eliminations.

² Includes €6 million share incentive charge.

³ Including discontinued operations. The total average number of employees of discontinued operations is: 49.

⁴ Unaudited non-GAAP information.

	The Netherlands			United Kingdom	North America	Germany	Other/ Eliminations	Total
	Construction & Real Estate Development	Infrastructure	Energy & Telecoms Infrastructure					
2017								
External revenue	2,037	1,410	665	995	351	244	12	5,714
Intrasegment revenue	6	64	9	–	–	–	–79	–
Total revenue	2,043	1,474	674	995	351	244	–67¹	5,714
EBITDA	106 ⁴	52	32	33	55	17	–22 ⁵	273 ^{4/5}
Amortisation and depreciation	–18	–23	–2	–5	–19	–1	–14	–82
Operating result (EBIT)	88	29	30	28	36	16	–36	191
Net financial result								4
Result before tax								195
Income tax								–45
Result from discontinued operations (after income tax)								1
Result for the financial year								151
Total assets								3,605
Total liabilities								2,470
Investments in property, plant and equipment	15	38	5	7	13	–	3	81
Average number of employees	3,716	4,983	2,789	2,713	1,348	335	295 ²	16,179
Order book ³	2,831	1,568	1,005	1,213	828	684	–38 ¹	8,091

¹ In revenue in 'Other' an amount of €–94 million is included regarding eliminations. In the order book in 'Other' an amount of €–98 million is included regarding eliminations.

² Including discontinued operations. The total average number of employees of discontinued operations is: 49.

³ Unaudited non-GAAP information.

⁴ Includes €13 million third party result.

⁵ Includes €5 million share incentive charge.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Amounts in millions of euros

6 Revenue

The Group has recognised the following amounts relating to revenue in the statement of profit or loss:

	2018	2017
Revenue from contracts with customers	5,924	5,714

6(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services in the following major activities. The table also includes a reconciliation of the disaggregated revenue with the Group's six divisions, which are its reportable segments (see note 5).

2018	The Netherlands							
	Construction & Real Estate Development	Infrastructure	Energy & Telecoms Infrastructure	United Kingdom	North America	Germany	Other/ Eliminations	Total
Construction contracts	1,329	1,121	625	968	262	164	−53	4,416
Property development	600	–	–	–	7	96	–	703
Service and maintenance	98	195	126	146	77	–	1	643
Goods sold and other services rendered	78	98	–	2	4	8	−28	162
Total revenue	2,105	1,414	751	1,116	350	268	−80	5,924

2017	The Netherlands							
	Construction & Real Estate Development	Infrastructure	Energy & Telecoms Infrastructure	United Kingdom	North America	Germany	Other/ Eliminations	Total
Construction contracts	1,309	1,151	557	843	252	140	−40	4,212
Property development	564	−	−	−	15	94	−	673
Service and maintenance	86	239	117	153	80	−	−1	674
Goods sold and other services rendered	84	84	−	−1	4	10	−26	155
Total revenue	2,043	1,474	674	995	351	244	−67	5,714

6(b) Contract balances

The Group has recognised the following revenue-related (contract) assets and liabilities:

	31 December 2018	1 January 2018
Receivables, which are included in 'Trade and other receivables' (note 25)	620	622
Contract assets	579	472
Contract liabilities	-489	-425

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The Group receives payments from customers in line with a series of performance – related milestones and will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The contract liabilities primarily arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method. There were no significant changes in the composition of the contract balances during the reporting period.

In 2018 revenue has been recognised for an amount of €420 million which was included in the contract liability at the beginning of the period.

The amount of revenue recognised in 2018 that related to performance obligations satisfied (or partially satisfied) in previous periods is €19 million. This mainly relates to outstanding variation orders for which agreement has been reached upon in 2018.

6(c) Transaction price allocated to the remaining performance obligations

The aggregate amount of the transaction price allocated to contracts with customers that are (partially or fully) unsatisfied as at 31 December 2018 is €8.9 billion, being the Group's order book. Management expects that 56% of the transaction price allocated to the unsatisfied contracts as of 31 December 2018 will be recognised as revenue during the next reporting period (€5.0 billion). The remaining 44% (€3.9 billion) will be recognised merely in the two years thereafter.

6(d) Accounting policies and significant judgements

The Group recognises revenue from the following major resources:

- I construction contracts;
- II property development;
- III service and maintenance; and
- IV goods sold and other service rendered.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer.

(i) Construction contracts

The Group constructs and sells residential properties, non-residential properties and infrastructure projects under long-term construction contracts with customers. Such contracts are entered into before construction begins. Revenue from construction contracts is therefore recognised over time because either:

- the Group constructs an asset that the client controls, because it is constructed on the land of the customer; or
- the Group is contractually restricted from redirecting the properties or infrastructures to another customer and as such does not have an alternative use to the Group and the Group has an enforceable right to payment for work performed to date.

Progress is measured on a cost-to-cost method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The related costs are recognised in the income statement when they are incurred.

For certain contracts, which are still in the planning or design phase, the Group is not able to reasonably measure the outcome of the performance obligation(s). This might be the case for projects with significant and ongoing design changes, for which the discussion with the customer about the compensation are not yet finalised. If the Group at least expects to recover the costs for the project, the Group recognises revenue in accordance with IFRS 15.45 to the extent of the costs incurred until the Group can reasonably measure the outcome of the performance obligation.

The Group becomes entitled to invoice customers for construction contracts based on achieving a series of performance-related milestones. When a particular milestone is achieved, the customer is sent an invoice for the related milestone payment. The Group accounts for a contract asset for any work performed, for which the Group is not yet entitled to invoice based on the milestones agreed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised based on the progress to date, the Group recognises a contract liability for the difference. Advances received are also included in contract liabilities.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that it is highly probable that a reversal of revenue that is recognised will not occur when the uncertainty associated with the consideration is subsequently resolved.

In determining the amount to be recognised, the Group considers the contractual agreements and the laws and regulation applicable in the respective country.

The aforementioned uncertainties are highly influenced by the nature of the contract as well as the stage of the project.

Depending on the nature of contract, the potential uncertainty varies. In a 'Design and Construct' (DC) contract the Group assumes the design risk (as well as construction risk). In a 'Design, Build, Finance, Maintain' (DBFM) contract, the Group has an additional responsibility in respect of the financing and maintenance of the project.

In respect of the stage of a project, the Group is exposed to a larger amount of uncertainty for projects, which are still in the design stage, as the design may be subject to substantial changes in the process of transforming a provisional design into a final design. Depending of the entitlement of the Group to compensation for these design changes from the customer, this may result in changes in the estimated result of the project, both upward and downward.

At balance sheet date there is one contract where our share in the joint operation estimated contract revenue is in the range of €150 to €200 million for which a dispute on design changes and related negotiations with the client is ongoing. These design changes relate to changes in laws and regulations and a large number of variable considerations assigned by the client and other stakeholders, that are beyond our influence and contractual responsibility. As the dispute is ongoing, it is impossible to estimate reliably the final scope of the performance obligation. The Group expects to recover the costs incurred in satisfying the performance obligation. The actual outcome can deviate significantly from the current accounting, given the uncertainty of the outcome of these negotiations.

Our business may involve complex and long-term construction projects, including long-term maintenance and operating contracts entered into on a fixed-price or lump-sum basis. To a large extent, the Group's profitability depends on costs being accurately calculated and controlled, besides other factors such as the scope of the project being correctly determined during the tender and execution phases, and on projects being completed on time and not subject to any early termination. The cost calculations made at the project portfolio-level are subject to a number of assumptions. Therefore, if the estimate of the overall risks or calculations of the revenues or costs of one or more contracts prove inaccurate or circumstances change, lower profits may be achieved from, or greater losses may be incurred on such contracts than had been anticipated.

The Group has adopted a tailored process to contracting and risk management depending on the size and complexity of the project, and has an extensive tender procedure to ensure proper decisions are taken on selecting projects and risk management. Additionally, the Group involves senior management, specialised contract managers, and specialised lawyers in the tendering phase to limit such risks. Clear project specifications, properly recorded agreements, (technical) project reviews and complete cost budgets, as well as legal assessment of contracts, contribute towards a reduction in contract risks.

Most of the contracts in the Group's project portfolio are subject to specific completion schedule requirements. Failure to comply with such schedule requirements could result in the occurrence of penalties or deductions. In addition, errors in designs and/or calculations and failure to hedge all risks contractually can have a negative impact on the execution phase of a project. Moreover, any additions to the original scope of work from clients may require the Group to fund the

costs until the scope is approved thus, engaging our working capital on a temporary basis. The Group limits such risks by employing a project acquisition process that involves validation of the project price calculation and risk assessment. Further, the Group engages project teams on larger projects to focus in particular on quality, timely delivery, cost efficiency and reduction of failure costs. In addition, the Group has an increased focus on reporting risks and scope on projects, including the accuracy of cost and cash forecasting.

For the accounting policy for onerous contracts, see note 4 and 2.2.

The Group did not identify significant financing component in its construction contracts with customers.

(ii) Property development

The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer. The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred.

If the customer is able to specify major structural elements of the design of property development before construction begins and/ or specify major structural changes once construction is in progress, revenue is recognised over time in accordance with the terms and the milestones set out in the contract.

In the Netherlands there are certain property development project in which land has been legally transferred to the customer. The performance of the

Group therefore creates an asset that the customer controls and revenue is recognised over time in accordance with the terms and milestones set out in the contract.

Management considers that the aforementioned output methods are an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15.

(III) Service and maintenance

Revenue in connection with service and maintenance comprises construction and/or upgrade activities as well as operating, maintenance and exploitation activities. Revenue from providing services and maintenance is recognised in the accounting period in which the services are rendered.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. Advances received are also included in contract liabilities.

Customers are invoiced based on the terms and milestones as set out in the contracts with the customers and the consideration is payable when invoiced.

(IV) Goods sold and other services rendered

Revenue from the sale of goods is recognised when control of the goods has transferred to the customer, being the moment of delivery. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenues generated through services rendered are recognised over time in line with the accounting principles as explained by (III) Service and maintenance.

7 Employee benefit expenses

	2018	2017
Wages and salaries	-978	-938
Social security costs	-169	-148
Pension costs – defined contribution plans	-95	-87
Pension costs – defined benefit plans	-	-
Total	-1,242	-1,173

At the end of 2018 the Group had 16,646 employees expressed in FTE (2017: 16,001), of which 5,129 FTE (2017: 4,791 FTE) are working outside the Netherlands. The average number of employees was 16,630 FTE (2017: 16,179), of which 5,215 FTE (2017: 4,970 FTE) are working outside the Netherlands.

Share incentive

In 2018, a total amount of €6.2 million for the share incentive plan for the members of the Management Board and other managers was charged to the income statement (7 month period in 2017: €4.6 million).

For more information on the share incentive plan, see note 38.

8 Depreciation/amortisation and impairment of property, plant and equipment and intangible assets

	2018	2017
Depreciation of property, plant and equipment	-75	-69
Impairment of property, plant and equipment	-	-
Total depreciation and impairment of property, plant and equipment	-75	-69
Amortisation of intangible assets (excluding goodwill)	-9	-9
Impairment on goodwill and other intangible assets	-	-4
Total amortisation and impairment of intangible assets	-9	-13
Total	-84	-82

9 Other operating costs

Restructuring costs

A sum of €3 million (2017: €9 million) is included in employee benefit expenses and other operating costs for restructuring costs.

10 Financial income and expenses

	Note	2018	2017
Financial income			
Interest income from non-current receivables		9	8
Interest income from current receivables		9	8
Capitalised interest on property development		–	1
Return on plan assets	32	2	2
Other financial income		2	1
Exchange differences (positive)		–	1
Total financial income		22	21
Financial expenses			
Interest expense for non-current liabilities		–5	–7
Interest expense for current liabilities		–7	–5
Interest accrual on provisions		–1	–1
Exchange differences (negative)		–1	–
Interest on employee benefits obligations	32	–2	–2
Other financial expense		–3	–2
Total financial expenses		–19	–17
Net financial result		3	4

An average interest rate of 2% was used during the financial year (2017: 2%) to calculate the interest to be recognised on property development positions.

11 Income tax

	2018	2017
Current income tax expense		
Current year	–22	–23
Adjustments for previous years	2	–2
Total current income tax expense	–20	–25
Deferred income tax expense		
Related to temporary differences	–	–21
Change in tax rate	3	–1
Write down or reversal of write down of deferred tax asset	–13	2
Total deferred income tax expense	–10	–20
Total income tax	–30	–45

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The effective tax rate is 18.3% (2017: 23.1%). The difference compared to the blended tax rate of the Group is caused by the following items:

	2018	2017
Result from continuing operations	134	150
Plus: total income tax	30	45
Result before tax excluded result from participating interest (after income tax)	164	195
Tax calculated based on the Group's tax rate	-41	-49
Tax effects of:		
– Different tax rates in several countries	2	-1
– Participation exemption	11	8
– Impairment of goodwill	-	-2
– Adjustments for previous years	-5	-
– Change in tax rate	3	-
– Effect non valued losses	2	-
– Investment schemes	-	-
– Other differences	-2	-1
Effective tax	-30	-45
Effective tax rate (%)	18.3	23.1

The difference between the effective tax rate and the statutory rate in the Netherlands can be explained due to a number of items that have impact on the effective tax rate. Different statutory tax rates apply in the countries in which we operate outside the Netherlands. Furthermore under the Dutch participation exemption results that relate to shareholdings in other companies are exempt from tax. Due to tax rate changes that have been enacted in the Netherlands and the UK, the deferred tax positions have been adjusted to the future tax rates with a positive effect to the effective tax. In addition, certain tax schemes apply for investments in for instance energy efficient assets resulting in a reduction of the effective tax rate. Other movements relate to various true-ups to the tax returns over prior periods.

Income tax directly recognised in other comprehensive income

	2018		
	Before tax	Tax income (expense)	After tax
Effective portion fair value changes from cash flow hedges	-2	-	-2
Actuarial gain (losses) on defined benefit pension plans	-	-	-
Total	-2	-	-2

	2017		
	Before tax	Tax income (expense)	After tax
Effective portion fair value changes from cash flow hedges	4	-1	3
Actuarial gain (losses) on defined benefit pension plans	-5	1	-4
Total	-1	-	-1

12 Earnings per share

	2018	2017
Weighted average number of ordinary shares in issue (x 1)	80,000,000	80,000,000
Net result attributable to shareholders (in million €) ¹	131	135
Basic earnings per share (in €)	1.63	1.69
Net result from continuing operations attributable to shareholders (in million €)	133	134
Basic earnings per share from continuing operations (in €)	1.66	1.68
Net result from discontinued operations attributable to shareholders (in million €)	-2	1
Basic earnings per share from discontinued operations (in €)	-0.03	0.01

Allowing for dilution, the earnings per share are as follows:

	2018	2017
Weighted average number of ordinary shares in issue (x 1)	80,000,000	80,000,000
Net result attributable to shareholders (in million €) ¹	131	135
Diluted earnings per share (in €)	1.63	1.69
Net result from continuing operations attributable to shareholders (diluted) (in million €)	133	134
Diluted earnings from continuing operations per share (in €)	1.66	1.68
Net result from discontinued operations attributable to shareholders (diluted) (in million €)	-2	1
Diluted earnings from discontinued operations per share (in €)	-0.03	0.01

¹ Including share incentive charge of €6 million (2017: €5 million).

In accordance with IAS 33, the earnings per ordinary share is calculated on the basis of the weighted average number of ordinary shares outstanding. In calculating the weighted average number of ordinary shares outstanding:

- own shares held by group companies are deducted from the total number of ordinary shares in issue;
- the computation is based on daily averages.

13 Dividends per share

The total dividends paid to shareholders of ordinary shares in 2018 amounts to €84 million (€1.05 per share). This consists of €61.6 million (€0.77 per share) dividend (paid in May 2018) in relation to prior year and €22.4 million (€0.28 per share) interim dividend for current year (paid in November 2018).

The total dividends paid to shareholders of ordinary shares in 2017 amounts to €105.6 million (€1.32 per share). This consists of €83.2 million dividend in relation to the prior year (2016).

For more information see note 28.

14 Result from discontinued operations

Discontinued operations includes:

- road activities in Germany (as from 2011);
- Volker Construction International and Volker Stevin Construction Europe (as from 2014); and
- offshore activities (as from 2016).

Result from discontinued operations

	2018	2017
Revenue	8	9
Depreciation and impairment of property, plant and equipment	-1	-1
Amortisation and impairment on intangible assets	-	-
Other operating costs	-7	-3
Share in result of associates and joint ventures	-	-1
Share in result of investments	-	-
Net financial result	-2	-2
Result from activities	-2	2
Income tax	-	-1
Result from activities, after tax	-2	1
Book profit on sale of discontinued operations	-	-
Income tax gain on sale of discontinued operations	-	-
Result from discontinued operations after income tax	-2	1

The result from discontinued operations after income tax amounting to €-2 million (2017: €1 million) is fully attributable to the shareholders of the Company.

Cash flow from discontinued operations

	2018	2017
Result after tax for the financial year	-2	1
Adjustments for:		
– Depreciation and impairment of property, plant and equipment	1	-
– Amortisation and impairment on intangible assets	-	-
– Result from the sale of participating interests	-	-
– Share of result, less dividend received, from associates and joint ventures	-	1
– Financial expenses	2	2
– Income tax	-	1
Cash flow before changes in working capital and provisions	1	5
Changes in land, property classified as held for sale, inventories and contract balances	1	-2
Changes in trade and other receivables	-	1
Changes in trade and other payables	-1	2
Changes in provisions and employee benefits	-3	-13
Cash (used in)/generated by discontinued operations	-2	-7
Interest paid	-2	-
Income tax paid	-1	-
Income tax received	-	-
Net cash (used in)/generated by discontinued operations	-5	-7
Cash flow from investment activities		
Investment in property, plant and equipment	-	-
Other changes in financial assets	-	-
Proceeds from sale of discontinued operations, net of cash	-	-
Other movements	-	-
Net cash (used in)/generated by investment activities	-	-
Cash flow from financing activities		
Repayment of non-current loans and borrowings	-	-
Net cash (used in)/generated by financing activities	-	-
Net cash (used in)/generated in the financial year	-5	-7

15 Business combinations and disposals

2018

In 2018, the Group completed business combinations as listed below. In each case 100% of the businesses were acquired unless stated otherwise. Total consideration for 2018 acquisitions is €38 million (2017: €5 million) for acquisitions completed during that year. In addition the Group had one disposal completed during 2018.

Transaction dates	Acquired or Disposed Business
4 September 2018	The Energy & Telecoms Infrastructure segment acquired Joulz Energy Solutions BV (JES). JES is a market leading player in design, construction and maintenance of complex medium and high voltage infrastructure and installations in the Netherlands. JES is one of the few players in the market capable of offering integrated electrification solutions to its clients.
30 November 2018	The United Kingdom segment acquired PJ Davidson Limited (PJD). PJD is a specialist concrete slip forming contractor in the UK. Its acquisition represents an opportunity for VolkerWessels, together with its existing capability, to become the sector leading concrete paving specialist within the UK.
11 December 2018	Investment company BBGI SICAV S.A. ('BBGI') acquired a 49.0% interest in Participatiemaatschappij VolkerInfra PPP through a joint-venture arrangement, reducing the Company's ownership percentage in the subsidiary to 51.0%. With this transaction, the Company divested part of its financial interests in three operational DBFM(O) projects in the Netherlands.

Acquisitions

The (partially provisional) fair value of net assets for the acquisitions that are recognised on the balance sheet is €13 million. The intangible assets are principally customer relationships and contractual licenses.

Further details of the (partially provisional) fair values of net assets acquired are provided in the next table.

The current estimate of goodwill is €25 million. It represents the future value which the Group believes it will obtain through operational synergies and the market position.

Total acquisition-related costs incurred to date for the acquisitions are €0.8 million which have been recorded

within other operating costs in the income statement for the year ended 31 December 2018.

Effect on Consolidated Income Statement

The acquisitions completed in 2018 have contributed €15.9 million to Group revenue and €-0.5 million to Group EBITDA since the relevant acquisition dates. If the acquisitions completed in 2018 had all taken place at the beginning of the year, Group revenue would have been €5,969 million and Group EBITDA would have been €253 million (excluding share incentive charge).

Effect on Consolidated Statement of Financial Position

In the next table the effect of the acquisitions in 2018 on the consolidated balance sheet is disclosed. The fair values currently used for opening balances of one of the acquisitions made in 2018 are provisional. Balances

remain provisional due to ongoing negotiations regarding the final purchase price and its effect on the goodwill.

When the information becomes available within the measurement period, the respective balances shall be adjusted accordingly.

Detailed information relating to goodwill is provided in note 17. The value of goodwill is not tax deductible.

	2018
Property, plant & equipment	7
Cash and cash equivalents	6
Other intangible assets	15
Other non-current assets	1
Contract balances	5
Trade and other receivables	20
Other current assets	-
Non-current liabilities	-3
Current liabilities	-38
Net assets acquired	13
Non-controlling interest	-
Goodwill	25
Total consideration	38
	2018
Cash consideration	34
Contingent consideration	4
Total consideration	38

The obligation for contingent consideration for acquisitions during the year has been recorded at its estimated fair value at the acquisition dates. The contingent consideration is payable on the achievement of certain financial targets in the

post-acquisition periods. The estimated fair value of the applicable contingent consideration is calculated using the weighted probability of the expected contingent consideration to be paid.

Disposals and loss of control

As a result of the change in ownership in Participatiemaatschappij VolkerInfra PPP, the Company recorded a gain of €4.9 million as a result from sale of participating interest in the consolidated income statement. This gain, realised in the Infrastructure segment, results from removing the carrying value of the non-controlling interest in Participatiemaatschappij VolkerInfra PPP and the carrying value of the consolidated net assets of Participatiemaatschappij VolkerInfra PPP, which the Company reported prior to the closing of the transaction, and recording the fair value of the Company's 51.0% retained non-controlling investment in Participatiemaatschappij VolkerInfra PPP as of the transaction date.

2017

Acquisitions

In July 2017 VolkerWessels acquired 100% of the shares in Wareco BV in the Netherlands, a specialist engineering firm in watermanagement. The acquisition price amounted to €4.5 million, including a €0.5 million contingent consideration. In the takeover agreement a contingent liability is included for an additional payment to the seller in 2018 when it comes to achieving some specific performance indicators. The fair value of the assets and liabilities at the acquisition date amounts to €2.8 million. Goodwill amounting to €1.7 million has arisen as a result of the transaction in connection with the acquired workforce, the synergy benefits to be achieved, the revenue growth that can be realised and the future expected market developments in the Wareco expertise area. These benefits cannot be identified separately from goodwill as they do not meet the criterion for the identification of (in)tangible fixed assets.

Disposals and loss of control

In April 2017, the Company sold its shares in a project development company. The result on this transaction is €25.6 million which has been recognised as result from sale of participating interest in the consolidated income statement. The minority interest on this sale transaction is €12.6 million, which is the main part of the total result to minority interest in 2017 of €16.0 million (we refer to the consolidated income statement and the consolidated statement of changes in equity).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in millions of euros

16 Property, plant and equipment

					2018
	Land and buildings	Machinery and equipment	Other fixed operating assets	Property, plant and equipment under construction	Total property, plant and equipment
Balance as at 1 January 2018					
Cost	458	647	136	4	1,245
Accumulated depreciation and impairments	-221	-449	-92	-	-762
Carrying amount	237	198	44	4	483
Changes					
Acquisitions	-	7	-	-	7
Investments	15	51	6	15	87
Disposals	-13	-4	-1	-	-18
Depreciation	-18	-48	-9	-	-75
Reclassification	3	15	-11	-7	-
Foreign currency exchange differences	-1	-1	-	-	-2
Total changes	-14	20	-15	8	-1
Balance as at 31 December 2018					
Cost	449	703	129	12	1,293
Accumulated depreciation and impairments	-226	-485	-100	-	-811
Carrying amount	223	218	29	12	482

We had no impairments or reversal of impairments in financial year 2018 nor in 2017.

There are no contractual obligations in respect of property, plant and equipment.

Property, plant and equipment include assets which were financed by means of financial leases. The legal title to these assets is vested with third parties.

The related lease obligations are included in current and non-current liabilities.

Below is a summary of assets by category which are financed through financial lease agreements:

	31 Dec 2018
Land and buildings	-
Machinery and equipment	5
Other fixed operating assets	11
Total	16

					2017
	Land and buildings	Machinery and equipment	Other fixed operating assets	Property, plant and equipment under construction	Total property, plant and equipment
Balance as at 1 January 2017					
Cost	464	611	142	8	1,225
Accumulated depreciation and impairments	-211	-427	-99	-	-737
Carrying amount	253	184	43	8	488
Changes					
Reclassification	2	15	2	-15	4
Acquisitions	-	-	-	-	-
Deconsolidated	-	-	-	-	-
Investments	7	51	12	11	81
Disposals	-5	-5	-2	-	-12
Depreciation	-17	-41	-11	-	-69
Foreign currency exchange differences	-3	-6	-	-	-9
Total changes	-16	14	1	-4	-5
Balance as at 31 December 2017					
Cost	458	647	136	4	1,245
Accumulated depreciation and impairments	-221	-449	-92	-	-762
Carrying amount	237	198	44	4	483

Below is a summary of assets by category which are financed through financial lease agreements:

	31 Dec 2017
Land and buildings	-
Machinery and equipment	7
Other fixed operating assets	25
Total	32

17 Intangible assets

	2018					2017			
	Goodwill	Software	Other intangible assets	Total intangible assets		Goodwill	Software	Other intangible assets	Total intangible assets
Balance as at 1 January 2018					Balance as at 1 January 2017				
Cost	411	31	33	475	Cost	406	21	29	456
Accumulated amortisation and impairments	-4	-18	-17	-39	Accumulated amortisation and impairments	-	-11	-13	-24
Carrying amount	407	13	16	436	Carrying amount	406	10	16	432
Changes					Changes				
Acquisitions	26	-	15	41	Acquisitions	-	1	2	3
Investments	-	6	10	16	Investments	6	6	4	16
Disposals	-	-	-	-	Disposals	-	-	-	-
Amortisation	-	-4	-5	-9	Amortisation	-	-4	-5	-9
Impairments	-	-	-	-	Impairments	-4	-	-	-4
Foreign currency exchange differences	-1	-	-	-1	Foreign currency exchange differences	-1	-	-1	-2
Other changes	-	1	-	1	Other changes	-	-	-	-
Total changes	25	3	20	48	Total changes	1	3	-	4
Balance as at 31 December 2018					Balance as at 31 December 2017				
Cost	436	34	58	528	Cost	411	31	33	475
Accumulated amortisation and impairments	-4	-18	-22	-44	Accumulated amortisation and impairments	-4	-18	-17	-39
Carrying amount	432	16	36	484	Carrying amount	407	13	16	436

We had no impairments in financial year 2018 (2017: €4 million), nor any reversal of impairments (2017: €0 million). Part of the investment in goodwill is provisional, as disclosed in note 15.

Impairment testing for cash-generating units to which goodwill has been allocated

Goodwill that is acquired in business combinations is allocated at the acquisition date to the cash generating unit (CGU) or group of CGUs expected to benefit from that business combination. The following segments have goodwill items:

	31 Dec 2018	31 Dec 2017
The Netherlands		
– Construction & Real Estate Development	106	106
– Infrastructure	113	113
– Energy & Telecoms Infrastructure	95	75
	314	294
United Kingdom	54	49
North America	64	64
Germany	–	–
Total	432	407

CGUs to which goodwill has been allocated are tested for impairment annually or more frequently if there are indications that a particular CGU might be impaired.

The goodwill is tested for impairment by comparing the current carrying amount of the assets of the cash-generating units (including allocated goodwill) with their net realisable value. The net realisable values are calculated based on projected cash flows, which in turn are based on forecasts of revenues and profit margins (after tax). The cash flows for the subsequent period after the third consecutive year are extrapolated using annual growth of 2%. The forecasts are based on past experiences and expectations about the market and developments in the different segments.

The estimated cash flows are discounted at a discount rate after tax relevant for the segment, reflecting the current market situation, the time value of money and the risks attached to the asset. There are no significant differences in the growth rate and discount rate per segment (the bandwidth of the discount rates is from 8.4% till 9.0%, the bandwidth of the pre-tax discount rates is from 8.6% till 9.2%).

The Company believes that any reasonably possible change in the key assumptions on which the recoverable amounts are based, would not cause the aggregate carrying amounts to exceed the aggregate recoverable amount of the cash-generating units.

18 Investments in associates and joint ventures

In general, the associates and joint ventures include participating interests in which the Group holds less than 20% of the potential voting rights, but in which the Group exercises significant influence through its seats on the Management Boards and/or Supervisory Boards.

VolkerWessels holds a number of equity investments in public-private partnerships (PPP) for transport and social infrastructure projects. In such partnerships the government's primary contractual partner in a concession agreement is a Special-Purpose-Company (SPC). Typically such contracts are Design-Build-Finance-Maintain contracts (also known as DBFM agreements). The private sector is responsible for all four components, whereby the maintain component often is structured in hard facility management or maintenance services under a long-term agreement. The SPC is a single-asset legal entity, usually a limited liability company, that is created for the sole and exclusive purpose of acting as the project owner, responsible for raising the finance and contracting other parties for the design, build and maintain services. The SPC raises finance through a combination of equity – provided by the SPC's shareholders – and debt provided by project financing banks. VolkerWessels typically only holds a minority share in such a SPC and classifies its interest as joint venture.

The SPC contracts group companies of its construction related shareholders to manage design and construct the project (usually known as an Engineering, Procurement and Construction, or EPC contract). These companies, normally structured in a general partnership ('VOF'), are classified as joint operation. The assets, liabilities, revenues and costs that relate to our share in these partnerships are proportionally consolidated in our financial statements.

The SPC also contracts with group companies of its construction related shareholders, normally structured in a limited liability company, operations and maintain activities (O&M contract). Our interest in these companies are classified as joint ventures.

IFRS 12 requires to provide disclosures, such as name, nature of the entity's relationship, principal place of business and proportion of ownership interest or participating share held by the entity and, if different, the proportion of voting rights held for each joint venture and associate that is material to the reporting entity.

For a number of participating interests there are substantial restrictions on the transfer of funds. These mainly relates to general restrictions (i.e. negative equity; no majority of the voting rights). In addition this concerns provisions requiring repayment of external debt to take precedence over dividends.

To recognise the financial results of associates and joint ventures in a timely manner in the Group's financial reports, the cooperating entities have decided to adapt the financial year of these partnerships. The financial year of such partnerships often runs from 1 December to 30 November.

Investments in associates and joint ventures recognised in the balance sheet are as follows:

	31 Dec 2018	31 Dec 2017
Associates	60	62
Joint ventures	93	64
Total	153	126

No associate or joint venture is considered as individually material to the Group, therefore no financial information is disclosed separately.

The associates and joint ventures with an equity value, or total assets, or total revenue of > €12.5 million (our share) were:

2018

West Pine Creek, WEVI BV, Laagraven Investment BV, Westfields Logistics Development BV, Brainport Industries Campus CV, Consortium Frankemaheerd CV, Park Strijp CV, Connect-Z BV, Mineralis BV, Traffic Service Nederland BV and Boerenwetering BV.

2017

OpenIJ holding BV, SAAone holding BV, Noaber 18 holding BV, WEVI BV, Amsterdam Airport Hotel Owner BV, Traffic Service Nederland BV, Laagraven Investment BV, Consortium Frankemaheerd CV and Park Strijp CV.

In 2018 the Group received €30 million in dividend payments from investments in associates and joint ventures (2017: €11 million).

The total amount invested in associates and joint ventures includes €6 million goodwill (2017: €6 million). We had no impairment on this goodwill in financial year 2018 nor in 2017.

The share in the assets, liabilities, revenue and results of associates and joint ventures is as follows:

	31 December 2018							
	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities	Revenue	Costs	Profit/(loss)
Associates	76	64	51	62	27	79	-61	18
Joint ventures	16	379	18	134	243	282	-272	10
	92	443	69	196	270	361	-333	28
Netting by parent company of receivable on associate/joint venture with a negative equity value			59					
Goodwill of associates and joint ventures			6					
Total net investments in associates and joint ventures			134					
To assets held for sale			-					
To provision for negative participating interests			19					
			153					28
Result of associates and joint ventures of discontinued operations								-
Result excluding discontinued operations								28

	31 December 2017							
	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities	Revenue	Costs	Profit/(loss)
Associates	123	54	47	109	21	91	-79	12
Joint ventures	179	290	-24	268	225	201	-200	1
	302	344	23	377	246	292	-279	13
Netting by parent company of receivable on associate/joint venture with a negative equity value			84					
Goodwill of associates and joint ventures			6					
Total net investments in associates and joint ventures			113					
To assets held for sale			-					
To provision for negative participating interests			13					
			126					13
Result of associates and joint ventures of discontinued operations								-1
Result excluding discontinued operations								14

19 Non-current receivables

	31 Dec 2018	31 Dec 2017
Non-current receivables from associates and joint ventures	71	51
Non-current receivables from third parties	36	34
Total	107	85

Non-current receivables from associates and joint ventures

Non-current receivables from associates and joint ventures relate mainly to finance provided to partnerships for the purpose of project development and delivery. These receivables have terms of less than five years and market interest rates are charged.

Non-current receivables from third parties

The item 'Non-current receivables from third parties' relates in particular to loans provided to clients to finance property development projects and loans issued to owners of certain land holdings who have agreed to sell these to VolkerWessels in the future.

The non-current receivables have terms of less than five years and market interest rates are charged.

We had no impairments in financial year 2018 nor in 2017. The reversal of impairments in financial year 2018 amounted to €5 million (2017: €0 million).

With regard to the non-current receivables from third parties, securities have been provided by the counterparties involved, e.g. in the form of a lien on shares and mortgage rights on the property and/or land for which the financing was provided.

20 Other non-current assets

Other non-current assets mainly relate to unlisted participating interests in which the Group does not have a significant influence. 2017 also included an investment in a PPS project. This project is no longer consolidated as part of our interest in the related entity has been sold during the year. Our remaining investment in this entity is now presented as a joint venture.

21 Deferred tax assets and liabilities**Deferred tax assets and liabilities recognised in the statement of financial position**

The net amount of deferred tax assets and liabilities resulting from temporary differences between the tax and commercial valuation of items in the statement of financial position and from the measurement of tax losses carried forward is composed as follows:

	31 Dec 2018			31 Dec 2017		
	Asset	Liability	Net	Asset	Liability	Net
Tax losses carried forward	27	–	27	40	–	40
Property, plant and equipment	3	–14	–11	2	–30	–28
Intangible assets	–	–2	–2	2	–1	1
Financial fixed assets	3	–5	–2	3	–1	2
Land	–	–3	–3	1	–	1
Contract balances	–	–6	–6	1	–9	–8
Derivatives	–	–	–	–	–	–
Loans and other financing obligations	4	–	4	8	–	8
Employee benefits	1	–	1	2	–3	–1
Provisions	9	–10	–1	1	–5	–4
Other items	4	–11	–7	3	–3	–
Tax assets/(liabilities)	51	–51	–	63	–52	11
Netting of tax assets and liabilities	–20	20	–	–11	11	–
Net tax assets/(liabilities)	31	–31	–	52	–41	11

The opening balance of the tax losses carried forward amounts to €40 million. Operating results in 2018 have led to an amount of €13 million being recognised in the income statement (€15 million is utilised in 2018 based on operating results and additionally €2 million previously unvalued tax losses are recognised). The closing balance of the tax losses carried forward amounts to €27 million.

In various countries, VolkerWessels has taken points of view regarding its tax position which may at any time be challenged, or have already been challenged, by the tax authorities, because the authorities in question interpret the law differently. These uncertainties are taken into account in determining the probability of realisation of deferred tax assets and liabilities.

The valuation of deferred tax assets depends on the probability of the reversal of temporary differences and the utilisation of tax loss carry forwards. Deferred tax assets are recognised for future tax benefits arising from temporary differences and for tax loss carry forwards to the extent that the tax benefits are likely to be realised.

Deferred tax assets are reduced if, and to the extent that, it is not probable that all or some portion of the deferred tax assets will be realised. In the event that actual future results differ from estimates, and depending on tax strategies that VolkerWessels may be able to implement, changes to the measurement of deferred taxes could be required, which could impact on the Company's financial position and profit for the year.

The composition of the tax losses carried forward per region is as follows:

	31 Dec 2018	31 Dec 2017
Tax losses carried forward:		
The Netherlands	103	165
Foreign markets	55	49
Total	158	214
Of which recognised tax losses carried forward:		
The Netherlands	88	158
Foreign markets	18	–
Total	106	158
Valued as deferred tax asset in relation to tax losses carried forward	27	40

In the Netherlands, the existing tax losses may be carried forward for nine years (6 years for losses arising as from 2019). VolkerWessels has to assess the likelihood that deferred tax assets will be recovered from future taxable profits. The tax losses in Germany and Belgium can be offset indefinitely.

	31 Dec 2018	31 Dec 2017
Deferred tax assets:		
– Maturity less than 1 year	23	34
– Maturity longer than 1 year	8	18
	31	52
Deferred tax liabilities:		
– Maturity less than 1 year	–9	–14
– Maturity longer than 1 year	–22	–27
	–31	–41
Net deferred tax assets and liabilities	–	11

The recognition of deferred tax assets and liabilities is as follows:

	2018	2017
As at 1 January	11	30
Recognised in the income statement	–13	–18
Acquisitions	–2	–
Recognised in other comprehensive income	–	–
Changes income tax rate	3	–1
Exchange differences	1	–
As at 31 December	–	11

Deferred tax assets not recognised in the statement of financial position

The deferred tax assets not recognised in the statement of financial position must be offset within the following financial years:

	31 Dec 2018	31 Dec 2017
Offset before or no later than in 2018	–	–
Offset before or no later than in 2019	–	–
Offset before or no later than in 2020	–	–
Offset before or no later than in 2021	–	–
Offset after 2021 but not without time limit	3	4
Can be offset indefinitely	11	14
Total	14	18

No deferred tax assets are recognised for tax losses carried forward amounting to €14 million (2017: €18 million). It is expected that an amount of unrecognised tax losses carried forward of €3 million will expire in the years up to and including 2027 (2017: €4 million up to and including 2026).

22 Land

	31 Dec 2018	31 Dec 2017
The Netherlands	177	184
Foreign markets	7	9
Total	184	193

This relates to land acquired with the intention to develop as a construction site in the near future.

Each year, the Group reviews the valuation of the properties held. This review focusses on the high risk positions and is based on current expectations in respect of development potential, the development period and the price level.

The positions as included in the landbank in the Netherlands are spread throughout the country and includes the landbank of consolidated joint operations. The Group also owns land positions in joint ventures which are not consolidated.

The land shown as 'foreign markets' is located mainly in the United States.

We had no impairments of land in financial year 2018 nor in 2017. The reversal of impairments in financial year 2018 amounted to €8 million (2017: €0 million).

23 Property held for sale

	31 Dec 2018	31 Dec 2017
Leased	22	43
Unleased	26	33
Impairments	-6	-7
Total	42	69

Property held for sale includes a number of leased and unleased real estate objects.

The impairment charge in 2018 amounts to €2 million (2017: €1 million). We had no reversal of impairments in financial year 2018 nor in 2017. The movement in impairment also include projects that have been sold in 2018.

24 Inventories

	31 Dec 2018	31 Dec 2017
Property development	81	175
Raw materials and consumables	62	59
Finished goods and goods for sale	18	9
Provision for obsolescence	-4	-2
Total	157	241

In 2018 the Group recognised no write-down on raw materials and consumables, finished goods and goods for sale (2017: €0 million).

In 2018 no reversal of the provision for obsolescence was recognised, nor in 2017.

25 Trade and other receivables

	31 Dec 2018	31 Dec 2017
Trade receivables	634	639
Less allowance for doubtful debts	-14	-17
Net trade receivables	620	622
Receivables from associates and joint ventures	136	135
Current portion of non-current receivables	12	12
Amounts to be billed for completed projects	42	52
Receivable from majority shareholder	-	17
Other receivables	125	76
Prepayments and accruals	51	53
Total	986	967

Trade and other receivables are due within one year.

The maturity of trade receivables as at the reporting date is as follows:

	31 December 2018		31 December 2017	
	Gross	Provision	Gross	Provision
Not yet due	446	-1	468	-
Overdue 1 to 60 days	131	-	119	-1
Overdue 61 to 180 days	24	-1	26	-1
Overdue 181 days to one year	14	-1	4	-1
More than one year	19	-11	22	-14
	634	-14	639	-17
Less allowance for doubtful debts	-14		-17	
Net trade receivables	620		622	

The receivable from the majority shareholder of €17 million as at 31 December 2017 relates to wage tax on the share incentive plan which is paid by Reggeborgh Holding BV in full in 2018. For more information we refer to note 37.

Credit and currency risks as well as write downs associated with trade and other receivables are discussed in note 39.

26 Assets and liabilities classified as held for sale

	31 Dec 2018	31 Dec 2017
Assets held for sale		
Non-current assets	–	–
Inventories	–	6
Construction contracts	–	2
Trade and other receivables	–	3
Cash and cash equivalents	–	1
Total	–	12
Liabilities held for sale		
Non-current liabilities	–	–
Current liabilities	–	8
Total	–	8

In 2017 the assets and liabilities classified as held for sale related to expected sale of vrs Railway Industry BV. Management currently does not expect that vrs Railway Industry BV will be sold within 12 months after balance sheet date. As such the related assets and liabilities cease to be classified as held for sale and are reclassified to assets and liabilities classified as held for continued use.

27 Cash and cash equivalents

	31 Dec 2018	31 Dec 2017
Deposits	1	59
Cash and bank balances	466	435
Total	467	494

Deposits have a maturity of no more than one month and are callable at any time.

The availability of an amount of €71 million is subject to restrictions (2017: €41 million). Of this amount, €36 million relates to restricted bank accounts (2017: €26 million).

28 Equity

For a numerical explanation of equity movements, see the consolidated statement of changes in equity.

Capital management

The policy of the Management Board is aimed at maintaining a strong equity position to ensure the confidence of shareholders, creditors, credit providers and the market and safeguard the future development of the Company's operations. The Management Board is focused on the return on capital employed, EBITDA, net cash adjusted for non-recourse financing and net working capital.

Return on capital employed (ROCE) is defined as the EBIT (excluding share incentive charge) to capital employed (group equity minus net cash position). The capital employed as at 31 December 2018 was €830 million (2017: €838 million) and the ROCE was 20.1% (2017: 21.8%*).

The Management Board has presented the performance measure 'operational EBITDA' as they believe this measure is relevant to understand the Group's financial performance. Operational EBITDA is calculated by operating result (EBIT) to exclude the impact of depreciation and amortisation, third party results on sale of participations for real estate developments and the share incentive charge which is offset in equity.

* Excluding third party result of €13 million.

	2018	2017
Operating result (EBIT)	161	191
Depreciation and impairment of property, plant and equipment	75	69
Amortisation and impairment of intangible assets	9	13
EBITDA	245	273
Less: third party gain on sale of a project	–	–13
Plus: share incentive charge	6	5
Operational EBITDA	251	265

Net cash is defined as agreed in the covenant guidelines of the bank facility, a reference is made to note 30. The Group's net cash position is managed with the intention of retaining a strong credit rating.

Net working capital is defined as the sum of traditional working capital and strategic working capital. Traditional working capital is defined as inventories (excluding property development), contract balances (including provisions onerous contracts project losses), trade and other receivables (excluding receivables from associates and joint ventures and excluding current third party loans) less trade and other payables (excluding amounts owed to associates and joint ventures) and net taxes. Strategic working capital is defined as land, property development, property held for sale, investments in associates and joint ventures (less provisions), non-current receivables from associates and joint ventures, and net receivables on participations.

	31 Dec 2018	31 Dec 2017
Net working capital		
Inventories (excl. property development)	76	66
Contract balances (incl. provision onerous construction contracts)	-28	-75
Trade and other receivables (excl. receivables from ASS and JVs and current third party loans)	839	820
Trade and other payables (excl. amounts owed to ASS and JVs)	-1,497	-1,480
Net taxes	-15	-18
Traditional working capital	-625	-687
Land	184	193
Property development	81	175
Property held for sale	42	69
Investments in associates and joint ventures (less provisions)	133	113
Non-current receivables from associates and joint ventures	71	51
Net receivables on participations	101	107
Strategic working capital	611	708
Net working capital	-14	21

Share capital

The authorised capital of the Company consists of 300,000,000 shares, divided into 150,000,000 ordinary shares and 150,000,000 preference shares, all with a nominal value of €0.01 per share. The total authorised capital amounts to €3,000,000. The issued share capital of €800,000 consists of 80,000,000 (2017: 80,000,000) ordinary shares with a nominal value of €0.01 each and are fully paid up.

Share premium reserve

The share premium reserve comprises the excess received on shares issued above their nominal value.

Translation reserve

Exchange differences arising on translation of the equity of foreign participations are credited or charged directly to the translation reserve.

In 2018 the change amounted to €-3 million (2017: €-29 million).

Other legal reserves

Other legal reserves consist of a legal reserve for participating interests and a legal reserve for capitalised development costs.

The legal reserve for participating interests consists of unappropriated results from participating interests, the distribution of which is subject to restrictions.

The legal reserve for capitalised development costs has been recognised for capitalised development costs in accordance with applicable legal provisions.

Hedge reserve

The hedge reserve comprises the cumulative change in the fair value of hedging instruments if the hedged transactions have not occurred or the hedged position has not yet been terminated.

Actuarial reserve

The actuarial reserve includes the cumulative change in the fair value of pension liabilities due to changes in actuarial valuations.

Proposed appropriation of the result

The 2018 result attributable to shareholders of the Company amounts €131 million. Excluding the share incentive charge of €6 million the result attributable to shareholders amounts €137 million. The proposal to the General Meeting of Shareholders is that a total dividend of €84.0 million will be paid out. In November 2018 an interim dividend of €22.4 million (€0.28 per share) has already been paid out. Subject to approval of the general meeting of shareholders in May 2019 the final dividend of €61.6 million will be paid out. The remaining result shall be recognised in other reserves.

29 Loans and other financing obligations

This note contains information on the contractual provisions of the interest-bearing loans and other financing obligations of the Group, which are recognised at amortised cost. For more information on the risks incurred by the Group on interest and currency, see note 39.

	31 Dec 2018	31 Dec 2017
Committed credit facility	-	-
Other financing	61	154
Financial lease obligations	16	33
Bank overdrafts	22	10
	99	197
Repayment in coming year (including bank overdrafts)	-56	-126
Total	43	71

Committed credit facility

In May 2018, VolkerWessels successfully amended and extended its €600 million committed credit facility (a revolving credit facility, 'the RCF'), introducing the first sustainable revolving credit facility in the Dutch construction sector. The amended facility includes two one-year extension options, potentially extending the tenor to 31 January 2025. The first option to extend the term to 31 January 2024 was exercised in January 2019.

For the first time in the Dutch construction industry, the applicable credit margin is linked to the sustainability performance of VolkerWessels. This shows VolkerWessels' strong commitment to sustainability and incentivises VolkerWessels to deliver year-on-year improvements in five sustainability indicators: (i) injury frequency, (ii) social return, (iii) car fleet CO₂ emissions, (iv) waste separation and (v) proportion of newly built zero-energy bill homes. These commitments have been transposed into annual objectives that will be monitored during the lifetime of the facility. Depending on the number of sustainability indicators achieved, a margin discount or increase will be applicable.

The RCF is based on Loan Market Association investment grade documentation and is provided by a syndicate of seven Dutch and non-Dutch lenders, being ABN AMRO Bank NV, BNP Paribas SA, Netherlands Branch, Coöperatieve Rabobank UA, Crédit Agricole Corporate and Investment Bank SA, Belgium Branch, HSBC France S.A., Amsterdam Branch, ING Bank NV and MUFG Bank (Europe) NV. Several Dutch asset companies guarantee the obligations of the borrowers under the RCF. No security other than these guarantees is provided. The RCF can be used by the Group for general corporate and working capital purposes (including acquisitions, capital expenditure, dividend distributions and interest expenses). The RCF also contains an uncommitted

accordion feature which allows the Company to request an increase in the facility of up to €200 million. Interest under the RCF is based on Euribor (with a 0% floor) plus a margin (which is calculated according to a leverage grid ranging between 90 and 170 basis points, based on net debt to EBITDA ratio) adjusted for the performance on the five sustainability indicators, if applicable. The effective interest rate is approximately equal to the nominal interest rate.

The RCF contains customary mandatory prepayment events for a facility of this type including illegality, change of control and certain disposals (subject to agreed exceptions and thresholds). In addition, the RCF contains several market standard undertakings and default events, and includes the following financial covenants which are tested on a semi-annual basis on 30 June and 31 December (the 'test dates'):

- leverage Ratio (being the ratio of consolidated total net recourse debt to consolidated LTM EBITDA) must be less than 2.75:1 at each test date; and
- interest Cover Ratio (being the ratio of consolidated LTM EBITDA to the consolidated net interest expense) must be at least 5.00:1 at each test date.

The RCF stipulates that the Company may pay a dividend to its shareholders of up to 75% of its net result per financial year ('the Basket'). A dividend exceeding that Basket may be paid provided that the projected Leverage Ratio on the first relevant test date after that dividend payment is expected to be less than 2.00:1. The dividend arrangement under the RCF also contains a carry forward arrangement for unused amounts in respect of a previous year where the dividend payment was less than the Basket. As at 31 December 2018 and 31 December 2017, VolkerWessels had no outstanding borrowings under the RCF.

Other financing

These loans were mainly drawn to finance land for property development and property development projects in progress and, where possible, were obtained on a stand-alone basis from several banks. At the balance sheet date an amount of €46 million (2017: €105 million) relates to non-recourse financing. This non-recourse financing relates to securities held in the form of mortgages and liens on project-related land and/or buildings or future project results. The interest on these loans is mostly variable and based on Euribor plus a margin.

Uncommitted credit facilities

The Netherlands

The Group has three overdraft facilities in the Netherlands of €60 million in total, to support its cash management: an uncommitted overdraft facility of €30 million with ABN AMRO Bank NV, an uncommitted overdraft facility of €20 million with ING Bank NV and an uncommitted overdraft facility of €10 million with Coöperatieve Rabobank UA.

United Kingdom

In the UK, BNP Paribas SA, London Branch, has provided an uncommitted current account facility of GBP 15 million to VolkerWessels UK Ltd., an indirect wholly-owned subsidiary of the Company.

North America

VolkerWessels has access to an uncommitted credit facility provided by HSBC Bank Canada of CAD 16 million with an annual seasonal limit increase to CAD 21 million from June to November and an uncommitted lease facility of CAD 8 million in Canada. In the US, Columbia Bank has provided an uncommitted credit facility of USD 4 million to MidMountain Contractors Inc., an indirect wholly-owned subsidiary of the Company.

Financial lease obligations

No financial lease agreements were concluded during the reporting year as well as last year. These agreements are mainly for financing the purchase, replacement or expansion of plant and buildings and vehicles and special equipment in the Infrastructure segment.

The term of the financial leases are as follows:

	31 Dec 2018	31 Dec 2017
Less than 1 year	6	13
Later than 1 year and less than or equal to 5 years	9	20
More than 5 years	1	–
Future finance charges on financial leases	16	33

The present value of financial lease liabilities is as follows:

	31 Dec 2018	31 Dec 2017
Less than 1 year	6	13
Later than 1 year and less than or equal to 5 years	9	19
More than 5 years	1	–
Present value of financial lease liabilities	16	32

30 Reconciliation of liabilities arising from financing activities and net cash position

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's consolidated statement of cash flows as cash flows from financing activities.

	Note	1 January 2018	Financing cash flows	Effect of changes in foreign exchange rates*	Disposal of subsidiaries	Changes in fair value*	Other changes	31 December 2018
Committed credit facility	29	–	–	–	–	–	–	–
Other financing	29	154	–55	–	–16	–	** –22	61
Financial lease obligations	29	33	–20	–	–	–	3	16
Bank overdrafts	29	10	–	–	–	–	12	22
Derivatives	31	–	–	–	–	2	–	2
Total		197	–75	–	–16	2	–7	101

* These columns relate to non-cash changes.

** The other changes in other financing mainly relate to deconsolidations.

	Note	1 January 2017	Financing cash flows	Effect of changes in foreign exchange rates*	Disposal of subsidiaries	Changes in fair value*	Other changes	31 December 2017
Committed credit facility	29	–	–	–	–	–	–	–
Other financing	29	148	6	–1	–	–	1	154
Financial lease obligations	29	44	–10	–1	–	–	–	33
Bank overdrafts	29	26	–	–	–	–	–16	10
Derivatives	31	5	–	–	–	–5	–	–
Total		223	–4	–2	–	–5	–15	197

* These columns relate to non-cash changes.

Net cash position

	Note	31 Dec 2018	31 Dec 2017
Cash and cash equivalents	27	467	494
Non-current loans and other financing obligations	29	-43	-71
Non-current derivatives	31	-2	-
Bank overdrafts	29	-22	-10
Current loans and other financing obligations (excluding bank overdrafts)	29	-34	-116
Current derivatives	31	-	-
Net cash position		366	297
Non-recourse financing		46	105
Net cash position adjusted for non-recourse financing		412	402

31 Derivatives

	31 December 2018		
	Assets	Liabilities	Fair value
Interest rate swaps – non-current	-	-2	-2
Interest rate swaps – current	-	-	-
Total	-	-2	-2

	31 December 2017		
	Assets	Liabilities	Fair value
Interest rate swaps – non-current	-	-	-
Interest rate swaps – current	-	-	-
Total	-	-	-

VolkerWessels' interest policy is designed to limit the influence of fluctuating interest rates on the Group's result and to optimise net interest expenses. To this end, part of the floating interest rate exposure in 2017 was fixed by a floating-to-fixed interest rate swap of €250 million that expired in December 2017. In February 2018, the Company entered into a new interest rate swap for an amount of €250 million with a fixed interest rate of 0.38% and a floor of 0%. The maturity date of the swap is 31 January 2022. Derivatives are only used for economic hedging purposes and not as speculative investments.

A number of interest rate swaps were also arranged in associates and joint ventures (not consolidated), to hedge the interest rate risk on some project-related financing facilities.

The Group's accounting policy for its cash flow hedges is set out in note 2.3.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. Hedge ineffectiveness for interest rate swaps may occur due to differences in critical terms between the interest rate swaps and loans and/or a change in the credit risk of the Group or the counterparty to the interest rate swap. The Group therefore performs a qualitative assessment of effectiveness and uses the hypothetical derivative method to assess effectiveness.

There was no ineffectiveness during 2018 or 2017 in relation to the interest rate swaps.

32 Employee benefits

Employee benefits relate to defined benefit plans, long-service awards and other employee-related obligations. Their composition is as follows:

	31 Dec 2018	31 Dec 2017
Present value of unfunded schemes	-3	-3
Present value of funded schemes	-84	-90
	-87	-93
Fair value of the plan assets	78	83
Present value of net obligations	-9	-10
Other employee benefit obligations	-33	-37
Long-service award obligations	-17	-16
Total	-59	-63
Non-current portion	-40	-44
Current portion	-19	-19
Total	-59	-63

Other employee-related obligations concern a long term investment scheme for a particular group of employees that is payable more than one year after the reporting date, as well as obligations in Canada and the US.

Commitments for defined benefit plans in the Netherlands

Pension schemes apply to a number of group companies in the Netherlands with a commitment being included in the statement of financial position. These schemes have been closed to new entrants.

Defined contribution plans in the Netherlands

The vast majority of workers in the Netherlands participate in an industry-wide pension scheme or an insured scheme with an insurance company.

Below is a summary of the most significant industry-wide schemes within the Group:

[Pensioenfonds voor de Bouwnijverheid](#) and [Pensioenfonds Metaal en Techniek](#) (Dutch pension fund for the construction industry and Dutch pension fund for the metal and engineering industry)

Both funds carry an indexed career average pension scheme. These defined benefit plans are recognised as defined contribution plans because the funds accounts are not designed to be able to identify the part of the pension liabilities and assets belonging to the Group. The Group is obliged to pay a pre-agreed contribution to these plans. The Group is not entitled to any surplus and is not liable for any deficit, except by future adjustments to the contribution rates. The coverage ratio of Pensioenfonds voor de Bouwnijverheid at 31 December 2018 was 118.3%, an increase of 3.1% compared to 31 December 2017. The coverage ratio of Pensioenfonds Metaal en Techniek at 31 December 2018 was 99.4%, a decrease of 2.7% compared to 31 December 2017.

Spoorwegpensioenfonds (Dutch railway pension fund)

For accounting purposes, this scheme qualifies as a defined contribution plan. A distinguishing feature of this pension scheme is that the Group is obliged to pay a predetermined annual contribution to this fund. Once the agreed premium has been paid, the Group has no obligation to pay additional amounts in the event of a deficit in the fund. Likewise, VolkerWessels group companies are not entitled to any surpluses in the fund. The actuarial risks and investment risks are borne by the pension fund and its participants. The coverage ratio at 31 December 2018 was 115.1%, an increase of 2.4% compared to 31 December 2017.

Obligation to defined benefit plans in the United Kingdom

The Group has a number of defined benefit plans in the United Kingdom whose employment commenced before 1 January 2005. The accrual of these defined benefit plans ended on 31 December 2007 and has been fully financed through annual contributions to the pension funds.

Obligation to defined benefit plans in Germany

In Germany, the Group has several smaller defined benefit plans.

Below is a summary of the changes in the assets and obligations arising from defined benefit plans:

Pension scheme assets

	The Netherlands	United Kingdom	Germany	Total
Pension scheme assets on 1 January 2018	32	51	–	83
Foreign currency exchange differences	–	–1	–	–1
Return on plan assets	1	1	–	2
Employer's contribution	–	1	–	1
Employee contribution	–	–	–	–
Curtailment	–	–	–	–
Pension benefits paid	–1	–3	–	–4
Actuarial results	–1	–2	–	–3
Pension scheme assets on 31 December 2018	31	47	–	78

Pension obligation

	The Netherlands	United Kingdom	Germany	Total
Pension obligation as at 1 January 2018	-39	-51	-3	-93
Foreign currency exchange differences	-	1	-	1
Service costs	-	-	-	-
Interest expenses	-1	-1	-	-2
Employee contribution	-	-	-	-
Curtailment	-	-	-	-
Pension benefits paid	2	2	-	4
Actuarial results	1	2	-	3
Pension obligation as at 31 December 2018	-37	-47	-3	-87

Pension scheme assets

	The Netherlands	United Kingdom	Germany	Total
Pension scheme assets on 1 January 2017	34	55	-	89
Foreign currency exchange differences	-	-2	-	-2
Return on plan assets	1	1	-	2
Employer's contribution	-1	2	-	1
Employee contribution	-1	-	-	-1
Curtailment	-	-	-	-
Pension benefits paid	-1	-2	-	-3
Actuarial results	-	-3	-	-3
Pension scheme assets on 31 December 2017	32	51	-	83

Net balance of obligation and plan assets

	The Netherlands	United Kingdom	Germany	Total
Balance of obligations and plan assets as at 31 December 2018	-6	-	-3	-9

Pension obligation

	The Netherlands	United Kingdom	Germany	Total
Pension obligation as at 1 January 2017	-39	-52	-3	-94
Foreign currency exchange differences	-	2	-	2
Service costs	-	-	-	-
Interest expenses	-1	-1	-	-2
Employee contribution	-	-	-	-
Curtailment	-	-	-	-
Pension benefits paid	1	2	-	3
Actuarial results	-	-2	-	-2
Pension obligation as at 31 December 2017	-39	-51	-3	-93

Status of pension fund

	The Netherlands	United Kingdom	Germany	Total
Net pension obligation as at 1 January 2018	-7	-	-3	-10
Foreign currency exchange differences	-	-	-	-
Recognised actuarial result (including exchange effect on actuarial reserve)	-	-	-	-
Paid pension contributions and disbursed pensions	1	-	-	1
Pension expense accounted for in income statement	-	-	-	-
Net pension obligation as at 31 December 2018	-6	-	-3	-9

Net balance of obligation and plan assets

	The Netherlands	United Kingdom	Germany	Total
Balance of obligations and plan assets as at 31 December 2017	-7	-	-3	-10

Status of pension fund

	The Netherlands	United Kingdom	Germany	Total
Net pension obligation as at 1 January 2017	-5	3	-3	-5
Foreign currency exchange differences	-	-	-	-
Recognised actuarial result (including exchange effect on actuarial reserve)	-	-5	-	-5
Paid pension contributions and disbursed pensions	-2	2	-	-
Pension expense accounted for in income statement	-	-	-	-
Net pension obligation as at 31 December 2017	-7	-	-3	-10

The plan assets consist of:

	31 Dec 2018	31 Dec 2017
Cash and other insurance contracts	32	33
Shares	23	25
Bonds and receivables	23	25
Total	78	83

The actual return on the plan assets was €2 million in 2018 (2017: €2 million).

Expenses recognised in the income statement for defined benefit plans

	The Netherlands	United Kingdom	Germany	Total
Service costs	-	-	-	-
Interest expenses	-1	-1	-	-2
Return on plan assets	1	1	-	2
Curtailments	-	-	-	-
Total	-	-	-	-

2017

	The Netherlands	United Kingdom	Germany	Total
Service costs	-	-	-	-
Interest expenses	-1	-1	-	-2
Return on plan assets	1	1	-	2
Curtailments	-	-	-	-
Total	-	-	-	-

The Group anticipates a contribution of approximately €0 million to the financed defined benefit plans in 2019.

There were no employee benefit expenses or financial result incurred in both 2018 and 2017 in relation to the defined pension benefit plans.

Actuarial assumptions

The main actuarial assumptions for 2018 were as follows:

	The Netherlands	United Kingdom	Germany
Discount rate	1.73%	2.80%	1.55%
Return on plan assets	1.73%	0.00%	0.00%
Future salary increases	0.00%	3.20%	0.00%
Inflation	1.00%	3.20%	2.00%

The main actuarial assumptions for 2017 were as follows:

	2017		
	The Netherlands	United Kingdom	Germany
Discount rate	1.65%	2.50%	1.40%
Return on plan assets	1.63%	2.50%	0.00%
Future salary increases	0.00%	0.00%	0.00%
Inflation	1.00%	3.20%	2.00%

The applied discount rate is based on the return on high-quality European corporate bonds as at the reporting date.

The expected return on plan assets is determined by taking into account the expected long-term return on investments under the schemes, as well as the distribution of investments across the various investment categories, such as shares, bonds and other types of investment, and also expected material changes in the relative proportions of the various investment categories in the near future.

Expectations in respect of future mortality rates and life expectancy are based on published mortality tables.

Historical information

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
Present value of obligations under defined benefit plans	-87	-93	-94	-91	-93
Fair value of plan assets	78	83	89	86	86
Present value of net obligation	-9	-10	-5	-5	-7

Remeasurement gains/(losses)

	2018	2017
Actuarial gains and losses arising from demographic assumptions	2	-1
Actuarial gains and losses arising from changes in financial assumptions	-	-2
Return on plan assets (excluding amounts included in net interest)	1	2
Change in limit on recognition of assets	-3	-4
Total	-	-5

33 Provisions for associates and joint ventures

	2018	2017
As at 1 January	13	37
Additions	-	-
Share in result	6	-24
Received dividends	-	-
Foreign currency exchange differences	-	-
Other movements	-	-
As at 31 December	19	13
Non-current portion	16	11
Current portion	3	2
Total	19	13

Expenses recognised in the income statement for defined contribution plans

The expenses recognised in the income statement for defined contribution plans in 2018 amount to €95 million (2017: €87 million). We refer to note 7.

34 Other provisions

	Provisions for onerous contracts	Guarantees	Restructuring	Environ- mental and remediation costs	Other	Total
As at 1 January 2018*	–	70	7	5	47	129
Impact of change in accounting policy	121	–	–	–	–	121
Adjusted balance at 1 January 2018	121	70	7	5	47	250
Acquisitions	12	–	–	–	–	12
Addition	28	18	4	–	10	60
Withdrawal	–34	–14	–5	–	–	–53
Release	–12	–7	–3	–1	–8	–31
Interest accrual	–	1	–	–	–	1
Reclassification	12	–	–	–	–15	–3
Other movements	–	–	–	–	–	–
As at 31 December 2018	127	68	3	4	34	236
Non-current portion	61	50	–	4	23	138
Current portion	66	18	3	–	11	98
Total	127	68	3	4	34	236

* The Group has applied IFRS 15 using the modified retrospective method. Under this method the comparative information is not restated.
See note 2.2.

The provision for onerous contracts mainly relates to construction contracts for which it is probable that the estimated costs to complete the project will exceed the estimated consideration to be received for completing the project. The amount of the provision is based on the total amount of the estimated project loss, less the loss recognised to date, based on the progress of the project.

The purpose of the provision for guarantees is to cover potential liabilities in respect of completed works within the guarantee periods.

The restructuring provision relates to expenditure in respect of changes to the operational structure that are deemed necessary in order to continue to respond to changing market demands.

A provision for restructuring is recognised only when the Group has approved a detailed and formal restructuring plan and the restructuring has commenced or been publicly announced.

The provision for environmental and remediation costs is meant to cover potential expenditure on environmental modifications.

The provisions for other risks are varied and are meant to cover potential liabilities arising from claims, legal cases, additional disability and sickness benefits, and old competition fines, etc.

The non-current part of the provisions has been discounted at a rate of 2% (2017: 2%).

	Guarantees	Restructuring	Environ- mental and remediation costs	Other	Total
As at 1 January 2017	80	8	4	52	144
Addition	19	9	2	18	48
Withdrawal	–9	–9	–	–8	–26
Release	–21	–1	–1	–17	–40
Interest accrual	1	–	–	–	1
Other movements	–	–	–	2	2
As at 31 December 2017	70	7	5	47	129
Non-current portion	53	2	5	29	89
Current portion	17	5	–	18	40
Total	70	7	5	47	129

35 Trade and other payables

	31 Dec 2018	31 Dec 2017
Trade payables	871	878
Other creditors and accrued expenses	187	206
Taxes and social charges	174	162
Accruals and deferred income	142	118
Expected accrual on delivered projects	58	55
Holiday accrual	56	53
Advances received on projects to be started	9	8
Amounts owed to associates	11	12
Amounts owed to joint ventures	24	16
Total trade and other payables	1,532	1,508

Supply chain finance

In the Netherlands, Coöperatieve Rabobank UA has provided a supply chain finance facility of €45 million, allowing the suppliers of several operating companies access to their payments ahead of the contractual terms, reducing their need for working capital. At the balance sheet date an amount of €16 million (2017: €37 million) was used. VolkerWessels liability to the supplier continues to exist until the final payment is transferred. Given the amount and timing of cash flows and no interest is paid the liability is classified as trade payables.

36 Contingent liabilities

	31 Dec 2018	31 Dec 2017
Guarantees		
Guarantees relating to performance	547	489
Guarantees relating to credit facilities	1	1
Guarantees relating to prepayments received	4	10
Guarantees issued to clients based in North America	236	239
Total bank guarantees	788	739
Guarantees relating to performance	1,348	1,175
Guarantees relating to credit facilities	151	152
Guarantees relating to prepayments received	3	8
Total parent company guarantees	1,502	1,335

From the total bank guarantees as at 31 December 2018 an amount of €29 million (2017: €29 million) relates to joint ventures.

From the total parent company guarantees as at 31 December 2018 an amount of €49 million (2017: €51 million) relates to joint ventures.

Bank guarantees

At the request of a project company or subsidiary of the Company, VolkerWessels may request a financial institution to provide a bank guarantee, surety bond or letter of credit (a 'bank guarantee') to its clients. A bank guarantee typically guarantees the performance and/or warranty obligations of such project company or subsidiary under a construction and/or maintenance agreement. Each bank guarantee is issued under a bank guarantee facility and the borrower of such facility is a holding and/or operating company of VolkerWessels. As the obligations of each borrower are also counter-indemnified by one or more (other) holding companies within the Group, a provider of a bank guarantee facility has recourse against the Group. VolkerWessels strives to provide the counter-indemnities for a bank guarantee facility at the lowest possible (holding company) level to

avoid cross-links between its various operating segments as much as possible.

The Group has entered into bank guarantee and surety bond facilities with various financial institutions totalling €1.6 billion at year-end 2018 (2017: €1.6 billion), including a committed syndicated guarantee facility of €150 million. The text of each bank guarantee is verified for compliance with the internal company policy for guarantees. Bank guarantees relating to credit facilities are issued typically as security for project financing granted in connection with a construction project or as security for a bank guarantee facility. Bank guarantees relating to prepayments received serve as security for advance payments made by clients in connection with projects.

Parent company guarantees

At the request of a project company or subsidiary of the Company, certain holding companies within the Group may provide a parent company guarantee (a 'PCG'). A PCG typically guarantees the performance and/or warranty obligations of such project company or subsidiary under a construction and/or maintenance agreement. Providing a PCG as a form of security is

carefully considered and the text of a PCG is verified for compliance with the internal company policy for guarantees. VolkerWessels aims to provide a PCG at the lowest possible (holding company) level to avoid cross-links between its various operating segments as much as possible.

Other contingent liabilities

	Within 1 year	2 years	3-5 years	After 5 years	Total 31 Dec 2018
Lease, rental and leasehold agreements	70	53	67	61	251
(Contingent) obligation to purchase building land	68	13	4	3	88
Other	48	7	3	1	59
Total	186	73	74	65	398

	Within 1 year	2 years	3-5 years	After 5 years	Total 31 Dec 2017
Lease, rental and leasehold agreements	73	56	77	23	229
(Contingent) obligation to purchase building land	36	41	11	34	122
Other	43	3	4	1	51
Total	152	100	92	58	402

The obligations arising from lease and rental agreements relate mainly to office buildings and vehicles, based on the nominal value. Operational lease and rental expenses charged to the income statement for 2018 amount €69 million (2017: €63 million).

The contingent obligations to purchase building land relate to, among other items, the amendment of development plans, the obtainment of building permits and the actual completion of property development plans. If a construction consortium is set up in the form of a general partnership, joint and several liability is only recognised if, and insofar as, this is prompted by the financial status of the consortium and/or that of one

or more partners therein. The total obligation to third parties of entities for which the Group is jointly and severally responsible (such as general partnerships) at year-end 2018 amounts to €199 million (2017: €323 million).

Off-balance sheet assets and liabilities

In previous years the Group selectively sold residential property at a discount, sharing in any gain on resale. As the size and timing of the future gains on resale are uncertain, the respective entitlement qualifies as a contingent asset. Any future gains are recognised at the time of resale.

The Group has contingent assets in respect of current proceedings and disputes with clients. It is impossible to determine with sufficient certainty the amount and the timing of receipt of any economic benefits. Accordingly, these contingent assets are not recognised.

In the normal course of business the Group is involved in disputes, arbitrations and legal procedures. This can relate to contracts with customers on topics such as claims, design changes, variation orders, project delays and other variations, throughout the various stages of such contracts. But also in relation to discussions with governmental bodies or taxing authorities.

In accordance with the current accounting policies, the Group recognises a provision with respect to these disputes and/or proceedings if the Group has a current obligation for which an outflow of economic resources is probable and of which the amount can be estimated reliably.

The Group also has various disputes and/or legal proceedings with customers or any other third party, for which the Group expects based on a legal analysis that:

- it has no obligation; or
- it is not probable that an obligation will result in an outflow of economic resources.

For these legal proceedings, the Group does not recognise a provision.

The outcome of such disputes and/or legal proceedings and discussions is in nature uncertain and the actual outcome, when subsequently resolved in the future, may differ from the current expectations of the Group. This may have a material impact on the Group's financial position, operational result or cash flows. The Group may also enter into discussions regarding settlement of these and other proceedings in the future and may enter into settlement agreements, if it believes settlement is in the best interests of the Company.

37 Related party transactions

The Group identifies the shareholders, subsidiaries, associates, joint arrangements and key management as related parties.

The transactions with the shareholders and key management can be specified as follows:

- VolkerWessels (ultimate) shareholders, including close family members of the VolkerWessels (ultimate) shareholders and entities (in)directly controlled by VolkerWessels' (ultimate) shareholders (together called: Reggeborgh entities);
- joint ventures between VolkerWessels companies and Reggeborgh entities (Joint ventures between VolkerWessels and Reggeborgh);
- entities where Reggeborgh entities have the ability to exercise significant influence (Reggeborgh associates);
- VolkerWessels' Management Board and Supervisory Board (to the extent they are not a Reggeborgh entity), including legal entities controlled by individual Management and Supervisory Board members (Management Board).

Related party transactions with the shareholders and key management can be categorised as follows:

- sales transactions to related parties in the ordinary course of business;
- purchase transactions from related parties in the ordinary course of business;
- other related party transactions;
- key management remuneration; we refer to note 38 for more information.

We refer to note 18 and 19 for the relation between the Group and the associates and joint ventures.

These related party transactions have been concluded at arm's length.

Sales transactions to related parties in the ordinary course of business

Sales transactions to related parties in the ordinary course of business can be specified as follows:

	Transaction value		Outstanding balance as at 31 December		Commitments as at 31 December	
	2018	2017	2018	2017	2018	2017
Sales by:						
– VolkerWessels consolidated entities	138	165	10	12	244	96
– VolkerWessels joint ventures	7	–	–	–	–	3
– VolkerWessels associates	9	16	–	–	3	12
Total	154	181	10	12	247	111
Sales to:						
– Reggeborgh entities	109	124	3	11	151	104
– Joint ventures between VolkerWessels and Reggeborgh	18	18	6	–	86	3
– Reggeborgh associates	26	39	1	1	7	–
– Management Board	1	–	–	–	3	4
Total	154	181	10	12	247	111

Sales to Reggeborgh entities primarily consist of:

- revenue in the Construction & Real Estate Development segment, including land, real estate completed and sale of non-current third party receivables, to Reggeborgh entities of €75 million (2017: €92 million);
- revenue in the Germany segment, including land and real estate completed, to Reggeborgh entities of €34 million (2017: €31 million);
- revenue in the Energy & Telecoms Infrastructure segment of €0 million (2017: €1 million).

The total commitment at year-end 2018 amounts to €151 million (2017: €104 million) and relates to construction contracts for the delivery of real estate concluded but not yet completed or delivered.

Sales to joint ventures between VolkerWessels and Reggeborgh primarily consist of:

- revenue in the Construction & Real Estate Development segment of €17 million (2017: €15 million);
- revenue in the Infrastructure segment of €1 million (2017: €3 million).

The total commitment at year-end 2018 amounts to €86 million (2017: €3 million) and mainly relates to construction contracts concluded but not yet completed or delivered.

Sales to Reggeborgh associates primarily consist of:

- revenue in the Construction & Real Estate Development segment of €10 million (2017: €32 million);
- revenue in the Energy & Telecoms Infrastructure segment related to maintenance of oil terminals and telecoms networks of Reggeborgh associates of €16 million (2017: €5 million);
- revenue in the Infrastructure segment of €0 million (2017: €2 million).

The total commitment at year-end 2018 amounts to €7 million (2017: €0 million).

Sales to the Management Board primarily consist of:

- revenue, including real estate sold in the Construction & Real Estate Development segment for the year 2018 €1.2 million (2017: €0.5 million).

The total commitment at year-end 2018 amounts to €3 million (2017: €4 million) and relates to construction contracts for the delivery of real estate concluded but not yet completed or delivered.

All these transactions were approved by the Supervisory Board.

Purchase transactions from related parties in the ordinary course of business

Purchase transactions from related parties in the ordinary course of business can be specified as follows:

	Transaction value		Outstanding balance as at 31 December		Commitments as at 31 December	
	2018	2017	2018	2017	2018	2017
Purchases by:						
– VolkerWessels consolidated entities	16	12	2	1	42	46
– VolkerWessels joint ventures	–	–	–	–	–	–
– VolkerWessels associates	–	–	–	–	–	–
Total	16	12	2	1	42	46
Purchases from:						
– Reggeborgh entities	7	6	1	–	33	36
– Joint ventures between VolkerWessels and Reggeborgh	–	–	–	–	–	–
– Reggeborgh associates	9	6	1	1	9	10
– Management Board	–	–	–	–	–	–
Total	16	12	2	1	42	46

Purchases from Reggeborgh entities primarily consist of:

- rent of property in several locations in the Netherlands and Germany from Reggeborgh entities of €7 million (2017: €6 million).

The total commitment at year-end 2018 amounts to €33 million (2017: €36 million) and mainly relates to the contractually agreed rent period.

Purchases from Reggeborgh associates primarily consist of:

- rent of property locations from Reggeborgh associates of €4 million (2017: €1 million);
- delivering construction materials and services to VolkerWessels companies for an amount of €3 million (2017: €5 million);
- purchase land and a production hall for an amount of €2 million (2017: €0 million).

The total commitment at year-end 2018 amounts to €9 million (2017: €10 million) and mainly relates to the contractually agreed rent period.

Other related party transactions

Joint ventures between VolkerWessels and Reggeborgh entities

Certain VolkerWessels companies, active in the Construction & Real Estate Development segment and in the Germany segment, hold joint participations in property development companies together with Reggeborgh entities. The range of participations of the Reggeborgh entities varies from 14% to 63% in the Construction & Real Estate Development and from 6% to 75% in the Germany segment.

The amount of equity provided by Reggeborgh entities as at 31 December of each year was as follows:

	2018	2017
Equity provided as at 31 december		
Construction & Real Estate Development	30	21
Germany	1	–
Total	31	21

Loans to VolkerWessels joint ventures

Reggeborgh entities provided loans to joint ventures in the Construction & Real Estate Development segment. Movements in the loans provided can be specified as follows:

	2018	2017
Project loans provided by Reggeborgh entities to joint ventures with the Construction & Real Estate Development segment		
Loans as at 1 January	6	5
Provided during the year	–	1
Repaid during the year	–2	–
Loans as at 31 December	4	6

Loans to VolkerWessels Associates

In 2015, a Reggeborgh entity provided a loan of €3 million to an associate of VolkerWessels, of which an amount of €2 million was outstanding as at 31 December 2017. The outstanding amount as at 31 December 2018 is €2 million.

Other related party financing arrangements

In 2015 a cooperation agreement has been concluded between VolkerWessels and a third party for a specific development project. VolkerWessels will perform future construction activities within the scope of this project, while a Reggeborgh entity provided a loan of €30 million to this third party.

Other transactions

Royal VolkerWessels NV charged a Reggeborgh company for expenses incurred in 2017 related to the initial public offering for a total amount of €3.8 million.

Wage tax payable in relation to the share incentive plan has been paid by Reggeborgh Holding BV in full in 2018. A receivable for this amount was accounted for as at 31 December 2017, refer to note 25.

38 Management remuneration

Key management includes members of the Management Board and the Supervisory Board.

Management Board

The compensation paid or payable to the Management Board for services provided in 2018 is shown below:

	2018					
Amounts in thousands of euros	Base pay	Pension benefits	Short-term incentive	Termination benefits	Management participation plan	Subtotal ²
J.A. de Ruiter (chairman)	560	155	412	–	525	1,652
J.G. van Rooijen	560	123	412	–	525	1,620
A. Vos	560	124	554	–	525	1,763
D. Boers	560	142	434	–	525	1,661
A.R. Robertson ¹	366	73	292	–	397	1,128
H.J. van der Kamp	560	150	–	560	315	1,585
Total	3,166	767	2,105	560	2,812	9,410

¹ Appointed as Member of the Management Board with effect from 3 May 2018. Compensation in table as from 3 May 2018.

Base pay based on fixed FX rate EUR-GBP in April 2018.

² Subtotal is excluding share incentive charge. Please refer to the third table in this note on page 176.

The proposal for the remuneration for their performance in 2018 was discussed between the Remuneration Committee and the Management Board with regard to the amount and structure of their remuneration. When discussing this, attention was paid to best practice provision 3.1.2 of the Dutch Corporate Governance Code.

Mr. H.J. van der Kamp resigned as Member of the Management Board with effect from 31 August 2018.

The employment of Mr. Van der Kamp terminates as per 1 March 2019 and a severance payment of one year's salary is part of the arrangement. Additionally 30,000 shares under the share incentive have been forfeited (please refer to the separate disclosure on the share incentive).

The compensation paid or payable to the Management Board for services provided in 2017 is shown below:

	2017				
Amounts in thousands of euros	Base pay	Pension benefits	Short-term incentive	Management participation plan	Subtotal ²
J.A. de Ruiter (chairman) ¹	458	121	425	562	1,566
J.G. van Rooijen	550	115	425	562	1,652
A. Vos	550	112	495	562	1,719
D. Boers	550	134	425	562	1,671
H.J. van der Kamp	550	155	250	562	1,517
Total	2,658	637	2,020	2,810	8,125

¹ Appointed as Chairman of the Management Board with effect from 1 March 2017.

² Subtotal is excluding share incentive charge. Please refer to the fourth table in this note on page 176.

Base pay

This represents a fixed cash remuneration consisting of the base salary including holiday allowance.

Pension and other benefits

This reflects the individual pension obligation paid out for participation in VolkerWessels' pension scheme, similar to the other VolkerWessels employees in the Netherlands who are not covered by a collective bargaining agreement or industrial pension fund. It includes an additional compensation payment for the pension entitlement relating to the part of the salary that exceeds the amount established for Dutch tax purposes on which the Company can make a tax deductible contribution to a pension fund, as established from time to time. In addition, the members of the Management Board are eligible for other pension related benefits, such as life insurance, as determined by the Supervisory Board from time to time. The Management Board also received an expense reimbursement, as well as a company car. These two are intended to compensate for expenses incurred, they are not included in the remuneration schedule.

Short-term incentive

A short-term incentive in the form of an annual cash bonus is applicable to the members of the Management Board. This incentive is intended to focus them on the delivery of pre-set short-term results in line with VolkerWessels' strategy, long-term value creation and appropriately reflects both quantitative and qualitative criteria. The target and maximum bonus opportunity and the targets pertaining to the short-term incentive are set annually at the discretion of the Supervisory Board (at the proposal of the Remuneration Committee) in accordance with the remuneration policy. The 'at target' short-term incentive is equal to 80% of annual base pay. The maximum pay-out under the short-term incentive is 100% of annual base pay.

The basis for the 2018 payment under the STI scheme is the balanced scorecard 2018 which has been set for each individual board member. The KPI's for the balanced scorecard 2018 are 50% financially driven (operational EBITDA, EBITDA margin, free cash flow and return on capital employed); 25% is driven by operational excellence targets and the remaining 25% is driven by safety, integrity and sustainability KPI's. For both the chairman and the CFO, the financial KPI's are based on the aggregate group numbers. For the board members with direct responsibility for the divisions, the financial KPI's (50% of total balanced scorecard) are for 20% determined at the aggregate group numbers and for 30% on the divisional numbers. Operational excellence KPI's are designed at the level of responsibility of each board member. The KPI's for safety, integrity and sustainability are the same for each board member. Based on the results over 2018, the STI payments for each individual board member has been set as presented in the above table.

The chairman of the Management Board discusses the results on the balanced scorecard with each of the board members and makes a recommendation of the payments under the STI scheme to the remuneration committee. The payment under the STI scheme for the chairman of the Management Board is proposed by the remuneration committee. All payments are subsequently discussed and approved by the Supervisory Board.

The chairman of the management board J.A. de Ruiter and the board member J.G. van Rooijen have been awarded a short-term incentive for 2018 equal to 92% of his 'at target' short term incentive (equal to 80% of the base pay) in view of the achievement of targets set for 2018.

Board member A. Vos has been awarded a short-term incentive for 2018 equal to 124% of his 'at target' short

term incentive (equal to 80% of the annual base pay) in view of the achievement of targets set for 2018.

Board member D. Boers has been awarded a short-term incentive for 2018 equal to 97% of his 'at target' short term incentive (equal to 80% of the annual base pay) in view of the achievement of targets set for 2018.

Board member A.R. Robertson has been awarded a short-term incentive for 2018 equal to 98% of his 'at target' short term incentive as from the period after appointment as Management Board member from 3 May 2018 (equal to 80% of the annual base pay) in view of the achievement of targets set for 2018.

The balanced scorecard 2019 will follow a similar division in KPI's as the balanced scorecard 2018.

Management participation plan

The members of the Management Board are eligible to participate in VolkerWessels' long-term management participation plan. Together with a group of over 150 managers, the members of the Management Board may share in the profits of VolkerWessels by holding, through a management investment company, a leveraged profit participating loan, which instrument has been issued by VolkerWessels. Participation in the management participation plan is subject to a (limited) investment by, and the continued employment of, the participants with VolkerWessels. The management participation plan is intended to drive sustainable performance through cash-backed earnings with due regard of the risk-appetite of VolkerWessels and to foster alignment of interests of the participants with shareholders. The interest on the profit participating loan is dependent on the financial performance of VolkerWessels as a whole and is calculated as a percentage of the operational profit before tax. At the end of each performance year, once the financial statements for that year are finalised, the interest

payments to the management investment company (and therefore to the participants) are made. At that time, one-third of the entitlement is paid out, whilst the remaining two-thirds is deferred in two equal annual instalments. Deferred payments can be adjusted downwards, in part or in full, if VolkerWessels incurs losses in future years or the management participation plan entitlement over a certain performance year has been based on incorrect data. In addition, good and bad leaver provisions apply. In unforeseen circumstances, the Supervisory Board may adjust or terminate the management participation plan, in whole or in part, without the approval of the participants being required.

The benefits due to the Management Board under the management participation plan amounted to €2.8 million for the year 2018, payable in the years 2019-2021.

The benefits due to the Management Board under the management participation plan amounted to €2.8 million for the year 2017, payable in the years 2018-2020.

The members of the Management Board have been granted shares under the share-incentive plan (referred to below) and in addition Mr. De Ruiter purchased 10,000 shares in 2018 and Mr. Van Rooijen purchased 5,000 shares in 2018. No loans or advances have been granted to members of the Management Board.

Pay ratio

In compliance with best practice provision 3.4.1 (iv) of the Dutch Corporate Governance Code we report on the ratio between the pay of the Management Board members and the other employees within

VolkerWessels as from financial year 2017. For this pay ratio calculation we use the remuneration obtained, including base pay, pension benefits, short-term incentive and management participation plan and excluding share incentive.

We compare the average pay of the five Management Board members (five before May 2018, six between May 2018 and August 2018 and five as of September 2018)) with the average pay of all other employees within VolkerWessels.

The following table shows the 2018 ratio compared with the 2017 ratio:

Amounts in thousands of euros	Management Board		Other employees	
	2018	2017	2018	2017
Average number of FTEs	4.67	4.83	16,625	16,174
Employee benefit expenses ¹	7,825	8,125	1,226,196	1,160,094
Average pay	1,675	1,682	74	72

¹ Excluding employee benefit expenses for Mr. H.J. van der Kamp in 2018

The pay ratio (calculated as: Average pay of Management Board / Average pay of other employees) in 2018 is 22.64 (2017: 23.36).

Supervisory Board

The remuneration paid or payable to the Supervisory Board for services is shown below:

Amounts in thousands of euros	2018	2017
J.H.M. Hommen ¹	90	58
H.M. Holterman	70	58
R.J.H.M. Kuipers	70	55
S. Hepkema ²	70	45
D. Wessels ³	–	55
F. Verhoeven ⁴	46	–
Total	346	271

¹ Appointed as Chairman of the Supervisory Board with effect from 12 May 2017.

² Appointed as member of the Supervisory Board with effect from 12 May 2017.

³ Deceased on 21 November 2017.

⁴ Appointed as member of the Supervisory Board with effect from 3 May 2018.

As of 12 May 2017 the compensation for the chairman of the Supervisory Board has been set at €90,000 per year and the compensation for each of the other Supervisory Board members has been set at €70,000 per year. The compensation paid in 2017 includes the remuneration for Mr. Holterman, Mr. Kuipers and

Mr. Wessels and as from 12 May 2017 for Mr. Hommen and Mr. Hepkema.

The compensation paid in 2018 includes the remuneration for Mr. Hepkema, Mr. Holterman, Mr. Hommen, Mr. Kuipers and Mr. Verhoeven (as from 3 May 2018).

No shares have been granted to the members of the Supervisory Board. As at 31 December 2018 Mr. Hommen holds 13,000 shares (31 December 2017: 5,000 shares) in the Company, which were acquired on a personal title. As at 31 December 2018 Mr. F. Verhoeven holds 5,441 shares in the Company, which were acquired on a personal title and also at 31 December 2018, Mr. S. Hepkema holds 5,000 shares in the Company, which were acquired on a personal title. The other members of the Supervisory Board do not (directly) hold any shares in VolkerWessels. However, Mr. Holterman is the solely authorised director of Reggeborgh Holding bv (indirectly through Reggeborgh Bestuur bv) and as such a non-independent Supervisory Board member as referred to in best practice principles 2.1.7 and 2.1.8 of the Code. Mr. Kuipers is not considered independent due to its position as member of the Management Board of Reggeborgh Invest bv, an affiliate company of Reggeborgh Holding bv. Reggeborgh Holding bv is the majority shareholder of VolkerWessels. There have been no loans or advances granted to the members of the Supervisory Board.

Share incentive

On 12 May 2017, Reggeborgh Holding BV granted a one-off share incentive, on an after tax basis, to the members of the Management Board and to other key managers to ensure a smooth transition from a privately held company to a publicly held company. The financial costs of these incentive shares – including any taxes – are and will be born by Reggeborgh Holding BV. These ordinary shares are placed in a blocked securities account and are subject to a lock-up period as set out below.

The chairman of the Management Board was granted 70,000 ordinary shares and each of the other Managing Directors were granted 110,000 ordinary shares. The additional 40,000 ordinary shares for each Managing Director (other than the chairman of the Management Board) reflect their contribution prior to 2017. The 70,000 ordinary shares that are granted to the chairman of the Management Board will be released to him one day after the general meeting in 2020, on the condition that he continues to be employed by VolkerWessels on such date. For the other Managing Directors, these ordinary shares will be released as follows: 20,000 ordinary shares one day after the later of (x) the general meeting of the Company in 2018 or (y) the period of 360 days following the Settlement date (16 May 2017) having been lapsed, 20,000 ordinary shares one day after the general meeting of the Company in 2019 and the remaining 70,000 ordinary shares one day after the general meeting of the Company in 2020, on the condition that the relevant Managing Director continues to be employed by the Company on these dates.

In November 2018, Mr. Vos has been granted 20,000 additional shares. In June 2018, Mr. Robertson was granted 35,000 additional shares as incentive for joining the Management Board on 3 May 2018. Both the 20,000 additional shares for Mr. Vos and the 35,000 additional

shares for Mr. Robertson have been granted under the same conditions as the other shares being granted to the Managing Directors and are subject to a lock-up until one day after the general meeting of the Company in 2020.

In 2019, the members of the Management Board shall receive an additional 4,000 shares per person as reward for their performance in 2018.

At the end of each reporting period, VolkerWessels revises its estimates of the number of shares that are expected to vest based on the lock-up conditions and recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The development of the share incentive plan (in number of shares) during 2018 for the members of the Management Board and for all other participants is shown below:

	As at 1 January 2018	Granted	Vested/ Exercised	Forfeited	As at 31 December 2018
J.A. de Ruiter	70,000	–	–	–	70,000
J.G. van Rooijen	110,000	–	–20,000	–	90,000
A. Vos	110,000	20,000	–20,000	–	110,000
D. Boers	110,000	–	–20,000	–	90,000
H. van der Kamp	110,000	–	–20,000	–30,000	60,000
A.R. Robertson	15,000	35,000	–	–	50,000
Other managers	361,500	13,500	–	–7,000	368,000
Total granted shares	886,500	68,500	–80,000	–37,000	838,000

The development of the share incentive plan (in number of shares) during 2017 for the members of the Management Board and for all other participants is shown below:

	As at 1 January 2017	Granted	Vested	Forfeited	As at 31 December 2017
J.A. de Ruiter	–	70,000	–	–	70,000
J.G. van Rooijen	–	110,000	–	–	110,000
A. Vos	–	110,000	–	–	110,000
D. Boers	–	110,000	–	–	110,000
H. van der Kamp	–	110,000	–	–	110,000
Other managers	–	376,500	–	–	376,500
Total granted shares	–	886,500	–	–	886,500

	As at 31 December 2018	As at 31 December 2017
Granted shares	955,000	886,500
Vested/Exercised	-80,000	-
Forfeited	-37,000	-
Reserved shares for future granting	5,000	73,500
Total number of available and granted shares	843,000	960,000

The fair value per share of the 2017 grant, for the share incentive participants, is determined based on the value as per grant date, taking into account a discount for the lock-up period in line with tax rules as applicable in the Netherlands.

As participants receive dividend compensation the dividend yield on the awards equals nil. The most important assumptions used in the valuations of the fair values were as follows:

– 2017 share price at grant date (in €)	23.00
– 2018 weighted share price at actual grant date for other managers (in €)	18.68
– discount for a one-year period (in %)	5.50
– discount for a two-year period (in %)	10.00
– discount for a three-year period (in %)	13.50

In 2018, a total amount for the share incentive plan (including other managers) of €6.2 million was charged to the income statement.

In 2017, a total amount for the share incentive plan (including other managers) of €4.6 million was charged to the income statement.

The charge to the income statement 2017 until 2020 for the share incentive plan for the Management Board is summarised in the table below:

Amounts in thousands of euros	2017	2018	2019	2020	Total
J.A. de Ruiter	290	464	464	174	1,392
J.G. van Rooijen	691	834	542	174	2,241
A. Vos	691	850	738	239	2,518
D. Boers	691	834	542	174	2,241
A.R. Robertson	-	195	389	130	714
H. van der Kamp	691	511	343	99	1,644
Total	3,054	3,688	3,018	990	10,750

The total charge to the income statement in 2018 in respect of the Management Board for the remuneration as well as the share incentive is summarised in the table below:

Amounts in thousands of euros	Remuneration subtotal	Share incentive	Total
J.A. de Ruiter	1,652	464	2,116
J.G. van Rooijen	1,620	834	2,454
A. Vos	1,763	850	2,613
D. Boers	1,661	834	2,495
A.R. Robertson	1,128	195	1,323
H. van der Kamp	1,585	511	2,096
Total	9,410	3,688	13,098

The total charge to the income statement in 2017 in respect of the Management Board for the remuneration as well as the share incentive is summarised in the table below:

Amounts in thousands of euros	Remuneration subtotal	Share incentive	Total
J.A. de Ruiter	1,566	290	1,856
J.G. van Rooijen	1,652	691	2,343
A. Vos	1,719	691	2,410
D. Boers	1,671	691	2,362
H. van der Kamp	1,517	691	2,208
Total	8,125	3,054	11,179

39 Financial instruments

The Group recognises financial risk factors with respect to liquidity, currency and interest rates. These financial risks are neither unusual in their nature nor at variance with industry practice. The Group has a strict policy aimed at minimising and controlling these risks to the fullest extent possible, for which end it employs general controls such as internal procedures and instructions, specific measures and/or financial instruments. These measures are accompanied by adequate reporting systems and short communication lines. The Group's financial risk factors, controls and the remaining risks are explained in this note.

Credit risk

Credit risk is the risk of a financial loss for the account of the Group stemming from failure of a third party to meet its contractual obligations. As a significant percentage of VolkerWessels' clients are public sector organisations (i.e. government bodies), the credit risk for this portion of the Group's revenue is limited. Other than the exposure to public sector organisations, there were no significant concentrations of credit risk as at 31 December 2018. The credit risk is under constant review. The Company limits its credit risk by doing business exclusively with clients, subcontractors or suppliers whose creditworthiness is acceptable. If there are any doubts about their underlying creditworthiness, the policy is to have all or part of the underlying obligations to VolkerWessels guaranteed by a bank or other financial institution. Prepayments are used to further limit the credit risk where possible. Credit insurance is also used to hedge the credit risk. The Group further limits its credit risk on financial institutions by spreading the credit, bank guarantee and bonding facility limits and its surplus liquidity among several financial institutions with a good credit rating.

Impairment of financial assets

The Group has several types of financial assets that are measured at amortised costs and therefore subject to the expected credit loss model of IFRS 9. While all assets included in the table below are subject to this ECL model, the identified impairment loss for non-current receivables, contract assets, other receivables and cash and cash equivalents was immaterial.

As aforementioned the credit risk on VolkerWessels' assets is low as a high portion of the non-current and other receivables are from public sector organisations or the receivables are to finance property development projects for which securities have been provided by the counterparties.

The contract assets relate to unbilled work in progress and are therefore all not yet due. Based on the expected credit loss for trade receivables not yet due, the expected credit loss for these assets is considered immaterial.

	31 Dec 2018	31 Dec 2017
Assets subject to credit risk		
Non-current receivables	107	85
Contract assets	579	–
Trade receivables	620	622
Other receivables	366	345
Cash and cash equivalents	467	494
Total	2,139	1,546

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. On that basis, the provision was determined as follows for trade receivables:

	31 December 2018		31 December 2017	
	Gross	Provision	Gross	Provision
Not yet due	446	-1	468	-
Overdue 1 to 60 days	131	-	119	-1
Overdue 61 to 180 days	24	-1	26	-1
Overdue 181 days to one year	14	-1	4	-1
More than one year	19	-11	22	-14
Total	634	-14	639	-17

Trade receivables are written off (provisions used) when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

The changes in the provision for doubtful debts relating to receivables during the year were as follows:

	2018	2017
As at 1 January	17	14
Provisions made during the financial year	-	5
Provisions used during the financial year	-4	-2
Release of provision during the year	-1	-
Other movements	2	-
As at 31 December	14	17

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations in the short term. The liquidity management of VolkerWessels is aimed at maintaining its credit profile and, where possible, improving it to ensure that the Group retains access to the banking / financial markets on terms acceptable to the Company. The Company's policy is to keep a significant part of its RCF headroom available at all times for unforeseen events. VolkerWessels has an ongoing focus on its working capital and capital demands and commits its cash as efficiently and effectively as possible within the Group.

The Company applies a strict investment policy in order to manage its cash position. This means that the permission of the Management Board is required if large amounts of cash are invested or if cash is invested for a longer period of time. The Group has committed and uncommitted bank guarantee and surety bonding facilities with several banks and other financial institutions in order to satisfy client requirements in respect of providing bank guarantees and surety bonds.

The contractual expiry terms of financial obligations, including interest payments, are as follows as at 31 December 2018:

	31 Dec 2018 Carrying amount	Contractual cash flows	< 6 months	6-12 months	Year 2	Year 3-5	> 5 years
Loans (including current)	61	62	16	13	5	14	14
Derivatives (including current)	2	2	–	–	–	2	–
Financial lease obligations (including current)	16	16	3	2	3	7	1
Bank overdrafts	22	22	22	–	–	–	–
Trade and other payables	1,532	1,532	1,389	143	–	–	–
Total	1,633	1,634	1,430	158	8	23	15

The contractual expiry terms of financial obligations, including interest payments, are as follows as at 31 December 2017:

	31 Dec 2017 Carrying amount	Contractual cash flows	< 6 months	6-12 months	Year 2	Year 3-5	> 5 years
Loans (including current)	154	168	39	67	16	13	33
Derivatives (including current)	–	–	–	–	–	–	–
Financial lease obligations (including current)	33	35	3	3	15	10	4
Bank overdrafts	10	10	10	–	–	–	–
Trade and other payables	1,508	1,508	1,388	120	–	–	–
Total	1,705	1,721	1,440	190	31	23	37

Market risk

Foreign exchange risk

As a result of the geographical spread of the Group's operations, foreign exchange rates affect the Group's results of operations and equity. The Company records its financial results in euros, but receives revenues and incurs costs in a variety of other currencies, including the pound sterling, Canadian dollar and us dollar. As a result, these non-euro assets, liabilities, revenues and costs are translated into euro at the prevailing exchange rate for purposes of preparing the Company's accounts and financial statements. Changes in the value of the euro, on the one hand, and the pound sterling, Canadian dollar or us dollar, on the other, could result in translational gains or losses in a given year as compared to prior operating periods. The translation risk on equity is not hedged.

The principal exchange rates during the year were as follows:

	Average exchange rate		Closing rate	
	2018	2017	2018	2017
GBP	1.13	1.14	1.12	1.13
CAD	0.65	0.68	0.64	0.66

Sensitivity analysis

The influence of a stronger or weaker euro exchange rate against the above currencies would have had an impact on the profit for the financial year and equity at the reporting date. This analysis is based on assumptions made by the Group with respect to possible currency fluctuations at the reporting date. In this analysis, it is assumed that all other variables, in particular interest rates, remain constant.

	Stronger euro		Weaker euro	
	Equity	Result	Equity	Result
2018				
GBP (5% variation)	-5	-1	5	1
CAD (5% variation)	-9	-1	9	1

	Stronger euro		Weaker euro	
	Equity	Result	Equity	Result
2017				
GBP (5% variation)	-5	-1	5	1
CAD (5% variation)	-10	-1	10	1

Interest rate risk

VolkerWessels' interest policy is designed to limit the influence of fluctuating interest rates on the Group's result and to optimise net interest expenses. To this end, part of the floating interest rate exposure in 2017 was fixed by a floating-to-fixed interest rate swap of €250 million that expired in December 2017. In February 2018, the Company entered into a new interest rate swap for an amount of €250 million with a fixed interest rate of 0.38% and a floor of 0%. The maturity date of the swap is 31 January 2022. Partly because of this swap, an increase of 100 basis points in the interest rate at the reporting date has no material impact on the results and cash flows of the Group. However, due to such hedging instruments, the Group runs a fair-value interest rate risk as the value of the instrument (mark-to-market value) correlates with market interest rates which may fluctuate. Due to this and its average (operational) cash position, the Group is not entirely insensitive to changes in interest rates.

Instruments with a fixed interest rate

	31 Dec 2018	31 Dec 2017
Non-current receivables from associates and joint ventures	62	46
Non-current receivables from third parties	31	19
Financial lease obligations	-16	-33
Total	77	32

Instruments with a variable interest rate

	31 Dec 2018	31 Dec 2017
Non-current receivables from associates and joint ventures	9	5
Non-current receivables from third parties	5	15
Other financing obligations	-61	-154
Cash and cash equivalents	467	494
Bank overdrafts	-22	-10
Total	398	350

Sensitivity analysis

The fair value of the instruments with a fixed and variable interest rate approximates to their carrying amount. A change of 100 basis points in the interest rate as at the reporting date would have affected the result and equity by the amounts shown below. In this analysis it is assumed that all other variables, in particular foreign currency rates, remain constant. The Group designates derivatives (interest rate swaps) as cash flow hedging instruments. Therefore a change in interest rate would not affect result.

	31 December 2018			
	Result (before tax)		Equity	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Instruments with a variable interest rate				
Non-current receivables from associates and joint ventures	–	–	–	–
Non-current receivables from third parties	–	–	–	–
Other financing obligations	–1	1	–	–
Cash and cash equivalents	5	–5	–	–
Bank overdrafts	–	–	–	–
Sensitivity of cash flows	4	4	–	–
Instruments with a fixed interest rate				
Interest rate swaps – non-current	–	–	–3	3
Sensitivity of fair value	4	4	–3	3

	31 December 2017			
	Result (before tax)		Equity	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Instruments with a variable interest rate				
Non-current receivables from associates and joint ventures	–	–	–	–
Non-current receivables from third parties	–	–	–	–
Other financing obligations	–2	2	–	–
Cash and cash equivalents	5	–5	–	–
Bank overdrafts	–	–	–	–
Sensitivity of cash flows	3	–3	–	–
Instruments with a fixed interest rate				
Interest rate swaps – non-current	–	–	–	–
Sensitivity of fair value	3	–3	–	–

Fair value of financial instruments

The table below shows the fair value of financial instruments.

	31 Dec 2018	31 Dec 2017
Hedging instruments at fair value		
Interest rate swaps	–2	–
Financial assets at amortised costs		
Non-current receivables	107	85
Contract assets	579	–
Trade and other receivables	986	967
Cash and cash equivalents	467	494
Total financial assets at amortised costs	2,139	1,546
Financial liabilities at amortised cost		
Financial lease obligations (current and non-current)	–16	–33
Committed credit facility	–	–
Other financing obligations (current and non-current)	–61	–154
Contract liabilities	–489	–
Trade and other payables	–1,532	–1,508
Bank overdrafts	–22	–10
Total financial liabilities at amortised cost	–2,120	–1,705

The carrying amount of financial instruments that are not valued at fair value is approximate to the fair value as at the reporting date.

The fair value of financial instruments is determined as described in the following paragraphs:

Derivatives

Interest rate swaps are valued based on quoted market prices or by deducting the current cash price from the discounted contractual forward price.

Non-current receivables and borrowings

Fair value is calculated on the basis of discounted future repayments and interest payments.

Financial lease obligations

Fair value is estimated at the cash value of future cash flows, discounted against the interest for homogeneous lease agreements. The estimated fair value reflects changes in the interest rate.

Trade and other receivables/trade and other payables

For receivables and liabilities that fall due within one year, the nominal value is regarded as a reflection of the fair value. All other receivables and liabilities are discounted to determine the fair value.

Determination of fair value

The following table provides an overview of financial instruments recognised at fair value, by measurement method. The various levels are defined as follows:

Level 1: quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (in the form of prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobserved inputs).

Interest rate swaps used for hedging

	31 December 2018				
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Balance
Level 1	-	-	-	-	-
Level 2	-	-	-2	-	-2
Level 3	-	-	-	-	-
Total	-	-	-2	-	-2

	31 December 2017				
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Balance
Level 1	-	-	-	-	-
Level 2	-	-	-	-	-
Level 3	-	-	-	-	-
Total	-	-	-	-	-

40 Joint operations

A part of the Group's activities is carried out in joint arrangements classified as joint operations. This applies to all activities and all countries in which the Group operates. These joint operations include our general partnerships in EPC contracts as part of our public private partnerships as disclosed in note 18. Joint operations remain in place until the project is finished. The Group's share of the balance sheet and income statement of joint operations as included in our consolidation is indicated below:

	31 Dec 2018	31 Dec 2017
Assets		
Non-current assets	2	3
Current assets	184	178
Total assets	186	181
Liabilities		
Non-current liabilities	8	8
Current liabilities	260	259
Total liabilities	268	267
Net balance	-82	-86

	2018	2017
Total revenues	338	498
Total costs	-364	-529
Total net result	-26	-31

The net result includes our share in OpenIJ EPC VOF (2018: -€39 million, 2017: -€67.5 million).

41 Audit fees

The following fees relating to services provided by Deloitte Accountants are charged to the Company, its subsidiaries and other companies that are fully consolidated, as defined in Article 2:382a of the Dutch Civil Code.

	Deloitte Accountants bv 2018	Other Deloitte network 2018	Total Deloitte 2018
Audit of the financial statements	3	1	4
Other audit assignments	–	–	–
Tax-related advisory services	–	–	–
Other non-audit services	–	–	–
Total	3	1	4

	Deloitte Accountants bv 2017	Other Deloitte network 2017	Total Deloitte 2017
Audit of the financial statements ¹	3	1	4
Other audit assignments	–	–	–
Tax-related advisory services	–	–	–
Other non-audit services	–	–	–
Total	3	1	4

¹ The above fees are excluding charged fees relating to the Initial Public Offering for an amount of €1.3 million which are passed through to a Reggeborgh Company (please refer to note 37).

42 Research and development

The costs of research and development recognised in the income statement during the 2018 financial year amounted to €9 million (2017: €5 million).

43 Government grants

The subsidies received in 2018 and 2017 relate mainly to training, research and development and labour costs. The subsidies received are offset against the costs incurred.

44 Events after the reporting date

No material events after the reporting date have occurred.

COMPANY STATEMENT OF FINANCIAL POSITION

Amounts in millions of euros

	Note	31 December 2018	31 December 2017
Intangible assets	1	369	369
Participations in group companies	2	1,267	1,127
Deferred tax assets		30	34
Total non-current assets		1,666	1,530
Trade and other receivables		1	–
Receivable from group companies		51	–
Receivable from majority shareholder		–	17
Cash and cash equivalents		–	–
Total current assets		52	17
Total assets		1,718	1,547
Issued share capital		1	1
Share premium reserve		1,099	1,177
Translation reserve		–15	–12
Hedge reserve		–4	–16
Other legal reserves		27	4
Other reserves		–57	–165
Result for the year		131	135
Total equity	3	1,182	1,124
Provisions	4	9	11
Total non-current liabilities		9	11
Provisions	4	11	8
Payable to group companies	5	515	390
Other liabilities		1	14
Total current liabilities		527	412
Total equity and liabilities		1,718	1,547

COMPANY INCOME STATEMENT

Amounts in millions of euros

	Note	2018	2017
Revenue		–	–
Employee benefit expenses		–15	–17
Amortisation and impairment of intangible assets	1	–	–
Other operating costs		–1	–
Operating expenses		–16	–17
Operating result			–17
Financial income	7	–	–
Financial expenses	7	–18	–13
Net financial result		–18	–13
Share in result of group companies	2	156	157
Result before tax		122	127
Taxes		9	8
Result after tax		131	135

NOTES TO THE COMPANY FINANCIAL STATEMENTS

General

The company financial statements form part of the financial statements 2018 of Royal VolkerWessels nv ('the Company').

Accounting principles

The principles applied by the Company for the measurement of assets and liabilities and for determining the result of her separate financial statements are in accordance with the option allowed in Article 2:362 paragraph 8 of the Dutch Civil Code. This means that the principles applied for the measurement of assets and liabilities and determination of the results (hereafter referred to as 'measurement principles') of the separate financial statements are identical to those used for the consolidated IFRS financial statements.

Participating interests over which significant influence is exercised are measured according to the equity method, which is determined on the basis of the measurement principles used in the consolidated IFRS financial statements. We refer to notes 1 to 4 of the consolidated IFRS financial statements.

1 Intangible assets

	Goodwill	
	2018	2017
Balance as at 1 January		
Cost	369	369
Accumulated impairments	–	–
Carrying amount	369	369
Changes		
Impairments	–	–
Other changes	–	–
Total changes	–	–
Balance as at 31 December		
Cost	369	369
Accumulated impairments	–	–
Carrying amount	369	369

2 Participations in group companies

Participations in group companies developed as follows:

	2018	2017
Balance as at 1 January	1,127	995
Investments	–	–
Share in result	156	157
Received dividends	–19	–
Foreign currency exchange differences	–3	–23
Other movements	6	–2
	1,267	1,127
To provision	–	–
Balance as at 31 December	1,267	1,127

Having due regard for the relevant legal requirements, a list of group companies and other participating interests of the Company has been filed with the Rotterdam Trade Register for inspection by the public.

3 Equity

We refer to note 28 in the consolidated financial statements.

Proposed appropriation of the result of 2018

The 2018 result attributable to shareholders of the Company amounts €131 million. Excluding the share incentive charge of €6 million the result attributable to shareholders amounts €137 million. The proposal to the General Meeting of Shareholders is that a total dividend of €84.0 million will be paid out. In November 2018 an interim dividend of €22.4 million (€0.28 per share) has already been paid out. Subject to approval of the general meeting of shareholders in May 2019 the final dividend of €61.6 million will be paid out. The remaining result shall be recognised in other reserves.

4 Provisions

This item comprises the provision for employee benefits:

Employee benefits

	2018	2017
Balance as at 1 January	19	9
Addition	10	15
Release/Usage	-9	-5
Balance as at 31 December	20	19
Non-current portion	9	11
Current portion	11	8
Total	20	19

5 Payable to group companies

The amounts owed to group companies are specified as follows:

	31 Dec 2018	31 Dec 2017
Volker Wessels Stevin		
Financial Services BV	482	384
Other Group companies	33	6
Total	515	390

Interest is paid on debts to group companies amounting to 4% (2017: 4%).

6 Contingent liabilities

Royal VolkerWessels NV together with most of its wholly-owned domestic subsidiaries, is included in the tax group of Royal VolkerWessels NV for income tax purposes. On that basis, the Company is jointly and severally liable for the income tax liability of the tax group as a whole.

The corporate income tax is calculated as if the Company would be independently liable and is accrued in the current account with Royal VolkerWessels NV.

In declarations filed with the Trade Registers, Royal VolkerWessels NV has assumed joint and several liability arising from juristic acts by a number of its Dutch subsidiaries.

Royal VolkerWessels NV, as stand-alone company, has not issued any guarantees. The guarantees which are disclosed in note 36 of the consolidated financial statements have been issued by certain holding companies within the Group.

7 Financial income and expenses

	2018	2017
Financial income		
Interest income – intercompany	–	–
Other financial income	–	–
Total financial income	–	–
Financial expenses		
Interest expense – intercompany	–18	–13
Other interest expense	–	–
Total financial expenses	–18	–13
Total	–18	–13

The interest expense-intercompany in 2018 amounting to €-18 million (2017: €-13 million) relates to the interest on the payable to group company VolkerWessels Stevin Financial Services BV.

8 Related party transactions

We refer to note 37 in the consolidated financial statements.

9 Management remuneration

The remuneration of the Board of Management and the Supervisory Board of Royal VolkerWessels NV is included in note 38 of the consolidated financial statements.

10 Events after the reporting date

No events after the reporting period have occurred.

Rotterdam, 27 February 2019

Management Board

J.A. de Ruiter
J.G. van Rooijen
A. Vos
D. Boers
A.R. Robertson

Supervisory Board

J.H.M. Hommen
H.M. Holterman
S. Hepkema
R.J.H.M. Kuipers
F.A. Verhoeven

INDEPENDENT AUDITOR'S REPORT

To the shareholders and the Supervisory Board of Royal VolkerWessels NV

Report on the audit of the financial statements 2018 included in the annual report 2018

Our opinion

We have audited the accompanying financial statements 2018 of Royal VolkerWessels NV (VolkerWessels or the Company), based in Rotterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Royal VolkerWessels NV as at 31 December 2018, and of its result and its cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Royal VolkerWessels NV as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2018;
2. the following statements for 2018: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows;
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2018;
2. the company profit and loss account for 2018;
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Royal VolkerWessels NV in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at €25 million.

Additional explanation

Based on our analysis of the common information needs of users of the financial statements, we consider profit before tax the most appropriate benchmark to determine materiality. However, profit before tax has been volatile in recent years. For this reason we considered multiple benchmarks. Based on professional judgement the primary benchmark applied is revenue, which is the lower end of an acceptable range. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of €1.25 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Royal VolkerWessels NV is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Royal VolkerWessels NV.

Our group audit mainly focused on significant group entities.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group engagement team and by component auditors from other Deloitte network firms. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components so as to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial

statements as a whole. For each component we determined whether we required an audit of their complete financial information or whether other procedures would be sufficient.

Those where a full audit was required included the Dutch components Construction & Real Estate Development, Infrastructure, Energy & Telecoms Infrastructure, the United Kingdom, North America and Germany, making up 97% of revenues.

We have:

- used the work of other auditors when auditing the components Construction & Real Estate Development, Infrastructure, Energy & Telecoms Infrastructure, the United Kingdom, North America and Germany;
- performed review procedures or specific audit procedures at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

General observation

The company has established an internal control framework. The company is working on strengthening the internal control framework and the related IT environment. Depending on the maturity of the internal control environment and the related IT environment in the individual components a control or non-control reliance approach is applied. With respect to the United Kingdom we applied a control reliance approach. For all other components we tested the design and implementation of the relevant controls. We do not rely on the Company's internal control framework as it relates to our audit procedures on the key audit matters.

As part of our 2018 audit of the financial statements we tested the design and implementation of certain selected key financial controls including controls related to segregations of duties, construction contracts, information security, manual journal entries and cash/payment related controls.

Valuation of large and more complex construction contracts

Description

Inherent to the business the Company's net result is affected by the performance of construction contracts. The net result is driven by a wide range of contracts from non-complex residential projects to more complex "one off" projects. The volatility of the net result is especially affected by contracts that carry a higher risk than others due to the type of contract, technical complexities, size and phase of the project.

The valuation of these contracts, and the related recognition of results, involves estimations in relation to contract complexities, costs to complete, technical progress, and the settlement of significant variation orders and claims. The inherent uncertainty around these estimates is critical from a risk and financial impact perspective, and therefore the valuation of

these construction contracts is considered a key audit matter.

How the key audit matter was addressed in the audit

We evaluated the internal accounting policies for compliance with EU-IFRS. Our audit procedures included an evaluation of the design and implementation of the relevant key project controls. Performing substantive procedures including testing the company's position against supporting documentation and the company's accounting policy, site visits, vouching project costs and challenging the company's estimates including project valuation. We performed substantive procedures on the valuation of claims and variation orders and validated compliance with internal accounting policies on revenue recognition and loss provision criteria.

For long-term contracts we performed a retrospective review to ensure consistency in the valuation applied and forecasted project results by the company.

Observation

We consider management's key assumptions and estimates to be within the acceptable range and we assessed the disclosure (Note 6) to the financial statements being proportionate. We note that VolkerWessels concluded that a degree of uncertainty about the valuation of work in progress development and property development is inherent to the company's operations, particularly as regards the expected costs to complete the work and, consequently, the recognised profit or expected loss, respectively, in relation to the process.

Valuation of land and property held for sale

Description

The valuation of the land and property held for sale is based on the historical cost or lower net realizable value. The assessment of the net realizable values involves assumptions relating to future market

developments, decisions of governmental bodies, discount rates and future changes in costs and selling prices. These estimates involve various terms and are sensitive to scenarios and assumptions used. The estimation uncertainty for land positions is therefore considered to be a key audit matter.

How the key audit matter was addressed in the audit

We tested the design and implementation of the relevant controls. We substantively tested the calculations of net realisable values and challenged the reasonableness and consistency of the assumptions and model used by the company. We verified that the company's assumptions around the possibilities for future residential property development are consistent with documentation which include the plans and decisions of government bodies and with the information included in external sources. We compared the company's assumptions concerning the development of land and property prices with independent market references of external parties and institutions. Expected future costs and interest expenses are assessed based on reasonableness. We involved a valuation specialist to assess the underlying assumptions and methodologies used.

Observation

We consider management's key assumptions and estimates to be within the acceptable range and we assessed the disclosure (Note 22 and 23) to the financial statements being proportionate. We note that the analyses of VolkerWessels focusses on the riskiest positions, mainly in land and land developments, and are based on current expectation in respect of development potential, the development period and the price level.

Related parties

Description

The company is partly owned by VolkerWessels' (ultimate) shareholders together called the Reggeborgh

entities. Related party transactions with the shareholders can be categorised as: sales transactions to related parties, purchase transaction from related parties and other related party transactions.

How the key audit matter was addressed in the audit

We tested the design and implementation of the relevant controls. Additionally we performed substantive testing procedures to test if sales transactions, purchase transactions and other related party transactions, including transactions with the Reggeborgh entities, are at arm's length. Additionally we audited the related parties' disclosure notes.

Observation

We performed procedures to test the recognition and measurement criteria of the related party transactions. Our procedures did not result in material findings for the related party transactions. Additionally we consider that there is adequate disclosure in Note 37 of the nature and amounts of the related party transactions in accordance with the applicable standards.

Report on the other information included in annual report 2018

In addition to the financial statements and our auditor's report thereon, Annual Report 2018 contain other information that consists of:

- Management Board report;
- Supervisory Board report;
- segments report;
- other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Supervisory Board as auditor of Royal VolkerWessels nv for a three year period on June 16, 2017, as of the audit for the year 2017 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil

Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature,

timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate,

to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 27 February 2019

Deloitte Accountants BV

Signed on the original: A.G. van Bochove

The other information included in VolkerWessels' annual report for 2018 is not included in these financial statements. The other information consists of:

- Profile, activities and markets;
- Preface;
- VolkerWessels at a glance;
- Supervisory Board report;
- Management Board report;
- Segment reports; and
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

The other information is incorporated by reference in this Offer Memorandum and available free of charge at the offices of VolkerWessels and the Settlement Agent and on the website of VolkerWessels (www.volkerwessels.com).

13.8 Interim financial information for the six months period ended 30 June 2019 and the review report in respect thereof

Interim Financial statements of Royal VolkerWessels NV

as at 30 June 2019, 30 June 2018 and 31 December 2018

based on IAS 34

(1) INTERIM CONSOLIDATED INCOME STATEMENT

Amounts in millions of euros

	Note	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018	1 January 2018 to 31 December 2018
Continuing operations				
Revenue	8.7	3,055	2,769	5,924
Operating expenses		-3,021 *	-2,762 *	-5,796 *
Results from participating interests (after income tax)		7	12	33
Operating result		41	19	161
Financial income	10	10	10	22
Financial expenses	-11	-11	-10	-19
Net financial result		-1	-	3
Result before tax		40	19	164
Income tax		-10	-3	-30
Result from continuing operations		30	16	134
Result from discontinued operations (after income tax)		-	-	-2
Net result for the financial period		30	16	132
Attributable to:				
Shareholders of the Company		29	16	131
Minority interests		1	-	1
Net result for the financial period		30	16	132

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

* Including share incentive charge of € 3 million (HY 2018: € 3 million; FY 2018: € 6 million).

(2) EARNINGS PER SHARE

	Note	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018	1 January 2018 to 31 December 2018
Basic				
Weighted average number of ordinary shares in issue (x 1)		80,000,000	80,000,000	80,000,000
Net result attributable to shareholders (in million €)		29 *	16 *	131 *
Basic earnings per share (in €)		0.36	0.20	1.63
Net result from continuing operations attributable to shareholders (in million €)		29	16	133
Basic earnings per share from continuing operations (in €)		0.36	0.20	1.66
Net result from discontinued operations attributable to shareholders (in million €)		-	-	-2
Basic earnings per share from discontinued operations (in €)		-	-	-0.03
Diluted				
Weighted average number of ordinary shares in issue (x 1)		80,000,000	80,000,000	80,000,000
Net result attributable to shareholders (in million €)		29 *	16 *	131 *
Diluted earnings per share (in €)		0.36	0.20	1.63
Net result from continuing operations attributable to shareholders (diluted) (in million €)		29	16	133
Diluted earnings from continuing operations per share (in €)		0.36	0.20	1.66
Net result from discontinued operations attributable to shareholders (diluted) (in million €)		-	-	-2
Diluted earnings from discontinued operations per share (in €)		-	-	-0.03

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

** Including share incentive charge of € 3 million (HY 2018: € 3 million; FY 2018: € 6 million).*

(3) INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in millions of euros

	Note	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018	1 January 2018 to 31 December 2018
Net result for the financial period		30	16	132
Revaluations of commitments/ (assets) defined benefit plans		-	-	-
Income tax		-	-	-
Items which will never be transferred to the income statement		-	-	-
Foreign currency exchange differences from foreign operations		6	-3	-3
Share of unrealised result from associates and joint ventures		-	-	14
Effective portion from changes of fair value cash flow hedges		-1	-2	-2
Income tax		-	-	-
Items which have been or may be transferred to the income statement		5	-5	9
Total other comprehensive income after income tax		5	-5	9
Total comprehensive income for the financial period		35	11	141
Attributable to:				
Shareholders of the Company		34	11	140
Minority interests		1	-	1
Total comprehensive income for the financial period		35	11	141
Total comprehensive income attributable to shareholders of the Company arises from:				
Continuing operations		34	11	140
Discontinued operations		-	-	-
Total comprehensive income attributable to shareholders of the Company		34	11	140

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(4) INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in millions of euros

	Note	30 June 2019	30 June 2018	31 December 2018
Property, plant and equipment		478	467	482
Right-of-Use assets	8.3	247	-	-
Intangible assets		490	441	484
Investments in associates and joint ventures		156	132	153
Non-current receivables		115	118	107
Other non-current assets		6	27	6
Deferred tax assets		32	57	31
Other non-current assets		309	334	297
Total non-current assets		1,524	1,242	1,263
Land		174	194	184
Property held for sale		32	40	42
Inventories		145	206	157
Contracts assets		699	535	579
Trade and other receivables		1,075	1,043	986
Income tax receivable		8	9	6
Cash and cash equivalents		385	368	467
Total current assets		2,518	2,395	2,421
Total assets		4,042	3,637	3,684

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(4) INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in millions of euros

	Note	30 June 2019	30 June 2018	31 December 2018
Equity attributable to shareholders of the Company		1,151	1,076	1,182
Minority interests		14	11	14
Total group equity	6	1,165	1,087	1,196
Loans and other financing obligations	8.10	31	83	43
Lease liabilities	8.3	176	-	-
Derivatives		4	2	2
Employee benefits		38	38	40
Provisions for associates and joint ventures		18	11	16
Other provisions		134	129	138
Deferred tax liabilities		36	42	31
Total non-current liabilities		437	305	270
Loans and other financing obligations	8.10	139	270	56
Lease liabilities	8.3	73	-	-
Contract liabilities		617	416	489
Trade and other payables		1,497	1,419	1,532
Employee benefits		9	10	19
Provisions for associates and joint ventures		2	3	3
Other provisions		90	108	98
Income tax payable		13	19	21
Total current liabilities		2,440	2,245	2,218
Total equity and liabilities		4,042	3,637	3,684

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(5) INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in millions of euros

	Note	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018	1 January 2018 to 31 December 2018
Cash flow from operating activities				
Result from continuing operations		30	16	134
Adjustments for:				
- Depreciation and impairment of property, plant and equipment		36	35	75
- Depreciation of right-of-use assets		33	-	-
- Amortisation and impairment of intangible assets		5	4	9
- Proceeds from sale of property, plant and equipment		-3	-5	-12
- Result from the sale of participating interests		-2	3	-6
- Other impairments		-	-	-5
- Share of result, less dividend received, from associates and joint ventures		5	-5	3
- Financial income		-10	-10	-22
- Financial expenses		11	10	19
- Income tax		10	3	30
- Share incentive		3	3	6
Operating cash flow before changes in working capital and provisions		118	54	231
Changes in land, property classified as held for sale, inventories and contract balances		41	-60	33
Changes in trade and other receivables		-110	-51	27
Changes in trade and other payables		-36	-85	4
Changes in provisions and employee benefits		-21	-18	-35
		-126	-214	29
Cash (used in) / generated by operating activities		-8	-160	260
Interest paid		-8	-9	-15
Interest received		10	10	19
Income tax paid		-14	-15	-22
		-12	-14	-18
Net cash (used in) / generated by continuing operating activities		-20	-174	242
Net cash (used in) / generated by discontinued operating activities		-	-2	-5
Net cash (used in) / generated by operating activities		-20	-176	237

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(5) INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in millions of euros

	Note	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018	1 January 2018 to 31 December 2018
Cash flow from investment activities				
Acquisitions, net of cash		-	-1	-29
Investment in property, plant and equipment		-45	-31	-84
Investment in intangible assets		-6	-8	-16
Proceeds from the sale of property, plant and equipment		13	16	28
Granted borrowings		-54	-43	-98
Repayments of borrowings		39	15	70
Investments in other financial assets		-1	3	4
Investments in joint ventures, associates and other investments		-	-	-32
Proceeds from sale of non-consolidated entities		1	-	10
Proceeds from sale of subsidiaries, net of cash		3	5	30
Net cash (used in) / generated by continuing investment activities		-50	-44	-117
Net cash (used in) / generated by discontinued investment activities		2	-	-
Net cash (used in) / generated by investment activities		-48	-44	-117
Cash flow from financing activities				
Receipts from non-current loans and borrowings		104	232	47
Repayment of non-current loans and borrowings		-23	-69	-102
Payment arising from lease liabilities		-37	-16	-20
Dividends paid to shareholders of the Company		-62	-62	-84
Net cash (used in) / generated by continuing financing activities		-18	85	-159
Net cash (used in) / generated by discontinued financing activities		-	-	-
Net cash (used in) / generated by financing activities		-18	85	-159

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(5) INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in millions of euros	Note	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018	1 January 2018 to 31 December 2018
Change in liquidity position				
Liquidity position as at 1 January		445	484	484
Effect of exchange rate differences on cash and cash equivalents and bank overdrafts		-	-	-
Net cash (used in) / generated by operating activities		-20	-176	237
Net cash (used in) / generated by investment activities		-48	-44	-117
Net cash (used in) / generated by financing activities		-18	85	-159
Liquidity position as at the end of the reporting period		359	349	445
Composition of liquidity position at the ending of financial period				
Cash and cash equivalents		385	368	467
Bank overdrafts		-26	-19	-22
Total liquidity position at the ending of the financial period		359	349	445

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(6) INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in millions of euros

	Note	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018	1 January 2018 to 31 December 2018
Group equity at the beginning of the financial period				
Equity attributable to shareholders of the Company		1,182	1,124	1,124
Minority interests		14	11	11
Total group equity at the beginning of the financial period		1,196	1,135	1,135
Impact of change in accounting policy		-	-2	-2
Adjusted total group equity at the beginning of the financial period		1,196	1,133	1,133
Comprehensive income for the financial period				
Result for the financial period		30	16	132
Other comprehensive income for the financial period		5	-5	9
Total comprehensive income for the financial period		35	11	141
Dividends		-62	-62	-85
Share based payments by the majority shareholder *		-2	3	6
Other movements		-2	2	1
Group equity at the ending of the financial period		1,165	1,087	1,196
Group equity at the ending of the financial period				
Equity attributable to shareholders of the Company		1,151	1,076	1,182
Minority interests		14	11	14
Total group equity at the ending of the financial period		1,165	1,087	1,196

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

* Share based payments by the majority shareholder includes the share incentive charge for 6M 2019 (€ 2.8m) and the settlement of wage taxes (€ - 4.3m).

(7) SEGMENT INFORMATION

Amounts in millions of euros

	Note	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018	1 January 2018 to 31 December 2018
Revenue				
The Netherlands				
Construction & Real Estate Development		1,105	1,041	2,105
Infrastructure		671	645	1,414
Energy & Telecoms Infrastructure		414	332	751
United Kingdom		636	548	1,116
North America		124	130	350
Germany		141	110	268
Other / eliminations		-36	-37	-80
Total revenue	8.7	3,055	2,769	5,924
EBITDA				
The Netherlands				
Construction & Real Estate Development		36	39	100
Infrastructure		7	-21	22
Energy & Telecoms Infrastructure		17	13	39
United Kingdom		18	16	39
North America		4	9	47
Germany		9	6	16
Other / eliminations		-9 *	-4 *	-18 *
Total EBITDA (excl. IFRS 16 effects)		82	58	245
Effect IFRS 16	8.3	33	-	-
Total EBITDA		115	58	245
Amortisation and depreciation		-74	-39	-84
Operating result (EBIT)		41	19	161
Net financial result		-1	-	3
Result before tax		40	19	164
Income tax		-10	-3	-30
Result from discontinued operations (after income tax)		-	-	-2
Result for the financial year		30	16	132
Attributable to:				
Shareholders of the Company		29	16	131
Minority interests		1	-	1
Result for the financial year		30	16	132

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

* Including share incentive charge of € 3 million (HY 2018: € 3 million; FY 2018: € 6 million).

(7) SEGMENT INFORMATION

Amounts in millions of euros

Orderbook	30 June 2019	30 June 2018	31 December 2018
The Netherlands			
Construction & Real Estate Development	3,859	3,315	3,493
Infrastructure	1,717	1,829	1,660
Energy & Telecoms Infrastructure	900	921	932
United Kingdom	1,374	1,162	1,528
North America	1,056	877	764
Germany	498	711	595
Other / eliminations	-52	-48	-48
Total orderbook <i>[unaudited non-GAAP information]</i>	9,352	8,767	8,924
Other information			
Total assets	4,042	3,637	3,684
Total liabilities	2,877	2,550	2,488
Investments in property, plant and equipment	45	31	87
Average numbers of employees	16,818	16,331	16,630

The comparative information HY 2018 and FY 2018 is not restated for IFRS 16. See note 8.3

(8) NOTES TO THE INTERIM FINANCIAL STATEMENTS

(8.1) General information

Royal VolkerWessels NV has its registered office in Rotterdam, the Netherlands with its head office located at Podium 9, Amersfoort, the Netherlands. The consolidated financial statements of the Company for the first half year of 2019 comprise the Company and its subsidiaries (collectively referred to as 'VolkerWessels' or 'the Group'). The Chamber of Commerce number of VolkerWessels is 34270985.

VolkerWessels is the preferred partner for its stakeholders to shape a sustainable society in terms of construction, transport, energy and communications.

The information in these interim financial statements is unaudited nor have been subject to a limited review by the external auditors of Deloitte Accountants BV.

These interim financial statements have been prepared by the Management Board and released for publication on 29 August 2019.

(8.2) Declaration of conformity

These interim consolidated financial statements of the Group have been prepared in accordance with IAS 34 *Interim Financial Reporting*. This financial report does not contain all the information that is required for complete financial statements and therefore it should be read in conjunction with the Annual Report 2018 of the Group, which has been prepared in accordance with IFRS as adopted by the European Union, including the notes and the report of the Management Board. The Annual Report 2018 of the Group is available on www.volkerwessels.com.

(8.3) General accounting policies

The accounting principles adopted are consistent with those of the Annual Report 2018 of the Group, except for the new and amended standards as set out below.

The interim consolidated financial statements are prepared on the historical cost bases, with the exception of the following assets and liabilities:

- derivative financial instruments are shown at their fair value;
- plan assets related to defined benefit obligations are valued at their fair value.

All amounts are, unless otherwise stated, in euro and in millions.

Changes in significant accounting policies

The Group has adopted IFRS 16 *Leases*, as from 1 January 2019.

IFRS 16 Leases

The Group has applied IFRS 16 using the modified retrospective method, meaning that leases are accounted based on IFRS 16 as of the date of initial application (i.e. 1 January 2019). Accordingly, the information presented for FY 2018 and HY 2018 have not been restated – i.e. it is presented, as previously reported under IAS 17 and related interpretations.

The Group leases many assets, which for most part consists of property and car leases. IFRS 16 results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short term leases and leases of low-value asset classes (e.g. laptops, printers and coffee machines). These assets are small ticket items for which no right-of-use asset nor liability are being recognised. The expenses relating to the lease of small ticket items will still be recognised as an expense in the income statement for the period over which the asset is utilised by the Group.

The Group presents right-of-use assets on a separate line item in the statement of financial position. Lease liabilities are no longer presented in 'Loans and other financing obligations' but on a separate line item in the statement of financial position.

Significant accounting policies

Until the 2018 financial year, leases were classified as either financial or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis of the period of the lease. The most significant change resulting from the adoption of the new standard is the recognition of right-of-use assets and lease liabilities for our operating leases. The right-of-use asset is depreciated over the lease term on a straight line basis and finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

At commencement date the right-of-use assets are recognised at cost. The cost comprises of the amount of the initial measurement of the lease liability and includes any lease payment made at or before the commencement date and any initial direct costs incurred.

Lease liabilities are recognised based on the present value of the future minimum lease payments over the lease term at commencement date.

Generally our leases do not provide an implicit rate, VolkerWessels uses therefore its incremental borrowing rate based upon information available at the commencement date in determining the present value of future payments.

Our lease terms may include options to extend or terminate the lease, which will be included in the measurement of the right-of-use assets and lease liabilities when it is reasonably certain that we will exercise that option. The assessment of whether the Group is reasonably certain involves judgement and impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

In applying IFRS 16 for the first time, the Group has used the following practical expedients, which are permissible under the standard:

- reliance on previous assessments on whether any expired or existing contracts are or contain leases;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of accounting for low value operating leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the application of the incremental borrowing rate as per initial application date for existing contracts, rather than the incremental borrowing rate at commencement date of these contracts.

The group has a number of leases which were classified as finance leases under IAS 17. For these leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

Impacts on transition

On adoption of IFRS 16, the Group recognised, in addition to the Group's already existing finance lease agreements, right-of use assets of € 235 million and corresponding lease liabilities of € 235 million. When measuring lease liabilities for leases that were previously classified as 'operating leases', the Group discounted the remaining lease payments using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied was 1.1%.

The following table reconciles the Group's operating lease commitments at 31 December 2018, as previously disclosed in the Annual Report 2018, to the lease liabilities recognised on initial application of IFRS 16 at 1 January 2019.

	1 January 2019
Operating lease commitments disclosed as at 31 December 2018	251
Less: Discount based on the lessee's incremental borrowing rate	-/- 12
Less: recognition exemption for short-term and low value leases	-/- 5
Add: other adjustments	1
Discounted operational lease commitment recognised at 1 January 2019	235

The following table shows the effect of the adoption of IFRS 16 on the statement of financial position as at 1 January 2019, including the reclassification of financial leases (previously included in property, plant and equipment and loans and other financing obligations).

	Right-of-Use Assets	Lease Liabilities
Operational lease commitment recognised at 1 January 2019	235	235
Reclassification of financial leases	16	16
Opening balance as of 1 January 2019 (adjusted for reclassifications)	251	251

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, as at 30 June 2019, the Group recognised right-of-use assets of € 235 million and corresponding lease liabilities of € 236 million.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised € 33 million of depreciation charges and € 1 million on finance costs from these leases.

Operating cash flows increased and financing cash flows decreased by € 33 million as repayment of the principal portion of the lease liabilities are classified as cash flows from financing activities instead of cash flows from operating activities.

Transactions in foreign currency

Transactions in foreign currency are translated into euros at the exchange rate on the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated into euros as at the reporting date at the exchange rate prevailing on that date. The differences that arise from the translation are recognised in the income statement.

Non-monetary assets and liabilities that are denominated in a foreign currency and valued on the basis of historical cost are translated at the exchange rate on the transaction date.

The euro exchange rate against the significant currencies for the Group are as follows:

Average exchange rate			
	HY 2019	HY 2018	FY 2018
GBP	1.15	1.14	1.13
CAD	0.66	0.65	0.65

Closing exchange rate			
	30 June 2019	30 June 2018	31 Dec 2018
GBP	1.12	1.13	1.12
CAD	0.67	0.65	0.64

(8.4) Seasonality

As is common in the construction industry, VolkerWessels' quarterly results of operations are affected by seasonality. VolkerWessels typically experiences reduced levels of construction activity during the first quarter as a result of frost, snow and heavy rain during winter. Consequently, VolkerWessels' revenue and EBITDA are typically lowest in the first quarter and EBITDA has in the past been nil or negative during the first quarter. The seasonality of the sector has a significant impact on the ratio's for the first half year, compared with year end numbers.

VolkerWessels requires working capital to support seasonal variations in its business which influence the timing of associated spending. Weather and seasonality conditions may generally impact working capital requirements across VolkerWessels' segments. The increase of the working capital compared with year end 2018 is in line with seasonality impact and is expected to decrease during the second half of 2019.

(8.5) Use of estimates and judgements in this interim financial report

The preparation of these interim financial statements in accordance with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of principles and reported values of assets and liabilities, and of income and expenses.

Based on past experience the Group makes estimates and assumptions with regard to the future, that could reasonably be expected to occur. The outcome may differ from these estimates.

The estimates and underlying assumptions are constantly re-evaluated. Revisions of accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical assessments in the application of the accounting principles are particularly important if they have a significant impact on the amounts included in these interim financial statements.

The Group acknowledges the following areas:

- the valuation of trade receivables;
- measuring progress for recognizing revenue over time;
- the estimate of contract costs and contract revenues, and consequently the profitability of long-term contracts;
- the height of potential liabilities arising from guarantees, claims, legal cases, and environmental and remediation costs;
- the useful life estimate of assets;
- the estimate of the use of extension and other contractual options in lease contracts;
- fair value measurements and valuation processes.

These areas are the same areas as in the consolidated financial statements 2018.

(8.6) Determination of the fair value

The measurement methods for determination of the fair value are defined as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities, that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobserved inputs).

The interest rate swaps used for hedging are valued at fair value. For determination of the fair value measurement method of level 2 is used.

(8.7) Revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services in the following major activities. The table also includes a reconciliation of the disaggregated revenue with the Group's six divisions, which are its reportable segments (note 7).

1 January 2019 to 30 June 2019

	Construction contracts	Property development	Service and maintenance	Goods sold and other services rendered	Total
The Netherlands					
C&RED	684	337	40	44	1,105
Infrastructure	515	-	102	54	671
E&T Infrastructure	326	-	59	29	414
United Kingdom	551	-	84	1	636
North America	88	-	35	1	124
Germany	95	38	-	8	141
Other/eliminations	-24	-	1	-13	-36
Total revenue	2,235	375	321	124	3,055

1 January 2018 to 30 June 2018

	Construction contracts	Property development	Service and maintenance	Goods sold and other services rendered	Total
The Netherlands					
C&RED	642	313	47	39	1,041
Infrastructure	495	-	103	47	645
E&T Infrastructure	270	-	62	-	332
United Kingdom	480	-	67	1	548
North America	87	5	36	2	130
Germany	60	47	-	3	110
Other/eliminations	-23	-	1	-15	-37
Total revenue	2,011	365	316	77	2,769

1 January 2018 to 31 December 2018

	Construction contracts	Property development	Service and maintenance	Goods sold and other services rendered	Total
The Netherlands					
C&RED	1,329	600	98	78	2,105
Infrastructure	1,121	-	195	98	1,414
E&T Infrastructure	625	-	126	-	751
United Kingdom	968	-	146	2	1,116
North America	262	7	77	4	350
Germany	164	96	-	8	268
Other/eliminations	-53	-	1	-28	-80
Total revenue	4,416	703	643	162	5,924

(8.8) Issued Capital

The authorised capital as at 30 June 2019 amounted to € 800,000 and consists of 80,000,000 ordinary shares with a nominal value of € 0.01 each. There were no movements in the issued capital of the Company in the first half year of 2019.

(8.9) Dividend payments

In May 2019 VolkerWessels paid a final dividend of € 62 million (May 2018: € 62 million) which is € 0.77 per share (May 2018: € 0.77 per share).

(8.10) Loans and other financing obligations

	30 Jun 2019	30 Jun 2018	31 Dec 2018
Committed credit facility	100	200	-
Other financing	44	116	61
Lease liabilities	-	18	16
Bank overdrafts	26	19	22
Total	170	353	99
Repayment in coming year (including bank overdrafts)	-139	-270	-56
Total non-current loans and other financing obligations	31	83	43

As a result of applying IFRS 16 *Leases* as mentioned in 8.3 the lease liabilities as per 30 June 2019 are presented on a separate line item in the statement of financial position.

Committed financing

In January 2019, we successfully exercised the first one-year extension option of our € 600 million revolving credit facility (the "RCF"), extending the maturity of the facility to January 2024.

In addition, we also restructured the existing floating-to-fixed interest rate swap of € 250 million through a 'blend & extend' transaction, extending the maturity of the swap to January 2025 at a fixed interest rate of 0.45% and a floor of 0%. The fair value of the swap prior to this transaction will be amortised over the remaining life time.

The drawn amount on the RCF as at 30 June 2019 is € 100 million (30 June 2018: € 200 million; 31 December 2018: € 0 million).

Following the introduction of IFRS 16, effective as from 1 January 2019, we have amended our finance documentation (including an upward adjustment to the Leverage covenant) with the purpose of bringing the documentation, which is based on Loan Market Association investment grade documentation, in line with the new lease accounting standard.

As at 30 June 2019, VolkerWessels was in compliance with the Leverage and Interest Cover covenants.

Net cash position

	30 Jun 2019	30 Jun 2018	31 Dec 2018
Cash and cash equivalents	385	368	467
Loans and other financing obligations (excluding bank overdrafts)	-143	-334	-77
Lease liabilities	-249	-	-
Non-current derivatives	-4	-2	-2
Bank overdrafts	-26	-19	-22
Net cash position	-37	13	366
Non-recourse financing	25	61	46
Net cash position adjusted for non-recourse financing	-12	74	412

As a result of applying IFRS 16 *Leases* as mentioned in 8.3 the net cash position as per 30 June 2019 is lower in comparison to 30 June 2018 (comparative figures are not restated). The impact of IFRS 16 on the net cash position is € 236 million, excluding this effect net cash improved with € 186 million compared to 30 June 2018.

As a result of the usual seasonal pattern in the construction industry as mentioned in 8.4 the net cash position as per 30 June 2019 is low in comparison to 31 December 2018.

The non-recourse financing has decreased due to settlements in project financing in the Construction & Real Estate Development segment.

(8.11) Guarantees, commitments and contingent liabilities

Bank and parent company guarantees

The bank and parent guarantees are as follows:

	30 Jun 2019	30 Jun 2018	31 Dec 2018
Guarantees			
Guarantees relating to performance	538	539	547
Guarantees relating to credit facilities	1	1	1
Guarantees relating to prepayments received	19	3	4
Guarantees issued to clients based in North America	351	203	236
Total bank guarantees	909	746	788

Guarantees relating to performance	1,375	1,135	1,348
Guarantees relating to credit facilities	158	152	151
Guarantees relating to prepayments received	2	6	3
Total parent company guarantees	1,535	1,293	1,502

Commitments and contingent liabilities

The commitments and other contingent liabilities are as follows:

	30 Jun 2019	30 Jun 2018	31 Dec 2018
Lease, rental and leasehold obligations	6	204	251
(Contingent) obligation to purchase building land	80	119	88
Other	74	60	59
Total commitments and contingent liabilities	160	383	398

The contingent lease and rental obligations amounts to € 6 million (31 December 2018: € 251 million; 1 January 2019: € 5 million) and relate to the exemptions under IFRS 16 for short-term and low value leases, refer to 8.3 for further disclosure.

(8.12) Related Party Transactions

The Group identifies the shareholders, subsidiaries, associates, joint arrangements and key management as related parties. All related party transactions have been concluded at arm's length.

The total sales to the related parties in the first half year 2019 amounts to € 109 million (HY 2018: € 58 million). The relating outstanding balance as at 30 June 2019 is € 27 million (30 June 2018: € 6 million) and the commitments as at 30 June 2019 are € 178 million (30 June 2018: € 200 million).

The total purchases from related parties in the first half year 2019 amounts to € 7 million (HY 2018: € 7 million). The relating outstanding balance as at 30 June 2019 is € 2 million (30 June 2018: € 1 million) and the commitments as at 30 June 2019 are € 40 million (30 June 2018: € 45 million).

(8.13) Events after the reporting date

After the reporting date, no significant events occurred that affect the results, the balance sheet or the cash flow in these interim financial statements of the first half year of 2019

Review report

To the shareholders and the Supervisory Board of Royal VolkerWessels N.V.

Introduction

We have reviewed the accompanying (condensed) consolidated interim financial information of Royal VolkerWessels N.V., registered office in Rotterdam, which comprises the statement of financial position as at 30 June 2019, the statements of comprehensive income, changes in equity, and cash flows for the period of six months ended 30 June 2019, and the notes. Management is responsible for the preparation and presentation of this consolidated 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 Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 2019 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

Rotterdam, 5 December 2019

Deloitte Accountants B.V.

Signed on the original: A.G. van Bochove

13.9 Financial results for the financial year 2019

VolkerWessels will publish its financial results for the financial year 2019 on 13 February 2020 prior to the General Meeting to be held on 17 February 2020. VolkerWessels will publish its financial statements for the financial year 2019 including the independent auditor's report thereon on 21 February 2020. These financial results and financial statements will be published in a press release and made available on the website of VolkerWessels (www.volkerwessels.com).

14. ARTICLES OF ASSOCIATION

Allen & Overy LLP

0091446-0000004

This is an unofficial office translation into English of the official Dutch text. Definitions included in Article 1.1 below appear in the English alphabetical order, but will appear in the Dutch alphabetical order in the official Dutch text. In preparing this translation, an attempt has been made to translate as literally as possible without jeopardising the overall continuity of the text. Inevitably, however, differences may occur in translation and if they do, the Dutch text will govern by law.

ARTICLES OF ASSOCIATION:

CHAPTER 1. DEFINITIONS AND CONSTRUCTION.

Article 1. Definitions and Construction.

1.1 In these Articles of Association, the following terms have the following meanings:

Share means a share in the capital of the Company.

Shareholder means a holder of one or more Shares.

General Meeting or **General Meeting of Shareholders** means the body of the Company consisting of the person or persons holding the voting rights attached to Shares, as a Shareholder or otherwise, or (as the case may be) a meeting of such persons (or their representatives) and other persons holding Meeting Rights.

Management Board means the management board of the Company.

Managing Director means a member of the Management Board.

Supervisory Director means a member of the Supervisory Board.

Deposit Shares (girale aandelen) means Shares which are included in the deposit system of the Dutch Securities Giro Act (Wet giraal effectenverkeer).

Deposit Shareholder means a person who is entitled to a certain number of Deposit Shares pursuant to the Dutch Securities Giro Act through a securities account with an institution associated with the Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., being the 'central depository' (centraal instituut) as referred to in the Dutch Securities Giro Act.

Works Council means the works council of the Company's business or of the business of a Dependent Company. If there is more than one works council, the powers of the works council under these Articles of Association will be exercised by such works councils severally; however where it concerns a recommendation as referred to in Article 17.4, the powers of the works councils will be exercised by the works councils jointly. If a central works council has been instituted for the business or businesses involved, the powers of the works council under these Articles of Association will accrue to such central works council.

Supervisory Board means the supervisory board of the Company.

Company means the company the internal organisation of which is governed by these Articles of Association.

Meeting Rights means the right to attend General Meetings of Shareholders and to speak at such meetings, as a Shareholder or as a person to whom these rights have been attributed in accordance with Article 9.

- 1.2 A message **in writing** means a message transmitted by letter, by telecopier, by e-mail or by any other means of electronic communication provided the relevant message or document is legible and reproducible, and the term **written** is to be construed accordingly.
- 1.3 The Management Board, the Supervisory Board and the General Meeting each constitute a distinct body of the Company.
- 1.4 References to **Articles** refer to articles which are part of these Articles of Association, except where expressly indicated otherwise.
- 1.5 Unless the context otherwise requires, words and expressions contained and not otherwise defined in these Articles of Association bear the same meaning as in the Dutch Civil Code. References in these Articles of Association to the law are references to provisions of Dutch law as it reads from time to time.

CHAPTER 2. NAME, OFFICIAL SEAT AND OBJECTS.

Article 2. Name and Official Seat.

- 2.1 The Company's name is:
Koninklijke VolkerWessels B.V.
- 2.2 The official seat of the Company is in Rotterdam.
- 2.3 The Company may establish offices and branches both in the Netherlands and abroad.
- 2.4 The Company is subject to the large company regime as referred to in Sections 2:262 up to and including 2:272 and Sections 2:274 and 2:274a of the Dutch Civil Code and as incorporated in these Articles of Association.

Article 3. Objects.

The objects of the Company are:

- (a) to incorporate, to participate in any way whatsoever in, to manage, to supervise businesses and companies;
 - (b) to finance businesses and companies;
 - (c) to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with aforementioned activities;
 - (d) to render advice and services to businesses and companies with which the Company forms a group and to third parties;
 - (e) to grant guarantees, to bind the Company and to pledge its assets for obligations of businesses and companies with which it forms a group and on behalf of third parties;
 - (f) to acquire, manage, exploit and alienate registered property and items of property in general;
 - (g) to trade in currencies, securities and items of property in general;
 - (h) to develop and trade in patents, trade marks, licenses, know-how, copyrights, data base rights and other intellectual property rights;
 - (i) to perform any and all activities of an industrial, financial or commercial nature;
- and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

CHAPTER 3. CAPITAL AND SHARES.

Article 4. Capital.

- 4.1 The capital of the Company consists of one or more Shares. Each Share has a nominal value of one eurocent (EUR 0.01) each.
- 4.2 All Shares are registered. No share certificates will be issued.

- 4.3 For the purpose of these Articles of Association, Deposit Shareholders shall be considered Shareholders and their book-entry rights in respect of Deposit Shares shall be considered Shares, unless the context of these Articles of Association or the law requires otherwise.

Article 5. Register of Shareholders.

- 5.1 The Management Board must keep a register of Shareholders (not being Deposit Shareholders) in which the names and addresses of all Shareholders are recorded. In the register of Shareholders, the names and addresses of all other persons holding Meeting Rights must also be recorded, as well as the names and addresses of all holders of a right of pledge or usufruct in respect of Shares not holding Meeting Rights.
- 5.2 Section 2:194 of the Dutch Civil Code applies to the register of Shareholders.

Article 6. Issuance of Shares.

- 6.1 Shares may be issued pursuant to a resolution of the General Meeting. The General Meeting may transfer this authority to another body of the Company and may also revoke such transfer.
- 6.2 A resolution to issue Shares must stipulate the issue price and the other conditions of issue.
- 6.3 The issue of a Share furthermore requires a notarial deed, to be executed for that purpose before a civil law notary registered in the Netherlands, to which deed those involved in the issuance must be parties.
- 6.4 Upon issuance of Shares, each Shareholder will have a right of pre-emption in proportion to the aggregate nominal value of his Shares, subject to the relevant limitations prescribed by law and the provisions of Article 6.5.
- 6.5 Prior to each single issuance of Shares, the right of pre-emption may be limited or excluded by the body of the Company competent to issue such Shares.
- 6.6 The Management Board is authorised to perform legal acts relating to non-cash contributions on Shares and other legal acts mentioned in Section 2:204 of the Dutch Civil Code, without prior approval of the General Meeting.

Article 7. Own Shares; Reduction of the Issued Capital.

- 7.1 The Company and its subsidiaries (*dochtermaatschappijen*) may acquire fully paid-up Shares or depositary receipts thereof, with due observance of the relevant statutory provisions.
- 7.2 In the General Meeting, no voting rights may be exercised for any Share held by the Company or a subsidiary (*dochtermaatschappij*) thereof, nor for any Share for which the Company or a subsidiary (*dochtermaatschappij*) thereof holds the depositary receipts.
- 7.3 The General Meeting may resolve to reduce the Company's issued capital in accordance with the relevant statutory provisions.

Article 8. Transfer of Shares.

- 8.1 The transfer of a Share (not being a Deposit Share) requires a notarial deed, to be executed for that purpose before a civil law notary registered in the Netherlands, to which deed those involved in the transfer must be parties.
- 8.2 Unless the Company itself is party to the transfer, the rights attributable to the Share (not being a Deposit Share) can only be exercised after the Company has acknowledged said transfer or said deed has been served upon it, in accordance with the relevant provisions of the law.
- 8.3 The transfer of rights which a Deposit Shareholder has with respect to Deposit Shares shall be effected in accordance with the provisions of the Dutch Securities Giro Act.
- 8.4 Shares may be transferred freely without any transfer restrictions within the meaning of Section 2:195 of the Dutch Civil Code being applicable.

Article 9. Pledging of Shares and Usufruct in Shares; Depositary Receipts.

- 9.1 The provisions of Articles 8.1, 8.2 and 8.3 apply by analogy to the pledging of Shares.
- 9.2 The voting rights attached to pledged Shares accrue to the Shareholder. However, pursuant to a

written agreement between the Shareholder and the pledgee, the voting rights may accrue to the pledgee. The Meeting Rights accrue to the Shareholder, whether holding voting rights or not, and to the pledgee holding voting rights, but will not accrue to the pledgee not holding voting rights.

- 9.3 The provisions of Articles 8.1, 8.2 and 8.3 apply by analogy to the creation or transfer of a right of usufruct in Shares. The voting rights attached to Shares encumbered by a right of usufruct accrue to the Shareholder. The Meeting Rights will not accrue to the holder of a right of usufruct.
- 9.4 The Company will not grant Meeting Rights to holders of depositary receipts issued for Shares.

CHAPTER 4. THE MANAGEMENT BOARD.

Article 10. Composition; appointment, suspension and removal; remuneration.

- 10.1 The Management Board may consist of one or more Managing Directors. The number of Managing Directors will be determined by the General Meeting. Both individuals and legal entities can be Managing Directors.
- 10.2 Managing Directors are appointed by the Supervisory Board. The Supervisory Board must notify the General Meeting of an intended appointment of a Managing Director. The provisions of this Article 10.2 regarding the appointment of a Managing Director apply to any reappointment of a Managing Director.
- 10.3 A Managing Director may be removed by the Supervisory Board. The Supervisory Board may not remove a Managing Director until the General Meeting has been consulted on the intended removal.
- 10.4 A Managing Director may be suspended by the Supervisory Board at any time.
- 10.5 The General Meeting may appoint one of the Managing Directors as chairperson of the Management Board and may appoint one of the other Managing Directors as deputy chairperson.
- 10.6 The authority to establish remuneration and other conditions of employment for Managing Directors is vested in the General Meeting.

Article 11. Duties, Decision-making Process and Allocation of Duties.

- 11.1 The Management Board is entrusted with the management of the Company. In the exercise of their duties, the Managing Directors must be guided by the interests of the Company and the business connected with it.
- 11.2 The Management Board may establish rules regarding its decision-making process and working methods. In this context, the Management Board may also determine the duties for which each Managing Director is particularly responsible. The Supervisory Board may resolve that such rules and allocation of duties must be put in writing and that such rules and allocation of duties will be subject to its approval.
- 11.3 Management Board resolutions at all times may be adopted in writing, provided the proposal concerned is submitted to all Managing Directors and none of them objects to this manner of adopting resolutions. Adoption of resolutions in writing is effected by written statements from all Managing Directors then in office.

Article 12. Representation.

- 12.1 The Company is represented by the Management Board. If the Management Board consists of two or more Managing Directors, any two Managing Directors acting jointly shall also be authorised to represent the Company.
- 12.2 The Management Board may appoint officers with general or limited power to represent the Company. Each officer will be competent to represent the Company, subject to any restrictions imposed on him. The Management Board will determine each officer's title. The authority of an

officer thus appointed may not extend to any transaction where the Company has a conflict of interest with the officer concerned or with one or more Managing Directors.

Article 13. Approval of Management Board Resolutions.

- 13.1 Without prejudice to any other applicable provisions of the law or these Articles of Association, Management Board resolutions with respect to any one or more of the following matters are subject to the approval of the Supervisory Board:
- (a) issue and acquisition of Shares and debentures at the expense of the Company or of debentures at the expense of a limited partnership or general partnership in respect of which the Company is a partner with full liability;
 - (b) the application for admission of the securities under (a) above to trading on a trading venue (*handelsplatform*) as referred to in Section 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) or a trading facility system that is comparable with a trading venue from a state that is not a member state, or, as the case may be, the cancellation of such admission;
 - (c) entering into or termination of a long term cooperation of the Company or a Dependent Company with another legal entity or company or, as a partner with full liability, in a limited partnership or general partnership if such cooperation or termination is of fundamental importance for the Company;
 - (d) participation by the Company or a Dependent Company in the capital of another company if the value of such participation is at least one quarter of the amount of the issued capital plus reserves of the Company according to its balance sheet and explanatory notes, as well as significantly increasing or reducing such participation;
 - (e) investments requiring an amount equal to at least one quarter of the issued capital plus reserves of the Company according to its balance sheet and explanatory notes;
 - (f) a proposal to amend these Articles of Association;
 - (g) a proposal to dissolve the Company;
 - (h) petition for bankruptcy or a request for suspension of payments (*surséance van betaling*);
 - (i) termination of the employment of a considerable number of employees of the Company or of a Dependent Company simultaneously or within a short period of time;
 - (j) radical change in the employment conditions of a considerable number of the employees of the Company or of a Dependent Company;
 - (k) a proposal to reduce the Company's issued capital.
- 13.2 The Supervisory Board may also require other Management Board resolutions to be subject to its approval. The Management Board must be notified in writing of such resolutions, which must be clearly specified.
- 13.3 The absence of approval of the Supervisory Board of a resolution as referred to in Articles 13.1 and 13.2 will not affect the authority of the Management Board or the Managing Directors to represent the Company.

Article 14. Conflicts of Interest.

- 14.1 A Managing Director having a conflict of interests as referred to in Article 14.2 or an interest which may have the appearance of such a conflict of interests (both a **(potential) conflict of interests**) must declare the nature and extent of that interest to the other Managing Directors and the Supervisory Board.
- 14.2 A Managing Director may not participate in deliberating or decision-making within the Management Board, if with respect to the matter concerned he has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it.

- 14.3 A conflict of interests as referred to in Article 14.2 only exists if in the situation at hand the Managing Director must be deemed to be unable to serve the interests of the Company and the business connected with it with the required level of integrity and objectivity. If a transaction is proposed in which apart from the Company also an affiliate of the Company has an interest, then the mere fact that a Managing Director holds any office or other function with the affiliate concerned or another affiliate, whether or not it is remunerated, does not mean that a conflict of interests as referred to in Article 14.2 exists.
- 14.4 The Managing Director who in connection with a (potential) conflict of interests does not exercise certain duties and powers will insofar be regarded as a Managing Director who is unable to perform his duties (*belet*).
- 14.5 A (potential) conflict of interests does not affect the authority concerning representation of the Company set forth in Article 12.1. The Supervisory Board may determine that, in addition, one or more persons will be authorized pursuant to this Article 14.5 to represent the Company in matters in which a (potential) conflict of interests exists between the Company and one or more Managing Directors.

Article 15. Vacancy or Inability to Act.

- 15.1 If a seat on the Management Board is vacant (*ontstentenis*) or a Managing Director is unable to perform his duties (*belet*), the remaining Managing Directors or Managing Director will be temporarily entrusted with the management of the Company.
- 15.2 If all seats on the Management Board are vacant or all Managing Directors or the sole Managing Director, as the case may be, are unable to perform their duties, the management of the Company will be temporarily entrusted to the Supervisory Board, with the authority to temporarily entrust the management of the Company to one or more Supervisory Directors and/or one or more other persons.
- 15.3 When determining to which extent Managing Directors are present or represented, consent to a manner of adopting resolutions, or vote, no account will be taken of vacant board seats and Managing Directors who are unable to perform their duties.

CHAPTER 5. THE SUPERVISORY BOARD.

Article 16. Composition of Supervisory Board; remuneration.

- 16.1 The Company will have a Supervisory Board consisting of at least three Supervisory Directors. The number of Supervisory Directors is determined by the General Meeting with due observance of this minimum. If the number of Supervisory Directors is less than three, the Supervisory Board must take measures forthwith to supplement the number of Supervisory Directors.
- 16.2 Only individuals may be Supervisory Directors.
- 16.3 The Supervisory Board will adopt a profile on its size and composition, taking into account the character of the business, its activities and the desired expertise and background of the Supervisory Directors. The Supervisory Board will discuss the profile in the General Meeting of Shareholders and with the Works Council, for the first time at the occasion of adoption and subsequently at each amendment thereof.
- 16.4 Supervisory Directors cannot be:
- (a) persons in the service of the Company;
 - (b) persons in the service of a Dependent Company;
 - (c) officials or persons in the service of a trade union which is usually involved in determining the terms of employment of the persons referred to under (a) and (b).
- 16.5 The General Meeting may award a remuneration to the Supervisory Directors.

Article 17. Appointment of Supervisory Directors.

- 17.1 Notwithstanding the provision of Article 17.5, Supervisory Directors are appointed by the General Meeting on a nomination of the Supervisory Board. The Supervisory Board must simultaneously inform the General Meeting and the Works Council of the nomination. The nomination will state the reasons on which it is based.
- 17.2 The General Meeting and the Works Council may recommend candidates to the Supervisory Board to be nominated as Supervisory Director. The Supervisory Board must inform them in time, when and why and in accordance with what profile a vacancy has to be filled in its midst. If the special right of recommendation referred to in Article 17.4 applies, the Supervisory Board will announce that as well.
- 17.3 A nomination or a recommendation as referred to in this Artikel 17 must state the candidate's age, his profession, the number of the Shares he holds and the positions he holds or has held, in so far as these are relevant for the performance of the duties of a Supervisory Director. Furthermore, the names of the legal entities of which he is already a Supervisory Director must be indicated; if those include legal entities which belong to a group, reference of that group will be sufficient. The recommendation and the nomination for appointment or re-appointment must be accounted for by giving reasons for it. In case of re-appointment, the performance in the past period of the candidate as a Supervisory Director will be taken into account.
- 17.4 With regard to one third of the total number of Supervisory Directors, the Supervisory Board will put a person recommended by the Works Council on the nomination, unless the Supervisory Board objects to the recommendation; taking into account Section 2:268 subsection 6 and 7 of the Dutch Civil Code.
- 17.5 The General Meeting can reject the nomination by an absolute majority of the votes cast, representing at least one third of the issued capital. If the General Meeting resolves by an absolute majority of the votes cast to reject the nomination but this majority does not represent at least one third of the issued capital, a new meeting can be convened where the nomination can be rejected by an absolute majority of the votes cast. The Supervisory Board will then prepare a new nomination. Articles 17.2 through 17.4 apply. If the General Meeting does not appoint the person nominated by the Supervisory Board and does not resolve to reject the nomination, the Supervisory Board will appoint the person nominated.
- 17.6 The making of a recommendation as referred to in Article 17.2 as well as the resolution to appoint or object, can be discussed in one and the same General Meeting of Shareholders. The notice of that meeting therefor states the vacancy and the opportunity for the General Meeting to make a recommendation and, for the situation in which no recommendation is made by the General Meeting, the name of the person nominated by the Supervisory Board. If the General Meeting does not make a recommendation, the person nominated can be appointed by the General Meeting.
- 17.7 Notice of the meeting convoked as referred to in Article 17.6 may not be given unless it is certain:
- (a) that the Works Council has either made a recommendation as referred to in Article 17.2, or – if applicable – Article 17.4, or has given notice that it does not wish to do so, or that a reasonable period of time, to be determined by the Supervisory Board, has lapsed in which to make a recommendation; and
 - (b) if the Works Council has made a recommendation as referred to in Article 17.4, the Supervisory Board nominated the person recommended.
- 17.8 If all seats on the Supervisory Board are vacant, other than pursuant to Article 18.5, the appointment will be made by the General Meeting in accordance with Section 2:269 Dutch Civil Code.

Article 18. Retirement, suspension and removal.

- 18.1 A Supervisory Director must retire not later than the day on which the first General Meeting of Shareholders is held after four years have elapsed since his appointment.
- 18.2 The Supervisory Directors will retire periodically in accordance with a rotation plan to be drawn up by the Supervisory Board. Any alteration to the rotation plan cannot require a Supervisory Director to resign against his will before the term of his appointment has lapsed.
- 18.3 A Supervisory Director can be suspended by the Supervisory Board; the suspension will lapse by law, if the Company has not submitted a petition as referred to in Article 18.4 to the Commercial Division within one month after commencement of the suspension.
- 18.4 The Commercial Division of the Amsterdam Court of Appeal may upon a request to that effect remove a Supervisory Director for neglecting his duties, for other important reasons or for a fundamental change of circumstances on the basis of which in all reasonableness the Company cannot be required to keep him on as a Supervisory Director. Section 2:271 subsection 2 of the Dutch Civil Code is applicable to such request.
- 18.5 The General Meeting can, by an absolute majority of the votes cast, representing at least one third of the issued capital, resolve to abandon its trust (*het vertrouwen opzeggen*) in the entire Supervisory Board. Section 2:271a of the Dutch Civil Code is applicable to such abandon of trust.

Article 19. Duties and Powers.

- 19.1 It is the duty of the Supervisory Board to supervise the management of the Management Board and the general course of affairs of the Company and the business connected with it. The Supervisory Board will assist the Management Board by giving advice. In performing their duties, the Supervisory Directors must act in accordance with the interests of the Company and the business connected with it.
- 19.2 The Management Board must supply the Supervisory Board in due time with the information required for the performance of its duties.
- 19.3 At least once a year, the Management Board must inform the Supervisory Board in writing of the main aspects of the strategic policy, the general and financial risks and the Company's management and auditing systems.
- 19.4 The Supervisory Board may request assistance from experts. The costs of such assistance will be for the account of the Company.
- 19.5 The Supervisory Board may decide that one or more Supervisory Directors and/or experts have access to the office and the other buildings and premises of the Company and that such persons are authorised to inspect the books and records of the Company.
- 19.6 The Supervisory Board may establish rules regarding its decision-making process and working methods, in addition to the relevant provisions of these Articles of Association.

Article 20. Chairperson and Secretary.

- 20.1 The General Meeting may appoint one of the Supervisory Directors as chairperson of the Supervisory Board. If the General Meeting has not appointed a chairperson, the Supervisory Board will appoint a chairperson itself from among its members. The Supervisory Board may also appoint a deputy chairperson from among its members, who must take over the duties and powers of the chairperson in the latter's absence.
- 20.2 The Supervisory Board will also appoint a secretary of the Supervisory Board, from among its members or not, and it will make arrangements for his substitution in case of absence.

Article 21. Meetings.

- 21.1 The Supervisory Board meets whenever a Supervisory Director or the Management Board deems necessary.

- 21.2 A Supervisory Director may be represented at a meeting by another Supervisory Director authorised in writing.
- 21.3 The meetings of the Supervisory Board are presided over by its chairperson or his deputy. In their absence, the chairperson of the meeting is appointed by a majority of the votes cast by the Supervisory Directors present at the meeting.
- 21.4 The chairperson of the meeting appoints a secretary for the meeting.
- 21.5 The secretary of a meeting of the Supervisory Board must keep minutes of the proceedings at the meeting. The minutes must be adopted by the Supervisory Board, in the same meeting or the next. Evidencing their adoption, the minutes must be signed by the chairperson and the secretary of the meeting in which the minutes are adopted.
- 21.6 The Supervisory Board meets with the Management Board as often as the Supervisory Board or the Management Board deems necessary.

Article 22. Decision-making Process.

- 22.1 When making Supervisory Board resolutions, each Supervisory Director may cast one vote.
- 22.2 All resolutions of the Supervisory Board will be adopted by a majority of the votes cast.
- 22.3 At a meeting, the Supervisory Board may only pass valid resolutions if the majority of the Supervisory Directors then in office are present or represented.
- 22.4 Supervisory Board resolutions may also be adopted in a manner other than at a meeting, in writing or otherwise, provided the proposal concerned is submitted to all Supervisory Directors then in office and none of them objects to the relevant manner of adopting resolutions. A report must be prepared by the secretary of the Supervisory Board on a resolution adopted other than at a meeting which is not adopted in writing, and such report must be signed by the chairperson of the Supervisory Board and the secretary. Adoption of resolutions in writing is effected by written statements from all Supervisory Directors then in office.
- 22.5 A Supervisory Director may not participate in deliberating or decision-making within the Supervisory Board, if with respect to the matter concerned he has a direct or indirect personal interests that conflicts with the interests of the Company and the business connected with it. The Supervisory Director who in connection with a (potential) conflict of interests does not exercise the duties and powers otherwise accruing to him as a Supervisory Director, will as such be regarded as a Supervisory Director who is unable to perform his duties within the meaning of Artikel 23.

Article 23. Vacancy or Inability to Act.

- 23.1 If a seat on the Supervisory Board is vacant or a Supervisory Director is unable to perform his duties, the remaining Supervisory Directors or Supervisory Director will be temporarily entrusted with the duties and powers of the Supervisory Board.
- 23.2 If all seats on the Supervisory Board are vacant or all Supervisory Directors are unable to perform their duties, the Management Board and the General Meeting must determine jointly to what extent and in which manner the duties and powers of the Supervisory Board are to be taken over temporarily.
- 23.3 The provision of Article 15.3 applies by analogy.

Article 24. Indemnity and Insurance.

- 24.1 To the extent permissible by law, the Company will indemnify and hold harmless each member of the Management Board and of the Supervisory Board, both former members and members currently in office (each of them, for the purpose of this Article 24 only, an **Indemnified**

Person), against any and all liabilities, claims, judgments, fines and penalties (**Claims**) incurred by the Indemnified Person as a result of any action, investigation or other proceeding, whether civil, criminal or administrative (each, a **Legal Action**), of or initiated by any party other than the Company itself or a group company (*groepsmaatschappij*) thereof, in relation to any acts or omissions in or related to his capacity as an Indemnified Person. Claims will include derivative actions of or initiated by the Company or a group company (*groepsmaatschappij*) thereof against the Indemnified Person and (recourse) Claims by the Company itself or a group company (*groepsmaatschappij*) thereof for payments of Claims by third parties if the Indemnified Person will be held personally liable therefore.

- 24.2 The Indemnified Person will not be indemnified with respect to Claims in so far as they relate to the gaining in fact of personal profits, advantages or remuneration to which he was not legally entitled, or if the Indemnified Person has been adjudged to be liable for wilful misconduct (*opzet*) or intentional recklessness (*bewuste roekeloosheid*).
- 24.3 The Company will provide for and bear the cost of adequate insurance covering Claims against sitting and former Managing Directors and sitting and former Supervisory Directors, unless such insurance cannot be obtained at reasonable terms.
- 24.4 Any expenses (including reasonable attorneys' fees and litigation costs) (collectively, **Expenses**) incurred by the Indemnified Person in connection with any Legal Action will be settled or reimbursed by the Company, but only upon receipt of a written undertaking by that Indemnified Person that he will repay such Expenses if a competent court in an irrevocable judgment has determined that he is not entitled to be indemnified. Expenses will be deemed to include any tax liability which the Indemnified Person may be subject to as a result of his indemnification.
- 24.5 Also in case of a Legal Action against the Indemnified Person by the Company itself or its group companies (*groepsmaatschappijen*), the Company will settle or reimburse to the Indemnified Person his reasonable attorneys' fees and litigation costs, but only upon receipt of a written undertaking by that Indemnified Person that he will repay such fees and costs if a competent court in an irrevocable judgment has resolved the Legal Action in favour of the Company or the relevant group company (*groepsmaatschappij*) rather than the Indemnified Person.
- 24.6 The Indemnified Person may not admit any personal financial liability vis-à-vis third parties, nor enter into any settlement agreement, without the Company's prior written authorisation. The Company and the Indemnified Person will use all reasonable endeavours to cooperate with a view to agreeing on the defence of any Claims.
- 24.7 The indemnity contemplated by this Article 24 does not apply to the extent Claims and Expenses are reimbursed by insurers.
- 24.8 This Article 24 can be amended without the consent of the Indemnified Persons as such. However, the provisions set forth herein nevertheless continues to apply to Claims and/or Expenses incurred in relation to the acts or omissions by the Indemnified Person during the periods in which this clause was in effect.

CHAPTER 6. ANNUAL ACCOUNTS AND DISTRIBUTIONS.

Article 25. Financial Year and Annual Accounts.

- 25.1 The Company's financial year is the calendar year.
- 25.2 Annually, not later than five months after the end of the financial year, save where this period is extended by the General Meeting by not more than five months by reason of special circumstances, the Management Board must prepare annual accounts, and must deposit the same for inspection by the Shareholders and other persons holding Meeting Rights at the Company's office. The Management Board must send the annual accounts to the Works Council as well.

- 25.3 Within the same period, the Management Board must also deposit the report of the Management Board for inspection by the Shareholders and other persons holding Meeting Rights, unless the Company is not obliged thereto pursuant to Section 2:396 or Section 2:403 of the Dutch Civil Code.
- 25.4 The annual accounts must be signed by the Managing Directors and the Supervisory Directors. If the signature of one or more of them is missing, this must be stated and reasons for this omission must be given.
- 25.5 Annually, the Supervisory Board will prepare a report, which will be enclosed with the annual accounts and the report of the Management Board. The provisions of Article 24.3 apply by analogy.
- 25.6 The Company may, and if the law so requires must, appoint an accountant to audit the annual accounts. Such appointment must be made by the General Meeting.
- 25.7 The annual accounts must be submitted to the General Meeting for adoption.
- 25.8 At the General Meeting of Shareholders at which it is resolved to adopt the annual accounts, it will be separately proposed that the Managing Directors on the one hand and the Supervisory Directors on the other be released from liability for their respective duties, insofar as the exercise of such duties is reflected in the annual accounts or otherwise disclosed to the General Meeting prior to the adoption of the annual accounts.

Article 26. Profits and Distributions.

- 26.1 The authority to decide over the allocation of profits determined by the adoption of the annual accounts and to make distributions is vested in the General Meeting, with due observance of the limitations prescribed by law.
- 26.2 The authority of the General Meeting to make distributions applies to both distributions at the expense of non-appropriated profits and distributions at the expense of any reserves, and to both distributions on the occasion of the adoption of the annual accounts and interim distributions.
- 26.3 A resolution to make a distribution will not be effective until approved by the Management Board. The Management Board may only refuse to grant such approval if it knows or reasonably should foresee that after the distribution the Company would not be able to continue to pay its debts as they fall due.

CHAPTER 7. GENERAL MEETING OF SHAREHOLDERS.

Article 27. General Meetings of Shareholders.

- 27.1 The annual General Meeting of Shareholders must be held within six months after the end of the financial year.
- 27.2 Other General Meetings of Shareholders will be held as often as the Management Board, the Supervisory Board or a pledgee holding voting rights deems necessary.
- 27.3 Shareholders and/or other persons holding Meeting Rights representing in the aggregate at least one per cent of the Company's issued capital may request the Management Board or the Supervisory Board to convene a General Meeting of Shareholders, stating specifically the business to be discussed. If the Management Board or the Supervisory Board has not given proper and timely notice of a General Meeting of Shareholders such that the meeting can be held within four weeks after receipt of the request, the applicants will be authorised to convene a meeting themselves.

Article 28. Notice, Agenda and Venue of Meetings.

- 28.1 Notice of General Meetings of Shareholders will be given by the Management Board, the Supervisory Board or a pledgee holding voting rights, without prejudice to the provisions of Article 27.3.
- 28.2 Notice of the meeting must be given no later than on the eighth day prior to the day of the

meeting, without prejudice to the provision of Article 32.4. The notice is given in accordance with Article 35.1.

- 28.3 The notice convening the meeting must specify the place, date and starting time of the meeting, as well as the business to be discussed. Other business not specified in such notice may be announced at a later date, with due observance of the term referred to in Article 28.2.
- 28.4 Items for which a written request has been submitted by one or more Shareholders and/or other persons holding Meeting Rights, alone or jointly representing at least one per cent of the issued capital, must be included in the notice or announced in the same manner, provided that the Company received the request no later than on the eighth day before the abovementioned latest date the notice convening the meeting can be given.
- 28.5 General Meetings of Shareholders are held in the municipality in which, according to these Articles of Association, the Company has its official seat or at any other place in the Netherlands. With respect to meetings held outside the Netherlands, the provision of Article 32.4 applies.

Article 29. Admittance and Rights at Meetings.

- 29.1 Each Shareholder, and any other person holding Meeting Rights, is entitled to attend the General Meetings of Shareholders, to address the meeting and, to the extent this right has accrued to him, to exercise his voting rights. They may be represented in a meeting by a proxy authorised in writing.
- 29.2 A Shareholder or his proxy will only be admitted to the meeting if he has notified the Company of his intention to attend the meeting in writing, such at the address in accordance with and by the date specified in the notice of meeting. In the notice to the meeting Deposit Shareholders shall be requested to produce evidence of their right to participate in the meeting and their right to exercise via their intermediary voting rights in the meeting and to produce evidence that they will remain entitled thereto until the end of the meeting in the manner set out in the notice to the meeting.
- 29.3 The Meeting Rights and voting rights may be exercised using any appropriate means of electronic communication, if that possibility is expressly provided for in the notice of the meeting or accepted by the chairperson of the meeting. The means of electronic communication used must be such that the persons holding Meeting Rights or their representatives can be identified through it to the satisfaction of the chairperson of the meeting. The notice of the meeting may contain further details and the chairperson of the meeting may give further requirements with respect to the permitted means of electronic communication and its use.
- 29.4 The chairperson of the meeting may determine that each person with voting rights present at a meeting must sign the attendance list. The chairperson of the meeting may also decide that the attendance list must be signed by other persons present at the meeting as well.
- 29.5 The Managing Directors and the Supervisory Directors have the right to give advice in the General Meetings of Shareholders.
- 29.6 The chairperson of the meeting decides on the admittance of other persons to the meeting.

Article 30. Chairperson and Secretary of the Meeting.

- 30.1 The General Meetings of Shareholders are presided over by the chairperson of the Supervisory Board, or in his absence by the deputy chairperson of the Supervisory Board. In the absence of each of them, the Supervisory Directors present at the meeting will appoint a chairperson for the meeting from among their midst. The Supervisory Board may appoint a different chairperson for a General Meeting of Shareholders.
- 30.2 If the chairpersonship of a meeting is not provided in accordance with Article 30.1, the chairperson of the meeting will be appointed by a majority of the votes cast by the persons with

voting rights present at the meeting. The provision of Article 32.1 applies.

30.3 The chairperson of the meeting must appoint a secretary for the meeting.

Article 31. Minutes; Recording of Shareholders' Resolutions.

31.1 The secretary of a General Meeting of Shareholders must keep minutes of the proceedings at the meeting. The minutes must be adopted by the chairperson and the secretary of the meeting and as evidence thereof must be signed by them.

31.2 The Management Board must keep a record of all resolutions adopted by the General Meeting. If the Management Board is not represented at a meeting, the chairperson of the meeting must ensure that the Management Board is provided with a transcript of the resolutions adopted, as soon as possible after the meeting. The records must be deposited at the Company's office for inspection by the Shareholders. On application, each of them must be provided with a copy of or an extract from the records.

Article 32. Adoption of Resolutions in a Meeting.

32.1 Each Share confers the right to cast one vote.

32.2 To the extent that the law or these Articles of Association do not provide otherwise, all resolutions of the General Meeting will be adopted by a simple majority of the votes cast, without a quorum being required.

32.3 If there is a tie in voting, the proposal will thus be rejected.

32.4 If the formalities for convening and holding of General Meetings of Shareholders, as prescribed by law or these Articles of Association, have not been complied with, valid resolutions of the General Meeting may only be adopted in a meeting, if all Shareholders and all other persons holding Meeting Rights have consented therewith and, prior to the resolution-making, the Managing Directors and Supervisory Directors have been given the opportunity to give advice.

32.5 When determining how many votes are cast by Shareholders, how many Shareholders are present or represented, or what portion of the Company's issued capital is represented, no account will be taken of Shares for which no vote can be cast pursuant to the law.

Article 33. Voting.

33.1 All voting must take place orally. The chairperson is, however, entitled to decide that votes be cast by a secret ballot. If it concerns the holding of a vote on persons, anyone present at the meeting with voting rights may demand a vote by a secret ballot. Votes by secret ballot must be cast by means of secret, unsigned ballot papers.

33.2 Blank and invalid votes will not be counted as votes.

33.3 Resolutions may be adopted by acclamation if none of the persons with voting rights present at the meeting objects.

33.4 The chairperson's decision at the meeting on the result of a vote will be final and conclusive. The same applies to the contents of an adopted resolution if a vote is taken on an unwritten proposal. However, if the correctness of such decision is challenged immediately after it is pronounced, a new vote must be taken if either the majority of the persons with voting rights present at the meeting or, where the original vote was not taken by roll call or in writing, any person with voting rights present at the meeting, so demands. The legal consequences of the original vote will be made null and void by the new vote.

Article 34. Adoption of Resolutions without holding Meetings.

34.1 Resolutions of the General Meeting can be adopted without holding a meeting, provided all persons with Meeting Rights have consented with such manner of resolution-making in writing. For adoption of a resolution outside a meeting it is required that all votes are cast in writing or that the resolution is recorded in writing mentioning how the votes were cast. Prior to the resolution-making, the Managing Directors and Supervisory Directors must be given the

opportunity to give advice. The provisions of Articles 32.1, 32.2, 32.3 and 32.5 apply by analogy.

- 34.2 Those having adopted a resolution outside a meeting must ensure that the Management Board is informed of the resolution thus adopted as soon as possible in writing. The Management Board must keep a record of the resolution adopted and it must add such records to those referred to in Article 31.2.

Article 35. Notices and Announcements.

- 35.1 The notice of a General Meeting must be in writing and sent to the addresses of the Shareholders and all the other persons holding Meeting Rights as shown in the register of Shareholders. However, if a Shareholder or another person holding Meeting Rights has provided the Company with another address for the purpose of receiving such notice, the notice may alternatively be sent to such other address. As long as there are Deposit Shareholders, the notice of a General Meeting will also be announced on the Company's website.
- 35.2 The provisions of Article 35.1 apply by analogy to notifications which pursuant to the law or these Articles of Association must be made to the General Meeting, as well as to other announcements, notices and notifications to Shareholders and other persons holding Meeting Rights.

CHAPTER 8. AMENDMENT OF THE ARTICLES OF ASSOCIATION, DISSOLUTION AND LIQUIDATION.

Article 36. Amendment of the Articles of Association.

The General Meeting may resolve to amend these Articles of Association without prejudice to the provisions of Section 2:268 subsection 12 of the Dutch Civil Code. When a proposal to amend these Articles of Association is to be made to the General Meeting, the notice convening the General Meeting must state so and a copy of the proposal, including the verbatim text thereof, must be deposited and kept available at the Company's office for inspection by the Shareholders and other persons holding Meeting Rights, until the conclusion of the meeting.

Article 37. Dissolution and Liquidation.

- 37.1 The Company may be dissolved pursuant to a resolution to that effect by the General Meeting. When a proposal to dissolve the Company is to be made to the General Meeting, this must be stated in the notice convening the General Meeting.
- 37.2 If the Company is dissolved pursuant to a resolution of the General Meeting, the Managing Directors become the liquidators of the dissolved Company's property, unless the General Meeting resolves to appoint one or more other persons as liquidator.
- 37.3 During liquidation, the provisions of these Articles of Association remain in force to the extent possible.
- 37.4 The balance remaining after payment of the debts of the dissolved Company must be transferred to the Shareholders in proportion to the aggregate nominal value of the Shares held by each.
- 37.5 In addition, the liquidation is subject to the relevant provisions of Book 2, Title 1, of the Dutch Civil Code.

15. ADVISERS

15.1 Advisers to the Offeror

Financial adviser

Kempen & Co N.V.

Legal adviser

Allen & Overly LLP

Financial adviser to the shareholders of the Offeror

NIBC Bank N.V.

15.2 Advisers to VolkerWessels

Financial advisers

ING Bank N.V.

ABN AMRO Bank N.V.

Legal adviser

Linklaters LLP

Communication adviser

Confidant Partners B.V.