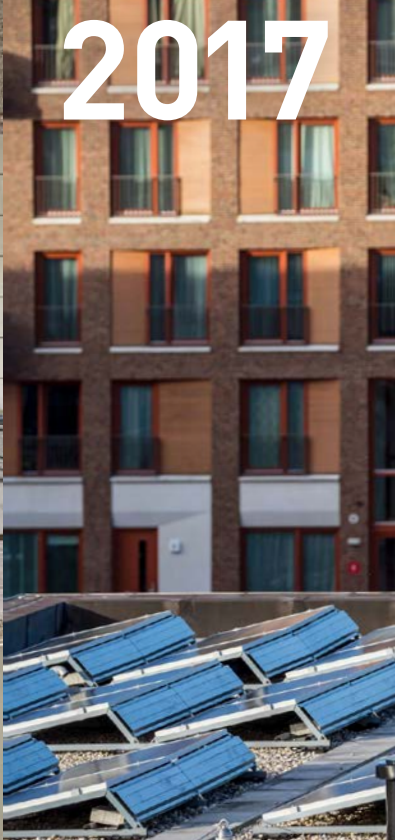


ANNUAL REPORT

2017



CREATE
THE FUTURE



TBI Annual Report 2017

This integrated Annual Report provides a cohesive insight into TBI's financial and non-financial performance for the year 2017. It has been prepared in accordance with the guidelines of the Integrated Reporting Framework and the GRI Standards.

The GRI content index and supplementary information is available on our website at <http://jaarverslag.tbi.nl> with references to where the information can be found in this report.

The main target groups of this Annual Report are our shareholder, clients, employees, partners, suppliers and NGOs.

We welcome your comments, suggestions and questions by email at communicatie@tbi.nl.

This is an English translation of the original integrated Annual Report 2017 written in Dutch. In the event of inconsistencies between the English and the Dutch version, the latter shall prevail. This Annual Report is also available at: <http://jaarverslag.tbi.nl/en/>.

TBI Holdings B.V.

Wilhelminaplein 37
3072 DE Rotterdam
The Netherlands

P.O. Box 23134
3001 KC Rotterdam
The Netherlands
T 010 – 2908500

www.tbi.nl
info@tbi.nl

Registered with the Chamber of
Commerce under number 24144064



 **comfort partners** | TBI

 **croonwolter&dros** | TBI

 **eekels** | TBI

WTH

 **jp van eesteren** | TBI

 **era contour** | TBI

 **groothuis** | TBI

 **hazenberg** | TBI

 **nico de bont** | TBI

 **koopmans** | TBI

 **mdb** | TBI

 **voorbij prefab**

HEVO

SYNCHROON

 **mobilis** | TBI

 **servicis** | TBI

 **timmermans** | TBI

 **mobilis danmark** | TBI

 **voorbij funderingstechniek**

Contents

Message from the CEO	5	Scope and responsibility	67
About TBI	6	Annual Accounts	69
TBI's field of operations	6	Consolidated balance sheet as at 31 December 2017	70
Profile	7	Consolidated profit and loss account for 2017	71
Value creation	8	Consolidated statement of cash flows for 2017	72
Framework	8	Notes to the consolidated accounts	74
Vision	8	Notes to the consolidated balance sheet	80
Mission	9	Notes to the consolidated profit and loss account	86
What stakeholders find material	9	Company balance sheet as at 31 December 2017	91
Strategy 2020	10	Notes to the company accounts for 2017	92
Strategic goals	12	Proposed appropriation of the result for 2017	96
The strength of TBI	13	Subsequent events	96
TBI and the Sustainable Development Goals	14	Other information	97
Key figures TBI	16	Provisions of the Articles of Association on the appropriation of the result	97
TBI in the market	20	Independent auditor's report	98
Development	20	Assurance report of the independent auditor	100
Housing	23	Management boards of the TBI companies	104
Non-residential	28	Operational structure of TBI	105
Technology & Energy	31	Glossary	106
Mobility & Industry	36	Credits	107
Entrepreneurship: the motor of innovation	38		
Financial	42		
Operating revenue and results	42		
Orders received and order book	43		
Balance sheet	43		
Financing	44		
Engineering, Construction & Development and Infrastructure results	44		
Prospects	45		
Attractive workplace	48		
Talent recruitment	48		
Staff training and development	48		
Labour relations	50		
Integrity	52		
Health and safety at work	52		
Circular entrepreneurship	54		
Sustainable built environment	54		
Demonstrable circularity	54		
Minimising our environmental footprint	54		
Governance	56		
Risk management	56		
Risks	57		
Corporate governance	60		
Report of the Supervisory Board	62		
Composition of the Executive Board	65		
Composition of the Supervisory Board	66		



**CREATE
THE FUTURE**

Message from the CEO

TBI can look back on a good year, with improved performance on many fronts. The housing market was strong and the outlook on the infrastructure and non-residential market was brighter. Conditions on the Marine & Offshore market, by contrast, were depressed by low oil and gas prices. Operating revenue rose by 9% to €1,708 million. The operating result from ordinary activities advanced sharply to €28 million. We were awarded some very prestigious engagements, including the contract for the new office of Triodos Bank in Driebergen, which will showcase the importance of circularity. Other projects we won were Little C on Coolhaven in Rotterdam, the Kriegers Flak wind park in the Baltic Sea and the renewal of the Antwerp road link as a member of the Rinkoniën consortium. In addition to these contracts, our companies were awarded many small and medium-sized engagements.

Create the future

The construction industry is a key facilitator of major social and spatial changes. Together with other construction and engineering companies, knowledge institutions and the government, we are working on the Construction Agenda, a roadmap to keep our cities accessible, make the housing stock more sustainable, design energy neutral buildings and build a million new homes before 2030.

The Construction Agenda's ambitions are reflected in our mission – TBI: Create the Future – and in our strategy en route to 2020. TBI improves the quality of housing, work and mobility by developing and realising smart, sustainable and future-proof solutions in the built environment. Our strategy for the years ahead is founded on three interlinked pillars:

1. Market leadership

We will maintain and strengthen our position in the market wherever possible by continually investing in innovation and operating close to the client. We will achieve robust financial results by prioritising the quality of operating revenue, strict risk control and optimal project management.

2. Circular entrepreneurship

We are working with full conviction on a circular construction economy in order to create a sustainable built environment and 100% circular operations. Re-use is our guiding principle.

3. Attractive workplace

We want to recruit and retain well-trained young people with a variety of competences. People with a fresh look and the digital know-how necessary to strengthen our companies. And we are seeking people with technical skills. TBI wants to offer talent the best working environment and be the preferred employer in our industry.

Our Strategy 2020 will strengthen the group's profitability and provide further opportunities for investment. Investing in product and process innovation and new concepts creates value for our clients. Our decentralised group structure close to the client and the interaction between our engineering companies and our construction and infrastructure operations are a significant competitive advantage. We are flexible and agile, and we can make a telling contribution to overcome the challenges facing the construction industry.

Re-evaluation of professional skills

In order to overcome the challenges, the construction industry sector must recruit 55,000 new workers in the next five years. Advanced technologies will help overcome the construction challenges but they are certainly not the industry's holy grail. Recruiting the professionals we need, from supervisors and carpenters to electrical engineers and calculators, is at least as important. Without their skills, new technologies are nothing more than flights of fancy. TBI will therefore continue to optimise the interaction between vocational training courses and learning pathways in order to guarantee a permanent inflow of professionals.

In conclusion

Our companies again won and realised many prestigious projects in 2017. Some of them are featured in this report. Each one is an illustration of how we integrate our core qualities of **craftsmanship, entrepreneurship and innovation**.

We are looking to the future with confidence. The housing market is continuing to grow, although growth is being delayed by the availability of locations. Volumes in the non-residential and infrastructure markets are beginning to pick up. The 11% increase in the order book to €2.4 billion provides a springboard for the years ahead.

We would like to thank everyone who has contributed their dedication, knowledge, expertise, experience and skills to TBI in the past year. And we are grateful to our clients, employees, shareholder and partners for their support and trust.

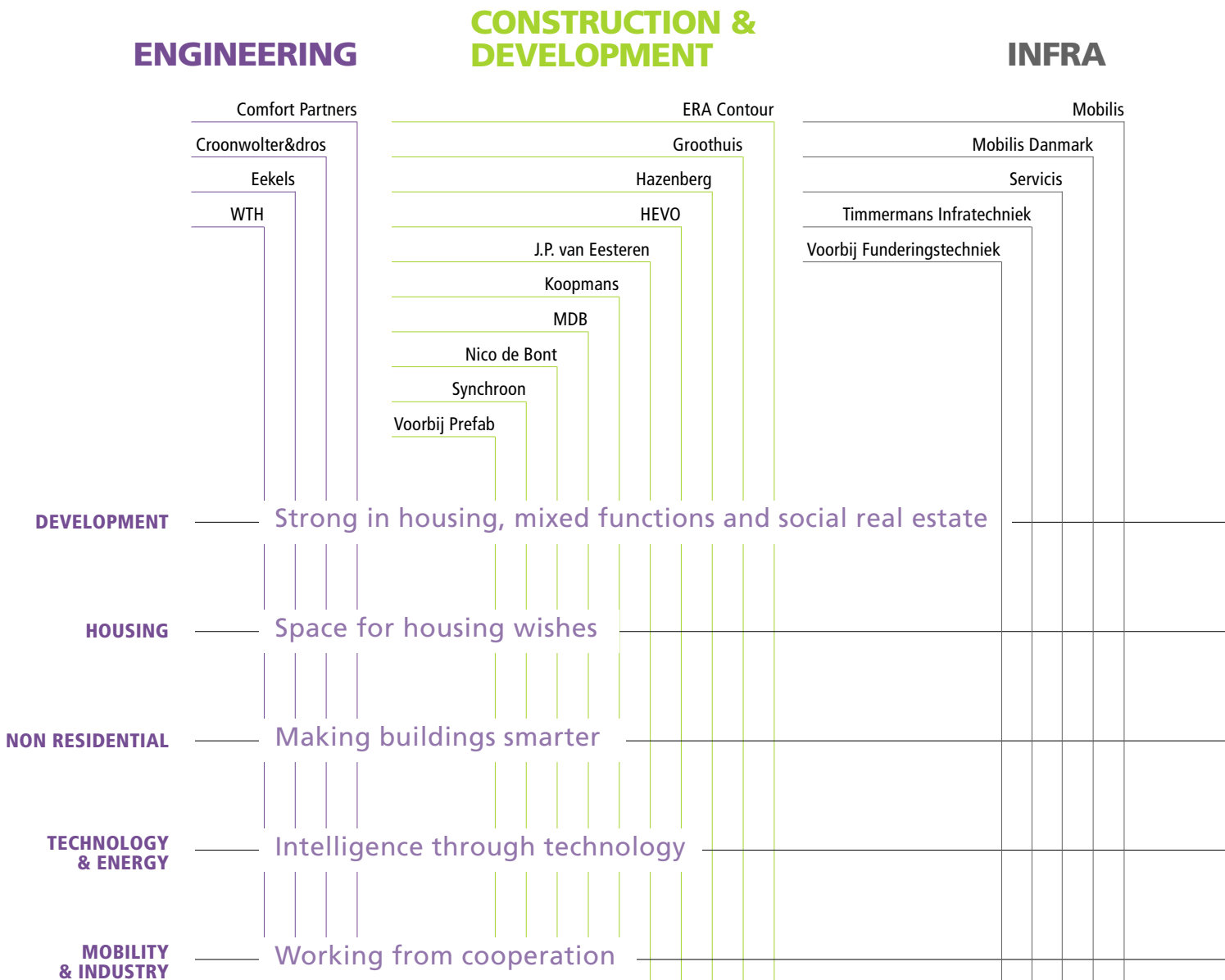
Rotterdam, 20 March 2018

Daan Sperling

CEO of the Executive Board, TBI Holdings B.V.

About TBI

TBI's field of operations



Profile

TBI consists of a group of companies that sustainably renew, organise and maintain the built environment. The group has a mixed portfolio of construction and engineering operations. Houses, offices, schools, hospitals, roads, tunnels, bridges, locks, factories and marine installations: our work can be seen throughout the Netherlands, from modest initiatives to major, high profile projects for public and private clients.

TBI has five business clusters in the Engineering, Construction & Development, and Infrastructure segments in which its companies serve their clients, work together and share their knowledge. The five clusters are:

Development – Housing – Non-residential - Technology & Energy – Mobility & Industry

The TBI companies operate close to the client and are leaders in their markets and segments. With an average workforce of 5,700 FTEs, TBI achieved an operating revenue of €1,708 million in 2017.

TBI is a private limited company subject to the full dual-board regime in the Netherlands. Its sole shareholder is Stichting TBI. The Stichting's objects are to secure the group's long-term continuity, preserve the built heritage and contribute to the education of our employees' children through Stichting Studiefonds TBI. These ambitions provide stability and freedom to do business, take judicious decisions and set goals for the short and the long term.

Market leadership

Together, the TBI companies form an agile group. Each company operates under its own name but also works with and for the others. For TBI, this cross-fertilisation is a source of innovation and synergy. Moreover, it strengthens our effectiveness and expertise when working on multidisciplinary development, construction and maintenance projects. Our group offers every opportunity for entrepreneurship. We welcome our clients' challenges and we enjoy challenging them. We are proud of the mutual trust and respect. We understand our clients, share the same ideas and keep asking questions until we find the best solution.

Circular entrepreneurship

All our decisions are based on economic and sustainable considerations. Circular entrepreneurship is becoming an integral part of our day-to-day work. The challenge of re-using buildings, products and raw materials is to develop a built environment that has lasting value and lightens our ecological footprint.

Attractive workplace

Our ambition is to offer talent an attractive workplace where they can enjoy working on our projects and continuously improve themselves, fully aware that construction is not an end in itself but a means. Our core values are responsibility, passion and interaction. Good personal development opportunities, training and education, healthy labour relations and good working conditions in a safe and healthy workplace are preconditions for success.

Value creation

Framework

We again mapped out our strategy and direction of travel towards 2020 in 2017. In anticipation, at the request of the Executive Board a materiality analysis was carried out based on input from more than 150 internal and external stakeholders, and redefined our strategic priorities to reflect the most relevant interests. The materiality analysis also provided an opportunity to implement and monitor our contribution to the United Nations' Sustainable Development Goals.

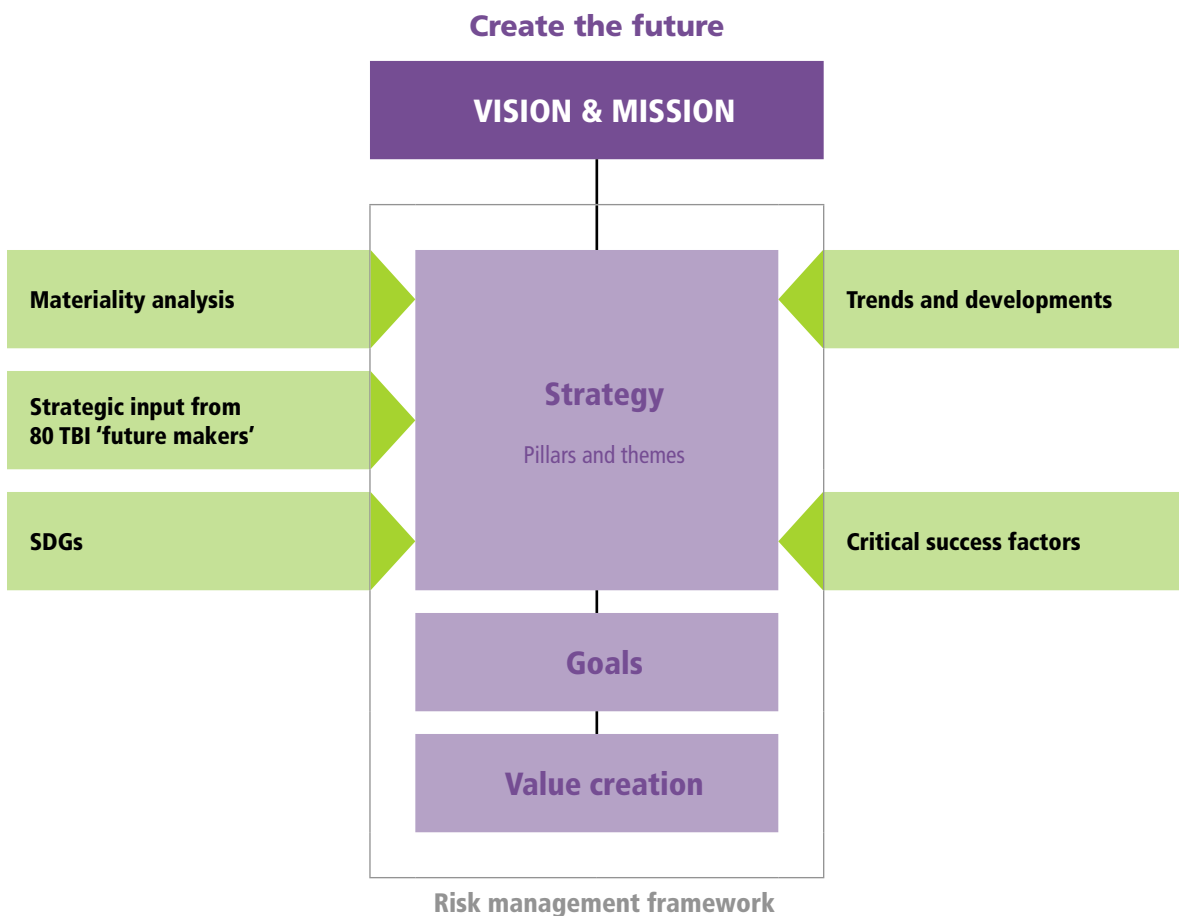
In October 2017, we held a meeting with 80 of TBI's 'future makers' to discuss the main trends and developments in our markets and the challenges facing us. The meeting provided an insight into the opportunities and risks and into the critical success factors of relevance to our strategy. All these insights form the starting point for our value-driven Strategy 2020. Our strategy is underpinned by our vision and mission.

Vision

Spatial organisation faces many social challenges. Society and our field of work are being transformed by changes in the population and labour market, mobility trends, urbanisation and the sustainability of the built environment. Rapid digitisation and smart technology are beginning to dominate our home and our work. These technological advances are key to overcome environmental and mobility challenges and will be instrumental in the energy transition from centralised fossil fuels to renewable energy.

TBI contributes to society by improving the quality of housing, work and mobility, by devising and realising smart, sustainable and future-proof solutions for the built environment.

We are building a society with a strong infrastructure, smart offices, factories and housing that generate energy rather than consume it. Technology will improve the quality of life and work. We build safe tunnels, bridges and locks and realise ground breaking projects.



But we also want to preserve existing and especially historic buildings for the future by rebuilding and renovating them and making them sustainable. We cherish our built heritage.

To realise our vision, our strategy is founded on three pillars:

- * market leadership
- * circular entrepreneurship
- * attractive workplace

Mission

TBI wants to improve the quality of housing, work and mobility.

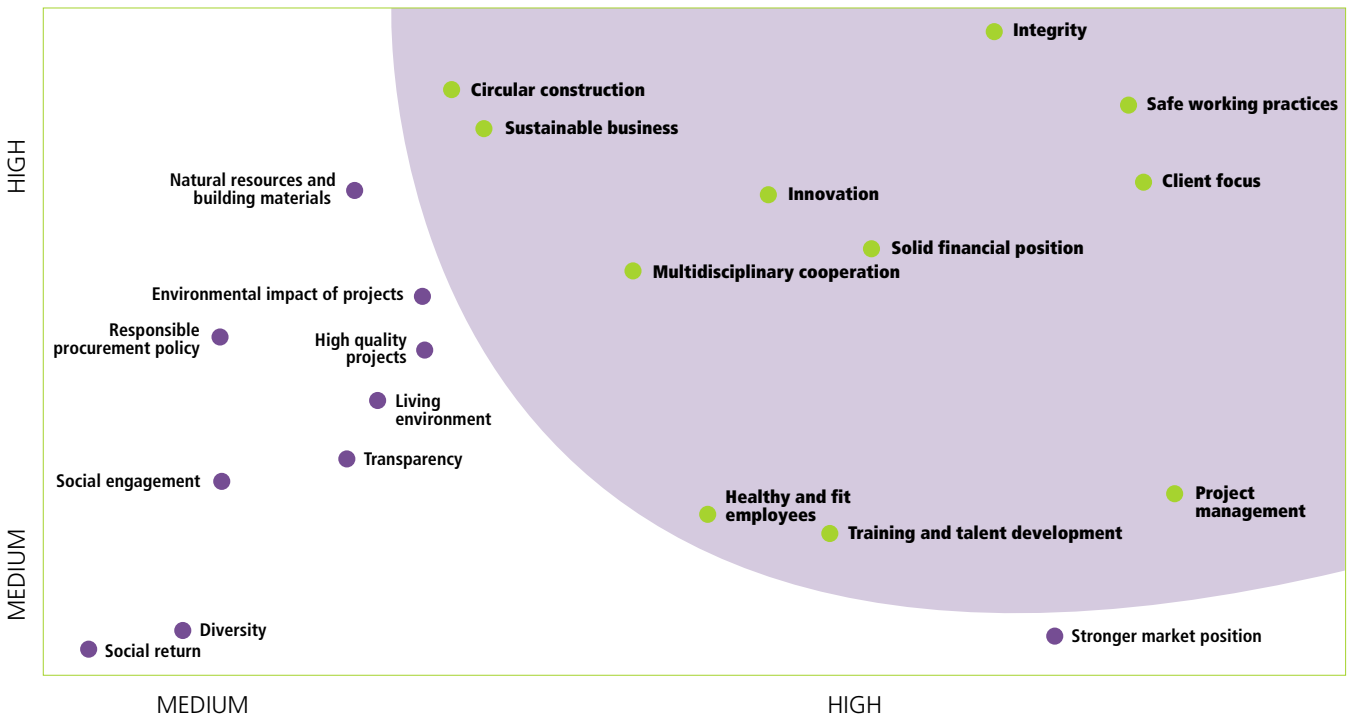
We can realise our mission by sustainably renewing, organising and maintaining the built environment. Together with our partners, we are building the future of the Netherlands in the belief that things can always be better: more attractive, smarter, more efficient, more sustainable. To live up to our ambitions we need the best people. That is why we value personal development and encourage entrepreneurship and initiative.

TBI. Create the future

What stakeholders find material

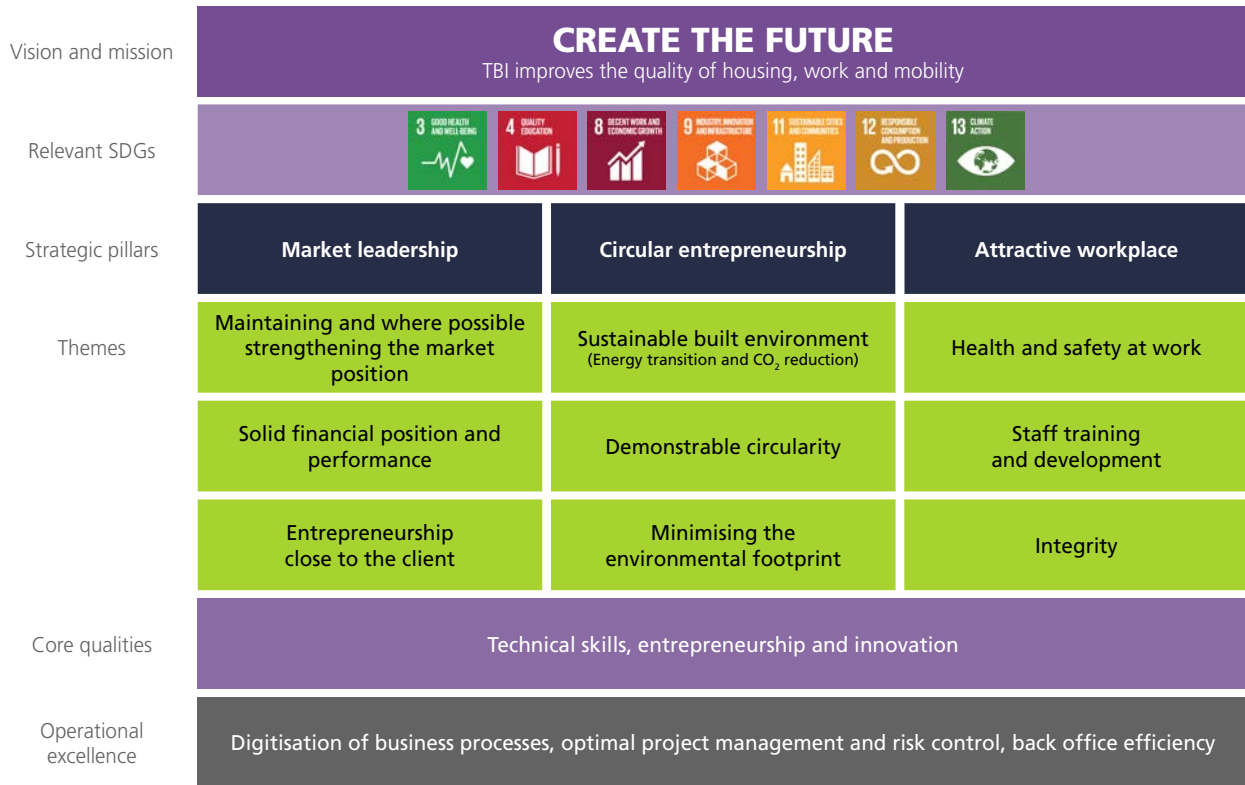
TBI maintains productive contacts with a wide spectrum of stakeholders who have an interest in our activities or who are affected by them. Material themes were identified in 2017 on the basis of a written consultation among our stakeholders. The materiality matrix shows both the themes that are important to our stakeholders and their impact on TBI's ability to create value. The materiality matrix below shows which themes our main external stakeholders find important (on the y axis) and the their impact on TBI's strategy (on the x axis). The themes in the purple area are linked directly to our strategy. More information on the materiality analysis, the materiality themes and their relevance to our strategy can be found in the section entitled Scope and responsibility.

Materiality matrix



Strategy 2020

Strategic framework



Three strategic pillars

Our strategy for the years ahead focuses on three interlinked pillars that will improve our profitability and enable further investments. This strategy is the only way to continue meeting our clients' growing demand for sustainable and innovative solutions. Within each pillar, we have identified themes to implement it.

Market leadership

We want to be a leader in all our markets. We will maintain our position in the market and strengthen it wherever possible by continuously investing in innovation and focusing on entrepreneurship.

We put our entrepreneurship and skills at our clients' service. By standing in their shoes, we facilitate their success and results. We think up solutions to solve their problems. We invest in trust and stand out for client satisfaction. TBI is a firm believer in a decentralised group structure and operating as close to the client as possible.

We create value for our clients by meeting their demands and responding to their wishes. We challenge ourselves every day with new, complex projects that require smart cooperation, among our own companies and with partners, and the use of smart techniques. Our clients know they can trust the resultant solutions.

We seek robust financial results by focusing on the quality of operating revenue, and strict risk management and project control. We want our work to stand out. We challenge each other to realise the best results on time, on budget and of the right quality.

Circular entrepreneurship

Circular entrepreneurship is becoming an integral part of our day-to-day work. The guiding principles are CO₂ reduction, energy neutrality and re-usable buildings, products, materials and natural resources in order to create a built environment with lasting value and lighten our ecological footprint. In our vision, circular entrepreneurship is inseparable from innovation. In partnership with other links in the value chain, we look beyond our own profession. By encouraging our staff to be entrepreneurial, creative and critical and by looking beyond the beaten path, we deliver the products and services that society needs, maximise our re-use of materials and build circularly wherever possible. All TBI companies are alert to the circular solutions they can offer their clients. They are opportunities to create extra value.

In addition to circular performance for our clients, minimising our own environmental footprint has priority.



























Attractive workplace

The renewal of the construction industry makes different demands on our employees and on us as their employer. We want to attract highly skilled people with a wide range of competences, people who can take a fresh look at our businesses and apply their digital know-how to strengthen them. We are constantly on the look-out for people with technical skills. We will therefore continue to invest in vocational training.

TBI offers talent an attractive workplace. We want to be the preferred employer in our industry, so that our staff can work to the best of their ability and we can recruit and retain the right talent and successful professionals. That is why we are constantly looking for entrepreneurial professionals, for skilled craftsmen with a passion for construction and engineering who can work together and connect. We do so by creating the conditions under which employees can develop to the best of their ability: every company offers a safe and healthy workplace, good labour relations and appropriate development opportunities. We expect our people to understand their professions but we attach at least as much value to their attitude and conduct. Integrity is one of the mainstays of our organisation and a guiding principle in all our actions.



Strategic goals

Strategic pillar	Market leadership	Circular entrepreneurship	Attractive workplace
Ambition	TBI strengthens its market position by continuously investing in innovation, digitisation and focusing on entrepreneurship close to the client.	TBI is a firm believer in the circular construction economy, with the goal of creating a sustainable built environment and fully circular operations.	TBI wants to offer talent a safe and healthy workplace and maintain and develop professional skills. We want to be the preferred employer in our industry.
Theme	Stronger market position	Sustainable built environment	Safe and healthy work
Strategic goals	 Top 5 position in our core markets	 Gas-free housing is the rule at TBI.	 Incident frequency (IF) < 4.0
	 100% BIM applied in major projects	 All TBI newbuilds 100% energy neutral by 2030	 Sickness absenteeism <4.0%
			 Safety ladder certification > step 3
			 Increased safety awareness at work
Theme	Solid financial position and performance	Demonstrable circularity	Staff training and development
Strategic goals	 Solvency > 30%	 Circularity knowledge development and exchange, circularity and higher awareness	 Staff satisfaction score > 7.5
	 Operating margin (EBIT) 2-4%	 All our concept housing fully in Madaster in 2020	 Internal staff transfers (job rotation)
	 ROIC ≥ 10%	 Re-use residual materials after removal > 90%	 Increasing staff education level and more cooperation with vocational courses
	 Trade working capital efficiency < -5%	 100% circular work clothes by 2020	 Project management and leadership development in 100% of the TBI academy programmes
Theme	Entrepreneurship close to the client	Minimise environmental footprint	Integrity
Strategic goals	 Client satisfaction score > 7.5	 10% CO ₂ emission reduction in 2020 versus 2017	 No breaches of the TBI Code of Conduct
	 Increase innovative strength	 Make our own premises sustainable > C label in 2023	 Increased awareness of integrity
		 100% electric vehicles by 2025	
		 Waste separation >75% by 2020	
	 100% sustainable procurement (e.g. concrete, FSC/PEFC timber and energy)		

The strength of TBI

TBI has all the disciplines inhouse (development, construction, engineering and infrastructure) that it needs to meet the changing client demands. We can make a telling contribution to the spatial organisation of the Netherlands. TBI has such a mixed portfolio that we have everything inhouse to meet this social challenge and satisfy our client's wishes. Our decentralised group structure enables us to work efficiently.

We combine the individual companies' professionalism and entrepreneurship close to the client with the group's economies of scale, together when possible, separately when necessary. We oversee the entire value chain, from concept to operation, and are able to provide the required management role throughout the entire process. The connections between our engineering companies and our construction and infrastructure operations are an important competitive advantage. And we are flexible and agile.

Our shareholder structure provides a solid basis. TBI is a private limited company subject to the full dual-board regime. Its sole shareholder is Stichting TBI. The Stichting's primary object is the continuity of TBI Holdings and its subsidiaries.

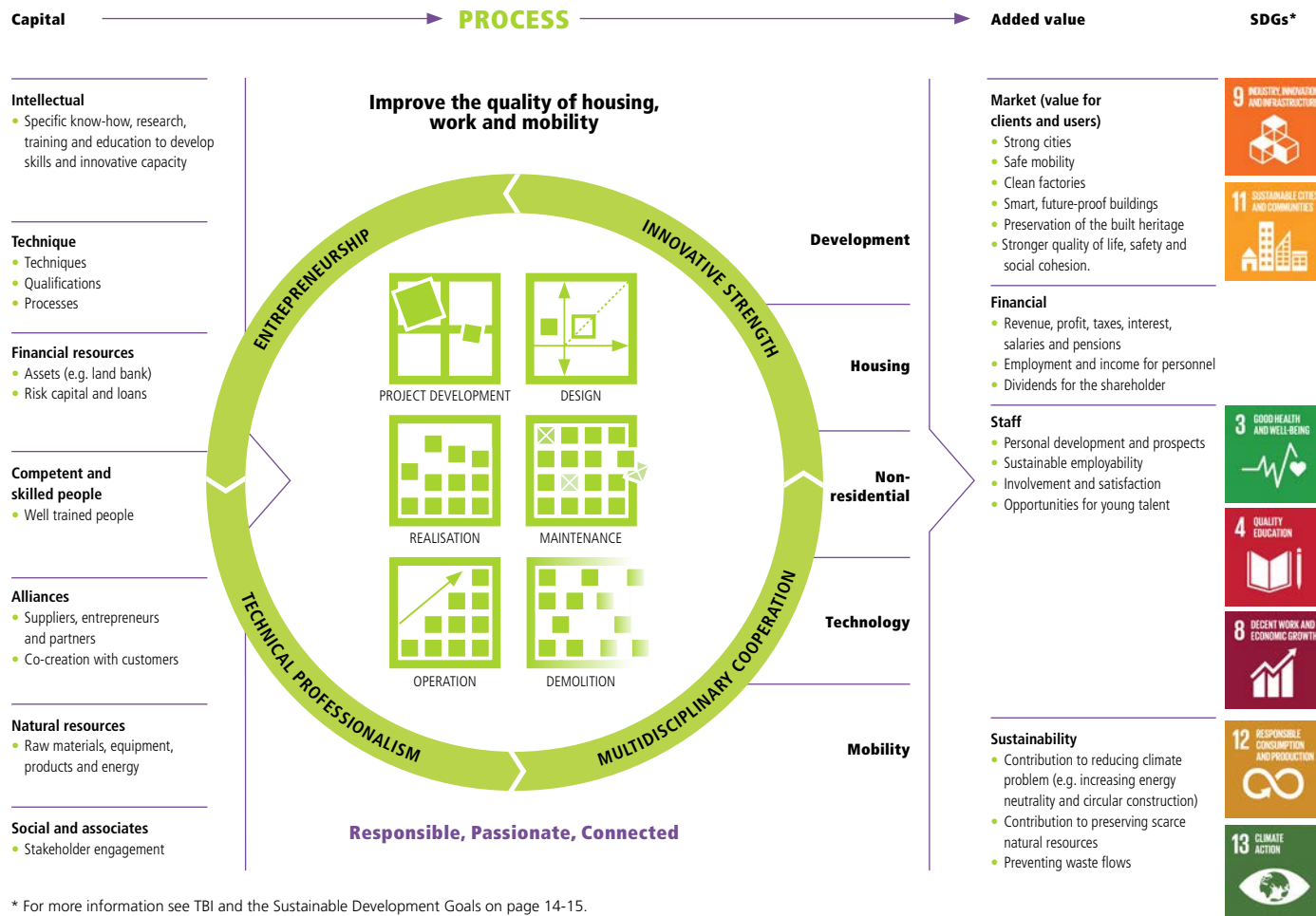
This provides stability and the opportunity to operate in the market, take judicious decisions and set goals for the short and the long term. That is how we create the future.

Responsibility, passion and connection make up our organisation's DNA. They define our culture and determine how we work with each other, our clients and other stakeholders. They form the basis for our conduct and our decisions, and enhance clarity and transparency. Technical skill, entrepreneurship and innovative strength are our core competences that make a telling difference when we apply them in our day-to-day work. Our clients recognise these qualities as the hallmarks of the TBI companies.

We safeguard our core qualities by:

- investing in leadership and culture
- firmly anchoring the core qualities in our management development policy and TBI academy programmes
- retaining and developing technical skills (including support for vocational institutions)
- encouraging innovation through the TBI Innovation Fund
- cooperating and sharing knowledge within the clusters

TBI's business model








* For more information see TBI and the Sustainable Development Goals on page 14-15.

TBI and the Sustainable Development Goals

The United Nations adopted the 2030 Agenda for Sustainable Development on 25 September 2015 to promote well-being, equality and sustainability throughout the world. The Agenda consists of 17 Sustainable Development Goals (SDGs) and 169 underlying targets. They represent the most important international sustainability framework for the years ahead.

There is a strong link between TBI's strategy and the SDGs. We have prioritised the goals and targets where we can bring the most influence to bear and where our activities can make a positive contribution. The Sustainable Development Goals to which we can make the greatest contribution are SDGs 3, 4, 8, 9, 11, 12 and 13.

SDG	Relevant target	Link to TBI's activities	Section in Annual Report
 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services.	<ul style="list-style-type: none"> TBI invests in the health of its employees in all age categories through TBI Vitaal Safe and healthy workplace, Safety policy, TBI Vitaal 	Attractive workplace
 <p>4 QUALITY EDUCATION</p> <p>Ensure equal and equitable quality education and promote lifelong learning opportunities for all</p>	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	<ul style="list-style-type: none"> TBI provides its employees education and lifelong learning opportunities Cooperation with vocational institutions to strengthen professional skills 	Attractive workplace
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Decent work and economic growth</p>	8.2 Higher levels of economic productivity through diversification, technological upgrading and innovation.	<ul style="list-style-type: none"> Investing in innovation, i-fund, operating margin 	Strategy 2020 TBI in the market
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small and medium-sized enterprises, including through access to financial services.	<ul style="list-style-type: none"> Investing in innovation, i-fund 	Strategic framework
	8.5 Full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	<ul style="list-style-type: none"> HRM policy (work placements, social return) 	Attractive workplace
	8.6 Substantially reduce the proportion of youth not in employment, education or training.	<ul style="list-style-type: none"> HRM policy (investing in young talent, work placements, social return, encouragement, enthusing and facilitating technical education) 	Attractive workplace Strategic framework
	8.8 Protect labour rights and promote safe and secure working environments for all workers.	<ul style="list-style-type: none"> Investing in the professional and personal development of employees Safe and healthy workplace, Safety policy, TBI Vitaal 	Attractive workplace
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>Innovation and sustainable infrastructure</p>	9.1 Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being.	<ul style="list-style-type: none"> Future-proofing buildings, strengthening infrastructure 	TBI in the market
	9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.	<ul style="list-style-type: none"> Future-proofing buildings, strengthening infrastructure, clean industry (e.g. Croonwouter&dros) 	TBI in the market
	9.8 Increase access to information and communication technology.	<ul style="list-style-type: none"> Future-proofing buildings (smart buildings), technical building systems 	TBI in the market

SDG	Relevant target	Link to TBI's activities	Section in Annual Report
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	11.2 Provide access to safe affordable, accessible and sustainable transport systems for all, improving road safety.	<ul style="list-style-type: none"> • Future-proofing and strengthening infrastructure 	TBI in the market
	11.3 Inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.	<ul style="list-style-type: none"> • Future-proofing buildings, inner city development. Development of new housing uses through transformation of existing buildings, sustainability, energy improvements 	TBI in the market
	11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage.	<ul style="list-style-type: none"> • One of the objects of Stichting TBI • Renovation and repurposing of cultural heritage 	Strategic framework TBI in the market
	11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	<ul style="list-style-type: none"> • Developing new housing purposes by transforming existing buildings, making them more sustainable and energy efficient, sustainable construction logistics, mobility policy, circular operational management (no waste), improving air quality in the built environment, including by means of building systems 	TBI in the market
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Sustainable consumption and production patterns</p>	12.2 Achieve the sustainable management and efficient use of natural resources.	<ul style="list-style-type: none"> • Minimising the use of materials and promoting their re-use during the construction and engineering process, sustainable procurement, circular design, construction, demolition 	Circular entrepreneurship
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and re-use.	<ul style="list-style-type: none"> • Minimising the use of materials and promoting their re-use during the construction and engineering process, sustainable procurement, circular design, construction, demolition, no waste 	Circular entrepreneurship
	12.6 Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	<ul style="list-style-type: none"> • Integrated Annual Report including sustainability information as an integral part of the business strategy 	Strategic framework
	12.7 Promote public procurement practices in accordance with national policies and priorities .	<ul style="list-style-type: none"> • Pro-active participation in public procurement procedures prioritising sustainability criteria. Exceeding client sustainability expectations 	TBI in the market
 <p>13 CLIMATE ACTION</p> <p>Combat climate change and its impacts</p>	13.2 Integrate climate change measures into national policies, strategies and planning.	<ul style="list-style-type: none"> • Choice for sustainable solutions to reduce the organisation's own environmental impact 	Circular entrepreneurship

Key figures TBI¹

	2017	2016	2015	2014	2013
Market					
Orders received	1,711	1,833	1,508	1,491	1,613
Order book	2,374	2,136	1,795	1,743	1,815
Housing units sold ²	1,251	1,671	1,707	1,059	1,048
Housing units handed over	2,345	1,649	nb ⁴	nb ⁴	nb ⁴
Financial¹					
Operating revenue	1,708	1,573	1,557	1,603	1,744
Operating profit before depreciation and amortisation ³	46.0	11.7	32.7	31.0	32.6
Operating profit ³	28.0	-7.3	14.2	8.0	9.6
Net profit	10.6	-16.7	1.3	1.4	-13.1
Total assets	779.9	707.7	766.8	746.9	827.3
Shareholder's equity	240.1	229.8	247.0	245.9	244.7
Interest-bearing long-term loans	66.1	66.5	52.5	24.7	26.5
Interest-bearing short-term loans	14.6	13.2	14.1	18.5	35.9
Net working capital	28.0	65.3	47.7	72.4	58.7
Cash and cash equivalents	186.7	138.3	166.5	123.4	149.0
Net capital expenditure	15.4	11.2	11.9	6.5	15.1
Depreciation of tangible fixed assets	15.3	16.5	17.4	21.4	22.2
Ratios					
Operating profit before depreciation and amortisation: operating revenue (%) ³	2.7	0.7	2.1	1.9	1.9
Operating profit: operating revenue (%) ³	1.6	-0.5	0.9	0.5	0.6
Net profit as a percentage of:					
*operating revenue	0.6	-1.1	0.1	0.1	-0.8
*shareholder's equity	4.4	-7.3	0.5	0.6	-5.4
Total assets: shareholder's equity (%)	30.8	32.5	32.2	32.9	29.7
Total assets: guarantee capital (%)	34.0	36.0	32.2	32.9	29.7
Employees⁵					
Average number of full time employees	5,701	5,556	5,774	6,967	7,717
Number of full time employees at year end	5,746	5,677	5,744	5,981	7,351
Training costs per full time employee in €	692	702	578	nb ⁴	nb ⁴
Breaches of laws and regulations (fines)	1	5	5	9	4
Health and safety⁵					
Lost-time incidents	39	37	33	73	83
Incident frequency	3.5	3.6	3.1	6.1	6.0
Sickness absenteeism (%)	4.5	4.4	4.1	4.4	4.2
Environmental impact⁶					
CO ₂ -footprint (ktonnes)	36	29	29	32	36
Waste (ktonnes)	33	28	25	21	31

1 Amounts in millions of euros and adjusted for comparative purposes.

2 2016 comparative figures adjusted to new definition.

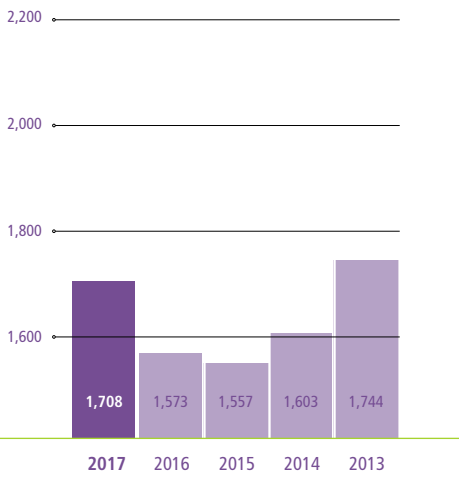
3 Operating profit / (loss) from ordinary activities (before reorganisation costs and impairments in value).

4 Not available.

5 Excluding foreign entities.

6 Total 2016 CO₂ footprint adjusted for changing insight into the CO₂ emission of kilometres declared.

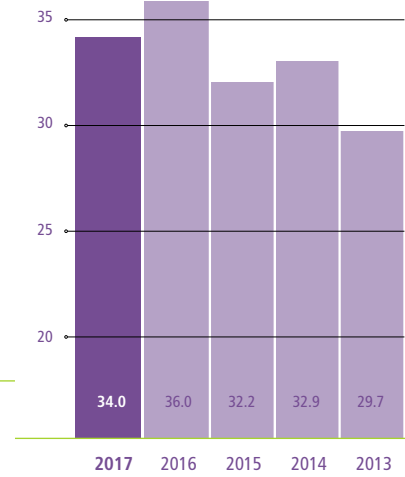
Operating revenue
(in millions of euros)



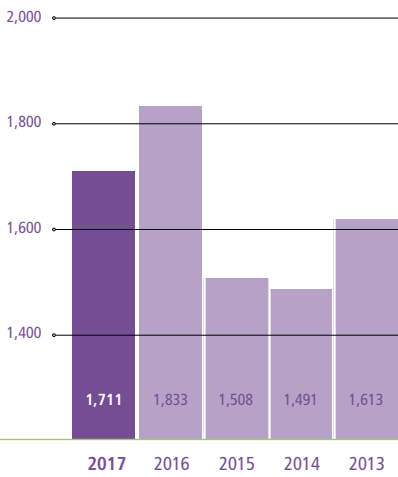
Operating profit
(in millions of euros)



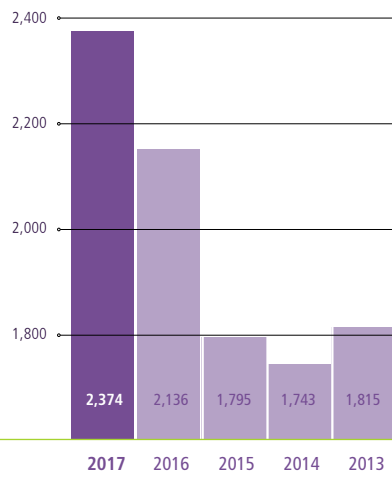
Solvency
(in %)



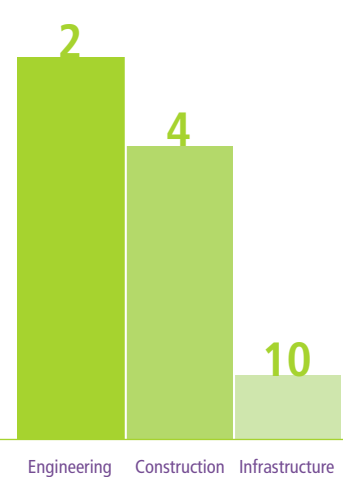
Orders received
(in millions of euros)



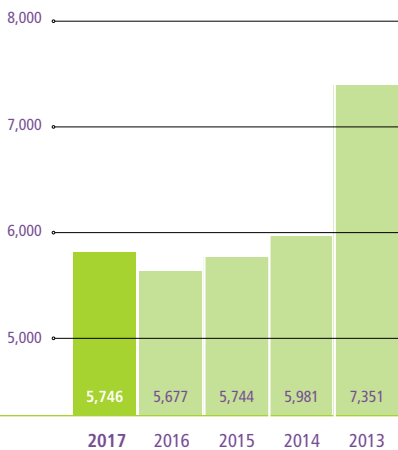
Order book
(in millions of euros)



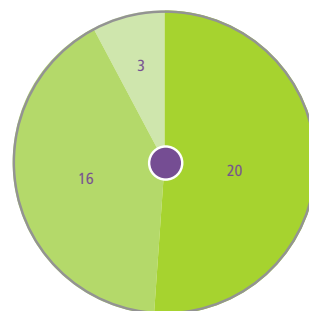
Position in the market segments
Source: © 2016 b&b info



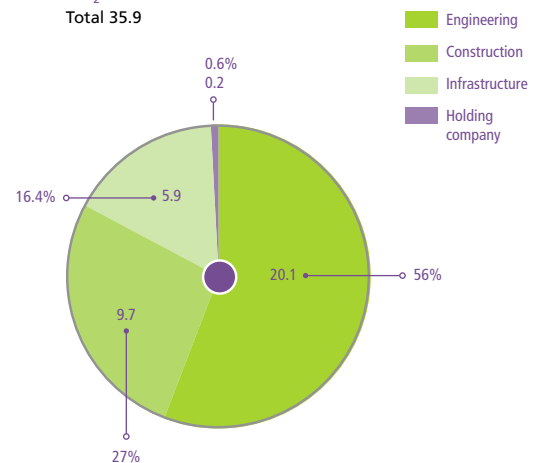
Number of employees
(FTEs at year end)



Number of lost-time incidents
Total: 39



CO₂ emission in ktonnes
Total 35.9





FACTS

- The current urban development plan was drawn up by the Waterfront consortium and Mulleners + Mulleners Architects and Lodewijk Baljon Landscape Architects in close consultation with Harderwijk municipality and urban planner/supervisor Jos van Eldonk.
- The Waterfront project comprises some 750 dwellings, a new marina, a tourist yacht harbour, an urban beach, two multi-storey car parks and many shops, bars, restaurants and recreational facilities.
- TBI companies Comfort Partners, Voorbij Prefab, Voorbij Funderingstechniek and Mobilis were also involved in the project.
- A large part of the ground under the old Haven industrial estate was seriously polluted with asbestos. One of the largest asbestos factories in the Netherlands, Asbestona, had been located on the estate for many years. To clean up the site, 600,000 cubic metres of soil had to be removed.

Water has been at the heart of Harderwijk ever since the town was founded but in the second half of the twentieth century the historic centre was in danger of being cut off. According to property developers Dennis van Hunen (Synchroon) and Mathijs van Beem (Koopmans), the town was being left high and dry by the unremitting sprawl of industry and recreation. "The only things you could see from the Boulevard were rows and rows of parked cars and a dreary industrial estate. The water was becoming a distant memory."

Harderwijk Waterfront

Returning the town to the Zuiderzee

The plan to improve the area around the Boulevard was first conceived in 1995. But it took more than ten years before the town council put the Waterfront development project out to tender in 2006. A consortium made up of Synchroon, Koopmans Bouwgroep and Boskalis Nederland won the competition and were awarded the contract to create a new, attractive residential area on the water. *"It involved the complete transformation of part of the centre of Harderwijk. Industry and pollution had to be cleaned up so that the town could reclaim the water again. And the development had to complement the town's historic character, of course."*

Long breath

According to Van Hunen, the fact that the first homes did not go onto the market until 2014 is a good example of *"perseverance, determination and conviction"*. The developers first had to clear a series of hurdles. The zoning plan necessary to relocate the industrial activities to a new site did not make it through the Council of State. The housing crisis depressed the market and the soil underneath the industrial estate was so seriously polluted with asbestos that a major clean-up operation was required. When they started to remove the asbestos, moreover, the developers unearthed several unexploded bombs from the Second World War.

For a while it looked as though the project was doomed. *"But it wasn't,"* remembers Van Beem. *"New agreements were made with Harderwijk council and within the Waterfront consortium in 2011 to refine the plans and cut costs. So we had to adapt the plans that had won the competition in 2016. For Synchroon and Koopmans, who are bearing the development and management risks of the entire Waterfront development, however, the changes made the business case viable again."*

Because everything was taking so long, the consortium decided to give the town a present by bringing forward the creation of the new urban beach.

"We created the beach island and then landscaped it in cooperation with local business," explains Van Hunen. *"It's been an enormous success. It even won the 2014 Gelderland Spatial Quality Award."*

New land

According to the developers, Waterfront is one of the most complex district development projects in the Netherlands. *"We put several years' hard work into preparing the site and creating the two islands on which the houses will be built, North Island and South Island,"* recalls Van Hunen. *"The success is due chiefly to the good working relations among the consortium members and with Harderwijk municipality and Gelderland province. Mobilis also played its part by building five drawbridges and one fixed bridge connecting Waterfront. Two of them link the new Beach Boulevard to the historic town centre."*

Many of the houses on the islands have been designed by TBI WOONlab. *"Some of the first houses weren't,"* says Van Beem, *"but since 2014 they have all been designed digitally in BIM – so have the apartments, actually the entire neighbourhood has. When a project goes on sale it can be displayed in 3D. By imaging the surroundings and the homes that have already been built, we can show the buyers where they are going to live. They can even see what the view from their apartment will be."*

Unsurprisingly there is a lot of interest in Waterfront. In May, 460 people attended an open day on North Island and explored the new development using VR glasses. North Island lies between South Island and the Knar yacht marina. It will host a large variety of homes, from terraces to stately town houses, and from semi-detacheds to free-standing villas in a variety of styles. And they will all be close to the water. The eye-catcher is the 45 metre high apartment tower, the Vuurtoeren, which will radically change the skyline of Harderwijk.

TBI in the market

Development

Strong in housing, mixed functions and social property

MAIN ACTIVITIES

- Housing and commercial property development
- Transformation/inner city development
- Repurposing of built heritage
- Risk-bearing project management
- Accommodation consultancy
- Expert advice
- Building management

MARKET CHARACTERISTICS/ DEVELOPMENTS

- Sustainability
- Energy savings
- Flexiwork
- Repurposing
- Resident participation
- Area development
- Changes in the administrative landscape
- Lifecycle buildings

MARKET AREAS/CLIENTS

- Private housing market
- Financiers and investors
- Education
- Care
- Public authorities
- Private sector
- Supply chain partners

COMPETENCES OF TBI COMPANIES IN THE MARKET

- Conceptual strength
- Marketing and sales
- Process management
- Integrated approach
- Innovative strength

Creative housing and neighbourhood concepts

Property developer [Synchroon](#) had another good year buoyed by a strong housing market. The company sold 784 housing units in 2017. The order book for the current year is also well filled. Competition on the property market increased further during the year. Synchroon stands out for its sharp focus on integrated area development and mixed function projects that combine housing, work and recreation. Synchroon operates mainly in complex urban areas, where it has a proven record in developing creative housing concepts and managing the associated complex processes and locations. The longer lead times in such complex areas, however, act as a restraint on growth.

Synchroon seeks solutions that contribute to sustainable and pleasant living environments, for example by building gas-free housing, but also by studying how to minimise traffic in city centres and residential areas. It is inspired by companies that devise innovative mobility concepts. Synchroon has a broad network representing a full range of skill sets. Its specialists make a particularly valuable contribution to new concepts.

Mixed functions at transport hubs

The market recovery has increased investors' interest in different types of property. Demand for a mix of housing and commercial functions in city centres is seeing particularly strong growth, especially at transport hubs. Young professionals enjoy living and working in lively communities that are easy to reach by public transport. Municipalities are responding by redeveloping the areas around stations.

Synchroon is involved in the redevelopment of the areas around Leiden, The Hague, Arnhem and Breda stations. All these projects centre on the functions they must fulfil rather than the buildings. Next to Leiden Central station, for example, the company is developing two apartment blocks, a hotel, bars and restaurants, a car park and a bicycle park. Plans to redevelop the area around Arnhem station are also based on this concept of mixed functions.

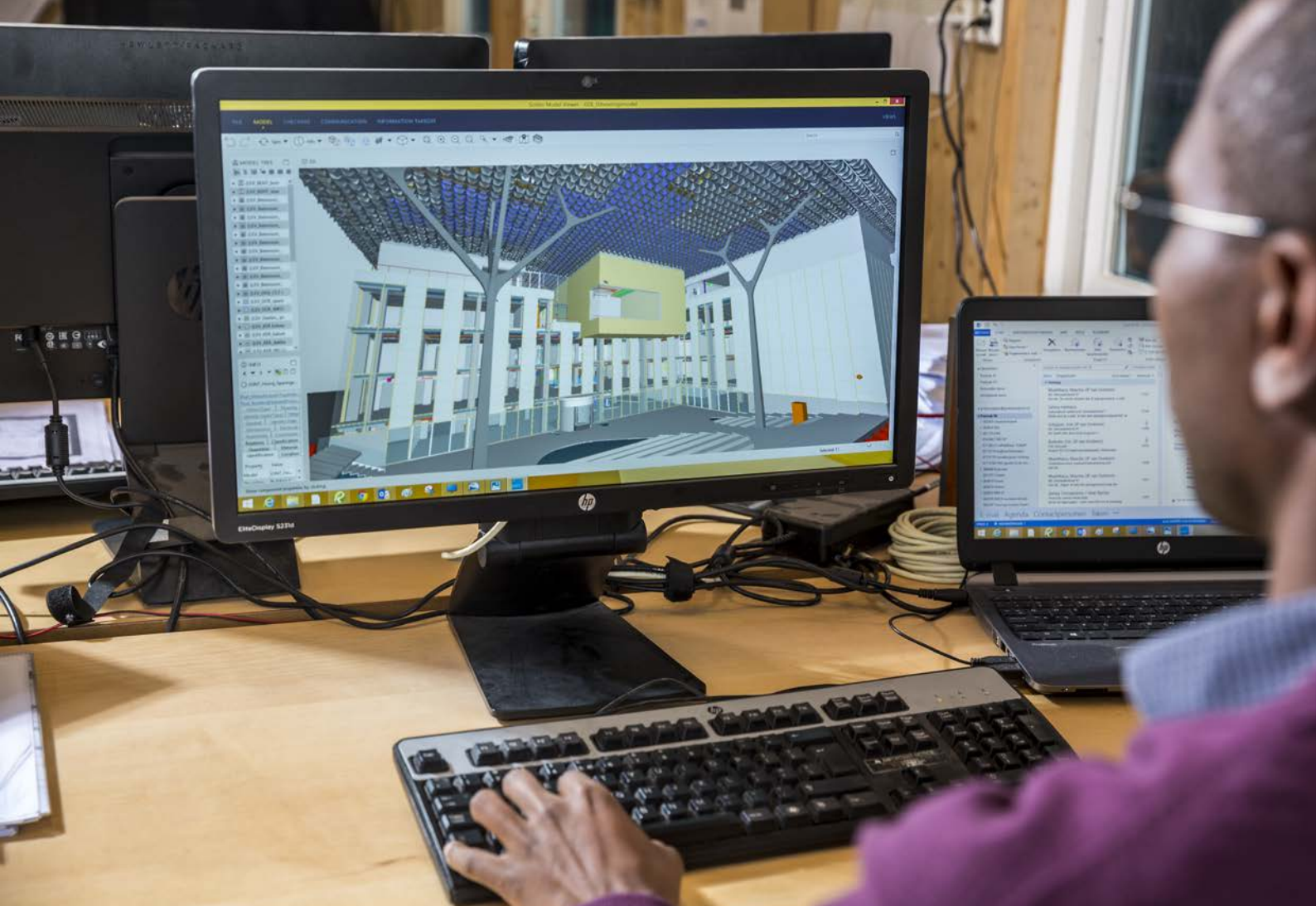
In Breda, Synchroon is working with J.P. van Eesteren on [5Tracks](#), also a mixed project combining a variety of functions. Together with Amvest, Synchroon is building two towers that will change the appearance of The Hague Central station. The project consists of a congress centre, restaurants, shops and apartments. This project is innovative for its deliberate choice for zero car parking. Instead of an underground car park, the housing block will accommodate a large modern bicycle park for the exclusive use of the residents. Mobilis has also been commissioned by the municipality of The Hague to realise a large public bicycle park under the building and the square.

In Rotterdam, Synchroon has been working for some time on the development of the [Wilhelmina Pier](#). On completion in 2017 of the [Boston & Seattle](#) residential towers, which both have a plinth of commercial units, the company began developing two new residential towers in collaboration with BPD: [The Sax](#). The towers will be connected by a hotel at a height of 70 metres.

Redevelopment of industrial estates

Large cities are running out of land and space as demand for new urban housing increases. More municipalities are therefore studying whether former factory and industrial sites can be transformed into residential districts. Synchroon has built up the necessary expertise in this area, too. The company has been involved for some time in the [Wisselspoor project in Utrecht](#). This project comprises the transformation of a former industrial site, owned by Dutch Rail, close to the city centre into an area of housing, creative businesses and bars and restaurants that retains the industrial heritage in the form of old factories, railway points and tracks. In July, Synchroon signed a contract to develop commercial hot spots and 1,000 housing units in sections 2, 3 and 4.

In the same city, Synchroon is working on the transformation of the [Merwede Canal zone](#). This former industrial estate will be redeveloped into an urban residential district for people to live, work and relax.



A special feature of this development is that cars will be removed from the streets and will be allowed to park only on the edge of the district or in garages.

North of Amsterdam Central station, in Buiksloterham on the opposite bank of the River IJ, Synchroon is realising a mixed function development where future residents will benefit from a range of services. The site had once housed the former NDSM shipyard, one of the most polluted industrial areas in Amsterdam. It will soon be a healthy and sustainable urban area for people to live and work.

Together with ERA Contour, Synchroon is developing a contemporary and distinctive residential area on a disused industrial estate close to the centre of Breda. The Tuinen van Genta, as the development is known, will boast about 180 homes and attractive public spaces.

Synchroon signed a cooperation agreement with Zuidplas municipality to redevelop the Zelling Onderneming industrial site in Nieuwerkerk aan den IJssel. The site will be transformed into a unique residential area with the first gas-free and energy neutral housing in Zuidplas municipality.

Building outside the city

Rising housing costs are forcing young families to move out of the cities, but they want to stay within hand's reach. Synchroon is rising to the challenge by developing attractive and affordable homes outside the cities but close to railway stations. Its knowledge of area development can be decisive at such locations. In both Hazerswoude and Arkel, Synchroon is developing new, easily accessible residential areas with their own strong identities.

yoreM keeps on growing

YoreM, the e-marketing business, turned in an excellent performance again in 2017. The firm creates property development websites, wins clients, advertises online and performs data research to pinpoint consumer preferences. YoreM works for TBI companies but also has just as many external clients. Investors, housing associations and other property businesses make up more than half of its clientele.

Contributions to energy transition

Synchroon understands sustainability to be the responsible use of scarce raw materials, including the available space. A good example is De Deeltuinen in Utrecht. Development of this new area was driven largely by the sharing economy. Residents will park their cars in an underground garage in order to create space for a communal garden. The aim is to have residents share more of what they have, including tools, bicycles and cars. The 51 sustainable homes will be energy neutral; rather than being connected to the district heating system, each home will have its own geothermal pump and solar panels.

Despite the difficulties in making detached houses energy neutral, Synchroon is installing geothermal pumps at a number of houses in the Noorderkroon project at Park 16Hoven in Rotterdam. The houses already satisfy the BENG requirements for all new buildings in the Netherlands to be nearly energy neutral as from 2020.

At Dorpshaven, a residential district in the Scandinavian style being built on the water's edge in Aalsmeer, all dwellings will be fitted with solar panels to meet their own energy needs. The houses and apartments Synchroon is developing for Finest at Ockenburgh in The Hague are being built without gas connections. Instead they will use solar energy and atmospheric and geothermal heat exchangers. These homes, too, will satisfy the new BENG standards.

Real estate consultancy and building management in education and care

HEVO, the property consultancy and management firm, performed well across the board in 2017. The number of requests for strategic advice and project management rose sharply. To make the most efficient and sustainable use of their property portfolios, more clients in both the education and care sectors and municipalities are engaging the firm to assess their portfolios as a whole instead of on a building by building basis.

HEVO has traditionally been prominent in the education market. Strategic consultancy and building management engagements in this market were added to the order book during the year. There was a particularly sharp increase in engagements for integrated building plans that give municipalities an insight into the structural and functional state of school buildings so that they can make reasoned decisions on their demolition, construction or renovation.

Owing to the growing demand for newbuilds, transformation and renovation, rising prices and the increase in contracting risks, demand for risk-bearing project management (RPM) is also on the rise. RPM is frequently requested for complex properties in the public, institutional and corporate sectors as it lets the client eliminate risk yet still exercise all its influence over the preparation and implementation process. HEVO is the contact point and bears final responsibility.

The rehousing of the Avicenna College in Rotterdam is an example of RPM. For this client, the firm undertook the large-scale renovation and enlargement of an outdated, disused school building. In Beesel municipality (Limburg), HEVO is carrying out an RPM engagement to repurpose a former stoneware factory as a vocational college, BC Broekhin. The college will also house other functions, including a social restaurant with day care facilities.

For the construction of the new IJburg College 2 in Amsterdam, the client used RPM to transfer the risks to HEVO. Thanks to RPM, the college was built on budget and on schedule and satisfies the government's BENG standards for new buildings.

Together with Ahrend, HEVO has concluded an attainment contract to adapt and maintain all buildings of Kadaster, the national land registry, for the next three years. Ahrend will make the buildings suitable for modern working practices; HEVO will implement a new working concept, assist the building users, measure staff satisfaction and make any necessary improvements. The contract covers a total floor area of 50,000 m².

The number of strategic consultancy engagements in the care sector, too, was higher. Care organisations are again healthy enough to make investments and are aware that they have to change if they are to continue meeting client demand in the future. Care is often combined with housing and the providers must tailor their care and wellbeing services to their clients' requirements in a competitive market. This calls for new property concepts. HEVO carries out market scans and advises its clients on how best to organise their property portfolios. HEVO carried out such engagements for ZorgSaam Zeeland, the Warrande Group, the Accolade Group and other clients in 2017.

Housing

Space for housing wishes

MAIN ACTIVITIES

- House building
- Renovation and major maintenance
- Maintenance and management, renovation
- Inner city redevelopment
- Restoration
- Repurposing
- Newbuild, renovation, maintenance and management concepts and products
- Development, supply and assembly of sustainable prefab concrete elements
- Floor and wall systems for heating and cooling
- Building systems

MARKET CHARACTERISTICS/ DEVELOPMENTS

- Focus on clients, quality and added value
- Focus on innovation and sustainability
- Circularity

MARKET SEGMENTS/CLIENTS

- Residents
- Property developers
- Housing associations
- Investors
- Municipalities

COMPETENCES OF THE TBI COMPANIES IN THE MARKET

- Entrepreneurship, autonomous companies under the TBI banner
- Innovative power and cooperation (TBI WOONlab)
- Sustainable and affordable housing concepts
- Technical skills
- Urban renewal
- Consumer driven development and construction

Future-proof housing

The Housing cluster consists of four dedicated housebuilders, ERA Contour, Groothuis Wonen, Hazenberg Bouw and Koopmans Bouwgroep – each with its own specialisations –, the supply company Voorbij Prefab and the building systems companies Comfort Partners and WTH. Together they form a strong chain. With their complementary specialisations, they can offer a wide range of solutions in the redevelopment, newbuild and renovation markets. Important issues in the construction industry are the sustainability of the existing housing stock, ways to improve the living environment and the transition to a climate neutral country. Circular construction is also growing in importance.

All these developments are increasing the importance of building systems in the industry. Even before construction begins, it must be clear what smart systems will be installed. Comfort Partners, a specialist in this area, and WTH, a supplier of underfloor heating and cooling, often work together to design homes that incorporate smart solutions. By offering service and maintenance contracts, Comfort Partners can also give its clients peace of mind after the handover. The technical component is also increasing sharply in the housing maintenance and renovation sectors.

The TBI companies in the Housing cluster again had a good year. The housing market strengthened further and despite the lack of available planning locations, the companies together reported strong growth. There was a particularly sharp increase in the number of repurposing and renovation engagements.

Newbuild output in the Netherlands rose by 11.5% in 2017 and repair and renovation output by 7.5%. Approximately 64,000 housing units were completed (source: EIB). TBI completed 2,345 housing units in 2017 (2016: 1,649), an increase of 42%.

Of the total, 1,158 were built for private customers (2016: 1,004), 479 for investors (2016: 195) and 708 for housing associations (2016: 450). The stock of completed but unsold housing units as at 31 December 2017 was zero (31 December 2016: 2). The number of unsold units still under construction as at 31 December 2017 was 39 (31 December 2016: 117). WTH fitted underfloor heating in 11,300 houses and apartments in 2017, in comparison with approximately 10,230 in 2016. WTH is the market leader in the Netherlands.

Diverse housing concepts

In TBI WOONlab, the TBI companies in the Housing cluster develop new housing concepts such as lekkerEIGENhuis and beterBASISHuis to meet the diverse tastes on the housing market. Thanks to their cooperation with Voorbij Prefab, the units can be built in many styles, making each one unique. Walls and window frames can be fabricated and assembled in the factory to the client's every wish.

A total of 863 lekkerEIGENhuis and beterBASISHuis units were completed, spread across the Netherlands. Hazenberg started construction of 23 lekkerEIGENhuis homes in Jacobsveld (Bosschenhoofd) in 2017. As the units are built largely in the factory for assembly onsite, construction time is reduced to just four or five months. Koopmans and Comfort Partners are building 24 lekkerEIGENhuis homes in Achterveld. ERA Contour has started construction of 35 dwellings in accordance with this concept in Droomweide, an area of Bodegraven that was developed by Synchron. Koopmans is realising 76 owner-occupied units in Ede and 21 beterBASISHuis units in Doetinchem.

Inspiration and technical advice tailored to the client

To help their clients furnish their new homes, ERA Contour has introduced 'WAREHOUSE'. This showroom can inspire buyers and help them select furnishings for their new homes, from complete kitchens and bathrooms to doors and light switches. The showroom is open to the customers of all TBI companies. Comfort Partners has set up its own expert centre to answer customers' technical questions about how they can create a comfortable, sustainable, healthy and safe climate in their homes.

Prefab concrete products shorten construction time

Voorbij Prefab, an innovative manufacturer of sustainable prefabricated concrete products, produced more than 1,000 prefabricated concrete housing skeletons in 2017. The factory makes facades and walls directly from the Building Information Model (BIM) for the TBI housing concepts. Window frames are assembled on the elements. Using BIM considerably shortens the preparatory phase and the high degree of robotisation ensures unprecedented dimensional stability and a high standard of finishing. Voorbij Prefab also produces high quality products for stacked housing units. The factory has produced the exterior walls and interior cavity walls of the high rise Little C project in Rotterdam.

Making neighbourhoods sustainable and pleasant

Strengthening cities to make housing more enjoyable

The TBI companies are active advocates of urban renewal. Urban communities must have good amenities, high quality housing and pleasant neighbourhoods that people enjoy living in. That is why we listen closely to the wishes of current and future residents. The Waterschapper neighbourhood in Schiedam, for example, will be metamorphosed over the next five years by means of 'placemaking'. Placemaking puts the neighbourhood first, not the buildings. Residents are involved in the plans from the very beginning. In the final phase in Schiedam, known as De Nieuwe Wetenschappers, ERA Contour invited primary school pupils to walk through the neighbourhood and suggest improvements and changes. The final plan incorporated their ideas for more room to play and lots of green spaces.

Our approach to other disadvantaged neighbourhoods also centres on the wishes of future residents. Thanks to the successful renewal of the Crooswijk district in Rotterdam, ERA Contour and Heijmans were awarded the contract to make Kralingen a strong neighbourhood. Some 800 high end dwellings, free building plots and rented housing units will be realised in Nieuw Kralingen. A residential care centre will also satisfy the requirements of financially comfortable seniors. Another neighbourhood that ERA Contour will renew in the coming years is Overvecht in Utrecht.

On the edge of The Hague, ERA Contour is developing Groenhaaghe, a neighbourhood with Dudok-inspired housing. Together with BPD, the company is drafting a plan to make Bospolder in Rotterdam an attractive neighbourhood for families. Under the name The Hudsons, 142 family homes will be built. On the edge of Tiel, Groothuis is developing and building De Vijvers project, 43 new housing units built in accordance with the beterBASISHuis and mooiGROOTHuis concepts.

The TBI companies are converting prominent office blocks and other buildings into apartments in several cities. The residents' wishes are at the heart of the developments. On the En Bloc project in Houthaven, Amsterdam's former timber port, the look and feel of the building and dwellings are being decided by the future residents in consultation with ERA Contour and the architect. This form of co-development is a good alternative to self-build and a fitting complement to a more consumer-oriented housing market.

In Oosterhout, Hazenberg has implemented the Warandapoort plan, a redevelopment of an area on the Wilhelmina Canal. In total, it has built 63 apartments and 46 houses.

Building outside urban areas

Demand for new housing in urban areas is very high but there is little space and house prices are rising sharply. Municipalities are looking for ways to prevent residents from moving out, for example by developing residential areas on the edge of town. Dwarstocht in Zoetermeer is an exceptional project. ERA Contour has asked the future residents what makes them happy. Their answers prompted it to develop a neighbourhood inspired by camp sites. Groups of houses with shared facilities, such as picnic tables, barbecues and fire pits, will be built on a series of fields. The residents must think they are permanently on holiday. The project is part of the Stad van Strax housing concept, an outcome of the Expedition Free Housing initiative.

Waterfront on the edge of Harderwijk is another distinctive project. Koopmans, Synchron, Comfort Partners and Mobilis are developing a residential district of nearly 750 dwellings, several car parks, amenities and a marina. WTH will install underfloor heating in many of the dwellings. On the edge of Schoonhoven, ERA Contour has started the second phase of the Bol district, and at a former industrial estate on the edge of Leidschendam, it is building an upscale housing district known as Vliethaven.

Transforming existing buildings

The transformation of empty buildings into housing can be a good alternative for municipalities to ease the housing shortage. However, it is not always clear that transformation is the best solution. Koopmans has therefore developed the TransformatieTotaal® tool to identify the best option: transformation of a building into apartments or a combination of housing and commercial functions; revitalisation; or demolition and newbuild. The concept is also interesting to investors thinking of repurposing their property. It gives them more assurance on the building's total cost of ownership after transformation. Koopmans transformed a former office block on Oudenoord in Utrecht into a residential complex with 70 urban apartments. In The Hague, it transformed an office building on Laan van Meerdervoort into 85 apartments and in Utrecht the firm transformed Nijenoord 1, a building used by Utrecht University of Applied Science, into a residential complex with 190 apartments and an underground car park. Koopmans is working on this project with WTH to ensure optimal comfort for the residents. For the Central Government Real Estate Agency, Hazenberg made an office building in Breda suitable for modern working practices and in Eindhoven it transformed a former music school into the state of the art Centre for Art.

Together with Croonwolter&dros, Hazenberg has been working for the past two years on the revitalisation of the Avans University of Applied Science in Den Bosch. It has transformed an existing building of approximately 15,000 m² into one of the most sustainable and innovative educational buildings in the Netherlands.

Low-energy buildings and building systems

The TBI companies again built more nearly energy neutral (BENG) and Nul op de Meter (NOM) housing units in 2017 than in the previous year. Net energy consumption in a NOM dwelling is reduced to zero through the smart use of energy-saving and energy-generating devices, such as solar panels, underfloor heating, geothermal pumps and solar boilers. Landlords and tenants of NOM dwellings can agree their own energy performance fee.

Koopmans built 32 NOM housing units in the Boswinkel district of Enschede in 2017. Of the units that ERA Contour built in phases 2 and 3 of De Nieuwe Wetenschappers district in Schiedam, 25 satisfy BENG standards and 20 NOM standards. In Zeist, Groothuis is realising five gas-free dwellings.

Together with Qupit, a developer and manufacturer of wireless energy management solutions, Comfort Partners has developed Adam. This smart device connects building systems to the internet. It meets consumers' demands for greater security, lower energy consumption and more comfort at home. Adam also generates useful data for housing associations and engineers. Comfort Partners can also offer new contract forms based on predictive maintenance.

The first new homes in the Netherlands to be heated and cooled by means of an ice buffer system are being built in Goes-West. Comfort Partners is responsible for repair and maintenance work at the IJs van Columbus, as the project is known. The system consists of a water tank under each house. A heat pump extracts heat from it, turning the water into ice. The energy released is used to heat the dwelling.

Renovation and maintenance

To satisfy future national standards, investors and housing associations must renovate and make many homes and neighbourhoods more sustainable in the coming period. Off-the-shelf packages offered by construction companies will help accelerate the changes. The BETER OP DE METER renovation concept can improve the energy performance of our clients' housing stock quickly and at relatively low cost. The concept is available for terraced and corner houses and a modular version has been developed for communal entry flats.

High rise living without gas

The fourth apartment block of the *Royal Zuid* project on Amsterdam's Zuidas was completed in 2017. The project is completely gas free and has been carried out together with an energy service company. ERA Contour is working on the project in collaboration with BPD and Eigen Haard to build a total of 411 rented and owner-occupied dwellings. The towers have heat exchangers and each dwelling has its own LTHO heat pump and boiler. This solution produces a CO₂ saving of 460 tonnes per annum.

SmartPack, a new off-the-shelf renovation concept, enables housing associations to renovate their stock to Nul op de Meter standard quickly and effectively. The concept has been developed by Hazenberg Bouw in collaboration with Rendon Onderhoudsgroep, De Loods Architecten and Comfort Partners. In Oostvoorne an entire estate of 68 social housing units is being renovated using this concept. A special feature is that the system module is not placed in the attic or outside the dwelling but is incorporated largely into the new exterior wall elements. Hazenberg is renovating 100 dwellings with SmartPack in Sommelsdijk and 31 in Den Bosch. Other renovation projects include Hendrik Casimirstraat in Delft (36 NOM dwellings), De Wetenschappersbuurt in Schiedam (56 gas-free NOM dwellings) and Amsteldorp in Amsterdam (gas-free).

Repurposing, restoration and maintenance of built heritage

Contractor Nico de Bont (a subsidiary of Hazenberg Bouw) is a specialist in the restoration, repurposing and maintenance of the built heritage. The company often works in collaboration with the repurposing studio Ozive, an initiative of the TBI companies Synchron, HEVO and Nico de Bont. Their integrated, multidisciplinary approach makes an innovative contribution to the development and maintenance of the built heritage.

Nico de Bont began restoring a large number of iconic buildings in 2017, including the Dom Church in Utrecht, Naarden Fortress and the St. Eusebius Church in Arnhem. In Eindhoven, Nico de Bont repurposed the monumental Eikenburg monastery into 70 loft apartments in the social sector. The project is part of De Bossen area development, in which an old religious centre is being transformed into a care, educational and housing complex. In addition, Nico de Bont and Mobilis started to restore and enlarge the first and oldest museum in Amsterdam: the ARTIS-Groote Museum. Communication with local residents is particularly important in inner city areas because that is where the greatest inconvenience is experienced. As Nico de Bont is winning more engagements in the Randstad, the company has opened offices in the Olympic Stadium in Amsterdam.

Together with Mobilis and Croonwolter&dros, Nico de Bont is carrying out the large-scale renovation of the *Maastunnel* in Rotterdam. Nico de Bont is responsible for all restoration work in this historic tunnel.



FACTS

- The Overtoom urban garden has 477 dwellings, 30% of them are rented social housing and 70% owner occupied.
- Oranje crushed the demolished materials from the old houses into concrete granules and supplied them to Voorbij, a TBI company. They were then used in Voorbij's factory to make new prefab foundation piles, walls and floors.
- The public space is also an integral part of the plan. In cooperation with the local authorities, the consortium devised energy neutral street lighting and an innovative rainwater drainage system.
- One innovation made by Co-Green is a smart toolbox based on Lego. By using it, the consortium was able to cut the cost of prefabricated building elements and respond flexibly to changing consumer demand and market developments.
- In 2012 the Co-Green project was awarded the Groene Speld sustainability award by Amsterdam municipality. In 2014, the Overtoom urban garden won the Zuiderkerk award and a year later NEPROM nominated the project for the NEPROM award for location development. In 2016, the initiators won the Nyenrode Supply Chain Award for their cooperation in the supply chain.

Shortly before it was awarded the contract to design ERA Contour's new head office in 2007, Conix Architects had completed the head office of Umicore. This Belgian multinational used to be a colonial mining company but has transformed itself over the years into a leader in recycling. Instead of digging for precious metals in Africa, it is now "mining" them out of cast-off mobile telephones, computers and other products containing valuable raw materials. The company itself calls it urban mining.

Overtoom urban garden

Climate neutral demolition, construction and use

"That got us thinking, because buying in new raw materials every time you need some is a ridiculous waste," says ERA Contour director Job van Zomeren. "Many building companies are already working on demountable buildings so that the materials can be removed and re-used. But we thought, there are already so many materials in the neighbourhoods we work in. They might not be demountable but perhaps we can re-use them in new buildings."

Co-Green

In 2009, when housing association Eigen Haard called for tenders to redevelop the Overtoomse Veld district in Amsterdam, ERA Contour spotted an opportunity: *"The entire district had to be demolished and rebuilt completely energy neutral, and one of the conditions was that the sustainability measures were not allowed to cost anything extra. That was a very appealing challenge, yet we knew we could only make a success of it if we worked with other companies. You can't do something like that by yourself."* ERA Contour suggested forming a consortium with Eigen Haard, architect KOW and demolition contractor Oranje. The partners would work together on the Co-Green project to demolish, rebuild and manage the entire district. Together they would be responsible for the budget and for meeting the climate and sustainability targets. There would be no hierarchy and decisions would be taken collectively.

Eight parties submitted tenders. Eigen Haard had originally intended to select three to go through to the second round, but it was so enthusiastic about the consortium's innovative approach that it cancelled the second round. *"Our plan to organise the chain so radically differently was so attractive to the housing association that it immediately chose us, and took part in the consortium as an equal partner,"* says Van Zomeren.

Kitty

The only problem was how to ensure the homes remained affordable. All the energy saving measures would put up the price of each home by about 20,000 euros. *"That was obviously unacceptable,"* recalls Van Zomeren. *"So we set ourselves the challenge of organizing the work as smartly as possible so that we could cut the cost. All the parties were forced to think long and hard about their business processes. What's more, everyone had to put their profit in a kitty."*

The kitty would only be paid out if the targets were met at the end of the project. *"That meant we all had to keep very accurate records. Simply tearing down the buildings and taking the rubble to landfill was not enough. We had to find other solutions because we wanted 98% of all the demolished materials to be returned to the supply chain as high quality resources."* The parties fell just short in the first phase. *"We re-used about 80% of the bricks. All the facing bricks were crushed and new clay was added so that we could make new products. In all the following phases, we re-used 99.5% of the demolished materials."*

Today, nine years after the start of the project, the final, additional, phase has also been completed. *"It has been a real success story. By working together so efficiently, we have minimised the inconvenience to residents. In each phase, we started the demolition work as soon as the last residents moved out of their homes, and began building new homes as quickly as possible. Some of the residents have returned, others are new. They now live in the Overtoom urban garden, a beautiful climate neutral neighbourhood with a varied range of homes and unique gardens."*

Non-residential

Making buildings smarter

MAIN ACTIVITIES

- Turnkey concepts
- Newbuild
- Transformation
- Renovation
- Maintenance
- Restoration

MARKET CHARACTERISTICS/ DEVELOPMENTS

- Shift to new forms of contract/ cooperation, such as Design, Build & Maintain
- Late cyclical market
- Growing demand for integrated multidisciplinary cooperation
- BIM, LEAN, SE and other process tools growing in importance
- Stronger demand for maintenance and repurposing
- Demand for new non-residential buildings remains weak
- Growing significance of future-proof buildings; buildings must be more flexible and sustainable so that their functionality can evolve
- From builder to manager; relieving the client's concerns
- Sustainability requirements increasingly part of the client demand

MARKET SEGMENTS/CLIENTS

- Central government, semi-public sector
- Professional service providers
- Education
- Care and Cure
- Industry
- Hotel sector
- Institutional investors

COMPETENCES OF THE TBI COMPANIES IN THE MARKET

- Lifecycle/total cost of ownership approach
- Familiar with all contract forms
- Integrated work, inside and outside TBI
- Innovations based on our own strengths: TBI kennisLAB, leader in BIM
- Wide reference scope
- Complex building projects requiring high construction IQ
- Utilitarian housing
- All know-how in the organisation in our own people; skill and quality
- Assurance and continuity guaranteed by the TBI network
- Knowledge, skills and track record; leader among non-residential building companies
- Plan development
- Turnkey handover
- Development of commercial buildings, multidisciplinary buildings, hotels and laboratories

Smart and future-proof buildings

The Non-residential cluster reported only limited growth in 2017. The volume of activity in the construction market increased but margins on work in progress remained under pressure. The number of transformation and renovation engagements again rose sharply during the year. Transformation and renovation are growth markets. Furthermore, J.P. van Eesteren worked on several distinctive newbuild projects that it had won in previous years. These large projects are remarkable for their design, complexity and sustainability and are a good match for the company's profile. The order book for 2018 is well filled with newbuild, transformation and renovation engagements.

Smart, sustainable and future-proof construction is the ambition on virtually every project. Circularity is growing in importance. By re-using raw materials, equipment and products, we increase the value of the buildings and create a healthier living environment. We have also seen a shift towards integrated projects and complex contract forms such as design & build. We are therefore bearing more responsibility for design and the risk profile has increased accordingly. Risk management remains a concern. The company is investing a great deal in recruiting and retaining qualified people, also with a view to the tightness on the labour market.

Innovative concepts

The new offices of the European Patent Office in Rijswijk are nearing completion. J.P. van Eesteren and Croonwolter&dros are realising one of the most distinctive buildings in the Netherlands. The building's facade is made up of two parts. The exterior is made of a special type of glass placed in front of the thermal wall. As a result, the facade is so transparent and reflective that the surrounding buildings and the sky can be seen in it. When the building is handed over in early 2018, work will commence on demolishing the old building and landscaping the site, including the creation of an enormous pond around the building.

Complete circularity

At De Reehorst country estate in Driebergen, J.P. van Eesteren started preparations in March 2018 to construct a new energy neutral office building for Triodos Bank. The building, designed by Thomas Rau, will be built entirely from timber and glass, with a timber load-bearing structure. Bio-based materials and an exceptionally sustainable approach to the construction process have been selected in order to attain a BREEAM Outstanding sustainability certificate, the highest rating achievable for a building. To construct the building, J.P. van Eesteren will use Madaster for the first time, a digital platform to generate a material passport in the construction industry. The passport lists every piece of metal, stone and glass used in a building. If the building ever has to be demolished, it can be taken apart and the materials and components can be put to use again. The materials retain their value and waste is eliminated.

The choice of materials was decisive in the renovation and newbuild of the Naturalis Biodiversity Center in Leiden. The current museum is being transformed into a depot and offices. J.P. van Eesteren is building the adjoining new museum and laboratory. The client has opted for materials that age naturally, such as natural stone, steel and oak. The glass crown construction around the large atrium will be a real eye-catcher.

J.P. van Eesteren is convinced that buildings with a mix of functions will hold their value longer than those with just one function. A change in function, for instance from office to housing or vice versa, is simpler to realise. Furthermore, the building is more attractive to residents and users. A good example of a mixed-function building is the Amstel Tower in Amsterdam, which houses both a hotel and apartments.

On Coolhaven in Rotterdam, J.P. van Eesteren and ERA Contour are together developing and building Little C, 15 buildings in the style of traditional harbour warehouses. They will accommodate a mix of apartments, lofts, studios, roof gardens, meeting places, offices, ateliers, bars and restaurants, and boutique shops. The first 31 housing units enjoyed a great deal of interest when they went on sale.

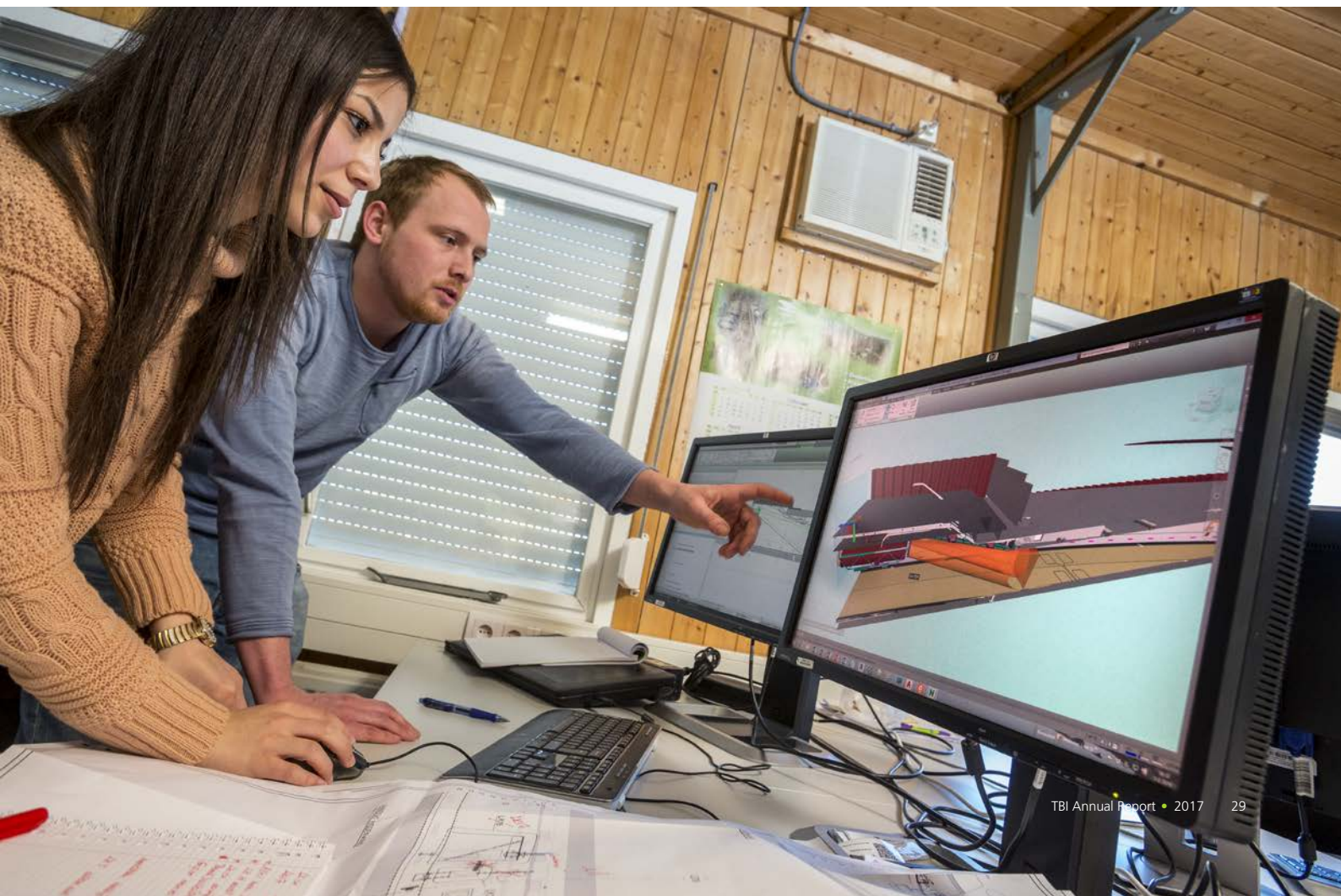
Mixed functions are growing in importance not only for newbuilds but also for area development. J.P. van Eesteren works in this area with Synchroon. Synchroon can draw on a wealth of experience in the development of multifunctional buildings that complement their locations, while J.P. van Eesteren has a great deal of experience devising smart solutions based on a building's functions and realising complex projects.

Together, the two companies are developing Spoorzone in Breda into a housing, business, work and recreation centre. The project's name, 5Tracks, refers to the five functions allocated to the three buildings: offices, hotel, apartments, restaurants and retail.

Building with BIM

To realise its ambition of making buildings smarter, J.P. van Eesteren is assuming more responsibility for management throughout the entire construction process. BIM plays a key role in this process. It lets the company connect all partners in the supply chain with each other and makes information accessible to all. As BIM manager, the company oversees the straightforward and consistent compilation of individual models and coordinates them with each other. Performance models made by the various designers, such as the architect, the builder and the building systems adviser, are layered over the production models made by the fitters, suppliers and subcontractors to check that a production model meets the performance requirements. And by using the information in the performance models, it is easier for suppliers to prepare their own production models.

Creating a virtual building provides assurances that the various disciplines and components will knit together seamlessly. Clients can oversee the design and realisation process, and work packages can be prepared in the factory. Errors can also be detected at an early stage and safety issues can be identified quickly. On completion, information can be retrieved from the BIM model quickly and conveniently when needed for, for example, maintenance or renovation work.



Developments in transformation and renovation

Giving existing buildings a second life

As the economy picks up, demand for office premises and commercial space increases. Even if there is an overhang on the market, most of the buildings will not meet the new demand. J.P. van Eesteren has therefore seen a sharp jump in demand to transform and renovate existing office buildings. The company offers sustainable, smart building solutions that also allow for changes in function. High-rise solutions are also good opportunities, especially in large towns, as they can provide a mix of offices, housing and short-stay functions.

On Amsterdam's Zuidas, for example, J.P. van Eesteren is converting a vacant office block into one of the most sustainable office buildings in the Netherlands. The future premises of the [Goede Doelen Loterijen](#) are being completely renovated and substantially enlarged. The new building will have an extra floor with a roof that transforms the former inner courtyard into an atrium. The roof, with its unique leaf-design ceiling, will be fitted with solar panels and will collect rainwater for use in the building. The renovation is aiming for BREEAM Outstanding certification, the highest possible rating awarded by this sustainability label.

At a different location on Zuidas, the vacant Olympic Plaza office complex is being transformed into high tech sustainable offices. The Boutique Office, as the new building will be known, will be enlarged on its eastern side and will have two additional office floors. Not far from this location, on the north side of Zuidas, J.P. van Eesteren has started working on 2Amsterdam. This project involves the modernisation and enhanced sustainability of two former office buildings of AkzoNobel and Stibbe. One of the towers will become a hotel and the other will retain its office function. A multi-storey underground car park will be built between the two buildings.

A similar challenge is the revitalisation of the MM25 building, the new head office of the TBI companies Croonwouter&dros, Mobilis and Servicis. Innovative structural and technological adaptations will create a modern, inspirational and open working environment and raise the building's energy efficiency rating to an A label.

The A'DAM Tower won the Gulden Feniks award in the Transformation category in 2017. J.P. van Eesteren transformed this former Shell tower in Amsterdam North in just 18 months into an iconic multifunctional building topped by a new crown with an observation deck, a hotel, creative spaces and an underground car park.

Further growth in conversion and maintenance

J.P. van Eesteren's dedicated Conversion, Maintenance and Renovation Division again had an excellent year. The average contract value was higher and many promising orders have already been received for 2018. The division has been serving the same loyal clients for many years. J.P. van Eesteren has been providing conversion and maintenance services to Nutricia in Zoetermeer, for example, for 75 years and to the Erasmus Medical Centre in Rotterdam for more than 40 years.

For the latter, J.P. van Eesteren has started adapting the lifts and renovating the nuclear medicine department. The company also regularly carries out renovation and maintenance work for Tata Steel in IJmuiden.

J.P. van Eesteren specialises in building at complex inner city locations. A particularly challenging project was the conversion of Dijkzigt metro station. The station is located in the centre of Rotterdam and is hemmed in by the Erasmus Medical Centre, offices and apartment blocks. A great deal of creativity was needed to overcome the limitations on the site as the work had to be carried out at a busy location where the ground was a warren of cables and pipelines. To complete the project successfully and on schedule, J.P. van Eesteren as the main contractor prepared the project in meticulous detail. In consultation with the client, RET, Rotterdam municipality and the utility companies, it carried out extensive risk analyses and drew up detailed plans. Priority was given to the safety of the surrounding area and the construction workers and to minimising inconvenience in the neighbourhood.

The Albert Heijn supermarket that J.P. van Eesteren converted and extended in Amsterdam was also in the centre of a residential area. The branch on Delflandplein remained open throughout the work for all but a few weeks. Twelve apartments for private sale are being built in the office space above the supermarket and the new extension. In The Hague, the company transformed an office in the Markthof complex into 16 apartments. And in Waddinxveen, a building previously occupied by HEMA department store and Rabobank was converted into an attractive, low energy town hall.

Smart logistics

Smart logistics are the key to city centre construction work. The work often has to be carried out at busy locations and in cramped spaces. The process must be organised as efficiently as possible so that it inconveniences the fewest possible people. J.P. van Eesteren uses a ticket management system to plan transportation so precisely that materials are delivered just in time. By making logistics an integral part of the construction process, the work can be carried out faster and more efficiently. An external site holds stocks for longer, performs preparatory work and combines deliveries. Trucks do not move until the materials or products are actually needed. This approach cuts the number of truck movements and reduces local inconvenience and CO₂ emissions.

Cooperation with logistics specialists

Construction of the European Patent Office also presents a logistics challenge. After the building was topped out, attention turned to the efficient management of logistics flows. The site is relatively small and building materials and components had to be supplied in tightly defined slots. Together with DHL, J.P. van Eesteren thought up a smart system to deliver building materials and systems to the right place in the enormous building at precisely the right time. They were often delivered at night so that the builders could get to work with them first thing in the morning.

Technology & Energy

MAIN ACTIVITIES

- Design, build, maintain and operate
- Technical and industrial automation and ICT systems
- Sustainable energy and heat generation and recovery
- Security
- Data centres
- Purification systems
- High voltage
- Heating and cooling technology
- Heating, ventilation and air conditioning
- Electrical drive systems
- Marine automation systems

MARKET CHARACTERISTICS/ DEVELOPMENTS

- Increased demand for technical systems in housing, work and mobility solutions
- More emphasis among clients on value of the quality and performance over the entire lifecycle reflected in shift of responsibilities towards the market
- Shift to performance-related maintenance contracts that guarantee the functionality of the systems
- Modular development, design and construction (legislation)

MARKET SEGMENTS/CLIENTS

- Non-residential buildings
- Infrastructure
- Industry
- Marine & Offshore

COMPETENCES OF THE TBI COMPANIES IN THE MARKET

- Combined know-how and experience in electrical engineering, mechanical engineering, automation and ICT
- Intelligent technical solutions in combination with integrated construction concepts
- Familiar with all contract forms
- Design, build, maintain and operate
- Innovative strength

Greater use of technology

Technology is a fact of life we can no longer live without. Technological innovations are accelerating and becoming more interwoven. The internet of things, sensor technology and related big data analyses widen the range of potential applications and the complexity of building systems. We are growing more reliant on technology and our energy demands are rising. At the same time, climate change targets are calling for a rapid transition from a centralised fossil-based energy supply to decentralised sustainable solutions. Technology can help get the transition going.

Croonwolver&dros's philosophy is therefore 'Intelligence through Technology'. The merger of Croon Elektrotechniek with Ingenieursbureau Wolter & Dros in 2017 created an efficient and innovative technology company that is active in the Non-residential, Industry, Infrastructure, and Marine & Offshore sectors. With its combined know-how and experience in the fields of electrical engineering, mechanical engineering and automation/IT, the company can design, implement and maintain intelligent integrated solutions that increase its clients' efficiency.

Eekels Technology's mission is to be a 'Partner in Technical Solutions'. In the Marine & Offshore, Industry and Infrastructure sectors, the company carries out electrical engineering, mechanical engineering and ICT projects. It is also a strong player in maintenance and service activities.

Non-residential

The non-residential newbuild market is still under pressure from the overhang of vacant properties. Croonwolver&dros nevertheless won several newbuild projects with advance technological elements that are a good match for its profile.

The company will, for example, renew and enlarge the intensive care and operating theatre complex of Rijnstate Hospital in Arnhem. Under the alliance contract, Croonwolver&dros and Rijnstate are sharing the risks. The company was also awarded the contract to build the new high tech Matrix VII research building in Amsterdam.

Improving the functionality and sustainability of buildings

Demand to revitalise existing buildings and make them more sustainable is on the rise. Functionality, safety and energy savings are the main goals. Croonwolver&dros's technical solutions make existing buildings future-proof.

In 2017 the company started the thorough renovation of Gouvernement aan de Maas, Limburg's provincial government building. On completion, it will satisfy the energy requirements applicable to government buildings as from 2020. Croonwolver&dros, Mobilis and Servicis have deliberately selected an existing building to house their new head offices. The MM25 building in Rotterdam was handed over with an A energy label in early 2018. It is a truly smart building. The building management system automatically adapts the interior lighting to the intensity of the daylight. Sensors count how many people are in a room and calculate how much fresh air they need.

In Scheldekwartier in Vlissingen Croonwolver&dros is transforming the former Zware Plaatwerkerij sheet metal factory into a new residential complex for seniors. By preparing the entire technical area in its own factory it has saved time and costs for the client. Work is not interrupted by bad weather and because all the modules are designed in BIM, there are hardly any failure costs.

Growth in attainment contracts

The growing number and complexity of building systems also increase the need to control management and energy costs. At Croonwolver&dros, this is reflected in the growing number of attainment contracts to ensure the lifetime functionality of the systems and lighten the clients' workload. In 2017 Croonwolver&dros signed contracts for the performance-related maintenance of the new OJ2 laboratory in Amsterdam, the new Thialf ice arena in Heerenveen, Brabant's provincial government building in Den Bosch, the buildings and building systems of the River Scheldt radar chain (SRK) and for hundreds of premises used by the Philadelphia care institution.

Smart Energy – from ownership to use

Croonwolver&dros has been playing an active part in energy transition for many years. It has even set up a new business unit, Croonwolver&dros Smart Energy, to develop, finance, execute and manage sustainability projects. In 2017 Croonwolver&dros Smart Energy entered into an alliance with Switch Energy, a specialist in the solar energy supply chain. The two companies have already built their first solar parks. Their ambition is to produce 135 megawatts of renewable energy in the next five years.

Safer thanks to technology

Croonwolver&dros's dedicated security division, GBBS, helped Rotterdam municipality resolve a transport safety problem in 2017. RET, the public transport company, could record passengers boarding the metro but could not track them. Together with TNO, GBBS developed a system to compare video images almost instantaneously. Croonwolver&dros was engaged by Groningen municipality to implement an advanced video management system (VMS) that integrates several cameras to monitor various locations in the city in real time.

Growth in data centre projects

Croonwolver&dros strengthened its position further in the niche market for data centres. The equipment in data centres is exceedingly sophisticated and makes high demands on security and energy management. This is therefore an interesting market for Croonwolver&dros. For the benefit of clients, the company designs and tests the equipment in the prefab factory so that fewer tests are necessary on site. One of the orders Croonwolver&dros won in 2017 was to build a data centre for E-Shelters in Amsterdam in collaboration with VolkerWessels. The company will also modernise Océ's data centre.

Infrastructure

Croonwolver&dros has built up a strong position in the infrastructure market, especially in the tunnels (construction, maintenance and management) and locks (maintenance and management) sectors. Its complex technological solutions and meticulous maintenance services are benefiting from the stricter sustainability and safety requirements. The company is increasingly acting as a manager and consultant.

In 2017 Croonwolver&dros started working on the Rijnland Route, the new road link between Katwijk and Leiden, as a member of the Comol5 consortium. The tunnel units were designed and prefabricated in the factory in Eindhoven.

Before they are placed in the tunnel, they will be tested with the client. With the process organised in this way, the client knows that the tunnel systems will work properly when the tunnel is ready in 2½ years' time. This saves time and improves quality.

Together with Mobilis and Nico de Bont, Croonwolver&dros has started the large-scale renovation of the **Maastunnel** in Rotterdam. The companies are responsible for the tunnel's compliance with the new tunnel safety law that will come into force in 2019 without compromising its look and feel.

Croonwolver&dros's systematic approach to and knowledge of tunnels and locks have won the company many attainment contracts. Together with Arcadis and Hollandia Services, for example, it is carrying out risk-based maintenance of the discharge sluices in the Afsluitdijk. They are first studying whether the sluices still work as originally planned and will continue to do so in the future. Instead of carrying out routine major maintenance as a matter of course, the companies first assess whether maintenance is actually necessary.

In the next three years, the companies will maintain and renovate 12 bridges and four locks in South Holland for Rijkswaterstaat. The work includes the Van Brienoord Bridge and the Merwede Bridge. Other maintenance contracts won by Croonwolver&dros include the traffic and tunnel systems in the Western Scheldt Tunnel and the capacity increase of the A15 motorway at Maasvlakte Vaanplein.

Marine & offshore

In the Marine & Offshore market, investments in the oil and gas sector were again lower. Nevertheless, Eekels Technology performed well, carrying out ongoing batch production orders for ships and a number of advanced technological projects. Eekels designed and completed, for example, all technical systems for the M.S. Egbert Wagenborg. This large ship, originally built in the north of the Netherlands, has a very low fuel consumption and was declared the winner of the Dutch Shipowners Association Shipping Award in 2017. Eekels also delivered systems for a yacht support vessel, a luxury super yacht and a research vessel for Damen Shipyards. Together with Huisman, the company completed the entire process of engineering, production and acceptance testing for the drive panels of a 5,000 mt tub mounted crane for use on a platform construction/removal and pipe laying vessel.

Croonwolver&dros has identified promising openings in offshore wind parks. New offshore wind parks are being commissioned and taken into service in many parts of the North Sea and the Baltic Sea. In collaboration with Hollandia Offshore, the company is meeting market demand for turnkey specialised steel structures and related technical systems. Thanks to the two companies' financial strength, know-how and experience, they have forged one of the strongest, most experienced consortia in the market.



Industry

After years of cost cutting on maintenance and newbuild projects, the industrial market is picking up again and Croonwolver&dros and Eekels Technology are benefiting from the upturn. Croonwolver&dros and Mobilis are together performing maintenance work for TenneT, and in Meppel they are building a biomass energy system for the new Nieuwweense Landen neighbourhood.

A distinctive feature of this project is that the company is not only building the neighbourhood but also supplying its energy. For Mitsubishi Materials Corporation, the company will build a recycling centre at the port and industrial site in Moerdijk.

Eekels Technology has also been awarded several promising orders. Eekels made a significant contribution to Suiker Unie's sustainability goals by enlarging the sugar factory's water treatment plant and increasing its capacity to generate green gas. For Eneco, the company has worked on the enlargement of the Bio Golden Raand biomass plant and has built a steam turbine to supply steam to AkzoNobel on the same industrial estate.



FACTS

- The owner of the wind farm is Vattenfall, ENDK owns the substations.
- Kriegers Flak is part of the Danish government's environmental programme. Denmark is already the world's number one in wind energy. Half of Denmark's energy will be renewable by 2020 and all of it must be by 2050.
- Kriegers Flak B will also support the KFE module. KFE will provide a grid connection between Denmark and Germany and in due course with Sweden, too. This Combined Grid project is being funded with the aid of an EU grant.
- The entire project will require 350,000 man-hours from the partners: 237,000 from Hollandia and 113,000 from Croonwolter&dros.
- The total tonnage of the substations is 1,500 mT (KFA), 1,800 mT (KFB) and 800 mT (KFE).

If everything goes according to plan, in five years' time more than half a million Danish and German households will be receiving green energy from Kriegers Flak. The substations of what will be the biggest wind turbine park in the Baltic Sea will be connected to Denmark's electricity network at the beginning of next year. Croonwolver&dros and Hollandia Offshore are working together on the substations in the latter's dockyard in Krimpen aan den IJssel.

Kriegers Flak

Working on green energy

"It's the first time we have worked with Hollandia on a contract like this," says Osman Akca, project leader at Croonwolver&dros. "Denmark's transmission system operator, Energinet.dk, was looking for a party that could deliver a turnkey solution for this project. Hollandia has enormous experience in complex steel construction, and Croonwolver&dros in EPC contracts in the Marine & Offshore sector. Together we have all the know-how in-house to carry out all the engineering work. That's ideal for the client. It takes all the worries out of its hands and the client knows that a very experienced team is on the job and is saving it money."

Kriegers Flak lies between Denmark, Sweden and Germany. The park consists of two sectors, each with its own substation. The western sector, Kriegers Flak A (KFA), will have a total capacity of 200 MW and the eastern sector, Kriegers Flak B (KFB), will have a total capacity of 400 MW. The substations will serve both the wind farm itself and the interconnector between the Danish and German electricity transmission networks and will connect to the Swedish network in the future. The wind farm is scheduled to start generating CO₂ free electricity for about 600,000 households towards 2022.

Technology fully integrated in 3D

"Croonwolver&dros is responsible for all E&I, HVAC, piping and tanking, fire fighting, detail engineering, procurement and installation of the utility systems for the three substations," explains Osman Akca. "This is a very exceptional project for us. In the past we have carried out mainly E&I projects but this one also includes HVAC, fire fighting, and piping and tanking."

"We engineered about 140 kilometres of cable for this project that we are now pulling. We engineered all the cableways in 3D in advance, about six kilometres in total. This gave us the advantage of being able to walk through them, as it were."

The construction workers now know exactly how many metres of cableway and cable they will need and what components have to be fitted where. An image says more than a thousand words. By knowing in advance where each component has to be fitted, we can avoid wasteful cable overlengths and will make fewer mistakes. We can therefore work more efficiently and faster."

At the moment we are testing all the systems. *"We are working on SAT 1. That is an onsite test. If everything goes according to plan, the stations will be shipped out to the Baltic on two pontoons in March or April. When the concrete section has been placed, Croonwolver&dros will start laying the cables to the foundation and SAT 2 can start. The second test will take six weeks. Using two pontoons and carrying out two tests will minimise the risks. We have to rule out as many risks as possible because we want everything to go perfectly. We will give the client a five year guarantee, which is exceptional for a project like this."*

Osman Akca is particularly pleased with the cooperation with Hollandia. *"I have got a lot of confidence in them. Wind energy is a true growth market and together we can offer this market a unique package."*

Mobility & Industry

Working from cooperation

MAIN ACTIVITIES

- Tunnels
- Bridges and viaducts
- Locks
- Stations
- Water treatment
- Port infrastructure
- Asset management

MARKET CHARACTERISTICS/ DEVELOPMENTS

- TCO (total cost of ownership) increasingly guiding designs
- Increase in design & build contracts
- Greater interest in renewable energy

MARKET SEGMENTS/CLIENTS

- Public contracting authorities
- Private investors
- Industry

COMPETENCES OF THE TBI COMPANIES IN THE MARKET

- Integrated concepts combined with financing if required

The strength of cooperation

The infrastructure market strengthened further in 2017. The growth in housebuilding boosted demand for new infrastructure and the number of large and small infrastructure projects in the market increased. Furthermore, the market saw an increase in the number of management and maintenance projects. The order book is well filled and the prospects for the coming years are good as the government has announced that it will invest two billion euros in major infrastructure works.

Complex, multidisciplinary infrastructure projects are increasingly demanding more specialised skills and expertise from a variety of parties. In the infrastructure market, too, clients are demanding integrated contracts that require a multidisciplinary approach and do not end when construction work has been completed. More area development contracts, for instance, also cover post-construction building systems, renovation and maintenance work.

This calls for strong management and seamless cooperation between the building consortium and the client and other partners and stakeholders. Only if they work together and communicate with each other open and honestly all the parties can attain the optimal project results for the client. TBI has all the relevant technological, construction and infrastructure disciplines inhouse for its companies to complement and support each other on large, complex, multidisciplinary infrastructure projects. These strengths are available within the Mobility & Industry cluster and in combination with other TBI companies or with third parties.

Against this background, we laid the foundations to strengthen the connections between the companies in the Mobility & Industry cluster in 2016. Last year we took the next step by taking a more focused joint approach to the market and giving the four cooperating companies a more distinct presence. The new organisation started operations on 1 January 2018. Its core activities are organised into Projects (the main contractors Mobilis and Servicis) and Specialised Foundation Techniques (Voorbij Funderingstechniek and Timmermans Infratechniek). Together they have the strength and expertise to offer clients turnkey multidisciplinary development, construction and maintenance solutions to challenges in the field of infrastructure, industry and water.

Craftsmanship is at the heart of our projects but the increase in integrated contracts has also shifted responsibility for management to the main contractor. To manage the various disciplines working on a multidisciplinary project as a single team, project management and project control have never been so important. We are therefore working on the application of new techniques such as virtual reality, BIM and related data management. They enable us not only to design more accurately and reduce failure costs but also to store information so that it can be retrieved quickly in the future, both for ourselves and our clients. Only so can we achieve the attainment and maintenance commitments we give to our clients. We are therefore making significant investments in new techniques and in the learning ability of our organisation. We have developed design, risk management, contracting and process control courses for our staff.

Strong in teamwerk

TBI Infra was awarded and carried out several good projects in 2017. Mobilis and Van Gelder, for example, won a contract to renovate Amstel Station in Amsterdam, redesign the square in front of it and build a new underground bicycle park. This project is a good example of how construction, infrastructure, technology and maintenance professionals can work together and be managed as a single team. Neighbourhood management is also an important aspect on this project because the work has to be carried out at a busy location and the inconvenience to passengers must be kept to a minimum.

In January 2017 TBI Infra signed the agreement for the N434 Rijnland Route. This, too, is a good example of multidisciplinary cooperation. Mobilis and Croonwolder&dros are working together in the Comol5 consortium. Comol5 has a wealth of experience in road building, infrastructure works and tunnel boring in densely populated regions. The consortium for the Rijnland Route was selected for its ability to manage risks, enhance sustainability and minimise local inconvenience. The DBM contract (Design, Build & Maintain) embraces the design, preparation, implementation and 15-year maintenance of the N434.

TBI companies are carrying out the complete renovation and restoration of the [Maastunnel](#). Apart from Mobilis and Croonwolver&dros, restoration specialist Nico de Bont is also working on the project. Another engagement Mobilis and Nico de Bont were awarded jointly is the restoration of the first and oldest museum in Amsterdam. Natura ARTIS Magistra awarded Nico de Bont the contract to restore the skeleton and the lower and upper halls of the Groote Museum. Mobilis will also build a cellar under the museum.

At the end of 2017 the Spoorzone Delft project was completed after nearly ten years' work. It is a major underground railway project involving a railway tunnel, car park and bicycle park to eliminate a bottleneck in the centre of Delft and create an attractive residential area. The entire project was carried out by the CrommeLijn consortium, consisting of Mobilis, CFE and Dura Vermeer.

In 2018 Mobilis will start work on the Oosterweel road link, the first part of the renewal of the Antwerp ring road, as a member of the Rinkoniën consortium. The contract includes modification of the E17, E34 and R1 highways and several slip roads and junctions. A bypass will also be built to relieve the surrounding area.

Limiting local inconvenience

Good location management is one of TBI Infra's strengths. The company goes to great lengths to minimise inconvenience to road users, local residents and passengers. The Hoekse Lijn project carried out by Mobilis and Croonwolver&dros is a good example of location management. This project links the Rotterdam regional metro line to the railway line between Schiedam and Hoek of Holland. The project comprised the construction and modification of seven stations, the replacement and adaptation of about 23 kilometres of double track railway and overhead lines and the adaptation of two movable bridges. Mobilis and Croonwolver&dros managed to keep inconvenience to the very minimum.

Smart construction can speed up the construction process and so limit inconvenience. This was seen in Mook, where Mobilis, working with Hegeman Bouw & Infra, completed a bicycle tunnel for ProRail in just 3½ days. The tunnel, part of the cycling superhighway between Cuijk and Nijmegen, was transported to the site in parts and put together like a jigsaw puzzle.

The wildlife tunnel under the A1 motorway at Maanschoten was built next to a railway line, but the work caused very little inconvenience to train traffic. In just one weekend, the train tracks were removed, the concrete tunnel was jacked into position and new tracks were laid over the tunnel. Train traffic resumed in the same weekend. Where possible the TBI companies used re-usable materials on this project. The wildlife tunnel at Maanschoten was built using soil from other projects. The soil flow plan was one of the factors that enabled Mobilis to win the contract with Hegeman.

Growth in maintenance

The TBI companies have identified good opportunities in the maintenance market. Much of the infrastructure in the Netherlands was built in the 1960s and is now due for major maintenance or renovation. The government therefore intends to make substantial investments in the sustainable improvement of roads, bridges and locks. TBI's combination of professional skills and integrated cooperation has already been rewarded with several promising contracts, such as that for the maintenance of the Western Scheldt Tunnel. Mobilis and Croonwolver&dros together with BAM will be responsible for its maintenance until 2033. The companies had previously worked on the tunnel's design and construction and its maintenance during the first ten years after completion. Mobilis and Croonwolver&dros have also been awarded long-term contracts to maintain the Coen Tunnel and the Sluiskil Tunnel.

Maintenance contracts are often concluded for many years. All stakeholders must therefore have direct access to all the information available on a project, not only during its construction but also many years after its completion. Information management is growing in importance, especially on complex multidisciplinary projects. TBI Infra uses the Mobilizer digital data management system to store, manage and process all its project information. The companies are thus able to manage and connect business processes, tenders and projects. The information is accessible to all authorised users, including the client. Mobilizer is a valuable tool for both management and maintenance.

Multidisciplinary cooperation in industry and water

In the industry and water sectors, too, the TBI companies can add value by working together on integrated projects. Renovation and maintenance are also growth areas in these sectors. Organisations are increasingly asking whether newbuild projects are the right answer to their dated factories, locks, dams and bridges. If they opt for renovation, long-term maintenance of the technical systems and other components is often part of the package. The TBI companies therefore frequently work together in these sectors.

Mobilis and Croonwolver&dros, for example, are working together on the construction of the second lock at [Eefde](#). Acting as the Lock to Twente (L2T) consortium, they are responsible under the DBMF contract for the financing, design, build and 27-year maintenance of the new lock. Solar panels and environmentally-friendly materials will make the new lock energy neutral. Materials will be supplied chiefly by water. Measures will be taken to ensure that shipping is not disrupted during the work. The companies were awarded the contract thanks to these creative and sustainable measures.

Another project that the two companies are working on is the renovation of a large number of high voltage cables for TenneT. As members of the SC&M Integrated Substations consortium with SAG GmbH, they are carrying out a variety of engineering and installation work, including panel construction and the renovation of the switchboards and controls in the high voltage stations.

Entrepreneurship: the motor of innovation

The TBI companies are responding to the changing market conditions and client demands by organising their processes more smartly and sometimes even radically differently. Where necessary, they are developing new product concepts and services with completely new revenue models. In the longer term, companies that do not innovate will go out of business. Innovation is therefore at the top of TBI's management agenda. For TBI, innovation is the outcome of entrepreneurship, risk taking and action. Developing new and complementary services and applying new technologies or revenue models is essential. To accelerate this kind of entrepreneurship, in 2017 TBI strengthened its innovation ecosystem along three lines: by facilitating innovation nurseries, by making room for innovation and by managing cooperation.

Innovative nurseries

Housing concept development

TBI kennisLAB is the expertise centre for BIM and System Engineering (SE). The kennisLAB inspires and facilitates the TBI companies' digitisation of their processes. The expertise centre also maintains contacts with partners such as Microsoft, AutoDesk and Google. Working in collaboration with other parties, the BIM Cloud Workspace was developed as a proof of concept. Our aim is to carry out all integrated TBI projects in accordance with SE and BIM in 2018. This is the springboard to digitise our processes in the years ahead.

Housing concept development

In the **TBI WOONlab** the TBI companies in the Housing cluster collaborate on new concepts and improved construction processes for newbuild, renovation and energy improvement projects, such as BETER OP DE METER. For the third year in a row, the newbuild concepts **beterBASIShuis** and **lekkerEIGENhuis** were awarded the Excellent Concept distinction. TBI WOONlab also took part in **Expedition Free Housing**, a project initiated by AM, BAM Woningbouw, Bouwinvest, Eigen Haard and TBI WOONlab. This open innovation project is developing new propositions to make sustainable, affordable and comfortable homes accessible to everyone. ERA Contour is involved in De Stad van Strax, an area development proposition based on community thinking and the sharing economy.

Sustainable housing

On the initiative of Comfort Partners, an expertise centre has been established for building systems. In it, the company studies how product and process optimisation and innovation can enhance home comfort and wellbeing. The approach is distinctive because it enables Comfort Partners to serve its clients throughout the building's entire lifecycle.



Making room for innovation

TBI Innovation Prize

The **TBI Innovation Prize** is an important incentive for new ideas. As in previous years, it attracted a varied and rich field of more than 30 ideas and innovations. Croonwolter&dros won the Best Innovation category for its prefab building system units. The prize in the Ideas category went to Koopmans Bouwgroep's Maatvoeringsarm Bouwen.

TBI Validation Lab: from idea to client

Together with innovation partner YES!Delft, TBI launched a corporate validation lab in 2017. The TBI Validation Lab is a ten-week pressure cooker in which enterprising members of staff can test their ideas in the market. They talk to as many potential clients, experts and other stakeholders as possible, identify the market potential and prepare a business model. During weekly sessions and workshop, the participants receive feedback from other members of staff, experienced trainers and personal mentors.

TBI Innovation Fund

The TBI Innovation Fund (TBI i-fund) provides the TBI companies with financial support by co-financing innovation projects. The TBI i-fund is a nursery for new growth at the TBI companies. New growth can take the form of smart improvements to existing activities or the launch of new propositions. In 2017, new, straightforward guidelines were drawn up by the Executive Board on the advice of an independent advisory board. A campaign informed all members of staff about the i-fund. The fund amounted to €1.5 million in 2017. This funding is in addition to the investments made by the individual TBI companies.

TBI acadmy

Entrepreneurship and innovation are permanent features in TBI acadmy's programmes. Trainees, talents, managers and project leaders work in multidisciplinary groups on relevant and topical issues. Some are followed up in order to develop an innovation and/or test it in practice.

Encouraging cooperation

Innovation can be boosted by working with parties inside and outside the value chain. Complementary partners and specialists can strengthen each other's know-how and experience. Cooperation with startups is a source of new energy and inspiration and can accelerate innovation. This is why TBI is partnering YES!Delft. This network of startups is an ideal partner to speed up innovation.

TBI also supports [De Bouwcampus](#) in Delft. It is a forum for the entire building industry to collaborate on social challenges.

The participants are encouraged to innovate faster, more efficiently and to higher standards and to come up with solutions that improve the quality of housing, work and mobility. The participants include Rijkswaterstaat, the Central Government Real Estate Agency, Bouwend Nederland, municipalities, engineering consultancies, building companies and school boards.

3D printing with sustainable materials

Voorbij Prefab is working on a sustainable alternative to concrete with [CONCR3DE](#), a specialist in 3D printing using geopolymers. Together they are developing a 3D powder printer that can produce high quality prefabricated construction elements without any restrictions on the shape. This is a distinctive feature of this technology in comparison with 3D concrete extrusion printing. To comply with the applicable standards and regulations they are first concentrating on non-structural building elements.



CONCR3DE





FACTS

- The Maas Tunnel was built in 1942. It is the oldest immersed tube tunnel in the Netherlands.
- The tunnel has four tubes: two for cars, one for bicycles and one for pedestrians. When the car tunnels are ready in 2019, work will start on the other construction elements and the bicycle and pedestrian tunnels.
- The tunnel will be renovated one tube at a time. One tube will always be kept open to traffic, allowing vehicles to travel from south to north and so access the Erasmus Medical Centre.
- Visitors to Concrete Day 2017 could take a virtual look tour around the Maas Tunnel using a VR headset.
- 22 million cars drive through the 1,373 metre tunnel every year.

By 2019, the Maas Tunnel must have regained the look and feel of a 1940s' tunnel and it must comply with the new Tunnel Safety Act when it is handed over. "Two requirements that are at odds with each other," says project manager Jacco Groen. "That's what makes this huge project so demanding and complex. But by applying our combined know-how and expertise, we are creating a unique project."

Maas Tunnel

Renovating with respect for history

"We" are the three TBI companies that are carrying out the work as members of Combinatie Aanpak Maastunnel (CAM). Project leader Jacco Groen thinks it is "fairly unique" to have so many TBI companies working together on the same project. He calls it "Building with our brothers": *"Mobilis is responsible for all the civil engineering, Nico de Bont for the restoration work and Croonwolter&dros for the technical tunnel systems and for the operating and signalling equipment in the traffic control centre. Servicis is also taking part. It's responsible for repairing the decayed concrete."*

The poor condition of the concrete was the immediate cause of the need to renovate the tunnel. A study in 2011 found that the carriageway and the concrete road bed had deteriorated very badly, probably because damp and gritting salt had worked their way through the cracks in the carriageway. *"Once the road bed has been repaired,"* says Groen, *"we'll lay a new layer of yellow asphalt. When the tunnel was first built in 1942, it was surfaced with yellow clinker bricks. We can't use clinkers nowadays, of course, they make far too much noise, but the yellow sand colour will give the tunnel the same historical appearance."*

Tiles from Barcelona

To return the tunnel to its original state in so far as possible, the characteristic yellow lighting will also be refitted. *"That was a real challenge,"* recalls Groen. *"We wanted to fit environmentally friendly LED lamps but the light they emit is usually a clear blue."*

The right LED lamps were not so easy to find. *"We tested several lamps by hanging them between the old sodium lights. We didn't take a decision on which lamps to fit until the difference between the new lamps and the old ones was so small that you couldn't see it. The lamps will also be housed in fittings cast in the original way."*

The new tiles also had to have exactly the same colour and appearance as the original ones. After a long search, Nico de Bont eventually found a factory in Barcelona that could make them by hand. *"In total we needed about 600,000 new tiles,"* recalls Groen. *"Old tiles that had worked loose or had been damaged had to be chipped off in the tunnel one at a time."*

Safe escape route

The demands made on the renovation and restoration were high, but the safety requirements were even stricter. *"And the two clashed now and then,"* says Groen. *"But we couldn't let one be at the expense of the other."* Sometimes the solution was straightforward: in an emergency, for example, the yellow lights can be changed to white at the flick of a switch in order to increase visibility for the emergency services.

The construction consortium faced an even bigger problem renovating the escape routes. *"In an emergency,"* Groen explains, *"you couldn't go from one tunnel tube to another as you usually can. You had to climb up a kind of swimming pool ladder, straight up. You can imagine the problems you would have if you weren't so quick on your feet. New, wider steps have now been installed that automatically extend in the event of an emergency. We're leaving the old ladders in place because of their historic value."*

A new ventilation system will also be fitted that will be activated in the event of an accident. The system will blow smoke sideways so that cars behind the accident do not drive into it. The other tunnel tubes will also be ventilated to prevent smoke getting into them via the escape doors.

That is not the only innovation Groen is proud of: the tunnel will also have an Adaptive Traffic Control System (ATCS). *"A system like that has never been used in a tunnel before. Radar detectors and detection loops will record the number of cars and calculate how fast they are moving through the tunnel."* The information will be fed into a central computer system that decides whether measures have to be taken. *"If there has been an accident, the system will change the lights to green so that the traffic can leave the tunnel as quickly as possible."*

Financial

Operating revenue and results

TBI reported mixed financial results in 2017. Development, Housing and Infrastructure reported higher than expected results. The results of the non-residential cluster and related building system activities, by contrast, were disappointing.

TBI's total operating revenue increased by 9% to €1,708 million (2016: €1,573 million). The operating result from ordinary activities rose sharply from a loss of €7 million in 2016 to a profit of €28 million in 2017 (after adjustment for the loss provision formed for the EPO project in 2016, the result from ordinary activities in 2016 was €15 million positive).

We laid the foundations in 2017 for a further improvement in the profitability of all our activities. Our order book increased by 11%. New engagements are accepted if the return matches their risk profile and if we can exercise strict project management. The cost structure was also improved in 2017 and we are now in a position to pass on more project-related costs.

In the Construction & Development segment, our development and housing activities benefited from the recovery in the housing market and again reported strong growth figures. The number of housing units completed rose by 42% to 2,345 (2016: 1,649). The redevelopment, renovation and maintenance markets were also strong. The Engineering segment initially suffered from pressure on volumes and prices but recovered in the course of the year. In the Marine & Offshore segment, we performed well despite the difficult market conditions. The Industry segment saw a partial recovery, as it had in the previous year. In the Infrastructure segment both large and small projects came onto the market. Both the operating revenue and the operating result improved despite the persistent pressure on prices.

Business processes were further streamlined in 2017 and the size of the organisation was brought into line with the volume of activities. The reorganisation costs amounted to €7.1 million (2016: €7.2 million). This operation involved, amongst other things, the merger between Croon Elektrotechniek and Ingenieursbureau Wolter & Dros to create a strong engineering company operating under the name Croonwolter&dros. The merger was completed for legal purposes on 1 January 2017.

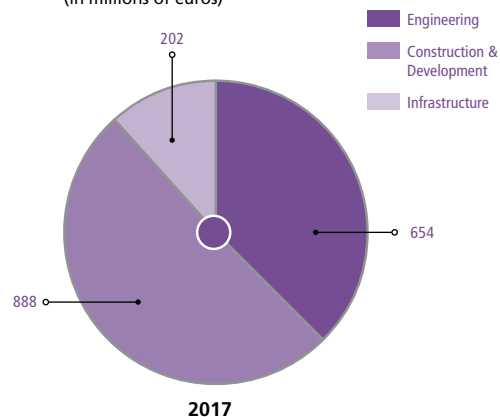
The operating result from ordinary activities (EBIT) after adjustment for non-operating costs increased by €35.3 million to €28.0 million positive (2016: €7.3 million negative). Net financial expense declined from €4.4 million in 2016 to €4.3 million in 2017. The effective tax rate for 2017 was 28.0% (2016: 22.3%). The result from participating interests came to €0.5 million (2016: €1.8 million), consisting mainly of profit realised after the finalisation on the previous sale of the shares in Coentunnel Company. The net result for the year rose to €10.6 million positive (2016: €16.7 million negative).

Results

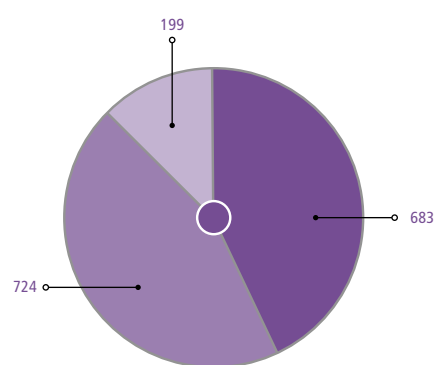
(x €1 million)	2017	2016
Operating revenue	1,708	1,573
Operating result before depreciation and amortisation (EBITDA)*	46.0	11.7
Operating result from ordinary activities (EBIT)*	28.0	-7.3
Reorganisation costs	-7.1	-7.2
Impairments in value	-2.6	-4.9
Operating result (EBIT)	18.3	-19.4
Net result	10.6	-16.7
Operating margin (in %)	1.6	-0.5

* Operating result from ordinary activities (before reorganisation costs and impairments).

Operating revenue segments
(in millions of euros)

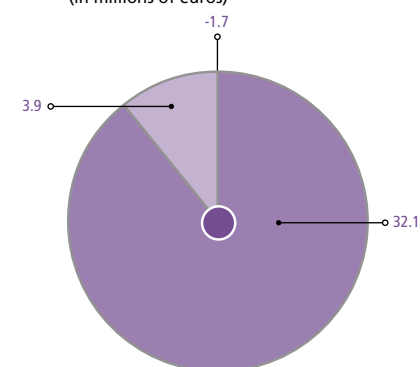


2017

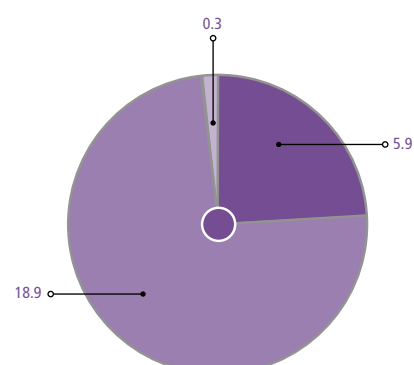


2016

Operating results segments
(in millions of euros)



2017



2016

Orders received and order book

At €1.7 billion (2016: 1.8 billion), the value of orders received was 7% lower in 2017 than in 2016. The order book (the contract value still to be performed and contracts still to be awarded) increased by 11% to €2.4 billion (year end 2016: €2.1 billion). Of the total order book, €1.2 billion (approximately 52%) is expected to be completed in 2018. The remainder is available for production in 2019 and subsequent years.

Balance sheet

TBI's financial position remains strong, with shareholder's equity being equal to 30.8% of total assets (2016: 32.5%). After allowing for the €25 million subordinated loan contracted in 2016, guarantee capital was equal to 34.0% of total assets (2016: 36.0%).

Non-current assets were slightly higher at €118 million (2016: €117 million). Net investments (investments less divestments) in tangible and intangible non-current assets exceeded depreciation and amortisation. Net investments amounted to €18.8 million (2016: €13.6 million), whereas depreciation and amortisation came to €17.9 million (2016: €19.0 million). Financial assets declined by €1.1 million, partly because of a decrease in deferred tax assets.

Investments in the real estate portfolio (land positions, building rights, unsold housing under construction, and unsold housing completed) amounted to €213 million as at year end 2017 (year end 2016: €191 million). The €22 million increase was due entirely to investments in development projects. The stock of unsold housing under construction and housing completed remained unchanged at €9 million.

Owing to changes in the composition of work in hand and payments to suppliers, net working capital declined to €28 million (2016: €65 million) despite higher investments (€22 million) in project development.

Total cash and cash equivalents accordingly improved by €48 million. Cash and cash equivalents net of current liabilities to credit institutions amounted to €172 million at year end 2017 (year end 2016: €125 million).

Shareholder's equity totalled €240 million as at balance sheet date (year end 2016: €230 million). In comparison with the previous year, shareholder's equity was on balance €10 million higher. The total includes the net profit for the year of €10.6 million.

Key balance sheet figures (x €1 million)

	2017	2016
Non current assets	118	117
Investments in real estate portfolio	213	191
Net working capital	28	65
Cash and cash equivalents	187	138
Shareholder's equity	240	230
Subordinated loan	25	25
Total assets	780	708
Total assets: shareholder's equity	30.8%	32.5%
Total assets: guarantee capital	34.0%	36.0%

Net working capital (x €1 million)

	2017	2016
Engineering	10	31
Construction & Development	-135	-95
Infrastructure	-26	-26
Investments in project development	205	183
Other	-26	-28
Total	28	65

Financing

TBI can draw on a €75 million committed revolving credit facility. It will expire in December 2020. The facility had not been drawn upon to the end of 2017. The interest rate is based on EURIBOR, with the interest rate period being determined by the duration of the draw-down, plus a surcharge. The main security given is compliance with financial covenants (interest cover ratio and senior debt cover ratio). TBI satisfied these financial covenants in 2017.

TBI also has current account facilities with three banks to a total of €30 million. Interest is payable on these facilities at EURIBOR plus a surcharge. These facilities are drawn down only to meet acute liquidity requirements. They had not been drawn upon to the end of 2017.

Furthermore, since the end of 2017, TBI can draw on two non-recourse financing facilities with Rabobank. The first is a six-year €35 million facility for Synchroon Locaties B.V. with the interest rate based on three-month EURIBOR plus a surcharge. The second non-recourse financing facility is a €16 million facility to acquire land and buildings in Utrecht, with a term to 1 January 2023 at the latest and bearing a fixed interest rate until 1 July 2020.

TBI Holdings B.V. has six guarantee facilities with a total commitment of €445 million (2016: €406 million). The commitment is available to the TBI companies. With respect to bank guarantees, the TBI companies are subject to the guarantee policy of TBI Holdings B.V. This policy includes guidance on the maximum amounts and terms of the individual guarantees. Deviations are permitted only with the prior approval of the Executive Board.

Engineering, Construction & Development and Infrastructure results

The composition of the operating result from ordinary activities is as follows:

Operating result* (x € 1 million)	2017	2016
Engineering	-1.7	5.9
Construction & Development	32.1	18.9
Infrastructure	3.9	0.3
Holding company	-6.3	-32.4
TBI**	28.0	-7.3

* From ordinary activities (before the deduction of reorganisation costs and impairments in value).

** The provision for the EPO project was charged to the holding company.

Engineering

Engineering (x €1 million)	2017	2016
Operating revenue	654	683
Operating result before depreciation and amortisation*	6.1	13.4
Operating result*	-1.7	5.9
Operating margin	-0.3%	0.9%
Orders received	668	712
Order book as at year end	698	723

* From ordinary activities (before the deduction of reorganisation costs and impairments in value).

The Engineering companies are active in several market sectors. In the non-residential market, where volumes and prices in 2017 remained under pressure, results lagged expectations. Market conditions improved in the course of the year.

The infrastructure activities in the Engineering segment turned in a good result. The order book was strengthened by new contracts, such as that for the Pallas nuclear reactor (Mobilis and Croonwolver&dros) and the Oosterweel road link. The Marine & Offshore companies also performed well despite the difficult market conditions. The Industrial market saw a gradual recovery with a growing number of engagements and firmer price levels. The prospects for 2018 are accordingly better.

Total operating revenue in the Engineering segment was slightly lower and the operating result was also lower. The operating margin deteriorated from 0.9% in 2016 to -0.3% in 2017. The order book was €25 million lower at €698 million.

Construction & Development

Construction & Development (x €1 million)	2017	2016
Operating revenue	888	724
Operating result before depreciation and amortisation*	37.2	24,3
Operating result*	32.1	18.9
Operating margin	3.6%	2.6%
Orders received	690	900
Order book as at year end	1,151	1,074

* From ordinary activities (before the deduction of reorganisation costs and impairments in value).

Demand for new housing remained high throughout 2017. The outlook for 2018 is also firm, as evidenced by the increase in the order book on the previous year.

The strong growth of the housing market lifted both the operating revenue and the operating result in comparison with 2016. The margin was also wider, up from 2.6% in 2016 to 3.6% in 2017. The operating result from ordinary activities increased by €13.2 million to €32.1 million.

Conditions on the non-residential market remained challenging. Despite the market recovery, prices remained weak and the operating revenue and operating result came under pressure throughout the year.

We analysed our real estate positions during the year and recognised an impairment in value to an amount of €2.6 million (2016: €4.3 million).

Prospects

Economic growth, the sustainability challenges in the built environment and investments in infrastructure provide a springboard for the healthy growth of TBI's order book in several market segments.

In the Construction & Development segment, the underlying demand on the housing market remains strong. Any increase in output will depend in part on the availability of sufficient planning locations. The upturn on the non-residential market will continue. Many opportunities are still available to redevelop and transform existing properties. In the Engineering segment, we will grow by taking advantage of the opportunities in the Non-residential, Industry and Infrastructure sectors. The Marine & Offshore sector will again remain under pressure in 2018. Infrastructure growth will be sustained by higher investments in infrastructure projects.

Our solid financial position provides scope to invest in product and process innovation, circular construction and new alliances. We will also invest in our people and continue to focus on project management and cost optimisation.

Infrastructure

Infrastructure (x €1 million)	2017	2016
Operating revenue	202	199
Operating result before depreciation and amortisation*	5.8	2.5
Operating result*	3.9	0.3
Operating margin	1.9%	0.1%
Orders received	353	221
Order book as at year end	525	339

* From ordinary activities (before the deduction of reorganisation costs and impairments in value).

Operating revenue was slightly higher in 2017 than in 2016 owing to the higher output. The operating result from ordinary activities of the Infrastructure segment was sharply higher. The market recovery also improved the size and quality of the order book, in part thanks to the aforementioned Pallas and Oosterweel road link orders. The operating result from ordinary activities came to €3.9 million (2016: €0.3 million). The activities in Denmark incurred a loss and will be terminated.

We will continue to optimise the business portfolio by means of acquisitions and divestments. We expect virtually no change in staff numbers in 2018.

In view of the improved market conditions and the increased quantity and quality of the orders received, TBI foresees a higher net result in 2018.



FACTS

- The building is being renovated and enlarged from 7,995 m² to 12,500 m². The new building will have an extra floor and a two-storey underground car park.
- The building will use innovations devised by winners of the Postcode Lottery Green Challenge: the energy generating PowerWindows produced by PHYSEE (winner in 2016) and the natural insulation material Myco Foam produced by Ecovative (winner in 2008).
- J.P. van Eesteren and Goede Doelen Loterijen won the 2017 Considerate Constructors Zuidas Award with this project. They were given a score of 8.3. The residents platform gave the project a score of 9.5. The jury praised the well organised, tidy site and the consideration given to the neighbourhood.
- The construction workers park their cars at the RAI exhibition centre and continue their journey to work at Goede Doelen Loterijen by bicycle.
- The building will also house a new television studio for 5 Uur Live and Koffietijd.

“Goede Doelen Loterijen wanted this project to show that it could actually be done: that a dilapidated empty building could be turned into an extremely sustainable office block that uses as little energy as possible.” Erik Schipper, project manager at J.P. van Eesteren, is convinced it can be done: “We are aiming for a BREEAM Outstanding rating, the highest sustainability rating that can be achieved.”

Goede Doelen Loterijen

Sustainable transformation

Sustainability – along with courage, pleasure and sharing – is one of the hallmarks of Goede Doelen Loterijen, the national charity lottery organisation. The three lotteries it runs in the Netherlands – the National Postcode Lottery, the Friends Lottery and the BankGiro Lottery – employ about 600 people, spread across several buildings. Soon, they will all be working together in a magnificent building on Amsterdam’s Zuidas designed by Bentham Crouwel Architects.

“Yes, it will definitely be beautiful,” says Schipper. “The building will be completely renovated and expanded. The roof alone will be spectacular. It will span the existing building to create an extra floor, a covered forecourt and an atrium. A ceiling will be fitted under the roof made up of nearly seven thousand aluminium tiles shaped like triangular leaves. They will form a beautiful organic pattern of light and dark. Together with the steel pillars in the form of trees, they will create a park-like impression.”

Natural insulation

The roof will be covered with an array of solar panels of course but there will also be a large roof garden where subtropical plants can be grown. *“The roof will capture rainwater,” says Schipper. “Rainwater will be used to flush the toilets and operate the sprinkler system. It will also be used to water the plants. One of the insulation materials is Myco Foam, a natural insulator made from fungus. It took some time before we could use it, as the fungus had to be grown first!”*

PowerWindows will also be fitted in the building. *“These are windows that generate electricity. Just like Myco Foam they have been developed by one of the winners of the Postcode Lottery Green Challenge. The windows will be placed on the second floor, on the sunny side. They are completely transparent and look just like ordinary windows but they will generate green energy.”*

Rainwater

To satisfy the strict BREEAM requirements, J.P. van Eesteren has given high priority to the building’s sustainability throughout the entire project. Schipper: *“From design to construction. To give one example, we re-used the concrete left over after the demolition of part of the building to make new concrete. And we used rainwater as sprinkling water to prevent dust clouds.”*

“What’s more, we caused as little inconvenience as possible. The trucks travelling to and from the site was planned very strictly so that they did not have to wait in the nearby streets. We think it is very important that local residents know what’s going to happen and why. Good communication with the public is essential, especially at a busy location like this one.”

According to Schipper the Goede Doelen Loterijen’s staff will soon be working in one of the most attractive buildings in the Netherlands. *“And in one of the most environmentally friendly. The building will use 84% less energy than a standard new office block and it will emit 150 tonnes less CO₂ than comparable buildings.”*

Attractive workplace

TBI invests in people and social progress. Together, we are creating the living environment of the future. Our core values – responsibility, passion and interaction – are the pillars of everything we do and of our human resources policy. We offer our people good personal development opportunities, education and training, healthy labour relations and employment terms, a safe and healthy working environment, and room for entrepreneurship and personal initiative.

Talent recruitment

To ensure we have the right people in key positions at the companies at all times and encourage and support personal development, we give high priority to recruiting young talent, leadership development and succession planning. This is at the heart of our management development policy.

Young talent

We proactively seek out young talent, well educated young people who can strengthen our companies with their fresh ideas and digital know-how. We also seek people who combine professional skills with the ability to work effectively on large, complex projects. Our goal is to increase the recruitment, diversity and development of talent. To develop talent we not only provide training courses to improve their knowledge, skills and conduct. We also encourage mentoring, provide challenging projects and organise network activities.

We stepped up our recruitment activities for young talent in 2017. We participated in graduate job fairs and actively approached potential candidates. By doing so, we strengthened TBI's profile and its presence on the labour market. The success of this approach can be seen in the high number of people registering for a TBI traineeship (97 candidates).

Traineeship

We again presented TBI as an attractive employer at the technical universities of Delft, Twente and Eindhoven and at Erasmus University Rotterdam. Twelve graduates from a variety of disciplines were accepted for a TBI traineeship. Nine had a technical background and three a financial background. The trainees work for eight months on three occasions for TBI companies so that they can develop themselves and get a feel for the group. All eight trainees who successfully completed the programme in 2017 are now employed by one of the TBI companies.

Leadership Development

The goals of our leadership development programme are to ensure the good quality of project management, to strengthen the leadership culture, to create a platform for the exchange of knowledge and to facilitate internal promotion. Job rotation enables our people to develop themselves more broadly and strengthen cooperation among the TBI companies.

Succession planning

To ensure we have the right people in key positions at all times, to understand where we have the requisite talent or need to strengthen it and to identify necessary training and development paths, we review the personal development and succession of young talent and potentials every year. We review the available talent at all our companies so that we can tailor our development programmes to their needs.

Staff training and development

Changing client demands and the greater complexity of projects are influencing the way we carry out our work. Knowledge sharing and development and cooperation are essential. We expect our people to seek continuous personal development. We make high demands on them but also give them every opportunity for personal advancement. We develop training courses and educational programmes. Our training centre, TBI acadmy, nurtures current and future leaders and facilitates personal development with programmes aimed at a wide range of target groups. The training programmes promote cooperation among the disciplines and generate synergy among the TBI companies. Sharing experiences and best practices in TBI acadmy is an important aspect of all training paths. Sharing experiences of the tools we work with, such as System Engineering, BIM and Mobilizer, is an integral part of our training programmes.

We widened our training offer in 2017 by including new project management modules. They are taught by external teachers but draw on the knowledge and experiences of our own people. Twenty-five people followed a project management course and took the concluding Prince II exam in 2017. For new graduate employees (up to six months in service) we have developed an induction course that will be offered as from 2018.

We invested a total of 101,135 hours (an average of 17.7 training hours per FTE) and more than €3.9 million in staff training and development in 2017 (2016: 60,097 hours and €3.9 million). Fifty-five members of staff took part in a training programme at TBI acadmy in 2017 (2016: 39). In total, 25 trainees participated in the TBI trainee programme organised in cooperation with Erasmus University, Rotterdam School of Management and De Baak.

Staying in touch

TBI acdmy regularly organises meetings under the name TBI CONNECTED, so that staff who have completed a training programme can get together again. Through their contacts with TBI acdmy, former participants of a TRAINEE, TALENT, TEAM or TOP course can keep in touch with each other and strengthen their networks.

Thematic meetings

We regularly organise thematic meetings for staff to get together and learn from each other. Young ambitious TBI employees are invited to join Young TBI, a network for young TBI professionals.

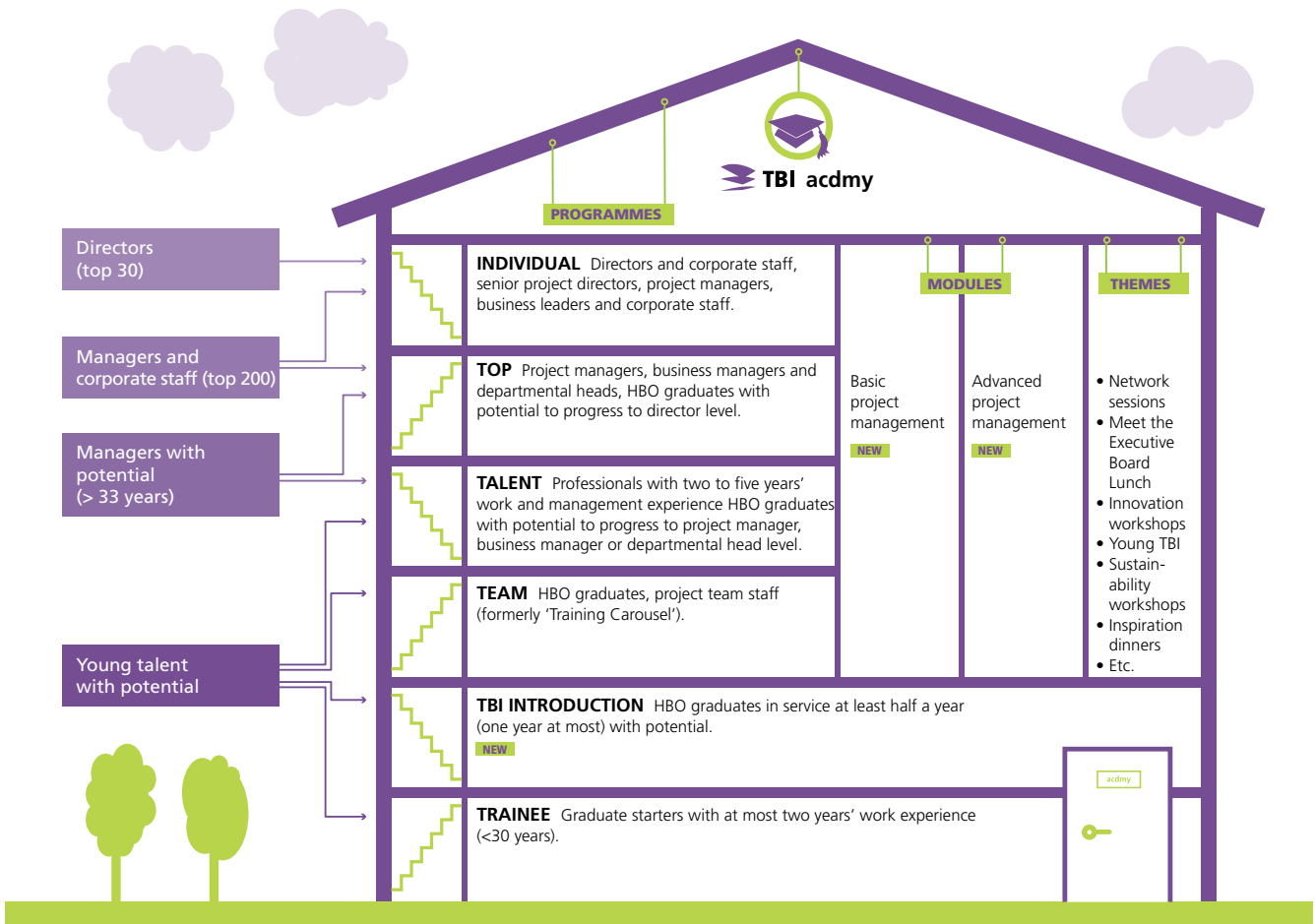
Another network event we organise for young professionals is the Meet the Executive Board Lunch. It was organised three times in 2017. Young people dined with the Executive Board to learn from each other's know-how and insights. We also organised several inspiration sessions and quarterly meetings for the directors and management teams. Topics included leadership, innovation and entrepreneurship. A new event in 2017 was the strategy session for directors and young professionals to discuss six social trends and developments that are impacting operational management at our companies. The ambition was to have a broad cross-section of TBI managers outline the contours of the TBI Strategy 2020.

Bringing young talent together

Young TBI, previously known as BIT (Bring It Together), was set up in 2015 to encourage interaction between the enthusiastic, young graduate employees of the TBI companies. As members of Young TBI they can widen their networks, share knowledge and develop personally by taking part in project visits, knowledge workshops, company visits and sporting activities. Meetings were held last year on the legalisation of the construction industry and on 3D scanning and printing technologies. TBI is a member of ICA (Inter Company Association), the platform for young professional organisations at the top 50 employers in the Netherlands.



The figure below shows the programmes offered by TBI acdmy to the target groups within our group.





Labour relations

TBI wants to offer an attractive workplace where all its staff can work to the best of their abilities. We want to rank among the best employers in our industry so that we can recruit and retain the right talent and successful professionals. Good labour relations and employment conditions that are in keeping with internal and external developments are therefore essential, as are the transparency and integrity of how we do business.

Employee interviews

At TBI we believe all employees have a right to regular performance and appraisal interviews. More than 65% of the staff had such interviews with their managers in 2017 (2016: 76%). This low percentage shows the need to step up our efforts in this area in 2018. We developed a new performance management system last year based on goal-setting interviews to measure and assess performance at all TBI companies. Some companies, including ERA Contour and J.P. van Eesteren, are making preparations to introduce the new system on a small scale. We will evaluate the pilot scheme in consultation with the Central Works Council in 2018.

Employment conditions

We offer good, competitive employment conditions fitting to the positions our staff hold. Croonwolt&eros again reviewed its employment conditions in 2017 following Croon's merger with Wolter & Dros. With the assistance of the works council, it is harmonising the employment conditions, simplifying its approach and enhancing its HR policy.

All full and part-time employees enjoy the same employment conditions on a pro rata basis. All applicable collective bargaining agreements contain agreements on staff health and safety. They also include agreements on complaint settlement procedures, training and instructions.

Study Fund

The TBI Study Fund promotes the schooling, study and education of the children of all the employees of the TBI companies. It provides grants to all children wishing to pursue further education. We received 2,550 grant applications for the 2016/2017 academic year and awarded 2,296 grants.



Changes in the pension schemes

The staff pension entitlements and obligations were transferred to Nationale Nederlanden on 31 December 2016 and Stichting Pensioenfonds TBI was wound up as of the same date. The various top up pension schemes were also harmonised. The changes related to pensions schemes that were not administered by the occupational pension funds for the construction industry, the metal working and mechanical engineering industry, and the concrete products industry.

Employee participation

We attach great value to constructive dialogue with our staff and have a sophisticated employee participation structure. TBI's Central Works Council met on five occasions in 2017. It considered requests for advice on, for example, the appointment of a member of the Executive Board. Other topics it considered included the Operational Plan 2017, safety, the performance management system, the TBI Code of Conduct, sustainability, the mobility budget, the establishment of an HR committee and the pension fund.

Staff turnover

The number of staff who leave our companies at their own request is an indication of labour relations. Of the 596 FTEs who left in 2017, 61.3% did so at their own request. Relative to the total number of employees, this is a staff turnover rate of 6.7% (2016: 5.9%).

Integrity

The TBI Code of Conduct lays down rules on the integrity and transparency of our actions. We expect our staff to understand their work but we attach at least as much importance to their conduct and behaviour. The values and standards set out in our Code of Conduct must be recognisable in their day-to-day work. We are all responsible for each other's compliance with the Code of Conduct. We ensure compliance by setting a good example, continuously reiterating the standards and rules and incorporating them in our development programmes and training courses. The TBI Code of Conduct is a specific element in the individual contracts of employment we sign with each employee.

Revision of the TBI Code of Conduct

In January 2017 we introduced our revised TBI Code of Conduct and brought it to the attention of all our employees again. The code is specifically intended to embed integrity in our actions and to help us work in accordance with our values of corporate social responsibility, integrity, care and responsibility. Our values are now presented more distinctly in the Code of Conduct.

The standards framework in the revised Code of Conduct has been augmented with rules on the use of alcohol, drugs and medicines. It also includes rules on the responsible use of personal data and company assets and an explicit description of everyone's responsibility for an appropriate and safe workplace for all. We also took advantage of the revision to include the rules of conduct laid down in the Social Media Addendum in the revised TBI Code of Conduct.

The procedure to report suspected abuses (the whistle blower scheme) now has its own, more recognisable section in the Code of Conduct, partly in response to the introduction of the Whistle Blowers (Safe Haven) Act. The reporting procedure itself was modified in certain places.

Compliance with the TBI Code of Conduct

The Executive Board has developed and conducts a comprehensive integrity policy. It is advised by the Integrity steering group made up of representatives of the TBI companies. This advisory body is chaired by the supervisor of TBI Holdings B.V. It meets once every three months to initiate and take the lead in integrity issues. The supervisors report the number of requests for an explanation and/or approval and the number of suspected and actual breaches of the TBI Code of Conduct every quarter.

We received 253 reports concerning the TBI Code of Conduct in 2017 (2016: 252). Of the total, nine related to actual breaches (2016: 16). The reports encourage us to pay even more attention to breaches of the code in 2018.

Laws and regulations

TBI has tightened up its supervision of reports of non-compliance with laws and regulations by TBI companies. In total there was one breach during the year, which was fined for an amount of €8,000. The breach related to the employment of foreign nationals. There were no breaches, fines or warnings in respect of environmental legislation or other laws.

Health and safety at work

TBI makes no concessions on health and safety. We work in accordance with the TBI Safety Guidelines, invest in training and education and in safe equipment and materials. Our TBI Vitaal expertise centre prioritises the prevention of sickness absenteeism. We are constantly taking measures to improve safety awareness and the health of our employees. People must realise the importance of health and safety at work and behave accordingly.

Safety

We have embedded safety management at the highest level in all TBI companies. The group's safety measures are supported by an advisory board made up of staff from the TBI companies. The board is chaired by the CEO of the Executive Board. In 2017, the advisory board considered the Safety Awareness Audits, the TBI Safety Guidelines, a safety app to report incidents and the TBI Safety Day. Safety was also a recurring item on the agenda of the Supervisory Board.

Periodic meetings are held with the safety officers to discuss quality, working conditions and the environment. The Learning from Cards campaign helps us learn the lessons of earlier incidents and prevent their reoccurrence. The integrated approach taken by the individual TBI companies also raises the learning ability of our organisation as a whole. All companies work in accordance with the group-wide TBI Safety Guidelines that we introduced to substantially reduce risk at building sites. The guidelines supplement the established management systems such as ISO 9001/14001, VCA** and OHSAS 18001. Employees and visitors to the TBI building sites are required to sign and observe the safety guidelines. We also assess our suppliers as to their safety performance. In 2017, we assessed 1,183 suppliers.

TBI is one of the signatories of the 'Safety in Construction' Governance Code. Together with our clients we recognise our responsibilities and permanently improve our workplaces in order to make the industry safer. In 2017 measures were worked out to improve generic site instructions and TBI took part in the National Safety Day for the building industry. The day took 'Consciously Aware' as its theme. Through a TBI Safety Newspaper and posters illustrating safe and unsafe situations, staff at all our building sites and in all our offices initiated a conversation on how to improve safety in our industry.

Safety awareness standard

The Safety Ladder encourages safety awareness and safe behaviour. Our ambition is to reduce the number of unsafe situations and incidents (lost time, damage). Croonwolter&dros Industry reached the third step on the Safety Ladder in 2017. The aim is to have all TBI construction companies certified to at least step 2 of the safety ladder by 2019 at the latest.

Digital support for safety

The TBI safety app was upgraded in 2017. The new 2.0 version has many more functions. Staff can find information on safety-related issues, learn what is a safe or unsafe situations, etc. They can report situations at the workplace directly via the app.



A total of 39 lost-time incidents involving our own staff and external workers were reported in 2017 (2016: 37), six of which were serious accidents. The incident frequency (IF) came to 3.5 (2016: 3.6). In addition to lost-time incidents, a further 129 incidents (2016: 198) were reported. We will continue to promote the safe conduct and safety awareness of our own staff and external workers in 2018.

Considerate Constructors

TBI has been a member of the Dutch Considerate Constructors scheme [Bewuste Bouwers](#) for several years. Building sites that observe the Bewuste Bouwers Code of Considerate Practice go beyond the law to respect the community and give the utmost consideration to environmental awareness and the safety and appearance of their building sites. During the year, 43 new building sites were registered with Bewuste Bouwers. The total number of ongoing Bewuste Bouwers projects came to 106 in 2017. All audits were completed successfully.

Health and fitness

The health and fitness of our people are of great importance. The TBI Vitaal expertise centre provides health and fitness support. Some companies have taken measures to prevent sickness absenteeism and to advise older employees on how to work healthily towards their retirement. We care about our staff's long-term employability and job satisfaction.

Sickness absenteeism at TBI rose to 4.5% (2016: 4.4%). Nearly 2.6 percentage points was due to long-term sickness. Reducing absenteeism will remain a priority in 2018.

Circular entrepreneurship

TBI is aware of the impact its construction activities have on the environment. We have a duty to care for the environment. TBI renews, organises, designs and maintains the built environment as sustainably as possible. Furthermore, we are taking our first steps towards circular construction and building systems. All TBI companies therefore give high priority to energy efficiency, optimal building logistics, the sustainable use of raw materials and sustainable procurement.

Sustainable built environment

The need to transition from fossil fuels to renewable energy sources does not leave the building industry untouched. The built environment will be an important part of the transition. There are direct market opportunities for our companies: our private and public clients are increasingly demanding energy efficient solutions.

Laws and regulations are also encouraging us to learn new ways of building and installing as quickly as possible. As from 2020, all newbuild output in the housing and non-residential markets must be nearly energy neutral (BENG); the goal is to have all buildings in the Netherlands to be energy neutral by 2050. TBI shares these ambitions. Whether the solution lies in Nul op de Meter housing, gas-free construction or smart, sustainable building systems, the challenge requires an integrated approach and a concept-based response. In 2017 the TBI companies in the Housing cluster built 25 nearly energy neutral (BENG) buildings, 122 Nul op de Meter housing units and 467 gas-free units.

Demonstrable circularity

TBI is a firm believer in a circular construction economy that maximises the re-use of products and raw materials and minimises value destruction. This differs from the current linear system, where raw materials are turned into products and then destroyed at the end of their economic lives. Circularity is particularly important to our industry, as evidenced by various initiatives in this area. It is one of the priorities of the Construction Agenda. It is also at the heart of the government-wide programme, 'A Circular Netherlands by 2050', the raw materials agreement signed by TBI and the resultant transition agenda for the construction industry. In this respect, ERA Contour is proud of its [Stadstuin Overtoom](#) project. This climate neutral new residential district in Amsterdam is a practical illustration of the benefits of circularity: the project re-used no less than 98% of the demolition material. Cooperation in the supply chain was vital on this project, which led to the award-winning Co-Green concept.

Compiling a materials passport is an important step towards realising our circularity ambitions. J.P. van Eesteren was one of the first building companies in the Netherlands to work with Madaster for the construction of the new offices of Triodos Bank in Zeist. Other TBI building companies are also exploring the advantages of Madaster in order to offer their clients added value.

Madaster

Madaster, an initiative of architect Thomas Rau, is a digital databank that registers the building materials used in the construction industry in order to compile a 'material passport'. The passport explains what materials have been used in a building. If we can identify all the materials we use, we will know exactly how much a building is worth and will be able to reuse the materials when the building reaches the end of its life. Or, in the words of Thomas Rau: 'Every building is a material depot. If we identify the materials there will be no more waste and the materials will retain their value.'

Even though the need is self-evident and the ambitions are challenging, our industry is still at the beginning of this development. What precisely is circular construction and installation, and how can we measure our circularity performance? We have to answer these questions in the years ahead.

Minimising our environmental footprint

In addition to circular performance for our clients, our own environmental impact is just as important. Circular operational management means that we use only renewable energy in our operations and our waste becomes a raw material we can use. We have to change the way we work, the way we use energy and materials and the way we procure our goods and services. Circular operational management encourages sustainable innovation but it is a daunting challenge. We know that the Dutch construction industry is a major user of materials – about half the timber used in the country and nearly a third of the waste produced nationally are related to construction – and about a third of all traffic is construction-related.

Energy

TBI wants to reduce the use of fossil fuels and replace them with renewable energy sources. We are therefore 'greening' our energy consumption (scope 1 and 2) and encouraging our suppliers to do so, too. Absolute CO₂ emissions were lower in 2017 than in 2016. TBI's overall CO₂ footprint came to 35.9 ktonnes in 2017 (2016: 27.8 ktonnes). The scope 1 emissions amounted to 32.3 ktonnes and the scope 2 emissions to 3.6 ktonnes. Relative to operating revenue, the CO₂ emission was equal to 21 tonnes CO₂/million euros (2016: 18.3 tonnes CO₂/million euros).

Mobility and logistics

Mobility accounts for about 60% of TBI's CO₂ footprint. In 2017 we outlined the first contours of a mobility policy that translates TBI's vision of the future into concrete measures to guarantee the optimal mobility of our staff. The greater sustainability the measures will bring about reflects our ambition to be a good employer. Nearly half of our staff use their own cars when travelling for work.

A lot can be gained with this target group and we will study the opportunities further in 2018.

TBI has a direct influence on how logistics are organised at and around its project sites. To underline and step up our efforts in this area, we have signed the Green Deal for sustainable construction logistics. Together with the other signatories, TBI has the ambition to make construction logistics 20% smarter, more efficient and more sustainable by 2020. This ambition dovetails with our mission to improve the quality of housing, work and mobility. Smart construction logistics with fewer transport movements will also improve traffic flows on the road network, reduce the inconvenience caused by construction projects, significantly cut CO₂ emissions and alleviate congestion in urban areas. Achieving this goal requires closer cooperation in the supply chain among constructors, fitters, transporters and suppliers. TBI companies have already taken several initiatives to organise construction logistics more smartly and efficiently. In urban areas, for example, we have experimented with a ticket management system and the use of central logistics hubs on the edge of urban areas.

Raw materials

The growing scarcity and rising cost of raw materials across the world mean our companies must use their raw materials more responsibly. They can, for example, use fewer primary materials and eliminate waste flows. In total we produced 32.9 ktonnes of waste in 2017 (2016: 28.1 ktonnes). Absolute waste volumes fluctuate significantly depending on the activities carried out during the year. Of the total volume of waste, 51.5% was separated (2016: 66.5%). The absolute volume of waste was higher but the decline in the percentage of waste that was separated is of greater concern. One cause of the decline was that the definition was tightened up in 2017. Apart from separating waste better and more carefully at our project sites, circular construction and building systems is expected to have a positive impact on the figures.

Timber

A material that is playing an important part in the transition to energy neutrality and biobased construction is timber. Timber is a very sustainable and versatile building material. Apart from its aesthetic value, its capacity to store carbon reduces our CO₂ footprint. TBI has signed the Construction & Timber Covenant and undertaken to use only sustainable timber in its construction projects. In 2017, 95% of all the timber we used was certified as sustainable (FSC, PEFC and/or MTCS) (2016: 91%).

Sustainable procurement

Procurement is largely a decentralised activity within TBI, although standard agreements are in place on the assessment of suppliers and subcontractors. In total, more than 1,530 suppliers were assessed in 2017 and 74% of them were also assessed as to their environmental performance (2016: 78.2%).

TBI works in accordance with the Circular Procurement Green Deal. This is an active network of companies, municipalities and universities that together study what can be procured circularly and how. 'Learning by doing' is its motto. One of its initiatives is the introduction of circular work clothes. In 2018 we will sign a 2.0 version of the Green Deal and set up two pilot projects. To this end, we have identified the service and product groups that are material to us: energy (gas and electricity), timber and forest products, waste processing, construction logistics and concrete products. We also hope to sign up to the Beton Bewust certification agreement in early 2018 after many years of preparation. This agreement requires concrete suppliers to disclose how many secondary materials they use and to calculate their CO₂ emission per quantity of concrete supplied.

Governance

Risk management

To work in its markets, TBI inevitably has to take and control risks. Managing these risks carefully and responsibly is a precondition for our success. Our approach to risk management is formulated with a view to healthy entrepreneurship.

Approach to risk management

Project management is at the heart of our risk management. From preparing a tender to aftercare, our management and control systems are designed to strike the right balance between an effective professional business and the risk profile we seek for our company. We use the following management instruments:

Strategic agenda

TBI's long-term strategy is a responsibility of the Executive Board. It is laid down in the Strategic Agenda. This agenda is the first step in the TBI companies' own operating plans and budgets and is closely related to the changing environment in which they work. Risk management is an integral part of their plans and budgets.

Operating plans of the TBI companies

The management boards of the TBI companies are responsible for preparing and implementing their own annual plans and budgets. Their responsibilities are laid down in an authorisation schedule, management instructions and central guidelines. Agreements have also been made on which processes must be managed centrally or locally and how decisions are to be taken on our entrepreneurship. The operating plans are monitored by means of quarterly reports issued by the management boards to the Executive Board.

Reports

The TBI Reporting Manual includes reporting guidelines for the quarterly reports issued to the Executive Board. The quarterly reports consider the implementation of the operating plan, financial performance and the main risks. The results are discussed and compared against the approved budgets. Where necessary, measures are taken and plans are modified.

In addition to this quarterly reporting cycle, the companies report their key figures every month and are in regular contact with the Executive Board. Cash positions and guarantees are monitored on a daily basis.

Internal audit

The internal audit function is performed by BDO. The internal audit plan is submitted to and approved by the audit committee of the Supervisory Board.

Operation of risk management systems in 2017

The risk management systems worked satisfactorily in 2017. There are no indications that they will not work satisfactorily in 2018.

No significant changes are therefore foreseen. The Executive Board will continue to insist that strict attention be paid to optimal project management.

TBI can give no guarantee that risks will not occur, but it will attempt to assess them as accurately as possible, take mitigating measures and factor them into the prices charged to clients wherever possible. Improving the internal systems remains a constant priority.

Final responsibility for risk management

The management boards of the TBI companies are responsible for compliance with the internal risk management and control systems. They periodically report directly and indirectly to the Executive Board.

Final responsibility for identifying, managing and controlling the risks within TBI lies with the Executive Board. To fulfil this responsibility, the Executive Board designs and monitors compliance with the internal risk management and control systems.

The Executive Board supervises compliance with the relevant financial and other guidelines with the support of the Reporting and Control Department and external experts.

Risk preparedness

Our risk management and control systems seek a healthy balance between risk acceptance, entrepreneurship and our offer to clients. Our leading position in the market and good employment practices determine our willingness to accept risks. We accept them only if they complement our business goals, financial position, market situation, operational issues and social developments.

To protect our solid financial position, risk preparedness for our ordinary activities is low. We are willing to accept risks in order to innovate, invest and cooperate. We encourage entrepreneurship that creates opportunities to strengthen our market position.

At the same time, the approach prioritises the health and safety of our staff and neighbourhoods, our integrity, compliance with laws and regulations and data protection. We are not willing to accept risks in these areas. The TBI insurance programme acts as a financial backstop for unforeseen events.

Risks

Our risk preparedness is determined systematically in four risk categories: strategic/market, operational, financial and compliance. Mitigating measures are taken for the risks identified in each category and estimates are made of the risks' potential impact on our financial and other results.

RISK CATEGORY: STRATEGIC/MARKET		
RISK	IMPACT ON RESULTS	RISK MANAGEMENT MEASURE
Changes in market conditions	Limited	<ul style="list-style-type: none"> Balanced portfolio of activities spread across clients and market sectors. Innovation and anticipation of market developments, internally through our knowledge centres, TBI WOONlab and TBI kennisLAB. Externally through cooperation with knowledge centres and partners inside and outside the construction industry.
Scarcity of specialists in the labour market	High	<ul style="list-style-type: none"> Investments in position as a preferred employer by offering an attractive workplace with sufficient training and development opportunities and good employment conditions
Competition	Limited	<ul style="list-style-type: none"> Focus on client satisfaction and distinctive profile thanks to cooperation among TBI companies.
Pressure on prices	High	<ul style="list-style-type: none"> Being alert to price movements, indexation and lead times between contract award and procurement.
Sustainability	Low	<ul style="list-style-type: none"> Focus on environmental impact analyses, stakeholder management, CO₂ policy and re-use of materials.

RISK CATEGORY: OPERATIONAL

RISK	IMPACT ON RESULTS	RISK MANAGEMENT MEASURE
Project management and execution	High	<ul style="list-style-type: none"> • Constant focus on compliance with internal procedures for project management. • Responsibility for contract acceptance lies with the management boards of the TBI companies. Prior approval of the Executive Board is required for large projects and tenders with a high risk profile, in accordance with management instructions. • Prior approval of the Executive Board is required for investments in land positions, the acceptance of long-term obligations, the start of sales and the start of project construction for the group's own risk and the financing of third-party projects during implementation. • Special education and training programme for project managers. • Early consultation of lawyers, legal specialists, engineers, risk and insurance experts to estimate the quality and quantity of risks and agree the risk management measures.
Liability risks and insurable risks	Limited	<ul style="list-style-type: none"> • Early consultation of risk managers, contract managers, lawyers, legal specialists and insurance specialists to estimate the risks of each project and agree insurance solutions. • Insurable risks (material and liability) are covered by the TBI insurance programme. Insurance policies are managed by reputable insurers operating in the national and international insurance markets with an S&P rating of at least A.
Health and safety of staff and subcontractors	High	<ul style="list-style-type: none"> • Prevention has the highest priority. The safety policy covers personal conduct as a risk factor (risk awareness) as well as physical measures. Careful preparation of the work, analyses of near incidents and toolbox meetings to minimise the risks. • Appropriate safety management systems under the responsibility of the TBI companies' management boards in accordance with TBI Safety Guidelines. • Campaigns to increase safety awareness and the use of the TBI safety app. • E-learning modules to share knowledge and increase safety awareness.
Environmental awareness	Limited	<ul style="list-style-type: none"> • Sustainability policy to reduce environmental impact. • Deployment of environmental managers.
Operational ICT systems, data integrity and cyber risks	High	<ul style="list-style-type: none"> • System components and the management organisation are kept up to date. • Data and system back-ups to ensure the continuity of critical functions. • Training and communication of user risks to increase risk awareness.

RISK CATEGORY: FINANCIAL

RISK	IMPACT ON RESULTS	RISK MANAGEMENT MEASURE
Financing and liquidity	Limited	<ul style="list-style-type: none"> • Centralised financing arrangements. Credit lines are awarded to TBI companies on the basis of internal credit ratings. Projects are financed on a non-recourse basis. • Constant focus on optimising working capital management. • Solvency target of > 30%.
Credit	Low	<ul style="list-style-type: none"> • Risks are mitigated where necessary by credit insurance, bank guarantees and advance payments. • Trade debtors as at balance sheet date do not include any significant concentration of debtors in a limited number of market sectors. Some of the debtors are concentrated in the Dutch public sector.
Interest rates	Low	<ul style="list-style-type: none"> • TBI exercises caution when raising external finance and therefore does not consider it necessary to hedge interest rate risks by means of financial instruments.
Foreign currency	Low	<ul style="list-style-type: none"> • TBI realises the greater part of its turnover in the Netherlands and therefore makes only very limited use of measures to mitigate foreign currency risks.

RISK CATEGORY: COMPLIANCE

RISK	IMPACT ON RESULTS	RISK MANAGEMENT MEASURE
Laws and regulations	Limited	<ul style="list-style-type: none"> • TBI companies observe legal provisions and industry codes of conduct such as the SBIB code, the NEPROM code and the Bouwend Nederland code. • Supervision by internal and external experts
Tax risks	Limited	<ul style="list-style-type: none"> • TBI and the Dutch tax authorities have concluded a voluntary horizontal supervision agreement. TBI seeks a permanent, up-to-date insight into relevant events and rapid decision-making. • TBI has a central tax department that monitors and advises on the correct observance and implementation of tax provisions and amendments.
Reputation	Limited	<ul style="list-style-type: none"> • TBI has introduced the TBI Code of Conduct for all employees. • Annual signing of the In-Control statement issued to TBI Holdings B.V. by the management board members of the TBI companies. The letter declares that the companies have worked within legal frameworks and in accordance with TBI's central guidelines. • Whistle blower scheme.

CORPORATE GOVERNANCE

Good employment practices, integrity, respect, oversight, transparent reporting and accountability are the mainstays of our corporate governance policy. Good corporate governance is essential if we are to achieve our goals efficiently and effectively. It helps us manage risks and take full account of the interests of all our stakeholders, including our shareholder, employees and clients.

TBI Holdings B.V. is a private limited company subject to the dual-board regime in the Netherlands. Its ultimate and only shareholder is Stichting TBI.

Compliance with the Dutch Corporate Governance Code

The Executive Board and the Supervisory Board of TBI apply the principles and best practice provisions laid down in the Dutch Corporate Governance Code ('the Code') as appropriate.

We have incorporated those provisions of the Code that we apply into TBI's Articles of Association, the regulations of the Executive Board and the regulations of the Supervisory Board. In doing so we took account of the ownership structure of TBI.

The principles and best practice provisions of the Code as laid down in part II.1 Role and Procedure, part II.2 Remuneration and part II.3 Conflicts of Interest have been largely implemented in the regulations of the Executive Board. An exception has been made regarding the provision of information on the remuneration of individual members of the Executive Board.

The Corporate Governance Code Monitoring Committee (MCCG) published the Revised Corporate Governance Code on 8 December 2016. In keeping with the customary practice of applying the best practice provisions, the profile of the Supervisory Board was reviewed and checked against the Revised Code. A number of changes were subsequently made to the profile. Supervision of how the standards and values of the group and its companies are embedded and maintained in the organisation, and in particular supervision of the functioning of the procedure to report suspected abuse and/or irregularities, was added to the Supervisory Board's responsibilities. The criteria on the composition of the Supervisory Board were adapted in certain areas to bring them into line with the Revised Code. The Revised Code places particular emphasis on the long-term creation of value and the effectiveness of management and supervision. In close consultation with the Supervisory Board, we will consider whether and, if so, which provisions of the Revised Code will be adopted in our governance structure.

Organisation of the company

Executive Board and company management boards

The Executive Board is responsible for managing the company. The Executive Board develops and adopts the corporate vision and policy and the resultant mission, strategy and goals. The management boards of the TBI companies are responsible for formulating and implementing the strategies of their operating companies. The management boards are also responsible for management and day-to-day decision-making at the TBI companies.

A characteristic of TBI's structure is the direct contact between the Executive Board and the management boards of the TBI companies, with the support of a small professional corporate staff. The Group Council advises the Executive Board on cross-company issues, knowledge sharing and actions that can strengthen multidisciplinary cooperation among the segments.

The roles and procedure of the Executive Board are laid down in its regulations. The Executive Board is responsible for the policy conducted to achieve the company's strategy and goals. It is therefore responsible for the continuity of the company, the development of results and social aspects. The Executive Board is further responsible for compliance with all relevant laws and regulations, for managing the risks arising from the business operations and for financing the company.

The Executive Board exercises its powers as a board with shared responsibility; the members take decisions jointly on all matters of material importance to the company. Each member is individually responsible for the proper performance of the tasks allocated to him or her. The tasks are allocated following consultation among the members of the Executive Board. The allocation of tasks and any changes in the tasks are submitted to the Supervisory Board for prior approval.

TBI seeks a complementary and diverse composition of the Executive Board. Diversity is sought on such aspects as gender, knowledge, experience, skills and personality. However, we do not satisfy the quota target of having at least 30% of the seats held by women.

Nevertheless, we support the emancipatory and socioeconomic reasons underlying this target. We recognise that we also benefit from the diversity of our staff. We are therefore seeking a better representation of women at every level of our organisation. Our recruitment and selection procedures give priority to female potential.

Supervisory Board

The Supervisory Board oversees the general performance of the group and the companies associated with it. It also supervises the performance of the Executive Board and its policies. It supports the Executive Board with advice. To perform these tasks adequately, the Supervisory Board receives all necessary information from the Executive Board in good time.

The Supervisory Board has five members. Its composition, roles and procedures are laid down in its regulations. The members of the Supervisory Board do not receive bonuses, pensions or other forms of remuneration that are related to the company's financial performance.

Committees of the Supervisory Board

To prepare the Supervisory Board's decision-making, the Supervisory Board has established three committees from among its own members. These committees are:

- the strategic committee, concerned with the structure and strategy of the company;
- the nominations and remuneration committee, concerned with the remuneration and nominations policy;
- the audit committee, concerned with the reporting of financial information, the audit process, the audit plan and the internal risk management and control systems.

The work of these committees is considered in the report of the Supervisory Board.

Remuneration

Acting on the advice and recommendation of the nominations and remuneration committee, the Supervisory Board sets the remuneration of the members of the Executive Board.

The remuneration of the members of the Executive Board consists of a fixed payment and a variable payment. The amount of the variable payment is determined in part by the achievement of financial and non-financial targets. The remuneration of the members of the Executive Board is benchmarked against the remuneration of the Executive Board members of other Dutch (AMX listed) groups, with account being taken of the complexity of the company.

The remuneration of the Chief Executive Officer and other members of the Executive Board reflects their specific responsibilities. The nominations and remuneration committee periodically assesses the remuneration. An external remuneration expert can be consulted for advice on the relevant criteria if necessary.

Financial reporting

Audit of the annual accounts by the external auditor

The Annual General Meeting appoints the external auditor and awards the contract to audit the annual accounts prepared by the Executive Board. It does so on the recommendation of the Supervisory Board. The Annual General Meeting of 19 April 2017 reappointed the external auditor, PwC, for a period of one year.

The Supervisory Board, the Executive Board and the auditor have taken measures to ensure the objectivity and independence of the external auditor. In accordance with these measures, the auditor carries out principally auditing work and provides only limited tax and consultancy services. The situation is periodically assessed by the Supervisory Board and the audit committee.

The auditor reports to the Executive Board and the Supervisory Board on the measures it has taken to satisfy the professional and legal requirements regarding its independence from TBI.

Our financial reports are based on the principles of the applicable provisions laid down in Part 9, Book 2 of the Dutch Civil Code. The interpretation of legal provisions is assessed against the Guidelines for Annual Reporting in the Netherlands applying to financial years commencing on or after 1 January 2017.

Before the annual accounts are published, they are discussed in the audit committee in the presence of the external auditor. The annual accounts are then considered by the Supervisory Board. The TBI companies must prepare their accounts in accordance with the internal reporting guidelines laid down in the TBI Reporting Manual.

Regulations and TBI Code of Conduct

TBI has introduced several regulations that provide a framework for the performance of the management bodies and the relationship between them within the group. Information on the management bodies and the TBI Code of Conduct, which applies to all managers and staff, can be found at www.tbi.nl.

Report of the Supervisory Board

Operating results improved strongly in 2017. The housing and development activities performed positively. Conditions on the non-residential market were slightly better. The non-residential newbuild market remained challenging while the transformation and renovation market saw further growth. The EPO project, which had had a serious impact on the results for 2016, is now nearing completion: delivery of the office building is scheduled for May 2018. The infrastructure sector also benefited from improved market conditions. We critically appraise the risks attaching to large-scale infrastructure projects and the associated high tender costs. We remain in favour of a more balanced division of risks between the client and the contractor. Our hard work was rewarded with the award of many contracts, including those awarded to the consortium comprising the TBI company Mobilis, CIT Blaton, and the Artes Group to build the Oosterweel road link and redesign the Left Bank infrastructure of the Antwerp ring road. In December 2017, the Rotterdam Port Authority commissioned a consortium made up of Mobilis, Boskalis and VolkerWessels to build a new tank terminal in the port of Rotterdam. TBI's order book has developed positively and represents a solid foundation for further profit growth.

Activities in 2017

The Supervisory Board held six scheduled meetings with the Executive Board in 2017. In anticipation of these meetings, the Supervisory Board met on three occasions separately from the Executive Board to discuss the performance of the Executive Board as a whole and of its members individually and the performance of the Supervisory Board itself and of its individual members.

Important topics discussed during the year were the integration of the merged Croonwouter&dros, the progress of several large projects and tenders, and the appointment of Mr A.J.H. van Breukelen to the Executive Board of TBI Holdings B.V. Other topics included the progress of the Strategic Agenda, a review of the management boards of the TBI companies, the winding up of the pension fund, the termination of activities in Denmark, the development of the company's results, the development of working capital and the financing of ordinary activities.

The Chairman of the Supervisory Board held regular informal meetings with the President of the Executive Board to discuss both strategic and operational matters. The chairman of the audit committee held regular talks with the member of the Executive Board responsible for finance and IT.

Safety

Safety is also high on the Supervisory Board's agenda and was considered at every meeting. Five e-learning modules were offered to all members of staff during the year. TBI took part in the first National Construction Safety Day on 17 March 2017. All TBI companies and building sites paid special attention to safety during the day. The initiative to organise the day was taken by clients and contractors, Bouwend Nederland and Uneto-VNI. On 5 December the TBI safety app was rolled out for all employees. No concessions must ever be made on safety. The Construction Safety Day is organised on 16 March 2018.

Strategy

The Operating Plan 2017 was discussed as part of the Strategic Agenda 2017-2019 during the Supervisory Board's meeting in February. The Operating Plan sets clear targets with profitable growth being the overriding goal alongside good employment practices and corporate responsibility.

Results

We discussed the company's financial performance at length with the Executive Board at our meetings in March, May, September and December 2017.

Ahead of these meetings, the results and balance sheet were considered by the audit committee. Fixed discussion points were the results of larger projects, working capital management, the liquidity position, the level of indirect costs and, needless to say, profitability and solvency. BDO's internal audit reports were also considered.

Other matters

We discussed the compliance report for 2016 at our March meeting, when we also considered the revised TBI Code of Conduct. The Code of Conduct was revised chiefly so as to comply with the Data Breach Notification Act, the Whistle Blower (Safe Haven) Act and the description of the notification procedure. All members of staff received the new TBI Code of Conduct. The scheduled meetings also discussed various sustainability issues.

We visited four projects in 2017: the renovation of Huis ten Bosch in The Hague, the [Maas Tunnel](#) in Rotterdam, Spoorzone in Delft and the [Kriegers Flak](#) project, preparatory work for which had been carried out in Krimpen aan den IJssel.

The internal audit function has been performed by BDO Accountants since 2015. Three in-depth audits were carried out in 2017. An audit of tenders is currently being carried out. The audit plan for 2018 was approved at the audit committee's December meeting.

The March 2017 meeting discussed the draft annual report for 2016, including the annual accounts and the Executive Board's internal report for the year. The auditor's report for 2016 was also considered. These documents were discussed in detail by the audit committee before being presented to the Supervisory Board.

On the basis of the Supervisory Board's consideration, it was decided to adopt the annual report and accounts for 2016 and submit them to the Annual General Meeting for approval. The annual report and accounts for 2016 were approved by the Annual General Meeting of 19 April 2017. The members of the Executive Board were accordingly discharged from liability for the policy conducted in 2016, and the members of the Supervisory Board for their supervision of the Executive Board during the year.

Composition and meetings of the Supervisory Board's committees

The Supervisory Board had three committees in 2017: the strategic committee, the nominations and remuneration committee and the audit committee.

Strategic committee

The strategic committee met with the Executive Board on three occasions in 2017 to discuss the progress made with the Strategic Agenda. The committee reflected on the condition of the market and the opportunities it afforded for acquisitions, cooperation and divestments.

As at 31 December 2017, the strategic committee consisted of:

- E.H.M. van den Assem, chairman
- J.E. de Vries

Nominations and remuneration committee

The nominations and remuneration committee is tasked with making proposals to the Supervisory Board regarding the nomination policy for supervisory directors and executive directors. It also advises on the remuneration of the members of the Executive Board. It was concerned during the year chiefly with Mr A.J.H. van Breukelen's appointment to the Executive Board as of 1 January 2018. Mr Van Breukelen joined TBI in 2007 and was managing director of the TBI company Synchroon until 1 January 2018. The committee adopted the remuneration of the members of the Executive Board in 2017. It consists of a fixed payment and a variable payment. The amount of the variable payment depends on the achievement of both financial and personal targets. The committee also conducted initial talks in 2017 on the succession of Mr J.E. de Vries, who will stand down in 2018.

As at 31 December 2017, the nominations and remuneration committee consisted of:

- D.J.B. de Wolff, chairman
- A.L.M. Nelissen

Audit committee

The audit committee has its own regulations and meets at least twice a year. The meetings are attended by the member of the Executive Board responsible for the finance and ICT portfolios and are usually held in the presence of the external auditor. The audit committee assesses the internal control structure and the rules and guidelines on financial reporting and disclosure. It also advises the Supervisory Board on all matters concerning the appointment and dismissal of the auditor. The committee assesses the content and scope of the audit engagement. The chairman of the audit committee reports the committee's findings to the Supervisory Board.

As at 31 December 2017, the audit committee consisted of:

- M. Niggebrugge, chairman
- A.L.M. Nelissen

The audit committee met on four occasions in 2017, with three of the meetings being attended by the external auditor. It discussed the quarterly reports, the annual accounts for 2016, the auditor's report, the external auditor's audit plan for 2017 and the management letter.

The audit committee also held a meeting with the external auditor that was not attended by the Executive Board.

The internal audit function is exercised by BDO. The audit committee took note of the three audits carried out in 2017 and discussed the audit plan for 2018 with BDO.

Central Works Council

Members of the Supervisory Board attended several consultative meetings of the Central Works Council.

Annual Report 2017 and proposed appropriation of the result

In accordance with article 22 (4) of the Articles of Association of TBI Holdings B.V., the annual report for 2017 and the report of the Supervisory Board will be submitted to the Annual General Meeting. The annual report, including the report of the Executive Board and the annual accounts for 2017, has been prepared by the Executive Board. The external auditor, PwC, has expressed an unqualified opinion on the annual accounts. The auditor's report is presented on pages 98 to 102 of this report.

We propose that the Annual General Meeting:

- adopt the annual accounts for 2017, including the proposed appropriation of the result;
- discharge the members of the Executive Board from liability for the policy conducted during the 2017 financial year;
- discharge the members of the Supervisory Board from liability for their supervision of the policy conducted in 2017.

The audit committee has discussed the annual report and the annual accounts for 2017 in detail with the external auditor in the presence of the member of the Executive Board responsible for finance and ICT. The documents were also considered in a meeting of the full Supervisory Board and the full Executive Board that was attended by the external auditor. The quality of the internal risk management and control systems was also discussed.

TBI reported a net result for the year of €10.6 million. The Executive Board proposes that a cash dividend of €3.2 million be distributed to the shareholder and the remaining €7.4 million be added to other reserves. The Supervisory Board has approved the appropriation of the result as proposed by the Executive Board.

Composition and performance of the Executive Board

The composition of the Executive Board remained unchanged in 2017. Mr A.J.H. van Breukelen joined the Executive Board as of 1 January 2018.

As at 1 January 2018, the Executive Board consisted of:

- D.A. Sperling, chairman
- E.A.A. Roozen
- A.J.H. van Breukelen (as from 1 January 2018)

The Supervisory Board evaluated the performance of the Executive Board and its individual members in 2017. In the Supervisory Board's opinion, the Executive Board has the required competences and works well as a team. This can be seen in the progress made with the themes in the Strategic Agenda (the achievement of the targets in the Operating Plan 2017) and in the cohesion brought about within the group in general.

Composition and independence of the Supervisory Board

As at 31 December 2017 the Supervisory Board consisted of:

- A.L.M. Nelissen, chairman
- E.H.M. van den Assem, vice-chairman
- M. Niggebrugge
- J.E. de Vries
- D.J.B. de Wolff

There were no changes in the composition of the Supervisory Board during the year 2017.

The maximum term of office of the supervisory directors is limited under the Articles of Association to 12 years. Mr J.E. de Vries will accordingly stand down in 2018. Talks are being held on his succession. Ms D.J.B. de Wolff was re-appointed for a second four-year term on 19 April 2017. All members of the Supervisory Board were independent within the meaning of best practice provision iii.2.2 of the Dutch Corporate Governance Code.

The Supervisory Board discussed the competences necessary for the proper performance of its own tasks in 2017 and carried out a self-evaluation.

Corporate Governance

The Corporate Governance Code ('the Code') is not compulsory for unlisted companies. The corporate governance section of this report sets out the TBI group's corporate governance structure and explains its approach to the principles and best practice provisions contained in the Code. The provisions are particularly relevant to the performance of the audit committee, financial reporting and disclosure and the independence of the auditor. TBI's Articles of Association comply with the legislative regime of dual-board companies.

In conclusion

The sharp improvement in results in 2017 underlines the strength and resilience of the TBI business model. The strong positions held by the TBI companies in their local markets, the improvement in market conditions and the size and quality of the order book underpin our confidence that the company has solid foundations and is on the right course to overcome future challenges.

We would like to thank the Executive Board, the TBI company managers and all members of staff for their dedication, the results they achieved and the strong foundations they laid for 2018 and later years.

Rotterdam, 20 March 2018

Supervisory Board

- A.L.M. Nelissen, chairman
- E.H.M. van den Assem, vice-chairman
- M. Niggebrugge
- J.E. de Vries
- D.J.B. de Wolff

COMPOSITION OF THE EXECUTIVE BOARD AS AT 20 MARCH 2018



D.A. Sperling (62), president and CEO

Nationality: Dutch
Appointed: July 2012 (member of the Executive Board since 2002)
Position: CEO of the Executive Board
Director TBI Bouw B.V.
Director TBI Techniek B.V.



A.J.H. van Breukelen (58)

Nationality: Dutch
Appointed: January 2018
Position: Member of the Executive Board
Director TBI Bouw B.V.
Director TBI Techniek B.V.



E.A.A. Roozen RA (49)

Nationality: Dutch
Appointed: Mei 2016
Position: Member of the Executive Board
Director TBI Bouw B.V.
Director TBI Techniek B.V.
Portfolio: Finance and ICT

Corporate staff

Ms D.M. Wietsma (54)

Director, Communications and Organisational Development

M.W.L. Tromm (54)

Head of Legal Affairs

Group Council

R.J. Feijen (41)

Chairman of the management board of TBI Infra B.V. (Mobility & Industry)

P.J. Heijboer (54)

Chairman of the management board of Croonwolter&dros B.V. (Technology & Energy)

H. van Keulen (58)

Chairman of the management board of TBI Bouw B.V. (Housing)

J.H.A. Vaags (56)

Chairman of the management board of J.P. van Eesteren B.V. (Non-residential)

The structure of TBI is characterised by direct contact between the Executive Board and the management boards of the TBI companies, with the support of a small professional corporate staff. The Group Council advises the Executive Board on cross-company issues, knowledge sharing and on matters that can strengthen multidisciplinary cooperation between the segments.

COMPOSITION OF THE SUPERVISORY BOARD AS AT 20 MARCH 2018

A.L.M. Nelissen (69), chairman

Nationality: Dutch
Appointed: September 2012, recently reappointed in 2016 (eligible for reappointment)
Member of the audit committee
Member of the nominations and remuneration committee
Former position: Executive Board member, Dura Vermeer Groep N.V.
Other supervisory directorships: Chairman of the Supervisory Board of Brainport Development N.V.
Member of the Supervisory Board of Timber and Building Supplies Holland N.V.
Member of the Supervisory Board of Van Nieuwpoort Groep N.V.
Principal external positions: Board member, Nederlands Blazers Ensemble
Board member, Stichting Preferente Aandelen KAS BANK

E.H.M. van den Assem (68), vice-chairman

Nationality: Dutch
Appointed: July 2012, recently reappointed in 2016 (eligible for reappointment)
Chairman of the strategic committee
Former position:s: Executive Board chairman, TBI Holdings B.V.
Executive Board chairman, Cofely Nederland B.V.
Executive Board member, Hagemeyer N.V.
Executive Board member, DAF Trucks N.V.
Various positions at ITT, Alcatel Nederland B.V. and Fokker Aircraft B.V.
Other supervisory directorships: Supervisory Board chairman, Eneco B.V.
Supervisory Board chairman, EVCF (Eindhoven Venture Capital Fund)
Supervisory Board member, Flight Simulation Company
Principal external positions: Advisory Board member, DAS Rechtsbijstand
Advisory Board member, Mentha Capital
General Board member, Facilicom N.V.
Advisor to young startup companies

M. Niggebrugge (68)

Nationality: Dutch
Appointed: April 2015, term ends in 2019 (eligible for reappointment)
Chairman of the audit committee
Former Positions: Executive Board member, Urenco Ltd.
Executive Board member, N.V. Nederlandse Spoorwegen
Other supervisory directorships: Supervisory Board chairman, Spoorwegpensioenbeheer B.V.

J.E. de Vries (61)

Nationality: Dutch
Appointed: April 2006, reappointed in 2014, term ends in 2018 (not eligible for reappointment)
Member of the strategic committee
Position: Director, Investeringsmaatschappij Schansborg B.V.
Other supervisory directorships: Supervisory Board member, Koninklijke Oosterhof Holman Beheer B.V.
Investment Committee member, N.V. NOM
Investerings- en ontwikkelingsmaatschappij

Ms D.J.B. de Wolff (58)

Nationality: Dutch
Appointed: April 2013, recently reappointed in 2017 (eligible for reappointment)
Chairwoman of the nominations and remuneration committee
Position: Partner, Stadhouders Advocaten, Utrecht
Former position: Member of the Senate of the States General
Principal external positions: Deputy Justice, Den Bosch court of appeal
Endowed professor of the legal profession, University of Amsterdam

Scope and responsibility

TBI publishes an integrated annual report. In it, we report on our strategy and on economic, social, environmental and societal developments. The annual report is prepared in accordance with the standards of the Global Reporting Initiative (GRI) and is based on the IIRC Reporting Framework.

Reliability

The Executive Board was closely involved in the preparation of the content of this annual report and in the outcome of the materiality analysis. This report was verified externally (limited assurance) by PwC and complies with the GRI standards, Core option. Additional information has been provided on several Governance disclosures. The assurance report issued by the independent auditor is presented on pages 100 and 102 of this report.

Availability

The annual report 2017 and the GRI standards content index can be read online and can be downloaded in PDF format from www.jaarverslag.tbi.nl. The report is available in both Dutch and English. It was published on 20 April 2018.

Materiality analysis

The report's boundaries were determined by a materiality analysis. In consequence, we report on the material themes and set the boundaries of the report's content on the basis of the findings of the materiality analysis. The material themes were adopted in early 2017. All themes of potential relevance to TBI were analysed. Priority was given to 22 themes of both internal and external relevance. They were selected by means of an online survey that put all themes to the stakeholders. To ensure that the themes were assessed consistently, each theme was given a description. The online survey asked stakeholders to score each theme on a scale of 1 to 10 (1 = least relevant, 10 = most relevant). The internal priorities (x axis in the matrix) were selected by the 31 managers of the TBI companies who participated in the survey. The companies formed a representative cross-section of the TBI group. The external priorities were selected by more than 150 stakeholders from a variety of stakeholder groups. The right stakeholders must be approached to define materiality. A stakeholder group is considered important if it influences TBI or is influenced by it. To select the stakeholder groups for the external priorities, we approached the following stakeholders: clients, consultancies, banks/insurers, other construction groups (competitors), knowledge institutions, public sector organisations, suppliers, sector/industry organisations, partners, civil society organisations and certifying agencies.

The materiality matrix on page 9 presents both the themes that are of relevance to stakeholders and their impact on TBI's ability to create value. It shows the themes of greatest interest to the main external stakeholders (y axis) and their impact on TBI's strategy (x axis).

Material themes

Issue	Description
MARKET LEADERSHIP	
Multidisciplinary cooperation	Cooperation with partners within the TBI organisation and inside and outside the construction industry, making full use of the available innovative strengths and expertise.
Innovation	Initiating sustainable process and product innovations in the construction industry (concept, design, process, procedure, materials and logistics).
Solid financial position	Ensuring that TBI is and remains financially healthy and stable.
Client focus	Alertly responding to the changing wishes and needs of clients. Carrying out projects efficiently.
Project control	Controlled risk, cost and project management to earn a healthy return.
CIRCULAR ENTREPRENEURSHIP	
Circular construction	Putting the re-use of materials at the centre of the construction process. Working with sustainable materials and re-using materials wherever possible.
Sustainable operational management	Opting for sustainable solutions to reduce the environmental impact of the TBI organisation. Taking account of the scarcity of raw materials by using them efficiently, reducing waste and promoting re-use/recycling. Making agreements with suppliers and subcontractors on sustainable operational management.
ATTRACTIVE WORKPLACE	
Occupational safety	Managing safety behaviour and awareness to create safe and healthy working conditions for all members of staff.
Healthy and fit employees	Creating a healthy physical and mental working environment in which staff feel fit and are motivated to work for TBI.
Training and talent development	Investing in the professional and personal growth of staff.
Integrity	Conducting business honestly and fairly in compliance with applicable rules and the TBI Code of Conduct.

Scope

This report concerns the 2017 financial year, which ran from 1 January 2017 to 31 December 2017. The financial data and FTE numbers it presents relate to all activities performed by TBI, both nationally and internationally. All non-financial data relate exclusively to TBI's activities in the Netherlands. Consortia – undertakings in which control is exercised jointly with third parties subject to a cooperation agreement – are reported pro rata to the TBI company's interest in each consortium. Data on entities in which TBI has a minority interest or does not control management policy are not taken into account.

Comparability

The KPIs underpinning the Strategy 2020 had not been finalised on the publication of this report and therefore are not presented in this Annual Report 2017. In this report we consider the progress made on the KPIs based on the materiality analysis and the strategy set out in our Strategic Plan 2015-2017. As from 2018 we will report on the basis of the KPIs adopted in the Roadmap 2020 (Strategic Plan 2018-2020). All specific questions on the comparability of data are answered in the text or in the footnotes to the data concerned.

Measurement method and data collection

The consolidated figures presented in this report are based on measurements, calculations and statements made by the TBI companies. The controllers of the TBI companies are responsible for validating all data reported to TBI Holdings. TBI consolidates financial and non-financial data with the aid of a consolidation tool. All quantitative information on the financial and non-financial performance is based on internal memoranda, reports, correspondence and interviews with key figures.

ANNUAL ACCOUNTS 2017

Consolidated balance sheet as at 31 december 2017	70
Consolidated profit and loss account for 2017	71
Consolidated statement of total recognised gains and losses	71
Consolidated statement of cash flows for 2017	72
Notes to the consolidated accounts	72
Notes to the consolidated balance sheet	74
Notes to the consolidated profit and loss account	80
Company balance sheet as at 31 december 2017	86
Notes to the company accounts 2017	91
Other information	92
Independent auditor's report	97
Assurance report of the independent auditor	100

Consolidated balance sheet as at 31 december 2017

(before profit appropriation) (in thousands of euros)

		31 December 2017	31 December 2016
Non-current assets			
Intangible assets	(1)	11,625	2,113
Tangible assets	(2)	86,454	93,663
Financial assets	(3)	<u>19,669</u>	<u>20,795</u>
		117,748	116,571
Current assets			
Inventories	(4)	221,517	198,184
Work in progress for third parties	(5)	–	–
Receivables	(6)	253,915	254,620
Cash and cash equivalents	(7)	<u>186,676</u>	<u>138,327</u>
		662,108	591,131
Total assets		<u>779,856</u>	<u>707,702</u>
Group equity			
Shareholder's equity	(8)	240,091	229,658
Minority interests		<u>68</u>	<u>97</u>
		240,159	229,755
Provisions	(9)	11,778	11,038
Non-current liabilities	(10)	66,064	66,467
Current liabilities	(11)	<u>461,855</u>	<u>400,442</u>
Total liabilities		<u>779,856</u>	<u>707,702</u>

Consolidated profit and loss account for 2017

(in thousands of euros)

		2017	2016
Net Revenue	(12)	1,691,641	1,711,208
Change in balance sheet value work in progress		16,514	-138,586
Operating Revenue		1,708,155	1,572,622
Operating costs			
Cost of raw materials and consumables		-1,032,217	-940,325
Cost of contracted-out work and other external costs		-152,792	-123,467
Wages and salaries	(13)	-302,767	-301,937
Social security charges		-46,541	-48,365
Pension obligations	(14)	-34,324	-34,460
Depreciation and amortisation charges	(15)	-17,939	-18,993
Impairment charges on current assets	(4)	-2,638	-4,332
Other impairment charges on intangible and tangible fixed assets	(2)	-	-587
Other operating costs	(16)	-100,613	-119,575
		-1,689,831	-1,592,041
Operating result		18,324	-19,419
Interest and similar income		282	1,042
Interest and similar expense		-4,606	-5,442
Result before taxes		14,000	-23,819
Taxation on result	(17)	-3,916	5,318
Result from participating interests	(18)	506	1,787
Result after tax		10,590	-16,714
Minority interest in result of group companies		26	-3
Net result		10,616	-16,717

Consolidated statement of total recognised gains and losses

(in thousands of euros)

		2017	2016
Consolidated net result after taxation		10,616	-16,717
Translation differences on foreign participating interests		-182	-252
Total recognised group result		10,434	-16,969

Consolidated statement of cash flows for 2017

(in thousands of euros)

		2017	2016
Operating result		18,324	-19,419
Adjustment for:			
– amortisation and depreciation charges	(15)	17,939	18,993
– impairment charges on current assets	(4)	2,638	4,332
– other impairment charges on intangible and tangible non-current assets	(2)	–	587
– changes in provisions	(9)	740	-2,738
Changes in working capital (excluding cash and credit institutions):			
– inventories	(4)	-25,971	21,716
– work in progress	(5)	16,347	-18,776
– receivables	(6)	-819	-3,264
– other liabilities	(11)	43,205	-33,243
		32,762	-33,567
Cash flow from ordinary activities		72,403	-31,812
Interest received		358	738
Interest paid		-4,348	-5,443
Dividends received	(3)	69	47
Paid income tax	(17)	-1,019	-1,074
		-4,940	-5,732
Cash flow from operating activities		67,463	-37,544
Investments in non-current intangible assets	(1)	-3,652	-2,533
Capital expenditure on non-current tangible assets	(2)	-21,926	-14,203
Investments in non-current financial assets	(3)	-500	-51
Divestment of non-current intangible assets	(1)	60	100
Divestment of non-current tangible assets	(2)	5,276	2,415
Divestment of non-current financial assets	(3)	600	11,003
Cash flow from investing activities		-20,142	-3,269
Subordinated loan received	(10)	–	25,000
Repayment of/received from non-current liabilities	(10)	-403	-11,045
Repayment of credit institutions		1,431	-908
Dividends paid		–	-380
Cash flow from financing activities		1,028	12,667
Net cash flow for the year		48,349	-28,146
Foreign exchange and translation differences on cash		–	–
Net increase/(decrease) in cash and cash equivalents		48,349	-28,146

Consolidated statement of cash flows for 2017

(in thousands of euros)

	2017	2016
Changes in cash and cash equivalents:		
– Cash and cash equivalents at beginning of year	138,327	166,473
– Changes	48,349	–28,146
Cash and cash equivalents at end of year	186,676	138,327

Notes to the consolidated accounts

GENERAL

TBI Holdings B.V. is a group of companies engaged in the engineering, construction and infrastructure sectors. The companies operate both independently and in joint arrangements, chiefly in the Netherlands. TBI Holdings B.V. has its registered seat in Rotterdam, the Netherlands. Its head office is located at Wilhelminaplein 37, Rotterdam.

TBI Holdings B.V. is entered in the commercial register of the Chamber of Commerce under number 24144064.

The ultimate shareholder of TBI Holdings B.V. is Stichting TBI, registered in Ammerzoden, the Netherlands.

ACCOUNTING POLICIES

Presentation of the annual accounts

The consolidated accounts of TBI Holdings B.V. are prepared in accordance with the applicable provisions of Title 9, Book 2 of the Dutch Civil Code. The interpretation of the statutory provisions has been checked against final decisions regarding the Guidelines for Annual Reporting in the Netherland issued by the Netherlands Council for Annual Reporting, applying to financial years commencing on or after 1 January 2017.

The company accounts of TBI Holdings B.V. are prepared in abridged form in accordance with article 402, Part 9, Book 2 of the Dutch Civil Code.

There have been no changes in accounting policies since the previous year.

The accounting policies are applied on the assumption that the company is a going concern.

The consolidated accounts are presented in euros, the currency of the principal economic environment in which TBI Holdings conducts its business (the functional currency). All financial information is presented in thousands of euros unless stated otherwise. The balance sheet, profit and loss account and statement of cash flows contain references to the explanatory notes.

The preparation of the annual accounts requires management to make estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. The actual amounts may differ from these estimates. The estimates and underlying assumptions are constantly reviewed. This is of particular relevance to the valuation of work in progress. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods in which the revision has consequences.

TBI has several DB(F)(M), contracts in portfolio, which by their nature have a high risk profile on account of their size, complexity and long duration. The result of these projects is determined on the most reasonable current estimates of the realisable proceeds on those projects (including contract variations), and the anticipated project results on the contractual maintenance phase.

These projects, moreover, can have a relatively large impact on the company's results on account of their size, complexity and long duration. On completion of these projects, the project proceeds (including contract variations), project costs and thus the project results may significantly differ from the current estimates.

Consolidation

The consolidated accounts comprise the financial information of TBI Holdings B.V., the group companies in which TBI Holdings B.V. holds more than 50% of the voting capital or in which TBI Holdings B.V., by virtue of supplementary rules, exercises power of control over the management and financial policy, and other legal entities over which TBI Holdings B.V. can exercise power of control or central management. In general, these are participating interests of more than 50%. The assets and liabilities and results of these companies are consolidated in full. Minority interests in group equity and group profit or loss are shown separately.

Participations in consortia – i.e. contractually agreed participations in groups in which control is exercised jointly with third parties – are consolidated on a pro rata basis. The duration and legal form of the participations are not relevant. If a construction consortium takes the form of a general partnership, account is taken of joint and several liability, if and in so far as there is cause to do so in the light of the consortium's financial position and/or that of one or more of the partners in the consortium.

Intragroup receivables and liabilities and results on transactions between group companies and other legal entities recognised in the consolidation are eliminated in so far as those results are not due to transactions with parties outside the group.

With due regard for the provisions of articles 379 and 414 of Part 9, Book 2 of the Dutch Civil Code, a list of participating interests has been filed for inspection with the Commercial Register in Rotterdam.

Acquisition and divestment of group companies

The assets, liabilities, results and cash flows of participating interests acquired are consolidated as from the date of acquisition. The date of acquisition is the date on which effective power of control can be exercised over the commercial and financial policies of the participating interests concerned. Consolidated participating interests are included in the consolidation until the date on which they are divested. The results of participating interests divested during the year are recognised up to the date on which control could no longer be exercised over policy.

There was no change in the consolidation circle in 2017.

Related parties

Related parties are all legal persons over which a controlling interest, joint power of control or significant influence can be exercised. Legal persons over which a power of control can be exercised also qualify as related parties.

The members of the Executive Board, other key management officers and close associates are related parties.

TBI has the following related parties: the shareholder, group companies, the members of the Executive Board, key management officers, close associates and the members of the Supervisory Board. Explanatory notes are provided on significant transactions with related parties in so far as they are not entered into on normal market conditions. The nature and size of the transaction and other information necessary to gain an insight are provided.

Foreign currency

Transactions in foreign currency during the year are recognised in the accounts at the rate ruling as at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the rate ruling as at balance sheet date.

Exchange differences arising from settlement and translation are recognised in the profit and loss account. Non-monetary assets valued at cost in a foreign currency are translated at the exchange rate ruling as at the transaction date. Translation differences on net investments in a foreign participating interest are taken directly to the statutory reserve for exchange differences in group equity.

Valuation

Assets and liabilities are, as a rule, valued at cost of acquisition or production or at current value. Where no specific valuation policy is stated, they are recognised at cost of acquisition.

Impairment of non-current assets

Indications that the value of a non-current asset has been impaired are reviewed as at every balance sheet date. If such indications are present, the recoverable amount of the asset is calculated. An asset is impaired if the carrying amount of the asset exceeds its recoverable amount, whereby the recoverable amount is the higher of the asset's net realisable value and its value in use. Circumstances that could lead to the reversal of a prior-year impairment are also reviewed as at every balance sheet date.

Where non-current financial assets are carried at amortised cost, the impairment is the difference between the carrying amount and the best estimate of future cash flows, discounted at the effective rate of interest for the financial asset, as calculated on the initial recognition of the instrument.

Non-current intangible assets

Non-current intangible assets consist of, among other things, expenditure on internal development projects for the production of new or substantially improved products and processes. This expenditure can be capitalised if the product or process is technically and commercially viable (i.e. if economic benefits will be realised). The capitalised costs are recognised at cost and are amortised on a straight-line basis over an estimated useful life of five years or, if closer to economic reality, pro rata to the units produced from the associated development. A statutory reserve is formed for capitalised development costs.

Non-current intangible assets other than internally generated assets, including patents and licences, are valued at cost of acquisition and amortised on a straight-line basis over the estimated useful life, with a maximum of 20 years.

Account is taken of impairments foreseen as at balance sheet date. Reference is made to the relevant paragraph note on the impairment of non-current intangible assets.

Goodwill is defined as the positive difference between cost of acquisition and the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and written off over the assets' expected economic life (10 years).

Cost of acquisition consists of the consideration paid for the acquisition plus any costs directly attributable to the acquisition.

Non-current tangible assets

Non-current tangible assets are carried at the lower of cost of acquisition plus associated costs or cost of production and value in use. Non-current tangible assets are depreciated on a straight-line basis over the estimated useful life, with account being taken of any residual value. The annual depreciation rates are:

Buildings	2.5 to 10 percent
Land	0 percent
Plant and machinery	10 to 20 percent
Other operating assets	20 percent

Notes to the consolidated accounts

Account is taken of impairments foreseen as at balance sheet date. Reference is made to the relevant note on the impairment of non-current tangible assets.

The cost of major maintenance is charged directly to the financial year in which it takes place, unless the maintenance clearly extends the asset's life. If so, the costs are capitalised and depreciated pro rata over the asset's remaining life.

Non-current financial assets

Participating interests in which the company can exercise significant influence over the commercial and financial policy are carried at net asset value in accordance with the accounting policies of TBI Holdings B.V.

Acquired participating interests are initially recognised at the market value of the identifiable assets and liabilities as at the date of acquisition. Subsequent valuations are based on the accounting policies used in these annual accounts, based on the values in the initial valuation.

Participating interests in which the company can exercise no significant influence are carried at cost of acquisition. Account is taken of impairments as at balance sheet date. Where a participating interest's equity position is negative, the interest is valued at nil and the negative equity is deducted from the net investment in the participating interest concerned or a provision is formed if necessary.

On initial recognition, loans awarded and other receivables recognised under non-current financial assets are carried at fair value. On subsequent recognition loans and receivables are carried at amortised cost. Discounts or premiums present when loans are issued are taken to the profit and loss account over the term of the loan and recognised as effective interest. On initial recognition, account is also taken of transaction costs and charged to the profit and loss account as effective interest.

Inventories

Inventories of raw materials and consumables are carried at the lower of historical cost and recoverable value.

Work in progress, semi-manufactures, finished goods and goods for resale are carried at the lower of cost of production and realisable value. Cost of production includes all costs relating to acquisition or production and costs incurred to bring stocks to their current place and state. Cost of production includes direct wages and salaries and mark-ups for production-related indirect fixed and variable costs.

The realisable value is the estimated selling price less direct selling costs. Calculation of the realisable value takes account of slow-moving inventories.

Land owned by the group is carried at cost plus the cost of infrastructure developments and other costs arising from land ownership, less provisions necessary for development risks as soon as they are foreseeable.

No interest is added to group-owned land or work in progress for own development except where use is made of project financing.

Capitalised costs of unsold housing under construction are recognised under stock of housing under construction. Unsold housing that is completed is recognised under stock of completed housing, etc. No profit is recognised on unsold housing.

Work in progress for third parties

Work in progress for third parties consists of the balance of realised project costs, attributable profit and, where applicable, recognised losses and instalment payments already declared. Work in progress is presented separately in the balance sheet under current assets. Net negative balances are presented under current liabilities.

Receivables

On initial recognition, receivables are carried at market value of the counter-performance. On subsequent recognition, receivables are carried at amortised cost, taking account of the effective interest rate and a value adjustment for doubtful debts, which in general agrees with nominal value.

Cash and cash equivalents

Cash and cash equivalents consists of cash, bank balances and deposits with a term of less than 12 months. Cash and cash equivalents is carried at nominal value.

Provisions

Provisions are formed for all legally enforceable or actual obligations arising from an event before balance sheet date whose settlement is likely to entail an outflow of funds that can be reliably estimated.

Provisions are carried at the best estimate of the amounts needed to settle the obligations as at balance sheet date. Provisions are carried at the nominal value of the estimated expenditure necessary to settle the obligations, unless stated otherwise.

Deferred tax assets and liabilities are recognised in respect of timing differences between the value of assets and liabilities for taxation purposes on the one hand and the carrying value of those assets on the other. Deferred tax assets and liabilities are calculated using the tax rates applying at year end. Account is taken of future changes decided upon as at balance sheet date. Deferred tax assets are carried net of deferred tax liabilities and are recognised in so far as it can reasonably be assumed that future tax gains can be set off against timing differences and losses. Deferred taxes are carried at nominal value.

The provision for long service payments consists of the present value of expected payments made to mark employee anniversaries. Calculation of this provision takes account of the probability of employees leaving and a discount rate of 3.0% (2016: 3.0%).

The provision for guarantee obligations covers the cost of guaranteeing completed projects. The amount of the provision is based on specific guarantee problems known as at balance sheet date.

A reorganisation provision is formed if a detailed reorganisation plan has been formalised as at balance sheet date and there are justified expectations among those who will be affected by the reorganisation when the annual accounts are prepared that the plan will be implemented. An expectation is justified if implementation of the reorganisation has commenced or if the main points of the plan have been announced to those who will be affected. The reorganisation provision includes expected necessary reorganisation costs that are not related to the company's continuing activities.

Other provisions have been formed for foreseeable liabilities and potential charges arising from disputes and legal proceedings and environmental risks.

Liabilities

On initial recognition, liabilities are carried at market value. Transaction costs directly attributable to the acquisition of the liabilities are included in the carrying amount on initial recognition. After initial recognition, liabilities are carried at amortised cost, i.e. the amount received after taking account of premiums and discounts and after deduction of transaction costs.

Repayment obligations on non-current liabilities falling due within one year are presented under current liabilities: credit institutions

Financial instruments and financial risk management

TBI uses various financial instruments in the course of its ordinary activities. The financial instruments are presented in the balance sheet and include cash and cash equivalents, debtors and other receivables and interest-bearing loans, creditors and other liabilities.

On their initial recognition in the balance sheet, derivatives are carried at fair value; subsequent valuation of derivatives is based on whether the underlying securities are listed or not. If the underlying security is listed, the derivative is carried at fair value. If the underlying security is not listed, the derivative is carried at the lower of cost and market value. TBI does not apply hedge accounting. In so far as a derivative's fair value is lower than its cost as at balance sheet date, the difference is taken to the profit and loss account.

Financial instruments are assessed as at balance sheet date to determine whether there are objective indications of impairment of a financial asset or group of financial assets. If there are objective indications of impairment, TBI calculates the amount of the impairment and charges it directly to the profit and loss account. Financial instruments expose TBI to market and credit risks.

Market and credit risks relate chiefly to financial risk factors surrounding currencies, prices, interest rates, cash flows, credit and liquidity. These financial risks are not unusual and do not differ from the risks considered normal in the industry. TBI has a strict policy to mitigate and manage these risks in so far as possible.

MARKET RISK

Currency risk

The greater part of the activities are carried out in the Netherlands and/or countries participating in the eurozone. The transactions arising from these activities are usually settled in euros (the functional currency). The currency risk is therefore limited. The translation risk is not hedged.

Price risk

Price risk arises on the purchase of raw materials and consumables and on subcontracting, and consists of the difference between market price at the time of contract tendering or award and at the time of actual performance. TBI's policy is to agree an indexation option with the client when tendering for or being awarded the contract for a large project. If this is not possible, prices and conditions are fixed with the principal suppliers and subcontractors at an early stage. Price risk is also managed by means of framework contracts, quotations from suppliers and reliable sources of information.

Notes to the consolidated accounts

Interest rate and cash flow risks

TBI is exposed to interest rate and cash flow risks on interest-bearing receivables and liabilities. The company is exposed to risks in respect of future cash flows on receivables and liabilities bearing variable interest rates. In light of the size and the interest rate and risk profile of the interest-bearing loans, derivative financial instruments are not deemed necessary to hedge the interest rate risk.

Credit risk

Credit risk is the risk of financial loss if a client fails to meet its contractual obligations. Credit risks are related principally to amounts receivable from clients. TBI conducts an active policy to limit the concentration of credit risk wherever possible. The risk is managed with the aid of information from recognised institutions specialising in the provision of credit information. Continuous monitoring of the credit risk is part of the credit management system. Where necessary, risks are hedged by means of credit insurance, bank guarantees, advance payments and other forms of security. The trade debtors recognised as at balance sheet date do not represent a significant concentration of receivables in particular market sectors. Part of the debtor position, moreover, is receivable from the Dutch government sector.

TBI's cash balances are held at several banks. TBI limits the credit risk on cash balances held at banks by selecting, after evaluating their credit ratings, reliable banks.

Liquidity risk

Owing to the project-based nature of TBI's activities, the use of operational funds varies widely. TBI meets its working capital requirements by raising external finance centrally. Partly to manage the liquidity risk, TBI's companies prepare monthly liquidity forecasts for the coming 12 months. This enables TBI to optimise the use of its cash and credit facilities and identify any shortfalls on a timely basis.

Profit or loss determination

The profit or loss for the year is determined as the difference between the proceeds of the goods and services sold and the costs and other expenses incurred during the year. Proceeds on transactions are recognised in the year in which they are realised.

Operating revenue

Operating revenue comprises the balance of income (excluding value added tax) from works completed and delivered to third parties during the year (net turnover), increased or decreased by changes in the book value of work in progress and goods and services delivered.

Project revenue and expenses on work in progress that can be reliably estimated is recognised in the profit and loss account in proportion to the work completed as at balance sheet date. The progress of work completed is determined on the basis of the project costs incurred as at balance sheet date relative to the estimated total project costs. If the result cannot be reliably estimated, the proceeds are recognised in the profit and loss account up to the amount of the project costs that can probably be recovered. The project costs are then recognised in the profit and loss account when they are incurred.

The profit or loss is determined as the difference between project income and project costs. The result on the large number of smaller projects, usually with a duration of less than one year, is recognised on delivery of the project. This method has no material influence on the capital or the result.

Project revenue is the contractually agreed revenue and revenue from contract variations, claims and payments if and in so far as they are realisable and can be reliably estimated. Project costs are the costs directly related to a project that can generally be attributed and allocated to project activities and other costs that can be contractually charged to the client. Project costs are related chiefly to materials, third-party services and subcontracting, wages and social insurance costs, plus surcharges to cover general expenses.

If total project costs are likely to exceed total project revenue, the expected loss is taken directly to the profit and loss account. The provision for the loss is recognised in work in progress.

Proceeds on the sale of goods are recognised when all material rights and risks attaching to ownership of the goods are transferred to the purchaser.

Revenue from the provision of services is recognised in proportion to the services provided, on the basis of the services provided as at balance sheet date relative to the total services to be provided.

Operating costs

Operating costs are carried at historical cost. The FIFO method is generally used to determine the cost of raw materials and consumables. Intragroup transactions are recognised at arm's length prices. Development costs are capitalised only if the development project is likely to be technically and commercially successful (i.e. that it will be of economic benefit) and the costs can be reliably estimated.

Operating leases

Leases that transfer a substantial proportion of the risks and rewards of ownership to third parties are accounted for as operating leases. Commitments arising from operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Staff remuneration

Staff remuneration, including wages, salaries and social insurance contributions, is recognised in the profit and loss account in accordance with the terms of employment, in so far as it is payable to employees. Other staff remuneration, with the exception of long service payments, is charged to the profit and loss account in the year in which it is paid.

The cost of pension schemes is equal, in principle, to the pension contributions payable to pension funds and insurance companies over the period. A liability is recognised for pension contributions not paid as at balance sheet date. Contributions paid in excess of contributions due as at balance sheet date are recognised as accrued income in so far as they will be repaid by the pension funds and/or insurance companies concerned or will be set off against future contributions. A provision is also recognised as at balance sheet date for existing additional obligations to pension funds, insurance companies and employees if it is likely that the settlement of those obligations will entail an outflow of funds that can be reliably estimated.

The existence of additional obligations is determined on the basis of the administration agreement with the pension funds and insurance companies and the pension agreement with the employees and other implicit or explicit undertakings given to employees. The provision is valued at the best estimate of the amounts needed to settle the obligations as at balance sheet date.

Amortisation of non-current intangible assets and depreciation of non-current tangible assets

Non-current intangible assets are amortised and non-current tangible assets are depreciated over their estimated useful lives as from the date on which they are taken into use, with account being taken of residual values where necessary.

Interest income and expense

Interest income and expense relate to interest payments and other financial expenses, recognised on a time proportion basis and taking account of the effective rate of interest of the assets and liabilities concerned.

Exchange differences

Exchange differences arising on the settlement or translation of monetary items are taken to the profit and loss account for the period in which they arise.

Result from participating interests

The result from non-consolidated participating interests is TBI's share in the result pro rata the interest held during the year, after deduction of relevant taxes. Dividends are recognised if the right thereto is obtained on the recognition of participating interests at cost.

Taxes

Taxes on the profit for the year are computed on the result from ordinary operations, taking account of tax facilities such as loss carry-overs and participation exemption. Tax losses are recognised when utilisation is probable.

TBI Holdings B.V. and its shareholder, TBI Beheer B.V., and a number of subsidiary companies located in the Netherlands, together form a corporation tax group. TBI Holdings acts as the head of the corporation tax group. In accordance with statutory requirements, all members of a tax group are jointly and severally liable for the group's tax liabilities. Each member of the tax group bears its tax burden as an independent taxpayer. Settlement takes place in current account.

Statement of cash flows

The statement of cash flows is presented in accordance with the indirect method. In this method, the operating result is adjusted for items in the profit and loss account that do not influence income and expenditure during the year, movements in balance sheet items, and profit and loss account items not relating to operating activities. Transactions not involving a cash inflow or outflow are not included in the statement of cash flows. The cash position in the statement of cash flows consists of cash and cash equivalents.

Exchange differences on cash flows are presented separately in the statement of cash flows. Interest income and expense, dividends received and corporation taxes are included in the cash flow from operating activities. Dividends paid are included in the cash flow from financing activities.

The acquisition price of group companies acquired is presented in the cash flow from investing activities in so far as payment has been made in cash. Cash balances present in acquired group companies are deducted from the acquisition price.

The selling price of divested group companies (divestments) is presented in the cash flow from investing activities in so far as payment has been made in cash. The cash balances present in divested group companies are deducted from the selling price.

Notes to the consolidated balance sheet

(in thousands of euros)

1 NON-CURRENT INTANGIBLE ASSETS

	Development	Software and licences	Goodwill	Total
As at 1 January 2017				
Cost of acquisition or production	7,952	–	–	7,952
Accumulated impairments and amortisation	–5,839	–	–	–5,839
Book value	2,113	–	–	2,113
Changes in book value				
Investments	2,252	1,200	200	3,652
Divestments	–60	–	–	–60
Reclassification of software and licences	–	8,531	–	8,531
Amortisation	–2,027	–564	–20	–2,611
Balance	165	9,167	180	9,512
As at 31 December 2017				
Cost of acquisition or production	9,984	24,641	200	34,825
Accumulated impairments and amortisation	–7,706	–15,474	–20	–23,200
Book value	2,278	9,167	180	11,625

Pursuant to RJ 210.105-107, investments to a total book value of €8.5 million previously recognised under non-current tangible assets have been reclassified as software and licences under non-current intangible assets.

2 NON-CURRENT TANGIBLE ASSETS

	Land and buildings	Plant and machinery	Other tangible fixed assets	Advance payments, etc.	Total
As at 1 January 2017					
Cost of acquisition or production	109,000	74,302	99,242	771	283,315
Accumulated impairments and depreciation	–56,708	–56,311	–76,633	–	–189,652
Book value	52,292	17,991	22,609	771	93,663
Changes in book value					
Additions	1,209	7,862	7,841	4,620	21,532
Divestments	–4,366	–998	–603	–346	–6,313
Depreciation	–3,553	–3,526	–8,249	–	–15,328
Reclassification of software and licences	–	–	–8,597	66	–8,531
Reclassification work in progress	–	–	1,037	–	1,037
Consolidations and divestments etc.	–	94	300	–	394
Balance	–6,710	3,432	–8,271	4,340	–7,209
As at 31 December 2017					
Cost of acquisition or production	99,152	77,933	73,278	5,111	255,474
Accumulated impairments and depreciation	–53,570	–56,510	–58,940	–	–169,020
Book value	45,582	21,423	14,338	5,111	86,454

Premises and land with a book value of €32.9 million has been given as security for the non-recourse financing of, initially, €30 million, as explained in the note to non-current liabilities [10].

3 NON-CURRENT FINANCIAL ASSETS

The net change in non-current financial assets are:

	Non-consolidated participating interests	Loans granted	Deferred tax assets	Other financial fixed assets	Total
As at 1 January 2017	1,829	376	17,990	600	20,795
Changes in 2017					
Profit distributions and dividends received	-69	-	-	-	-69
Share in result for the year	110	-	-	617	727
Loans granted to non-consolidated participating interests	-	-11	-	-	-11
Investments	500	-	-	-	500
Reclassification of deferred taxes	-	-	1,987	-	1,987
Addition to deferred taxes	-	-	-3,560	-	-3,560
Consolidations and divestments etc	-100	-	-	-	-100
Divestments	-	-	-	-600	-600
Balance	441	-11	-1,573	17	-1,126
As at 31 December 2017	2,270	365	16,417	617	19,669

All receivables included in non-current financial assets have a remaining term of more than one year.

The principal consolidated participating interests as at year end 2017 are listed in the Operational Structure of TBI elsewhere in this report. In accordance with statutory requirements, a list of consolidated and non-consolidated participating interests, the main construction consortia and other joint arrangements has been filed in the Trade Register of the Chamber of Commerce in Rotterdam.

Loans granted relates to a loan granted to a non-consolidated participating interest. Interest is payable on the loan at 7%. No collateral security has been given.

Deferred taxes to an amount of €16.4 million relate to valuation differences, recoverable liquidation losses and deferred tax assets that can be set off against future profits. Approximately €5 million is expected to be set off in the coming year.

4 INVENTORIES

	31 December 2017	31 December 2016
Raw materials and consumables	3,800	3,563
Work in progress and semi-manufactures	67	60
Finished products and goods for resale	4,179	3,204
Housing under construction	6,987	6,667
Completed housing, etc.	1,524	1,948
Land positions, etc.	204,960	182,742
	221,517	198,184

TBI carries out projects developed by third parties or arising from its own project development activities. Investments in project development activities, as recognised under inventories, relate to work in progress (Land positions, etc.), capitalised construction and development costs of the unsold part of work in progress (Housing under construction) and projects already completed (Completed housing, etc.). The item Land positions relates chiefly to land positions acquired in the Netherlands for development in the near future. In the light of market conditions and expectations, TBI analysed its real estate positions in 2017. The analyses focused on the riskiest positions, predominantly in land and associated plan development costs. On the basis of these analyses based on a residual land value method, TBI concluded in 2017 that the expected future realisable value of a number of positions needed to be permanently written down. These impairment charges amounted to €2.6 million (2016: €4.3 million).

Notes to the consolidated balance sheet

5 WORK IN PROGRESS FOR THIRD PARTIES

Work in progress for third parties as at 31 December:

	31 December 2017	31 December 2016
Work in progress for third parties		
Costs including profits based on percentage of completion, less provisions for losses	1,964,450	1,885,313
Less: invoiced instalments	<u>-2,018,198</u>	<u>-1,922,714</u>
	-53,748	-37,401
Recognised under current liabilities	<u>53,748</u>	<u>37,401</u>
Balance	<u>-</u>	<u>-</u>

The balance consists of:

	31 December 2017	31 December 2016
Balance of work in progress for third parties greater than invoiced instalments	194,326	201,807
Balance of work in progress for third parties less than invoiced instalments	<u>-248,074</u>	<u>-239,208</u>
	-53,748	-37,401

The balance of costs and invoiced instalments for third-party projects includes production not yet invoiced to clients or financed by clients, against which there are commitments.

6 RECEIVABLES

	31 December 2017	31 December 2016
Trade debtors	201,057	207,257
Corporate tax	171	1,494
Other receivables	48,081	40,186
Prepayments and accrued income	<u>4,606</u>	<u>5,683</u>
	<u>253,915</u>	<u>254,620</u>

The receivables have a term of less than one year. The fair value of receivables approximates their book value on account of their short-term nature and the fact that provisions have been formed for doubtful debts where necessary. A provision for uncollectibility has been deducted from receivables to a total of €2.9 million (31 December 2016: €2.6 million).

7 CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
Banks	186,621	138,270
Deposits	20	11
Cash	<u>35</u>	<u>46</u>
	<u>186,676</u>	<u>138,327</u>

Cash and cash equivalents is readily disposable with the exception of approximately €20.1 million (31 December 2016: €15.5 million) held by general partnerships that is consolidated on a pro rata basis under other participating interests, as TBI does not have power of control. Dutch bank balances also include the balances of frozen G accounts amounting to approximately €6.1 million (31 December 2016: €4.1 million). Deposits have a term of less than one year.

8 SHAREHOLDER'S EQUITY

Shareholder's equity is explained in the notes to the company balance sheet.

9 PROVISIONS

	Long-service commitments	Guarantee commitments	Reorganisation	Other	Total
As at 1 January 2017	4,473	3,694	1,551	1,320	11,038
Changes in 2017					
Addition	442	1,965	7,069	50	9,526
Withdrawals	-454	-3,134	-4,609	-526	-8,723
Other movements	-55	75	-8	-75	-63
Balance	-67	-1,094	2,452	-551	740
As at 31 December 2017	4,406	2,600	4,003	769	11,778

Other provisions have been formed chiefly for environmental levies and vacancies.

The terms of provisions are:

	31 December 2017			31 December 2016		
	< 1 year	1 – 5 year	> 5 year	< 1 year	1 – 5 year	> 5 year
Provisions (x €1 million)	6.6	2.3	2.9	4.6	3.4	3.0

10 NON-CURRENT LIABILITIES

Non-current liabilities by category	31 December 2017	31 December 2016
Subordinated loan	25,000	25,000
Non-recourse financings	33,717	30,935
Recourse financings	7,347	10,532
	66,064	66,467

Repayments falling due within one year are recognised under current liabilities. The fair value of non-current liabilities approximates the book value.

The non-current liabilities have the following terms:

Non-current liabilities by maturity (x €1 million)	31 December 2017		31 December 2016	
	1 – 5 year	> 5 year	1 – 5 year	> 5 year
Non-current liabilities	43.1	23.0	44.7	21.8

Notes to the consolidated balance sheet

TBI Beheer B.V. granted a ten-year 5% €25 million subordinated loan to TBI Holdings B.V. in January 2016. The loan is redemption-free during the first 5.5 years. Thereafter it will be redeemed in five equal and successive annual instalments. Collateral security has not been provided. The non-recourse financing relates to some of the premises and project financing. The recourse financing relates to project financing.

Non-recourse financing of €30 million has been contracted against some of the premises. Of the total, €19.2 million was recognised as a non-current liability and €2 million as a current liability as at 31 December 2017.

The interest rate on this loan is fixed at 2.95 percent. Collateral security has been provided in the form of a first right of mortgage on the premises concerned, pledges of sales and rental contracts and group guarantees.

The non-recourse financing relates to non-current project financing contracted by group companies. The rate of interest varies between 0.35% and 4.17%. Collateral security has been given in the form of a first right of mortgage, a pledge of receivables, purchase contracts and lease contracts, a letter of comfort and group guarantees.

11 CURRENT LIABILITIES, ACCRUALS AND DEFERRED LIABILITIES

	31 December 2017	31 December 2016
Credit institutions	14,586	13,154
Trade creditors	248,934	224,196
Taxes and social insurance contributions	40,289	41,640
Work in progress for third parties	53,748	37,401
Personnel costs	34,456	32,961
Pension contributions	1,437	709
Other liabilities	52,688	43,861
Accruals and deferred liabilities	15,717	6,520
	<u>461,855</u>	<u>400,442</u>

Current liabilities, accruals and deferred liabilities have a term of less than one year. The fair value of current liabilities approximates their book value on account of their short-term nature. Credit institutions relate to an amount of €6.514 million to the conclusion of non-recourse financing (2016: €6.091 million) and to an amount of €8.072 million to the conclusion of recourse financing (2016: €7.063 million).

Credit facilities

TBI concluded a €75 million two-year committed Revolving Credit Facility (RCF) as at 21 December 2015. It also has uncommitted bilateral current account facilities of €30 million to cover short-term liquidity shortages. The two facilities are documented in a single agreement. The facilities are spread equally over three banks, ABN AMRO, ING and Rabobank.

No use had been made of these facilities as at 31 December 2017 or as at 31 December 2016. The facilities were not drawn down in 2017 (there was no draw down in 2016). The interest rate is linked to EURIBOR plus a surcharge. The EURIBOR rate is determined by the chosen term of the draw down.

As under the previous RCF, the principal security is the satisfaction of financial covenants (interest cover ratio and senior debt cover ratio). These ratios were satisfied in 2017.

Two new non-recourse facilities were agreed with Rabobank in 2017. The first is a €35 million facility with interest based on three-month EURIBOR plus a surcharge of 1.15%. The interest payable on the second non-recourse facility is fixed at 1.9%. Collateral security has been given for these facilities in the form of a first right of mortgage, a pledge of receivables and group guarantees.

OFF BALANCE SHEET COMMITMENTS

	31 December 2017	31 December 2016
Bank guarantees and securities		
Guarantees for letters of intent	2,363	6,226
Guarantees for work performance	182,528	166,931
Guarantees for advance payments received	52,930	58,148
Other	15,361	9,227
	<u>253,182</u>	<u>240,532</u>

	31 December 2017			31 December 2016		
	< 1 year	1 – 5 year	> 5 year	< 1 year	1 – 5 year	> 5 year
Other (x €1 million)						
Leases	19.4	39.6	2.0	17.0	33.7	1.2
Rental agreements, etc.	8.1	25.4	16.2	7.9	21.5	9.5
Land purchase commitments	29.0	30.3	–	26.1	14.1	–

The following amounts were recognised in the profit and loss account in respect of leases during the year:

	2017
Minimum lease payments	24,166
Conditional lease payments	2,881
Sub-lease income	-350
	<u>26,697</u>

Lease commitments relate principally to the vehicle fleet; rental commitments related principally to real estate. Operating lease and rental commitments are stated in nominal amounts and taken to the profit and loss account on a straight-line basis over the term of the agreement. Land purchase commitments are conditional in part on planning changes and/or the issuance of permits.

TBI Holdings B.V. and its group companies are involved in legal disputes from time to time. A provision is formed when the settlement of a dispute will likely entail an outflow of funds and the size of the outflow can be reliably estimated. After taking legal advice, the company's management believes the outcome of current proceedings in other disputes will not have a material influence on the consolidated position of TBI Holdings B.V.

TBI Holdings B.V., its shareholder TBI Beheer B.V. and a number of subsidiary companies in the Netherlands together form a tax group for value added tax and corporation tax purposes. In accordance with statutory requirements, all members of a tax group are jointly and severally liable for the group's tax liabilities.

Notes to the consolidated profit and loss account

(in thousands of euros, unless stated otherwise)

Segmental information by area of activity (in millions of euros)	Engineering		Construction		Infrastructure		Holding		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Operating revenue										
External	634	668	872	715	199	194	3	-5	1,708	1,573
Internal	20	15	16	9	3	5	-39	-29	-	-
Total	654	683	888	724	202	199	-36	-34	1,708	1,573
Earnings before depreciation and amortisation*	6.1	13.4	37.2	24.3	5.8	2.5	-3.1	-28.6	46.0	11.7
Operating profit before contribution	-5.2	-3.3	28.5	9.7	3.9	0.3	0.9	-14.1	28.0	-7.3
Contribution**	3.6	9.2	3.6	9.2	-	-	-7.2	-18.3	-	-
Operating profit*	-1.7	5.9	32.1	18.9	3.9	0.3	-6.3	-32.4	28.0	-7.3
Operating margin										
Operating profit/turnover	-0.3%	0.9%	3.6%	2.6%	1.9%	0.1%	-	-	1.6%	-0.5%
Capital expenditure	8.9	6.9	5.6	3.0	5.8	2.5	0.9	1.7	21.2	14.2
Investments in intangible non-current assets	0.1	0.2	2.1	1.9	0.0	0.0	1.2	-	3.5	2.1
Depreciation of tangible non-current assets	7.6	7.4	3.2	3.6	1.9	2.2	2.6	3.3	15.3	16.5
Amortisation of intangible non-current assets	0.1	0.1	1.9	1.8	0.0	0.0	0.6	0.6	2.6	2.5

* Excluding impairment charges and reorganisation costs.

** The contribution relates to a contribution made by TBI Holdings to New Main, which is recognised by Engineering for 50% and by Construction for 50%.

12 NET REVENUE

	2017	2016
Geographical spread of net revenue		
Netherlands	1,636,382	1,660,885
Other EU countries	18,458	24,890
Rest of Europe	7,857	4,195
Outside Europe	28,944	21,238
	1,691,641	1,711,208

13 EMPLOYEES

	2017	2016
Average number of employees by activity		
Engineering	3,793	3,733
Construction	1,400	1,363
Infrastructure	411	399
Other	67	61
	5,701	5,556

In 2017, 266 of the average number of employees worked outside the Netherlands (2016: 272).

14 PENSIONS

The employees of TBI and its group companies are members of the following pension funds or insurance schemes depending on the relevant collective labour agreement and/or contract of employment:

- Pension Fund for the Construction Industry
- Pension Fund for the Metalworking and Mechanical Engineering Industry
- Pension Fund for the Concrete Products Industry
- Insurance schemes:
 - Construction Industry dispensation scheme (for pensions accrued until 1 January 2012)
 - Company pension schemes

The first three pension funds administer industry-based pension schemes. The TBI group companies have no obligation to make additional contributions other than the future contributions payable to make up for any underfunding in an industry-based pension scheme. Similarly, the TBI group companies are not entitled to any surpluses present in the funds. The same applies to the insurance-based schemes, which have been placed with an insurance company.

On the basis of the above characteristics, the pension charge recognised for the year is equal to the contributions payable to the pension funds and insurance companies over that period.

The employees of the companies in the Engineering sector are members of the Pension Fund for the Metalworking and Electrical Engineering Industry. As a result of the low and slightly variable interest rates, the funding rate in the Pension Fund for the Metalworking and Mechanical Engineering Industry fluctuated at around 100 percent in 2017. No reductions were made in 2017, 2016 and 2015. This had not been the case in 2014 and 2013, when pensions had been reduced by 0.4% and 6.3% respectively. A new top-up pension scheme was introduced on 1 January 2015 for salaries of between €70,000 and €100,000 (2015 amounts). Membership was compulsory in 2015 and is voluntary as from 2016. TBI has decided to continue offering this scheme to its employees.

The funding rate of the Pension Fund for the Construction Industry increased to 115 percent in 2017.

The pensions of both the active and the inactive members were not increased as at 1 January 2017. The pensions of active members, former members and retired members were increased by 0.59% as at 1 January 2018.

The funding rate of the Pension Fund for the Concrete Products Industry has risen to just above 100%. This pension fund will not increase the pensions in payment as at 1 January 2018.

Stichting TBI Pension Fund decided to wind itself up as of 1 January 2017. The Dutch central bank has agreed to the collective transfer of the value of accrued pension entitlements as at 31 December 2016. This transfer took place on 31 December 2016. A direct agreement has been concluded between the employer, TBI, and the insurance company, Nationale Nederlanden, in respect of the new pension accruals and pension insurances as from 1 January 2017. The contract includes the administration of pension schemes for all TBI employees with the exception of those administered by compulsory occupational pension funds.

Notes to the consolidated profit and loss account

15 AMORTISATION OF NON-CURRENT INTANGIBLE ASSETS AND DEPRECIATION OF NON-CURRENT TANGIBLE ASSETS

	2017	2016
Amortisation of non-current intangible assets	2,611	2,539
Depreciation of non-current tangible assets	15,328	16,454
	<u>17,939</u>	<u>18,993</u>
Amortisation of non-current intangible assets		
Development	2,027	2,539
Software and licences	564	–
Goodwill	20	–
	<u>2,611</u>	<u>2,539</u>
Depreciation of non-current tangible assets		
Land and buildings	3,553	3,571
Plant and machinery	3,526	4,054
Other non-current operating assets	8,249	8,829
	<u>15,328</u>	<u>16,454</u>

16 OTHER OPERATING COSTS

	2017	2016
Car costs	25,567	25,187
Automation costs	18,250	14,346
Accommodation costs	11,552	12,666
Other personnel costs	10,919	9,616
Other costs	34,325	57,761
	<u>100,613</u>	<u>119,575</u>

Other operating costs declined from €119.6 million to €100.6 million as a result of cost control measures and the recharging of more project-related costs. Furthermore, other operating costs in 2016 included €7.0 million to settle an agreement with a consortium partner.

17 TAXATION

This relates to tax payable on the results earned in the Netherlands and abroad, with account being taken of changes in deferred taxation. The tax payable is computed at applicable rates, with account being taken of tax-exempt profit components, permanent differences and non-deductible items.

	2017	2016
Result before taxes	14,000	–23,819
Deferred taxation	1,497	–2,679
Current year taxation	–4,299	8,703
Prior year taxation	–1,114	–706
	<u>–3,916</u>	<u>5,318</u>

The effective tax rate for the year was 28.0% (2016: 22.3%). The relationship between the average effective tax rate and the statutory corporation tax rate is as follows:

(as a percentage)	2017	2016
Corporation tax rate	25.0	25.0
Result from participating interests	–	3.2
Non-deductible costs	2.1	–1.2
Differences in foreign tax rates	1.7	–0.9
Prior year tax adjustments	8.0	–3.0
Current year non-recoverable losses	2.5	–
Liquidation losses	–11.7	–
Tax facilities, etc.	0.4	–0.8
Effective tax rate	<u>28.0</u>	<u>22.3</u>

18 RESULT FROM PARTICIPATING INTERESTS

The result from participating interests includes the profit from non-consolidated participating interests of €0.0 million (2016: €1.3 million) and the profit on the sale of participating interests of €-0.2 million (2016: €1.8 million). The result for 2017 relates to the sale of the 50.0% interest in Shoulders A/S.

Exchange differences

Exchange differences recognised in the profit and loss account amounted to €-0.1 million (2016: €0.1 million)

Research and development costs

Research and development costs charged to the profit and loss account for 2017, including the amortisation of development costs recognised in the balance sheet, amounted to €2.5 million (2016: €1.9 million).

Reorganisation costs

With a view to maintaining profitability and the continuity of TBI, a number of TBI companies have adapted their cost structure and organisations to the volume of activity expected in the years ahead. The related reorganisation costs for the year amounted to €7.1 million (2016: €7.2 million).

Remuneration of executive and supervisory directors

The remuneration of the members and former members of the Executive Board includes periodic payments such as salaries, social insurance contributions, pension contributions and profit shares and bonus payments. To this end, €1.866 million was charged to the company in 2017 (2016: €2.547 million). The remuneration of the Executive Board was lower in 2017 than in 2016 because of the increase in the number of Executive Board members in 2016 ahead of the retirement of Mr L.J. Pruis as of 1 October 2016 and the termination of the long-term incentive scheme for current and former executive directors.

The remuneration of the members of the Supervisory Board amounted to €0.234 million (2016: €0.238 million).

Auditor's fee

The auditor's fee can be broken down by category as follows:

	2017	2016
Audit of the consolidated accounts	1,110	1,010
Other audit engagements	27	214
Tax advice	46	44
Other non-audit services	40	136
	<u>1,223</u>	<u>1,404</u>

Notes to the consolidated profit and loss account

Tax advice fees related to advice on the remittance of social insurance contributions. Other non-audit services related to the review of the sustainability report.

The fees shown above relate to work carried out at the company and the interests included in the consolidation by audit firms and external independent auditors within the meaning of section 1 (1) of the Audit Firms (Supervision) Act and the fees charged by the entire network to which the audit firm belongs. These fees relate to the examination of the annual accounts for 2017 regardless of whether or not the work was performed during the financial year.

Company balance sheet as at 31 december 2017

(before profit appropriation, in thousands of euros)

	31 December 2017	31 December 2016
Non-current assets		
Tangible fixed assets	(1) 528	560
Financial fixed assets	(2) <u>307,372</u>	<u>349,560</u>
	307,900	350,120
Current assets		
Receivables	(3) 4,512	4,318
Cash and cash equivalents	(4) <u>148,697</u>	<u>103,998</u>
	153,209	108,316
Total assets	<u>461,109</u>	<u>458,436</u>
Shareholder's equity	(5)	
Issued capital	45,378	45,378
Share premium reserve	7,683	7,683
Statutory reserves	2,217	2,234
Other reserves	174,197	191,080
Retained earnings	<u>10,616</u>	<u>-16,717</u>
	240,091	229,658
Provisions	(6) 25	243
Non-current liabilities	(7) 25,000	25,000
Current liabilities, accruals and deferred liabilities	(8) <u>195,993</u>	<u>203,535</u>
Total liabilities	<u>461,109</u>	<u>458,436</u>

COMPANY PROFIT AND LOSS ACCOUNT FOR 2017

(in thousands of euros)

	2017	2016
Result from participating interests after tax	18,579	9,955
Company result after tax	<u>-7,963</u>	<u>-26,672</u>
	<u>10,616</u>	<u>-16,717</u>

Notes to the company accounts 2017

GENERAL

The company accounts of TBI Holdings B.V. are prepared in accordance with the statutory provisions laid down in Part 9 of Book 2 of the Dutch Civil Code and final decisions regarding the Guidelines for Annual Reporting in the Netherlands issued by the Netherlands Council for Annual Reporting. The same accounting policies are used for both the company and the consolidated accounts. The policies applied to value assets and liabilities and to determine the result for the year are explained in the notes to the consolidated balance sheet and profit and loss account. Participating interests in group companies are accordingly carried at net asset value.

COMPANY BALANCE SHEET

1 NON-CURRENT TANGIBLE ASSETS

	Other non-current tangible assets
As at 1 January 2017	
Cost of acquisition or production	2,420
Accumulated impairments and amortisation	<u>-1,860</u>
Book value	<u>560</u>
Changes in book value	
Additions	101
Depreciation	<u>-133</u>
Balance	<u>-32</u>
As at 31 December 2017	
Cost of acquisition or production	1,301
Accumulated impairments and amortisation	<u>-773</u>
Book value	<u>528</u>

2 NON-CURRENT FINANCIAL ASSETS

	31 December 2017	31 December 2016
Share in group companies	286,945	334,657
Deferred tax assets	17,565	14,060
Loans granted	1,018	518
Other participating interests	<u>1,844</u>	<u>325</u>
	<u>307,372</u>	<u>349,560</u>

Movements during the year:

	Share in group companies	Deferred tax assets	Other participating interests	Loans granted	Total
As at 1 January 2017	334,657	14,060	518	325	349,560
Changes in 2017					
Net profit for 2017	18,579	–	–	–	18,579
Dividends received	–69,501	–	–	–	–69,501
Investments	–	–	500	–	500
Other movements	3,210	3,505	–	1,519	8,234
Balance	–47,712	3,505	500	1,519	–42,188
As at 31 December 2017	286,945	17,565	1,018	1,844	307,372

The principal consolidated participating interests at year end 2017 are shown in the Operational Structure of TBI. In accordance with statutory requirements, a list of consolidated and non-consolidated participating interests, the main construction consortia and other joint arrangements has been filed for inspection in the Trade Register of the Commercial Register of the Chamber of Commerce in Rotterdam.

Loans granted relate to a loan to an unconsolidated participating interest and a loan to a group company. The outstanding amount of the loan granted to the non-consolidated participating interest was €0.3 million as at year end 2017. Interest is payable on the loan at 7%. No collateral security has been given for this loan. The outstanding amount of the loan granted to the group company was €1.5 million as at year end 2017. This loan has a term to maturity of ten years and bears interest at 4%. Collateral security has been given in the form of a mortgage on the company's buildings

3 RECEIVABLES

	31 December 2017	31 December 2016
Debtors	5	12
Taxes	–	112
Other receivables, prepayments and accrued income	4,507	4,194
	4,512	4,318

Receivables have a term of less than one year. Receivables include an amount receivable from the shareholder of €4.2 million (2016: €3.3 million).

4 CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
Banks	148,697	103,998
	148,697	103,998

Cash and cash equivalents are readily disposable.

Notes to the company accounts 2017

5 SHAREHOLDER'S EQUITY

The authorised capital consists of 2,250,000 ordinary €100 shares, of which 453,780 have been issued and are fully paid up. The share premium reserve created on payment for the shares is not distributable free of tax. The composition of shareholder's equity and movements in it were as follows:

	Issued capital	Share premium reserve	Statutory reserves	Other reserves	Un-appropriated result	Total
Shareholder's equity						
As at 1 January 2016	45,378	7,683	2,440	190,239	1,268	247,008
Addition to reserves	–	–	–	888	–888	–
Dividend 2015	–	–	–	–	–380	–380
Result for 2016	–	–	–	–	–16,717	–16,717
Exchange differences and other movements	–	–	–206	–47	–	–253
As at 31 December 2016	45,378	7,683	2,234	191,080	–16,717	229,658
Addition to reserves	–	–	–	–16,717	16,717	–
Dividend 2016	–	–	–	–	–	–
Result for 2017	–	–	–	–	10,616	10,616
Exchange differences and other movements	–	–	–17	–166	–	–183
As at 31 December 2017	45,378	7,683	2,217	174,197	10,616	240,091

Of the statutory reserves, an amount of €0.1 million negative relates to exchange differences at participating interests and an amount of €2.3 million to the cost of developing non-current intangible assets. Under article 389 (8) and article 365 (2) of Part 9, Book 2 of the Dutch Civil Code (statutory reserves), these amounts are not freely distributable.

In April 2017, the Annual General Meeting acting on a recommendation by the Supervisory Board decided to adopt the annual accounts for 2016 without change. In accordance with the company's Articles of Association it was agreed to charge the result for 2016 to other reserves.

6 PROVISIONS

	Tax liabilities	Other	Total
As at 1 January 2017	85	158	243
Changes in 2017			
Addition	0	430	430
Withdrawals	–85	–563	–648
Balance	–85	–133	–218
As at 31 December 2017	0	25	25

Other provisions have been formed for personnel-related cost.

7 NON-CURRENT LIABILITIES

Non-current liabilities by category	31 December 2017		31 December 2016	
Subordinated loan	<u>25,000</u>		<u>25,000</u>	

Non-current liabilities by maturity	31 December 2017		31 December 2016	
	1 – 5 year	> 5 year	1 – 5 year	> 5 year
Non-current liabilities	<u>10.000</u>	<u>15.000</u>	<u>5.000</u>	<u>20.000</u>

TBI Beheer B.V. granted a subordinated ten-year loan of €25 million with an interest rate of 5% to TBI Holdings B.V. in January 2016. The loan is redemption-free during the first 5.5 years. Thereafter it will be redeemed in five equal and successive annual instalments. This loan is part of the guarantee capital.

8 CURRENT LIABILITIES, ACCRUALS AND DEFERRED LIABILITIES

	31 December 2017		31 December 2016	
Payable to group companies	189,848		193,788	
Other liabilities, accruals and deferred liabilities	<u>6,145</u>		<u>9,747</u>	
	<u>195,993</u>		<u>203,535</u>	

Current liabilities, accruals and deferred liabilities have a term of less than one year. The fair value of current liabilities approximates their carrying value owing to their short-term nature.

TBI acts as a banker for its subsidiaries. The funds that are not required by the subsidiaries for their day-to-day operations can be placed in a financing account with the company. The interest payable on this instant access current account is based on the base rate set by commercial banks plus a surcharge. The average interest rate in 2016 was 2.5% (2016: 2.5%). For the sake of completeness, reference is made to the notes of the current liabilities, accruals and deferred liabilities in the consolidated accounts.

Off balance sheet commitments

The company had issued group guarantees, chiefly to project clients, in place of bank guarantees to an amount of €91.5 million as at year end 2017 (year end 2016: €106.9 million).

TBI Holdings B.V., its shareholder TBI Beheer B.V. and a number of subsidiary companies in the Netherlands together form a value added tax and corporation tax group. In accordance with statutory requirements, all members of a tax group are jointly and severally liable for the group's tax liabilities.

Each member of the tax group bears its tax burden as an independent taxpayer. Settlement takes place in current account.

Company profit and loss account

The abridged profit and loss account is prepared in accordance with article 402, Part 9 of Book 2 of the Dutch Civil Code.

Notes to the company accounts 2017

Financial income and expense from transactions with group companies

TBI Holdings B.V. acts as internal banker within the group. In principle, the group companies deposit funds they do not need for their day-to-day operations with TBI. The interest payable on the instant access current account is based on the base rate set by commercial banks plus a surcharge. The financial income arising from these transactions with group companies amounted to €2.9 million (2016: €3.4 million). The financial expense arising from transactions amounted to €3.7 million (2016: €3.7 million).

Related party transactions

In 2017 TBI Holdings B.V. charged exceptional costs incurred by New Main B.V. of €3.2 million (2016: €22.3 million) to the result.

TBI Holdings B.V. reimbursed the TBI companies €1.4 million in respect of reorganisation costs (2016: nihil).

Furthermore, a reserve of €0.2 million (2016: €0.3 million) in respect of directors' bonuses still payable to the directors of the TBI companies has been charged to the result of TBI Holdings B.V.

Proposed appropriation of the result for 2017

The net result for 2017 amounts to €10.6 million. The Executive Board proposes that an amount of €3.2 million be distributed as a cash dividend to the shareholder and the remaining €7.4 million be added to other reserves.

Subsequent events

There were no subsequent events within the meaning of article 2:380a of the Dutch Civil Code.

The average number of people employed by the company in 2017 was 48 (2016: 43 employees). As in 2016, all employees worked in the Netherlands in 2017.

Rotterdam, 20 March 2018

Supervisory Board

A.L.M. Nelissen, chairman

E.H.M. van den Assem

M. Niggebrugge

J.E. de Vries

D.J.B. de Wolff

Executive Board

D.A. Sperling, chairman

A.J.H. van Breukelen

E.A.A. Roozen RA

Other information

PROVISIONS OF THE ARTICLES OF ASSOCIATION ON PROFIT APPROPRIATION

Article 24

Reserves shall be charged to the profit and loss account as determined by the Executive Board and with the approval of the Annual General Meeting of Shareholders. The remainder shall be at the disposal of the Annual General Meeting.

Independent auditor's report and assurance report

To: the general meeting and supervisory board of TBI Holdings B.V.

General

Our assurance procedures consisted of an audit (reasonable assurance) of the company's financial statements and review procedures (limited assurance) on the 'non-financial information' in the TBI Holdings B.V. integrated report (as defined in our assurance report). The other information in the integrated report is out of scope for our assurance procedures.

Independent auditor's report

REPORT ON THE FINANCIAL STATEMENTS 2017

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of TBI Holdings B.V. as at 31 December 2017, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2017 of TBI Holdings B.V., Rotterdam ('the company'). The financial statements include the consolidated financial statements of TBI Holdings B.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2017;
- the consolidated and company income statement for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The 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 section 'Our responsibilities for the audit of the financial statements' of our report.

Independence

We are independent of TBI Holdings B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Message from the CEO
- About TBI
- Value creation
- Key figures TBI
- TBI in the market
- Financial
- Attractive workplace
- Circular entrepreneurship
- Governance
- Scope and responsibility
- Other information
- Management boards of the TBI companies
- Operational structure of TBI
- Glossary
- Credits

Independent auditor's report and assurance report

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is 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 in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was 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 directors' report and the other information pursuant to Part 9 Book 2 of the Dutch Civil Code.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

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 Part 9 of Book 2 of the Dutch Civil Code; and 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 framework 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 responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Assurance report of the independent auditor

Assurance report on the sustainability information 2017

Our conclusion

Based on our review, nothing has come to our attention that causes us to believe that the sustainability information as included in the Annual Report 2017 of TBI Holdings B.V. does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
- the events and achievements related thereto for the year ended 31 December 2017

in accordance with the sustainability reporting Guidelines version G4 of GRI and the internally applied reporting criteria.

What we have reviewed

The sustainability information contains a representation of the policy and business operations of TBI Holdings B.V., Rotterdam (hereafter: "TBI") regarding sustainability and the events and achievements related thereto for 2017.

We have reviewed the sustainability information for the year ended 31 December 2017, as included in the following sections in the Annual Report 2017 (hereafter: "the sustainability information"):

- About TBI
- Value creation
- Attractive workplace
- Circular entrepreneurship

The links to external sources or websites in the Sustainability Report are not part of the sustainability report itself reviewed by us. We do not provide assurance over information outside of this sustainability report.

The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen'. This review engagement is aimed to obtain limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of this Assurance-report.

Independence and quality control

We are independent of TBI in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We apply the 'Nadere voorschriften accountantskantoren ter zake van assurance opdrachten (RA/AA)' and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

TBI developed its reporting criteria on the basis of the sustainability reporting Guidelines version G4 of GRI, as disclosed in section "Scope and responsibilities" of the Annual Report. The information in the scope of this assurance engagement needs to be read and understood in conjunction with these reporting criteria. The Executive Board is responsible for selecting and applying these reporting criteria. The absence of a significant body of established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Assurance report of the independent auditor

Inherent limitations

The sustainability report includes prospective information such as expectations on ambitions, strategy, plans, estimates and risk assessments based on assumptions. Inherently, the actual results are likely to differ from these expectations, due to changes in assumptions. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

RESPONSIBILITIES FOR THE SUSTAINABILITY REPORTING AND THE ASSURANCE ENGAGEMENT

Responsibilities of the Executive Board

The board of directors of TBI is responsible for the preparation of the sustainability report in accordance with the sustainability reporting Guidelines version G4 of GRI and the internally applied reporting criteria as disclosed in section "Scope and responsibilities" of the Annual Report, including the identification of stakeholders and the definition of material subjects. The choices made by the Executive Board regarding the scope of the sustainability information and the reporting policy are summarized in section "Scope and responsibilities". The Executive Board is responsible for determining that the applicable reporting criteria are acceptable in the circumstances.

The Executive Board is also responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or errors.

The Supervisory Board is responsible for overseeing the company's reporting process on the sustainability information.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review engagement to obtain sufficient and appropriate assurance information to provide a basis for our conclusion.

This review engagement is aimed at obtaining limited assurance. In obtaining a limited level of assurance, the performed procedures are aimed at determining the plausibility of information and are less extensive than those aimed at obtaining reasonable assurance in an audit engagement. The assurance obtained in review engagements aimed at obtaining limited assurance is therefore significantly lower than the assurance obtained in assurance engagements aimed at obtaining reasonable assurance.

Misstatements may arise due to fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our review and the evaluation of the effect of identified misstatements on our conclusion.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our main procedures include:

- Performing an external environment analysis and obtaining insight into relevant social themes and issues and the characteristics of the organization.
- Identifying and assessing the risks of material misstatement of the sustainability report, whether due to errors or fraud, designing and performing review procedures responsive to those risks, and obtaining review evidence that is sufficient and appropriate to provide a basis for our conclusion.
- Developing an understanding of internal control relevant to the assurance engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of the reporting criteria used and its consistent application, including the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by management and related disclosures in the sustainability report.
- Evaluating the overall presentation, structure and content of the sustainability report, including the disclosures.

Assurance report of the independent auditor

- Evaluating whether the sustainability report represents the underlying transactions and events free from material misstatement.
- Interviewing management (or relevant staff) at corporate- and entity level responsible for the strategy, policy and performance of sustainability operations.
- Interviewing relevant staff at corporate level, responsible for providing the information in the sustainability report, carrying out internal control procedures on the data and consolidating the data in the sustainability report.
- Visits of TBI entities Croonwolter&dros, Hazenberg, Eekels and Infra-Servicis to evaluate the source data and to evaluate the design and implementation of control and validation procedures at local level.
- Reviewing internal and external documentation to determine whether the sustainability information, including the disclosure, presentation and assertions made in the sustainability report, is substantiated adequately.
- An analytical review of the data and trends submitted for consolidation at corporate level.
- Assessing the consistency of the sustainability report and the information in the annual report not in scope for this assurance report.
- Assessing whether the sustainability information has been prepared 'in accordance' with GRI.

Rotterdam, 21 March 2018

PricewaterhouseCoopers Accountants N.V.

Original signed by

M.R.G. Adriaansens RA

(This independent auditor's report and assurance report is a translation of the original assurance report accompanying the original Annual Report 2017, both stated in Dutch. This original assurance report can be found on the website of TBI Holdings B.V.)

Appendix to our auditor's report on the financial statements 2017 of TBI Holdings B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

THE AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- 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 intentional 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, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. 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, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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 deficiencies in internal control that we identify during our audit.

Management boards of the TBI companies

as at 20 March 2018

ENGINEERING

Comfort Partners B.V.
Croonwolter&dros B.V.

Eekels Technology B.V.
WTH Vloerverwarming B.V.

Management board

J.P.M. Voogt, J.A.S. Berendsen
P.J. Heijboer, B.J. Ambachtsheer MSc,
L.B. Koek MBA,
J.M.T. van Rijn-Hoogweg RC
H. de Haan, J.H. Hoegge MSc
J. Bouwman

Website

www.comfort-partners.nl
www.croonwolterendros.nl

www.eekels.com
www.wth.nl

CONSTRUCTION & DEVELOPMENT

J.P. van Eesteren B.V.
ERA Contour B.V.

Groothuis Wonen B.V.
Hazenberg Bouw B.V.
Aannemingsbedrijf
Nico de Bont B.V.
Koopmans Bouwgroep B.V.

MDB B.V.
Voorbij Prefab B.V.

HEVO B.V.
Synchroon B.V.
TBI Vastgoed B.V.

J.H.A. Vaags, A. van Lunteren, M. Peppel
B. Seekles, J.J.L. Heijdra,
J.P. van Zomeren
S.J.F. de Wit
B.N.W. de Bont, J.F.C.M. van der Doelen

Hazenberg Bouw B.V.
H.C. Smit,
M.J. Groenendijk MSc RA, J.M. Kuling
A.J.C.J. van de Loo
D. Staal

E.R. van der Sluis MBA, M.A. Otto MBA
H.J. van Dam, T.B. Verhoeven MSRE
TBI Holdings B.V.

www.jpvaneesteren.nl
www.eracontour.nl

www.groothuis.nl
www.hazenberg.nl

www.nicodebont.nl
www.koopmans.nl

www.mdb.nl
www.voorbijprefab.nl

www.hevo.nl
www.synchroon.nl

INFRASTRUCTURE

TBI Infra B.V.

Mobilis B.V.

Servicis B.V.
Timmermans Infratechniek B.V.
Voorbij Funderingstechniek B.V.

R.J. Feijen, F.J.A. Haring RA,
J. de Jong
R.J. Feijen, F.J.A. Haring RA,
R.M. Hoeboer MBA, J. de Jong
TBI Infra B.V.
TBI Infra B.V.
M. Sterk

www.tbi-infra.nl

www.mobilis.nl

www.servicis.nl
www.timmermansinfra.nl
www.voorbij-funderingstechniek.nl

Operational structure of TBI

Summary structure as at 31 December 2017



Glossary

BENG

Dutch abbreviation for nearly energy neutral buildings (Bijna Energie Neutraal Gebouw).

BUILDING INFORMATION MODEL (BIM)

A digital representation of all physical and functional characteristics of a building. A BIM model is a shared knowledge source or file, with information that serves as a reliable basis for decision-making on a building during its entire life cycle: from initial design via construction and management to the building's final demolition.

CO₂ AND ENERGY

CO₂ is a gas that is one of the main causes of the greenhouse effect. It is emitted chiefly through the combustion of fossil fuels. In accordance with the SKAO emission factors handbook (version 3.0, June 2015), TBI reports only on its scope 1 and scope 2 emissions of its activities in the Netherlands.

Scope 1 emissions are direct emissions caused by the organisation itself. They include emissions from the organisation's gas consumption and emissions from its vehicle fleet (including private mileage driven by staff in company vehicles).

Scope 2 emissions are indirect emissions released during the generation of the electricity consumed by the organisation, including emissions from the power stations that supply the electricity. These emissions are presented net of renewable energy. Scope 2 emissions also include emissions from flights and business mileage driven by staff in private vehicles. TBI's CO₂ footprint is calculated by means of the GHG protocol. CO₂ calculations are based on actual (measured) data.

EMPLOYEE

Person with a permanent or temporary contract of employment with a TBI company.

EXTERNAL STAFF

Independent workers not employed by TBI but instructed directly by TBI's managers.

INCIDENT FREQUENCY

The total number of work-related lost-time or fatal incidents divided by the total number of hours worked per one million employees and external staff.

INCIDENT WITHOUT LOST TIME

A work-related incident in which the person concerned resumes work within eight hours of the incident and/or carries out alternative work.

LOST-TIME INCIDENT

A work-related incident (with the exception of commuting) that caused injury, sickness or death, where the person concerned is absent from work for at least the whole of the working day following the incident and carries out no alternative work. All serious incidents must be reported to the Social Affairs and Employment Inspectorate. Serious incidents are those that lead to death, hospital admission, permanent injury and/or permanent damage to health.

NOM

Dutch abbreviation for a Nil on the Metre dwelling. A NOM dwelling generates as much, if not more, energy than it needs. The dwelling can be upgraded by means of façade insulation, smart building systems and energy generation.

OPERATING REVENUE

Operating revenue refers in general to the value of production.

Operating revenue includes net turnover, movements in work in progress (including profit mark-up and/or provisions formed) and other operating revenue. Net turnover comprises the sales value recognised in respect of goods and services delivered during the year (excluding value added tax).

OPERATING RESULT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)

Operating result from ordinary activities before financial income and expense, taxes, depreciation of tangible fixed assets and amortisation of intangible fixed assets. The term is a measure of the group's ability to generate cash and one of the banking syndicate's financial covenants.

OPERATING RESULT FROM ORDINARY ACTIVITIES (EBIT)

Operating result before financial income and expense and taxes, before the deduction of reorganisation costs and impairments in value.

ORDER BOOK

That part of the contracted value of work in progress not completed or still to be commenced as at balance sheet date plus projects in the pipeline: the total value of contracts or projects to be awarded with agreed prices (construction teams) or the lowest tender (contract award procedure).

RESULT FROM NORMAL OPERATIONS

Operating result, interest and the result from unconsolidated participating interests.

SICKNESS ABSENTEEISM

The weighted average number of calendar days of absenteeism due to ill health (not including pregnancy and parental leave), adjusted for part-time employees (as set out in the National Absenteeism Standard).

SOCIAL INVESTMENTS

Financial resources applied to donations and sponsorship.

SOCIAL RETURN

Temporary (fixed period) contract of employment concluded directly by a TBI company with a person at a disadvantage on the labour market, often someone receiving a benefit payment who has had little education or work experience.

SOLVENCY RATIO

Shareholder's equity and/or Guarantee capital as a percentage of total assets.

SUSTAINABLE TIMBER

Timber and forest products that are subject to the Construction and Timber Covenant of the FSC, based on the TPAC definition for certified sustainable timber; FSC for timber sourced from temperate and tropical zones and PEFC for timber from temperate zones.

TBI CODE OF CONDUCT

Written document in which TBI lays down rules and guidelines to prevent conflicts between the business and private interests of all employees, to prevent the misuse of confidential information and to provide guidance on personal conduct within TBI.

WASTE SEPARATION PERCENTAGE

That part of the waste that is sorted before disposal: the volume of construction and demolition waste, business waste and other waste (not separated) divided by the total volume of waste, based on weight.

Credits

Editing and production

TBI Holdings B.V., Rotterdam

Concept, text development and realisation

Jonkergouw & van den Akker, Amsterdam

© photography

Carel Kramer Fotografie, Rotterdam

Correspondence address

TBI Holdings B.V.

P.O. Box 23134

3001 KC Rotterdam

The Netherlands

Visiting address

Wilhelminaplein 37

3072 DE Rotterdam

The Netherlands

Telephone

+31 (0)10 290 85 00

E-mail

communicatie@tbi.nl

Annual report homepage

<http://jaarverslag.tbi.nl>

Copyright

TBI Holdings B.V., Rotterdam

April 2018

This is an English translation of the original Dutch language integrated Annual Report 2017.
Should differences in interpretation arise, the Dutch version shall prevail.