

Press release

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Heijmans trading update: recovery continues

Highlights

- Revenues Q3 2017 in line with expectations;
- Order book at end-September 2017 at healthy level;
- House sales through October 1,636 (through October 2016: 1,344 houses).

Ton Hillen, chairman of the Executive Board / CEO Heijmans:

“We are continuing on the same positive trend which we described during the presentation of the first-half results. Property Development and Residential Building, as well as Infra, are all performing in line with expectations. The recovery at Infra is continuing. At Non-residential, volumes remain under pressure as a result of the challenging market conditions for new-build projects in combination with our selective acquisition policy. Our revenues in the third quarter were in line with expectations and at a level comparable to last year. We have taken additional steps in the RIVM/CBG and Wilhelminasluis Zaandam projects to control and further reduce the impact on our operating result. I am satisfied with the fact that we are operating well within the agreed financial framework. We have our sights firmly set on the future and we are on course for a structural recovery of Heijmans.”

Residential

Property Development and Residential Building are performing in line with expectations. The combined revenues continue to increase and revenues in the third quarter of 2017 exceeded those recorded in the same period of 2016. We sold a total of 1,636 homes in the first 10 months of the year, compared with 1,344 homes in the same period of 2016. A total of 1,061 of the 1,636 homes were sold to private buyers. In September, Heijmans announced it had been awarded a contract by the Lefier housing corporation to renovate almost 1,000 homes in Groningen, with the aim of increasing comfort and making the homes more energy-efficient. Heijmans also signed a letter of intent with GGz Centraal for ‘De Hooge Riet’, an area of around eight hectares in Ermelo. Heijmans, GGz Centraal and the Ermelo city council are currently working on plans to redevelop the site for residential use. We are making steady progress on the realisation of the Gasthuiskwartier residential project in the centre of Den Bosch and the first phase is currently on sale. Heijmans will also deliver the Perron 073 apartment building in Den Bosch this month. The interest in housing concepts such as the Heijmans Huismerk and Heijmans ONE remains high, as shown in the development of Noorderhaven in Zutphen, the development of social rental housing for the Woonwenz housing corporation in Venlo and various agreements for the delivery of Heijmans ONE homes.

Non-Residential

Non-Residential continues to face challenging market conditions. While we are seeing the first signs of recovery in the market for new-build projects, this is not yet visible in price movements and the market has still not normalised. Heijmans is selective in accepting new projects in this market, which means volume remains low for the moment. Revenues at Non-Residential in the third quarter of 2017 were therefore below the level recorded in the third quarter of 2016. In Rotterdam, the modernisation and expansion of Ahoy is well under way, as is the realisation of the new swimming

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pool as part of the 'Hart van Zuid' development. In Amsterdam, we very recently celebrated the official start of construction for the new Amsterdam Court House.

Infra

The recovery at Infra is continuing and well on track. The continued focus on and fine tuning of the tender, project and risk management is helping to make projects more predictable. Revenues in the third quarter of 2017 were higher than in the same period of 2016. In these revenues, there is a greater focus on regional projects, maintenance and management and specialist projects. For instance, we recently signed the alliance contract for the Gorinchem Waardenburg dyke reinforcement project. Heijmans also announced it has won a contract to realise a new project for energy-generating sound barriers near the A50 in Uden: Solar Highways. In Veldhoven, we started construction on the Zilverbaan, the new western bypass route to the future connection with the A67. In the summer, Heijmans built a heat-transport pipeline in the Oostelijk Havengebied (eastern port area) of Amsterdam for power company Nuon, with the aim of providing existing and future homes in that area with residual heat from the Diemen power plant.

Progress on specific projects

The settlement of projects that require specific attention is progressing according to plan. With respect to the RIVM/CBG project, Heijmans is now in the advanced stages of transferring its share in the consortium to its consortium partner Strukton. This is in line with our strategy to reduce the impact of a number of specific projects as quickly as possible in the transition year 2017. Although a financial and technical solution was recently realised for the project, Heijmans has decided that the divestment of its share is the best way to implement this strategy. The consortium has reached financial close and made financial agreements with the Central Government Real Estate Agency (*Rijksvastgoedbedrijf*). The financial impact of withdrawal from the consortium will be well within the range as published in the 2016 annual report.

The Arbitration board for the building industry recently issued an interim ruling in the dispute concerning the Wilhelminasluis project in Zaandam. This interim ruling offers a basis for the joint completion of the project. The provision Heijmans took in the 2016 financial statements seems adequate; the exact financial consequences will be worked out in more detail in the coming period. The execution of the N23 is progressing according to plan, while the Drachtsterweg project in Leeuwarden is in the final stages of completion.

Outlook

The recovery that started in 2017 continues. Heijmans is developing according to plan and is on track for a structural recovery. Property Development, Residential Building and Infra are performing in line with expectations, with Property Development and Residential Building benefitting from the positive development of the housing market, while the chosen strategy at Infra is clearly paying off. Previously implemented measures are helping to make projects more predictable, which has resulted in a strong improvement in results. At Non-Residential, we have yet to see a sustainable recovery of the market for new-build projects.

In view of the progress Heijmans has booked in the past period, the company decided to reduce its credit facility to € 156 million from €176 million earlier than planned. This reduction is realised three quarters earlier than previously arranged in the agreements with the company's banks. This decision was driven by stable working capital development and the solid progress in the limitation of the downside risk in specific projects.

Corporate governance

On 26 October, Heijmans announced that Ruud Majenburg had stepped down from the Executive Board effective as of that date. The Executive Board consists of Ton Hillen (CEO) and Hans Janssen (CFO), who was appointed as member of the Executive Board / CFO following an

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Extraordinary Meeting of Shareholders on 17 October 2017. The Heijmans N.V. Supervisory Board is currently considering the definitive composition of the Executive Board.

Full year results 2017

The date on which Heijmans publishes the 2017 annual results has been moved to Friday 23 February 2018 from Thursday 22 February 2018.

About Heijmans

Heijmans is a listed company that combines activities related to property development, residential building, non-residential building, roads and civil engineering in the areas living, working and connecting. Our constant focus on quality improvements, innovation and integrated solutions enables us to generate added value for our clients. Heijmans realises projects for private consumers, companies and public sector bodies and cooperates and together we are building the spatial contours of tomorrow. You will find additional information on www.heijmans.nl.

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