

Press release

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Heijmans full year results: poor 2nd half year 2014, order book and housing market offer good prospects

Challenging market requires continuous improvement and innovation

Key developments

- Underlying operating result: € 12 million negative (2013: operating result of € 23 million positive); revenues decrease to € 1.9 billion (2013: € 2.0 billion);
- Net result for 2014 € 47 million negative after write down on property assets and reorganisation costs (2013: net profit of € 2 million);
- Good results from Belgian activities. Property Development and Residential Building show improved result. Disappointing result at Roads and Civil (Infra Netherlands) partly due to unexpected negative outcome in arbitration procedure; except for arbitration case results in line with trading update Q3 2014;
- Reorganisations at Non-Residential, Civil and Oevermann on schedule, 350 jobs involved;
- Number of homes sold up 25% (2014: 1,347, from 1,082 in 2013);
- Order book at year-end 2014 up strongly at around € 2.3 billion (€ 1.6 billion at year-end 2013); strong order intake in PPP and infra projects;
- Solvency solid at 27%.

Key figures

x 1 € million	H2 2014	H1 2014	2014	2013 *
Revenues	1.045	823	1.868	2.001
Underlying operating result **	-5	-7	-12	23
Operating result	-52	-12	-64	12
Result after tax	-39	-8	-47	2
Earnings per share (in €)	-2,01	-0,43	-2,44	0,10
Order book	2.287	2.180	2.287	1.643
Net debt	31	99	31	66
Number of FTE	7.034	7.118	7.034	7.361

* After adjustment due to change in accounting policy for joint arrangements.

** underlying operating result is the operating result corrected for operating result joint ventures, write down on property assets, restructuring costs, extraordinary pension income and other extraordinary items.

Bert van der Els, chairman of the Heijmans Executive Board:

"We closed 2014 with a negative result, despite strong growth in the order book and a recovery in the housing market. An unexpected ruling in an arbitration case relating to Energiefabriek Tilburg on 30 December last year had a substantial negative impact on our results. Disappointing results at the Infra activities in the Netherlands put downward pressure on our margin and results. Nevertheless, there is comfort for the future, which is also demonstrated by the additional agreement made with our banks in the past few weeks concerning the financial covenants as per mid-2015. As previously announced, we are introducing additional measures on top of the improvement measures initiated in 2014, to improve project results at Infra in the Netherlands. In the second half of 2014, we saw

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the recovery in the housing market leading to an increase in production. Our investments in inner-city developments and process improvements at Property Development and Residential Building are starting to bear fruit. We saw a strong decline in revenues at Non-Residential, which is late-cyclical due to the technical installation activities. Therefore for are implementing significant adjustments to the organisation. Our financial position remains solid, with a solvency ratio of 27% and a year-end balance sheet without recourse debt. Furthermore, our innovations, including Heijmans ONE, Hydrofit and Smart Highway, are generating interest around the world and offer ample opportunities for the future. I am convinced that our strategy of targeting improvement and innovation will have a clear impact on our performance in 2015. Barring unforeseen circumstances, we expect to realise a significant improvement of the underlying operating result in 2015. Due to the measures we have introduced, our healthy order book and the recovering housing market, this should be possible.”

Key developments second half 2014

Residential

The housing market is showing signs of clear recovery, consumer confidence increased slightly and mortgage interest rates are at historic lows, all of which have a positive impact on the market. The government policy that came into effect in the autumn of 2012 seems to be working; the measures against so-called 'scheefwonen', where people remain in cheap social housing despite high incomes, combined with the further reduction of the mortgage debt is boosting market forces in every segment of the housing market. This could lead to further recovery in the market, despite the tighter regulations with regard to loan-to-value ratios. Heijmans realised a greater number of homes sold in the year under review (2014: 1,347 homes, versus 1,082 in 2013) with a greater proportion of sales to private buyers (711 or 53% in 2014 versus 437 or 40% in 2013). Heijmans sold 670 homes in the fourth quarter.

Heijmans has seized the prospect of the recovering market to develop a much faster time-to-market system for concept homes. This way, the past year more than 500 Heijmans *Huismerk* homes have been developed and are being realised, in locations such as Waalwijk and Den Dungen. With the launch of the moveable Heijmans ONE home last autumn, Heijmans is creating an innovative link between the shortage of high-quality temporary rental homes and vacant areas. The order book at both Property Development and Residential Building continued to increase in the second half of 2014, partly due to the acquisition of projects such as the Parool tower/ Trouw building in Amsterdam and the Kooiplein in Leiden. In addition, the fourth quarter saw the start construction on numerous new projects, including Eemskwartier in Groningen, Hoogkamer in Voorhout and Ons Huuske in Apeldoorn. Heijmans also launched a number of projects in Belgium, including the realisation of the l'Ensemble Immobilier Villa Urbana apartment complex in Evere. In Germany, last autumn Oevermann began preparations for the construction of a new residential area in the former Winkhaus site in Münster. Heijmans signed the contract for this project and started construction in early 2015.

Non-Residential

Revenues at Non-Residential declined substantially in 2014, largely due to the late-cyclical nature of the technical installation activities. The management of large projects continued to improve but the margins on these projects are still below target, partly due to market conditions. Non-Residential also noted a shift in demand. Larger, often integrated projects demanded a greater design and engineering component, which requires a different organisational profile. These developments have resulted in organisational adjustments, which will result in the loss of approximately 230 jobs. The adjustments are necessary to make Non-Residential profitable in the near future. In December 2014, Non-Residential delivered the National Military Museum in Soesterberg. This museum attracted more than 100,000 visitors in six weeks, which exceeded expectations. In addition to being the builder of this project, Heijmans is also the management, maintenance and service partner for the museum for the next 25 years. As of 2014, Non-Residential provides the management and maintenance for the Meander Medical Centre in Amersfoort, a project that was delivered in 2013. In the field of installation services, Non-Residential is responsible for projects including the maintenance of the Persgroep premises in Amsterdam, the Ministry of Security and Justice and the Ministry of Home Affairs in The Hague. The latter project covers the management and maintenance of the installations in a total of 130,000 m² of buildings for a period of 18 years.

Infra

The results of Infra Netherlands (Roads and Civil) came under considerable pressure in 2014, for a variety of reasons. First of all, it is proving difficult to convert our strategy of margin over volume to a market with surplus capacity. Based on the latest insights, opportunities and threats were insufficiently valued in some bids, which put pressure on margins. In addition, the completion of

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optimisations planned in tenders is requiring additional design and engineering costs. Combined with the developments related to the Energiefabriek Tilburg project, these factors resulted in a serious operating loss in 2014. We had already introduced several improvement measures in 2014 and initiated additional measures in the final months of the year. In concrete terms, this relates to the following issues; a differentiated 'estimation' of design (management) costs, adapting the management of design and preparation processes, improving contract management in combination with the professionalisation of the cooperation with clients, tight management and documentation of go/no-go moments and greater attention from the Executive Board for projects in the start-up phase. In addition, we have decided to put Roads and Civil under a single centralised management, which will allow us to enhance the uniformity of project management. This will also enable us to further optimise a number of support processes based on the new ERP platform that came into operation for all of Infra in the Netherlands in early February.

On 30 December 2014, Heijmans Civil was confronted with a negative arbitration ruling in an appeal case related to the Energiefabriek Tilburg project. The arbitration procedure has a strong impact on the results of Infra in the Netherlands. Heijmans recognised the negative financial impact directly related to the case – amounting to € 9 million - in the results for the second half of 2014. The project will have a total negative impact of € 11 million in 2014. In view of the complex nature of the issue and the disproportionate financial outcome of the procedure, Heijmans continues to investigate legal options to reduce the financial damage to the company.

The Belgian activities delivered a significant contribution to results, partly due to a strong project portfolio and a good performance on the Liefkenshoekspoorverbinding project. Similar to the Dutch market, the German market is suffering from declining volumes. Heijmans German subsidiary Oevermann closed some branches in anticipation of this decline. This will result in the reduction of approximately 100 jobs. Oevermann's subsidiary Hochbau acquired the contract to realise a major shopping centre in Dorsten. Last year, Franki began several projects for E.ON and Unilever. And Franki is participating in the execution of various Dutch projects, such as the A4, the N23, the Eurojust basement parking facility and the St. Jan underground parking garage in Den Bosch.

Financial

In line with the Q3 trading update, the extra work in the design and engineering phase of several complex Infra projects resulted in an operating loss. During the year the order book grew significantly to € 2.3 billion as per year-end 2014, compared with € 1.6 billion at year-end 2013. The underlying operating result amounted to a loss of € 5 million in the second half of 2014, compared with an operating profit of € 21 million positive in the second half of 2013. The solvency ratio remained solid at 27%.

Key developments 2014

Revenues declined slightly across the board in the year under review, to a level of € 1.9 billion. Especially Non-Residential saw a particularly heavy decline in revenues (2014: € 388 million, versus € 466 million in 2013). Other activities managed to keep revenues stable, or even booked an increase. This was especially true for Property Development, which increased revenues by 15% last year. The Dutch and German Infra markets remain under strong pressure, which is leading to overcapacity and pressure on margins. The recovery in the residential market in the Netherlands continued last year and Heijmans saw the number of homes sold increase by almost 25% to 1,347 in 2014. In 2013, Heijmans joined forces with 3i Investments plc to facilitate growth in the PPP market. Last year, Heijmans won three PPP project, including the A9 and A12 Veenendaal – Ede – Grijsoord motorway projects, and is in the running for another three PPP projects. Heijmans' strategy is focused on continuous improvement of its core activities and processes by streamlining purchasing, commerce, tender and project management, as well as renewal through the development of new markets via promising innovations and concepts. To back up this strategy

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more effectively, in 2014 Heijmans appointed a Chief Technology Officer and a Chief Commercial Officer.

Safety and sustainability are important themes at Heijmans and they are integrated in the company's business operations. In 2014, Heijmans reported an injury frequency rate of 5.6 (number of injuries resulting in absenteeism of at least one day per million working hours. In 2013, this figure stood at 6.1). Heijmans CO2 emissions decreased by 13% to 48,995 tonnes in 2014. You will find more detailed information in the integrated annual report.

Financial results

Revenues

Revenues dropped by more than € 130 million to € 1.9 billion. The drop was largely due to the decline in revenues at Non-Residential (almost € 80 million). Property Development booked higher revenues. The share of Heijmans' foreign activities in the total revenues of the group came in at 26% in 2014 (2013: 28%).

Operating result

Heijmans recorded an operating loss of € 64 million in 2014, compared with an operating profit of € 12 million in 2013.

x€ 1 million	H2 2014	H1 2014	2014	2013
Revenues	1.045	823	1.868	2.001
Underlying operating result	-5	-7	-12	23
Correction operating result joint ventures	-7	-2	-9	-1
Write down on property assets	-13	-1	-14	-7
Restructuring costs	-27	-2	-29	-7
Exceptional release pension provision				4
Operating result	-52	-12	-64	12
Result before tax	-52	-10	-62	8
Income tax expense	13	2	15	-6
Result after tax	-39	-8	-47	2

Underlying operating result is the operating result corrected for operating result joint ventures, write down on property assets, restructuring costs and other extraordinary items. In 2014, Heijmans booked an underlying operating loss € 12 million (2013: profit € 23 million).

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Underlying operating result x € 1 million	H2 2014	H1 2014	2014	2013
Property development	5	-1	4	1
<i>Residential - Netherlands</i>	3	-3	0	-3
<i>Residential - Belgium</i>	0	2	2	0
Residential - Total	3	-1	2	-3
Non-residential	-1	1	0	2
<i>Infra - Netherlands</i>	-17	-5	-22	16
<i>Infra - Belgium</i>	4	7	11	13
<i>Infra - Germany</i>	2	0	2	6
Infra - Total	-11	2	-9	35
Corporate/other	-1	-8	-9	-12
underlying operating result	-5	-7	-12	23

The turnaround in the residential market and improved consumer confidence led to an increase in operating results at both Property Development and Residential Building in 2014 to € 4 million and € 2 million respectively (2013: Property Development € 1 million and Residential Building a loss of € 3 million). Over the past year, Heijmans has worked on improving its execution, the streamlining of its business process, lowering its cost base, as well as strengthening its procurement to improve the efficiency of its operations and to prepare for market recovery. Non-Residential booked zero operating profit in 2014 (2013: € 2 million). In view of the late cyclical nature of the business and the sharp drop in revenues, together with pressure on results, we had to make additional adjustments to the organisation to return the business to profit at current activity levels. These adjustments were announced in the third quarter of 2014 and will be effected in 2015. The Infra activities in the Netherlands booked a significant operating loss in 2014: loss of € 22 million, versus a profit of € 16 million in 2013. Compared with the extraordinarily strong results in previous years, the results of the Infra activities in the Netherlands deteriorated significantly in 2014, partly due to the impact of the Energiefabriek arbitration case.

Non-operational items

The reorganisation costs and the write down on property assets mainly outside the Randstad urban conurbation have a major impact on results. Total reorganisation costs amounted to € 29 million in 2014. The value adjustment on land and property assets amounted to € 14 million in the same period.

Capital position, net debt and financing

Heijmans' solvency ratio of 27% is lower than at year-end 2013 (32%) but still solid. Invested capital was down last year, largely due to a decline in the capital invested in Property Development (partly due to the write down on property assets outside the Randstad, the recovery on the residential market and working capital management). At year-end 2014 net debt amounted to € 31 million (2013: € 66 million). Clearly, Heijmans had a positive cash flow in 2014. As per year-end 2014, there was no net recourse debt relevant to the financial covenants with Heijmans' banks. The committed credit facility of € 250 million with a term through 31 March 2016 had not been used by year-end 2014. This facility was extended once again for a year in November and runs until 31 March 2017 for the amount of € 212 million. As per year-end 2014, the company was operating

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within the bandwidth laid down in all the financial covenants. Partly in view of the financial impact of the Energiefabriek Tilburg project on EBITDA, there was limited room for manoeuvre with respect to the minimum interest cover ratio as per end-December 2014 (3.4 compared with the minimum covenant level of 3.0). Against this background, in early 2015 Heijmans reached additional agreements with its banks with regards to the calculation of the financial covenants for the covenant test mid- 2015. Heijmans and its banks agreed that the negative financial results from the Energiefabriek Tilburg project will not be taken into account in the calculation of EBITDA for both covenants. Partly due to these new agreements, Heijmans assumes that it will be able to operate within the financial covenants in the current financial year.

Net result

Heijmans recorded a net loss of € 39 million in the second half of 2014 (2013: net profit of € 7 million). For the full year, Heijmans reported a loss of € 47 million (2013: net profit of € 2 million). This resulted in a loss per share of € 2.44.

Order book

At year-end 2014, the order book amounted to € 2.3 billion, significantly higher than the € 1.6 billion reported for year-end 2013. Approximately 65% of the forecast revenues for 2015 are in the order book, an improvement compared to the previous year (2013: 55%). The strong order intake is linked to the recovering residential market and the acquisition of projects such as the A9, A12, RIVM, Eurojust, N23 and the Parool tower/Trouw building.

Dividend

Given the development of both the operating results and net result for 2014, a motion will be submitted to the General meeting of Shareholders proposing that Heijmans will not pay out a dividend on (depository receipts for) ordinary shares.

Outlook

The recovery in the residential market seems to have brought an end to declining revenues. However, margins remain thin in all markets, which means it is still difficult to realise margins appropriate to the level of complexity of projects. Improving profitability therefore remains Heijmans' top priority. The main focus points of this effort are: benefitting from the recovery on the residential market, completing the reorganisation at Non-Residential, Civil and Oevermann, as well as tightening the focus of the business model at Infra in the Netherlands. The aim of the reorganisations is to reduce execution capacity, lower costs and terminate loss-making activities. Tightening the focus of the business model of Infra in the Netherlands involves combining Roads and Civil under one management and the completion of adjustments to management of large-scale projects. Our plan on this front is to considerably strengthen the risk and contract management, to steer the design phase much more strictly and to optimise support processes. These measures should lead to a further reduction of costs and improved project results in 2015. Heijmans is in a solid financial position, but lagging profitability will put pressure on financial ratios. Heijmans will lower this pressure through working capital management and the above-mentioned measures. Finally, the ongoing recovery on the residential market, our well-filled order book and our strong commercial basis offers clear perspective for 2015. Barring unforeseen circumstances, Heijmans expects to realise a significant improvement of the underlying operating result in 2015.

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 working areas living, working and connecting. Heijmans is active in the Netherlands, Belgium and Germany and as a technology partners delivers know-how and concepts in various markets. Our constant focus on quality improvements, innovation and integrated solutions enables us to generate added value for our

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clients. Heijmans realises projects for private consumers, companies and public sector bodies. With more than 7,000 employees and € 1.9 billion in revenues in 2014, we are building the spatial contours of tomorrow.

You will find additional information on www.heijmans.nl.

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The Executive Board will explain the published results for 2014 today, 26 February 2015, at a press conference and analyst meeting. The analyst meeting will start at 10.30 am and you can follow the meeting via a webcast www.heijmans.nl.

The agenda and the registration form for the General Meeting of Shareholders of 15 April of this year will be available in the Heijmans website from 4 March onwards.

This press release was also published in Dutch. In the event of any discrepancies between the original press release and the English-language version of same, the Dutch version shall prevail.

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Addenda to the Heijmans N.V. 2014 annual results press release

1. Results and developments operational activities
2. Key figures
3. Consolidated income statement
4. Consolidated balance sheet
5. Consolidated cash flows statement
6. Information per segment (condensed income statement per business segment)
7. Order book

1. Results and developments operational activities

Residential: Property Development and Residential Building

The Dutch housing market bottomed out in 2013, since then it has seen a cautious recovery. In 2014, the pace of that recovery quickened as the year progressed. However, we expect the market will not achieve pre-crisis volumes and characteristics. Consumers are critical and demand-driven supply is crucial. In addition, we have seen a slight increase in consumer confidence and purchasing power, which has a positive impact on the market. The government policy that came into effect in the autumn of 2012 seems to be working; measures against so-called 'scheefwonen', where people remain in low-costs social housing despite high incomes, combined with the further reduction of mortgage debt have increased market forces in every segment of the housing market. Mortgage interest rates are at a historic low, which also has a positive impact on the market. These factors will feed the ongoing market recovery, despite the tighter regulations related to loan-to-value ratios.

Heijmans has responded to this development by introducing several concepts that link social developments with demand from clients and also deliver less development and construction costs, accelerated time-to-market and improved price-quality ratios. The '*Huismerk*' (house brand) concept for instance is Heijmans' answer to industrialised home building, based on process standardisation and freedom of choice at a fixed price-quality ratio. This concept, which Heijmans applied to more than 500 homes in 2014, also involves successful cooperation with approximately 10 partners and co-makers. At the end of 2014, Heijmans launched the Heijmans ONE, a temporary, moveable home for young singles in transitional areas. Property Development and Residential Building also took further steps towards a joint concept portfolio, with individual accents and combined innovations such as 3D Printing. Furthermore, they introduced joint account management. It became even clearer in 2014, than it had been in 2013, that housing corporations are focusing more on the management and renovation of the core portfolio of rental homes. In response to this development, Heijmans has launched a number of concepts and services to renovate and increase the sustainability of existing housing stock. One example of this is the Zero Ready concept, a smart approach to making existing homes energy-neutral within 10 days and extending their lifespan by 30 years. The portfolio of projects in transitional areas varies from individual homes, flats and apartment complexes to complete transformation assignments, such as the Wijnhavenkwartier in The Hague, the Parool tower and Trouw building in Amsterdam and the Fenix lofts in Rotterdam.

In the year under review, Residential saw its order book increase at both Property Development and Residential Building by 23% and 54% respectively. Heijmans sold a greater number of homes in the year under review (2014: 1,347 homes, from 1,082 in 2013) and also saw the proportion of sales to private buyers increase (711 or 53% in 2014, from 437 or 40% in 2013).

Property development

x € 1 million	H2 2014	H1 2014	2014	2013
Revenues	118	61	179	156
Underlying operating result	5	-1	4	1
Underlying operating margin	4,2%	-1,6%	2,2%	0,6%
Order book	234	229	234	190

Revenues increased by 15% to € 179 million in 2014 (2013: € 156 million). The operating result also improved in 2014 (€ 4 million in 2014, versus € 1 million in 2013). The order book increased considerably to € 234 million. Property Development's strategy and portfolio stand out thanks to area developments that combine creativity with strength in execution. For instance, Heijmans is

responsible for the development and realisation of the transformation of Wijnhaven in The Hague, the transition of the Crooswijk and Katendrecht districts in Rotterdam and Kanaleneiland and Meyster's Buiten in Utrecht. All large-scale, highly complex projects that require experience, the combination of a creative approach and feasibility, as well as long-term commitment in order to achieve completion on an inner-city scale together with a wide range of stakeholders. In the year under review, Property Development also developed and sold a large number of *Huismerk* and *Wens* homes, in cities such as Pijnacker, Almere and Culemborg. The introduction of the Heijmans ONE resulted in a pilot project on Amsterdam's Zeeburger island, plus a follow-up of a further 30 homes for the young singles target group.

Heijmans assesses its land and property holding on a structural basis. The write down on these assets amounted to € 14 million in 2014. The housing market is recovering and homes sales are increasing, especially in the larger cities such as Amsterdam, Rotterdam, Utrecht and The Hague. At the same time, the acceleration in home sales in the Randstad area has so far not translated into higher prices and the market outside the Randstad region remains difficult. In addition, there are considerable regional differences even within this very broad distinction between the Randstad and beyond. In general, the positive impact of the ongoing recovery in the housing market in the Randstad is notable primarily in quicker sales transactions rather than in price increases.

Unconditional obligations, i.e. those that will result in future property acquisitions, increased to € 110 million in 2014, from € 75 million in 2013. This is largely due to the reclassification of a previously conditional obligation to an unconditional obligation (impact of approximately € 37 million).

Conditional obligations, which may lead to future property acquisitions, declined to € 140 million in 2014, from € 204 million in 2013. A significant proportion of these obligations, € 103 million at year-end 2014, will have a limited cash impact upon materialisation. These are primarily obligations relating to land acquisitions once building permits have been granted and/or certain sales volumes have been realised.

Residential Building

x € 1 million	H2 2014	H1 2014	2014	2013
Revenues	159	140	299	321
Underlying operating result	3	-1	2	-3
Underlying operating margin	1,9%	-0,7%	0,7%	-0,9%
Order book	395	361	395	257

Residential Building Netherlands

For Residential Building, 2014 was a transitional year with historically low production levels, but also a year in which the market started to show real signs of recovery and in which Heijmans launched a number of new concepts and innovations. Revenue declined to € 210 million, while the underlying operating result came in at breakeven. However, the order book showed considerable growth, increasing 54% to € 275 million, from € 173 million in 2013. We acquired large-scale projects, such as the transformation of the Parool tower and the Trouw building in Amsterdam and the new build of the Airey apartment buildings in Eindhoven. Residential Building also successfully boosted its position in the leisure market with the acquisition of projects for De Efteling theme park and Roompot holiday homes. Residential Building's innovations respond to current market developments. The application of domotica systems not only enables residents to switch lighting and heating on and off remotely, but also to control the likes of security systems, aligning these systems more closely with their own individual use. From 2015 onwards, Heijmans will include this

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option as standard in all of its homes. The Zero Ready process makes homes more sustainable in a very short time frame, while the 'high tech' *Bright house* concept introduces sustainable energy consumption right from the start in the design phase, so homes can generate energy rather than consume it. The benefit of these concepts is that they make it possible to develop know-how at an accelerated rate and they help cut the cost of failure. They are also offered with a clear focus on consumers.

Residential Building Belgium

Revenue from the residential building activities in Belgium declined to € 89 million in 2014, a drop of 9% from the € 99 million recorded in 2013. Despite this, the Belgian residential business did report an operating profit of € 2 million. As in the Netherlands, the Belgian order book increased considerably with € 120 million as per end of 2014, 43% higher than last year. Heijmans has been managing the residential building activities in Belgium centrally since 2014 and has integrated the operating activities of the various companies in Kortrijk and Bilzen. In 2014, Heijmans' Belgium Bouw began construction of the l'Ensemble Immobilier Villa Urbana apartment complex in Evere, a residential and care facility in Lommel and the construction of service apartments in Aarschot. Finally, Heijmans won the contract for the Elisabethzaal project, a multifunctional concert and event building in the centre of Antwerp.

Non-Residential

x € 1 million	H2 2014	H1 2014	2014	2013
Revenues	219	169	388	466
Underlying operating result	-1	1	0	2
Underlying operating margin	-0,5%	0,6%	0,0%	0,4%
Order book	661	682	661	511

The result at Non-Residential dropped to nil in 2014 (2013: € 2 million). This was largely on account of the considerable decline in revenues, which was mainly due to the late-cyclical nature of the technical installation activities. Revenue at Non-Residential declined by 17% to € 388 million in 2014, from € 466 million in 2013. The management of large projects continued to improve but the margins on these projects are still too low, partly due to market conditions.

The margin on services increased modestly in 2014, but this was not enough to compensate for the impact of reduced volumes. An additional adjustment to the organisation proved necessary to realise profitability in the short term, in view of the reduced volumes and limited improvements in margins. This adjustment, announced in the fourth quarter of 2014, will result in the loss of around 230 jobs. The roll out of this is on schedule. Non-Residential is also seeing a shift in demand. Larger integrated projects require a greater application of design and engineering, which will change the profile of the organisation over time.

In 2014, as in the previous year, Non-Residential continued to focus on streamlining its processes, risk management and cost controls. On the innovation front, Non-Residential building is relatively well advanced, which means renewal is primarily focused on process improvement and chain integration and cooperation. In addition to these internal process improvements, Heijmans has continued to centralise the organisation by changing operations into branches. The main aim of these 'branches' is to provide services to the local market and clients. The integrated projects are initiated by the centralised organisation, bids are submitted centrally and the know-how and expertise that are centrally safeguarded and directed are used in the engineering and preparation of projects.

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Infra Netherlands (Roads & Civil)

x € 1 million	H2 2014	H1 2014	2014	2013
Revenues	418	341	759	751
Underlying operating result	-17	-5	-22	16
Underlying operating margin	-4,1%	-1,5%	-2,9%	2,1%
Order book	959	830	959	576

Trends in previous years continued in 2014. The retreating government, the increase in 'economically most advantageous tender' (EMAT) contracts and demand for integrated infrastructural projects were all once again prominent issues in 2014. Spending cuts are still being introduced in the public sector. However, these cuts are now levelling out rather than increasing. Revenue from the Infra activities remained stable at € 759 million in 2014, compared with € 751 million in 2013. On the large-scale project front, what we are seeing is that projects are becoming increasingly complex. Despite the growing proportion of MEAT contracts in smaller and/or regional projects, price continues to be one of the main criteria in tender procedures.

On 30 December, Heijmans Civil was confronted with a negative arbitration ruling in an appeal case relating to the Energiefabriek Tilburg project. The outcome of the arbitration procedure had a major impact on the results of Roads and Civil. Heijmans recognised the negative financial impact directly related to the case – amounting to € 9 million - in the second half of 2014. The total negative financial impact of the project in 2014 was € 11 million. The case is related to a dispute about the interpretation of and responsibilities within the Design & Construct contract. Heijmans believed it had more freedom with respect to design choices in view of its responsibility for the performance requirements of this sludge treatment installation. In view of the outcome of the legal dispute and given the current status, some of the costs related to the design process and the construction delays that occurred will be for Heijmans' account. In view of the complex and disproportionate outcome of the settlement of this dispute, Heijmans will continue to consider legal options to limit the financial damage to the company. Despite all of this, Heijmans is doing its utmost to deliver the project for the client, Waterschap De Dommel, in cooperation with client and in line with the existing planning, which foresees completion in the fourth quarter of 2015.

We introduced a number of improvement measures in the course of 2014 and initiated additional measures in the final months of this year. These measures include the improvement of contract and risk management, process optimisation and tighter margin-over-volume management. Tight controls are required and to this end we have decided to bring Roads and Civil under a single centralised management.

The large-scale national infra sector is not the only market segment undergoing change. In regional activities, we are also making changes to increase the focus on margin-over-volume and create a clearer position vis-à-vis our competitors. These changes will continue to take shape in 2015. Smaller but complex inner-city reconstruction projects once again formed a major part of the portfolio in 2014. Examples included the second phase of Parallelweg in Den Bosch, and the reconstruction of the N381 road in Friesland between the Drenthe provincial border and Venekoten. Within the Roads specialisation, Heijmans realised a number of notable projects in 2014, such as the road blocks during the global Nuclear Security Summit in The Hague. This contract involved traffic measures, but also the creation of temporary aircraft parking stands at Schiphol airport. For the Hockey World Championships in The Hague, Heijmans realised the temporary playing fields and organised the logistics surrounding the event. Civil initiated a number of drinking water pipeline

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projects for the Limburg province water company in 2014. For instance, together with partners DSM and Insituform a new product was developed, Hydrofit, which can be used to create new drinking water pipelines without excavation.

The order book increased considerably in the course of 2014. For instance, Heijmans won the tenders for integrated projects such as the A12 motorway Parallel structure outside Gouda, the N23 road in the Noord Holland province, improving the accessibility of the Bio Science Park in Leiden and the renovations of the Kreekrak bridge on the A58. Heijmans also gained two DBFM projects in the year under review: the reconstruction of the A9 motorway, including a roof, near Diemen, plus the Veenendaal - Ede - Grijsoord stretch of the A12 motorway. A large number of the improvement measures we have referred to have been or are currently being implemented in the tender and preparation phase of these projects.

Infra Belgium

x € 1 million	H2 2014	H1 2014	2014	2013
Revenues	57	71	128	136
Underlying operating result	4	7	11	13
Underlying operating margin	7,0%	9,9%	8,6%	9,6%
Order book	95	98	95	117

The Belgian infra activities comprise road and pipeline construction. Both activities recorded a fine combined result of € 11 million in 2014, compared with € 13 million in 2013, on slightly lower revenue of € 128 million in 2014, from € 136 million in 2013. The order book declined by 19% to € 95 million, compared with € 117 million at year-end 2013. In Belgium, Heijmans is working on the Liefkenshoek railway link, for which an opening permit was obtained in December.

Infra Germany

x € 1 million	H2 2014	H1 2014	2014	2013
Revenues	149	111	260	319
Underlying operating result	2	0	2	6
Underlying operating margin	1,3%	0,0%	0,8%	1,9%
Order book	181	206	181	162

The German subsidiaries Oevermann and Franki saw their combined revenue decline to € 260 million, from € 319 million in 2013. The companies booked an underlying operating result of € 2 million in 2014, down from € 6 million in 2013, largely due to market conditions, especially in the German road construction segment. The dynamics of this market are entirely different from those in the Netherlands, where integration is of secondary importance. In the year under review, Oevermann closed a number of locations. It is currently working with the Dutch Roads operation to assess the best way to make use of further potential know-how exchanges in the field of innovation. Franki is steadily moving away from its role as a subcontractor and becoming much more of a design and construct contractor in the Civil market and on the Dutch market in general. Infra Netherlands cooperates closely with Franki in projects such as the Delft-Schiedam stretch of the A4 motorway, the N23 road project, the basement parking facility beneath the Eurojust complex - in cooperation with Non-Residential - and the St. Jan underground parking garage.

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2. Key figures

(x € 1 million)

	2014	2013 *
Revenues	1.868	2.001
Underlying operating result	-12	23
- underlying operating margin -	-0,6%	1,1%
Operating result	-64	12
Result after tax	-47	2
- net margin -	-2,5%	0,1%
Order book	2.287	1.643
Equity	259	313
Net debt	31	66
Operating cash flow	46	-10
<hr/>		
(amounts x € 1)		
<hr/>		
Earnings per share	-2,44	0,10

* After adjustment due to change in accounting policy for joint arrangements.

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3. Consolidated Income Statement

(x € 1 million)

	2014	2013 *
Revenues	1.868	2.001
Cost of sales	-1.721	-1.797
Gross profit	147	204
Other operating income	3	4
Selling expenses	-32	-31
Administrative expenses	-180	-164
Other operating expenses	-2	-1
Operating result	-64	12
Financial income	6	3
Financial expenses	-11	-7
Share of profit of joint ventures and associates	7	0
Result before tax	-62	8
Income tax expense	15	-6
Result after tax	-47	2

* After adjustment due to change in accounting policy for joint arrangements.

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4. Consolidated Balance Sheet

(x € 1 million)

	31 december 2014	31 december 2013 *
Non-current assets		
Property, plant and equipment	93	103
Intangible assets	114	115
Real estate investments	2	6
Share in joint ventures and associates	73	51
Other fixed assets	82	77
	364	352
Current assets		
Strategic land portfolio	183	212
Other inventory	105	113
Construction work in progress	167	124
Trade and other receivables	312	341
Cash and cash equivalents	74	61
	841	851
Total assets	1.205	1.203
Equity	259	313
Non-current liabilities		
Cumulative financing preference shares	66	66
Interest-bearing loans	29	31
Provisions and non-interest bearing debts	37	37
	132	134
Current liabilities		
Interest-bearing loans and other current financing	10	30
Trade and other payables	575	545
Construction work in progress	184	152
Provisions	45	29
	814	756
Total equity and liabilities	1.205	1.203

* After adjustment due to change in accounting policy for joint arrangements.

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5. Consolidated cash flow statement

indirect method
(x € 1 million)

	2014	2013 *
Operating result	-64	12
Gain on sale of non-current assets and property investments	-2	-2
Depreciation and impairment of property, plant and equipment and property investments	22	23
Amortisation of intangible assets	2	1
Impairment of debtors	2	1
Adjustment of valuation of property and land bank excluding joint ventures	17	6
Change of net work in progress	-11	-54
Changes in other working capital	87	13
Change in non-current provisions	1	-2
Change in fair value of cash flow hedges recognised through profit and loss	-	4
<i>Operating result after adjustments</i>	<u>54</u>	<u>2</u>
Interest paid	-10	-10
Interest received	4	2
Income tax paid	-2	-4
Cash flow from operating activities	46	-10
Investments in subsidiaries	-	-3
Inclusion of participating interest in joint venture	-	2
Gain on sale of participating interest in joint venture and associates	7	-
Investment in property, plant, equipment and real estate	-18	-15
Proceeds from sale of property, plant and equipment, and property investments	13	10
Loans granted to joint ventures and associates	-6	4
Loans repaid by joint ventures	-6	-1
Cash flow from investment activities	-10	-3
Emission of shares net of transaction costs	-	13
Interest-bearing loans drawn down	11	4
Interest-bearing loans repaid	-32	-5
Refinancing expenses	0	-1
Dividend in cash	-2	-3
Cash flow from financing activities	-23	8
Net cash flow in the period	13	-5
Cash and cash equivalents at 1 January	61	66
Cash and cash equivalents at 31 December	74	61

* After adjustment due to change in accounting policy for joint arrangements.

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6. Information by segment

Summary income statement by segment

2014 <i>in € million</i>	Property development	Residential	Non- residential	Infra	Other/ eliminations	Total
Revenues	179	299	388	1.141	-139	1.868
Underlying operating result	4	2	0	-9	-9	-12
Correction operating result joint ventures	-5		0	-3	-1	-9
Write down on property assets	-14					-14
Restructuring costs			-16	-13		-29
Total extraordinary items	-19	0	-16	-16	-1	-52
Operating result	-15	2	-16	-25	-10	-64

2013 * <i>in € million</i>	Property development	Residential	Non- residential	Infra	Other/ eliminations	Total
Revenues	156	321	466	1.192	-134	2.001
Underlying operating result	1	-3	2	35	-12	23
Correction operating result joint ventures	2			-3		-1
Write down on property assets	-7					-7
Restructuring costs		-3	-2	-2		-7
Exceptional release pension provision					4	4
Total extraordinary items	-5	-3	-2	-5	4	-11
Operating result	-4	-6	0	30	-8	12

* After adjustment due to change in accounting policy for joint arrangements.

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Order book (x € 1 million)	31-12-2014	30-6-2014	31-12-2013 *
Property development	234	229	190
<i>Residential - Netherlands</i>	<i>275</i>	<i>259</i>	<i>173</i>
<i>Residential - Belgium</i>	<i>120</i>	<i>102</i>	<i>84</i>
Residential - Total	395	361	257
Non-residential	661	682	511
<i>Infra - Netherlands</i>	<i>959</i>	<i>830</i>	<i>576</i>
<i>Infra - Belgium</i>	<i>95</i>	<i>98</i>	<i>117</i>
<i>Infra - Germany</i>	<i>181</i>	<i>206</i>	<i>162</i>
Infra - Total	1.235	1.134	855
Other/eliminations	-238	-226	-170
Total order book	2.287	2.180	1.643

* After adjustment due to change in accounting policy for joint arrangements.