



Investor Presentation

Heijmans to acquire Van Wanrooij

21 JUNE 2023

Disclaimer

This presentation has been prepared by and is the responsibility of Heijmans N.V. This presentation is being supplied to you solely for your information and use at the presentation which will be or was held on June 21, 2023. The information may not be further distributed or passed on to other people or published or reproduced in whole or in part. The information may be subject to updating, completion, revision and amendment and such information may change materially.

This presentation contains certain forward-looking statements relating to the business, financial performance and results of the Heijmans N.V. and the industry in which it operates. These statements are based on Heijmans N.V.'s and its management's current plans, estimates and projections, as well as its expectations of external conditions and events. In particular the words “expect”, “anticipate”, “predict”, “estimate”, “project”, “plan”, “may”, “should”, “would”, “will”, “intend”, “believe” and similar expressions are intended to identify forward looking statements. Forward looking statements are statements of future expectations that are based on current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Neither Heijmans N.V. nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information.

No representation or warranty, express or implied, is or will be made by Heijmans N.V., its advisors or any other person as to the accuracy, completeness or fairness of the information or opinions contained in the presentation and any reliance you place on them will be at your sole risk. Without prejudice to the foregoing, neither Heijmans N.V., its associates, its advisors, nor its representatives accept any liability whatsoever for any loss howsoever arising, directly or indirectly, from the use of this presentation or its contents or otherwise arising in connection with this presentation. The presentation does not constitute or form part of, and should not be constructed as, an offer or invitation to subscribe for or purchase any securities.

Today's presenters



Ton Hillen

Heijmans CEO



Gavin van Boekel

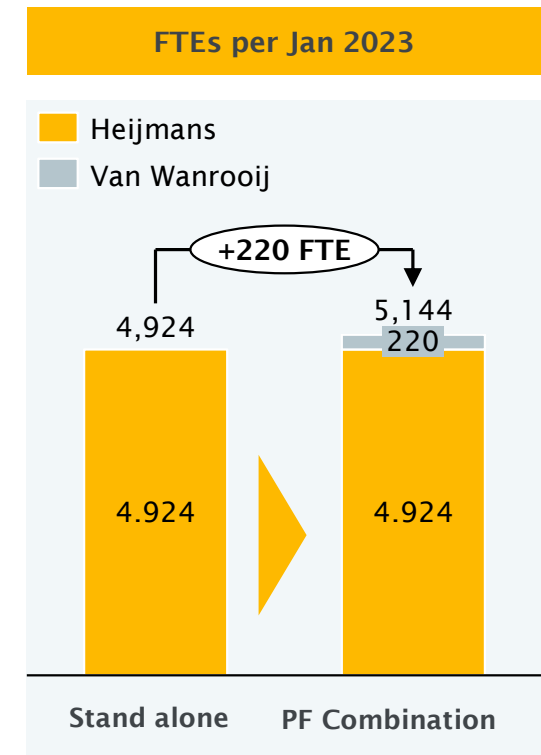
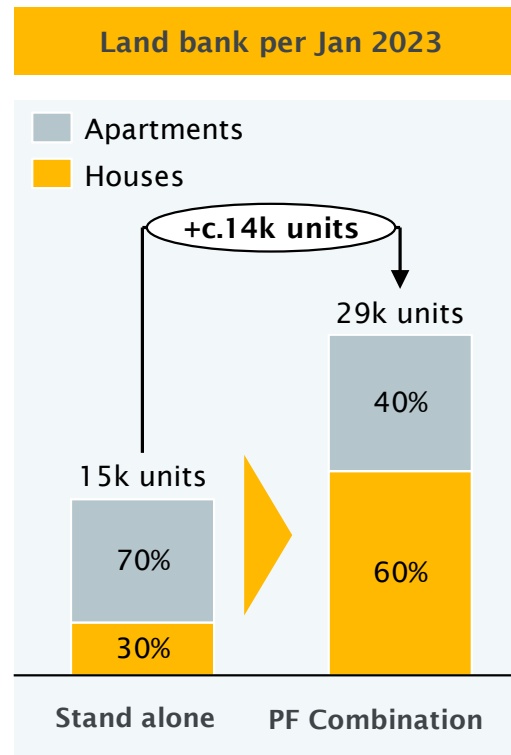
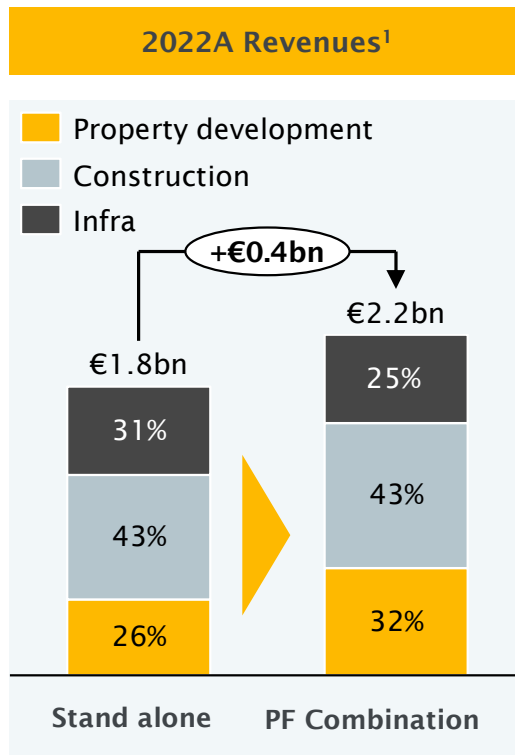
Heijmans CFO

Van Wanrooij, a renowned company in property development and construction...



- Property development:
 - Average sales & development of 1,200 homes p.a.
 - Land bank of c.14k homes
 - 95%+ houses (vs. apartments)
 - Primarily in the greater-Eindhoven area
- Construction: 600 – 700 homes p.a.
- 220 full-time employees
- Excellent track record and very profitable
- High level of standardisation in development and construction process through flexible housing concept Optio®

... providing a unique opportunity to accelerate and diversify our property development activities

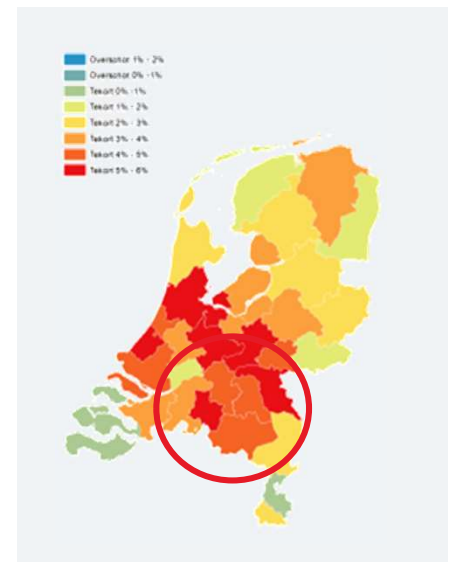


1) Please note that Van Wanrooij applies GKA accounting, which results in accounting of lower Property Development revenues vs. KAO accounting applied by Heijmans; no impact at EBITDA level. See p.45 for further explanation

Key investment highlights

- 1 • Strong match on activities, enabling Heijmans to increase exposure to the property development market characterized by strong long-term demographic characteristics
- 2 • Well positioned land bank (c.14k homes), providing a direct improvement both in size, mix and margin potential
 - The combination will be #2 property developer in NL in terms of land holdings and residential property transactions
- 3 • Excellent track record in terms of profitability, cash generation, operational efficiency and project control
- 4 • Attractive opportunities for further value creation, by:
 - Accelerating the development of the Van Wanrooij portfolio
 - Building part of the portfolio by Heijmans Construction and Technology in the future
 - Scaling-up Heijmans' industrial & conceptual production including the Horizon Factory

Housing shortage 2022



>90% land bank Van Wanrooij

Key transaction parameters

- Heijmans will acquire Van Wanrooij for an Enterprise Value of €298m, leading to a purchase price of the shares of €291m at the effective date of 01-01-2023, price will be increased with interest rate till closing
- The acquisition will be conservatively funded through a sub-10 wholly placed with selling shareholders, freely available cash and € 140m new (committed) bank debt
 - Sufficient cash will be retained for operational liquidity needs, ensuring ample headroom for investments in sustainability and working capital
 - Will result in a combined net debt of c.€150 million which corresponds to 1.0x EBITDA at year-end 2023
 - Is expected to contribute directly to the earnings per share and operational cash flow of the combination
- Closing will take place after customary regulatory clearance and is expected during Q3 2023

Agenda

Current strategy of Heijmans Property Development

Strategic rationale of the transaction

Governance and integration

Financial highlights of the combination

Terms of the transaction

Closing remarks

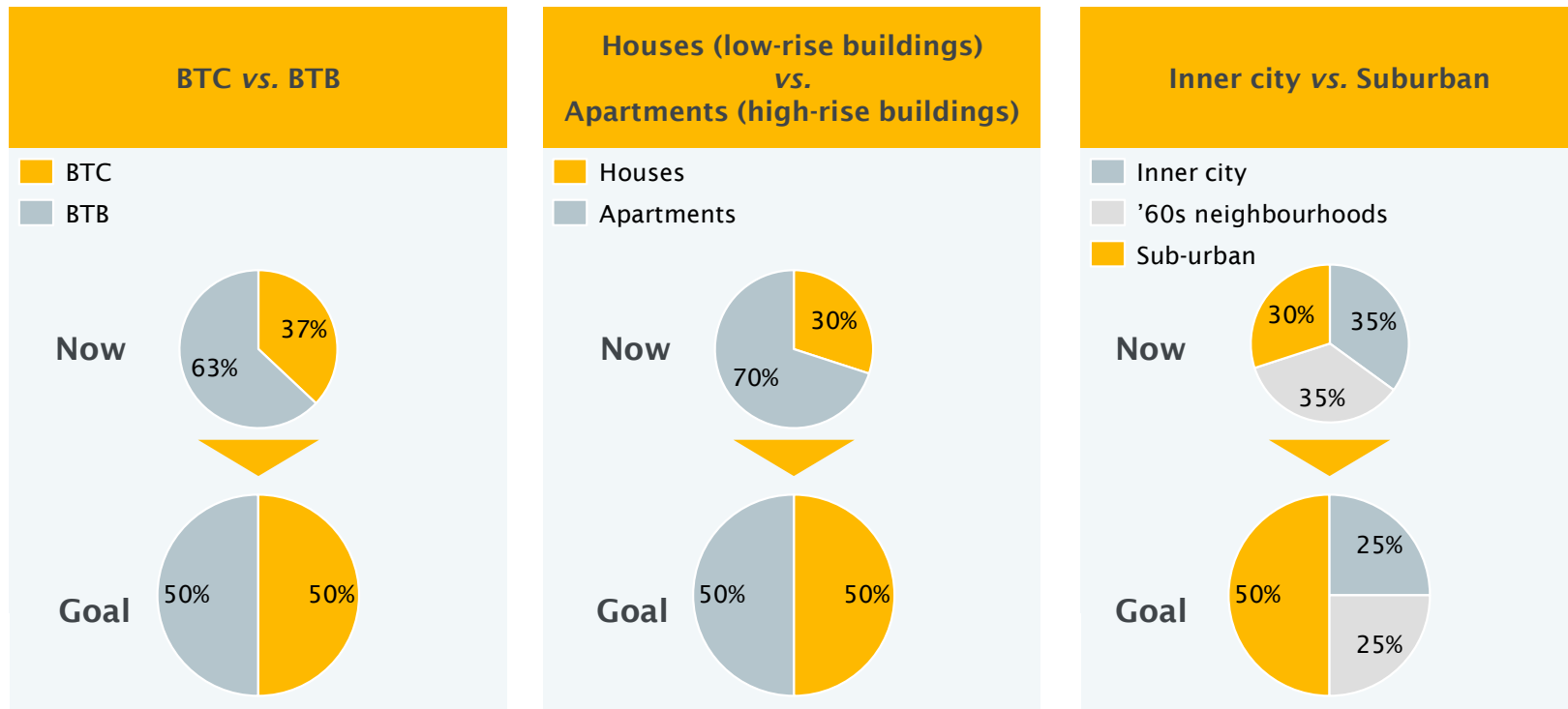
Q&A

Appendix

Heijmans Property Development currently delivers a broad range of inner city and suburban homes...

- Heijmans Property Development has a leading position in area and real estate development, and extensively collaborates with (local) governments and housing corporations
- Development of both large and smaller-scale projects in suburban and inner city areas (both inner city projects and transformation assignments of '60s neighbourhoods)
- Role of both initiator, (area) developer and seller of residential homes
- In-depth knowledge of area development combined with latest developments towards smart cities and energy transition
- Focus on both new-build contracts and inner city transformation assignments and '60s neighbourhoods
- Heijmans' own land bank should enable a continuous stream of projects to the market, where land positions function as an important production mean

... aiming for a mixed land bank in terms of customers, type of homes and locations...

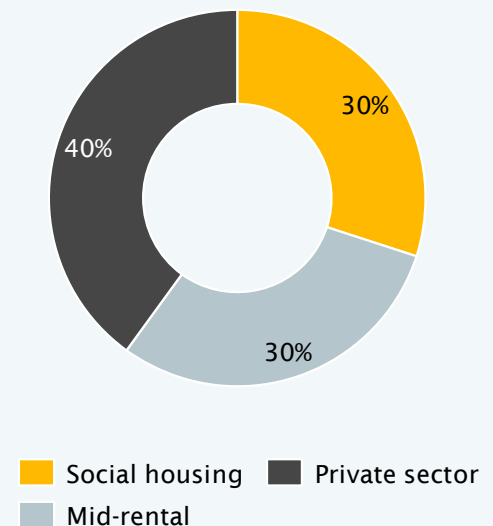


...with a focus on development of affordable and sustainable concepts

Key themes

1. Affordability of housing and offering appropriate solutions for spatial planning and permit issues
2. Increased complexity requires distinctive knowledge, concepts and choices
3. Focus will be on sustainable concepts for stacked construction (urban) and acceleration of our Horizon timber-frame houses and “Woonconcept” houses (suburban)

Property development mix



Agenda

Current strategy of Heijmans Property Development

Strategic rationale of the transaction

Introduction to van Wanrooij

Van Wanrooij's fit with Heijmans' strategic agenda

Governance and integration

Financial highlights of the combination

Terms of the transaction

Closing remarks

Q&A

Appendix

Van Wanrooij is primarily a developer, with a standardised in-house construction business

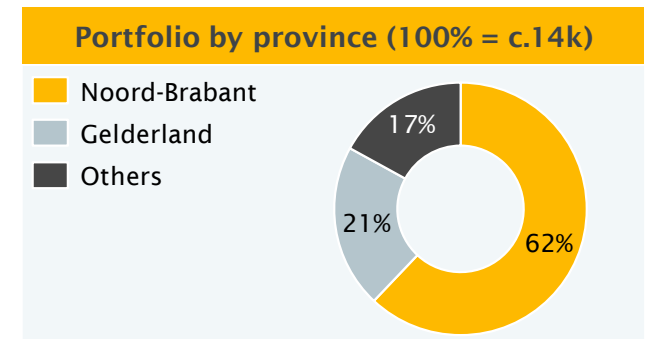
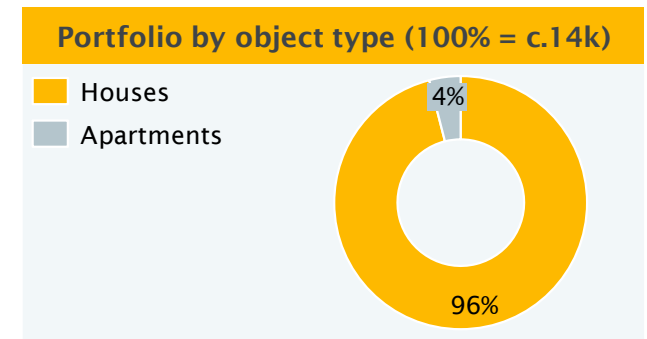


Van Wanrooij has an attractive land bank, highly standardised development concept and efficient organisation

- ① **Highly attractive land bank:** C. 14k homes to be developed - mostly in attractive suburban regions (80% in the greater-Eindhoven area)
- ② **Active in suburban regions:** Primarily active in Brabant, Gelderland and Utrecht and has good relations with local municipalities/parties
- ③ **Excellent property development track record:** On average 1,200 homes developed and sold per year with an average development result in excess of €50k per home
- ④ **In-house construction activities:** Construction company (incl. supporting building materials company and carpentry), with a capacity of 600-700 homes per year
- ⑤ **Strong in conceptual development:** the Optio® concept offers clients a wide range of choices within a fully standardised concept with great design flexibility for the consumer (85% of the portfolio is built with Optio)
- ⑥ **Low organisational costs:** Due to full focus on standardisation and concepts, van Wanrooij has relatively low organisational costs

Highly attractive land bank, primarily in suburban regions

- The vast majority (c.80%) of the portfolio is located in the attractive greater-Eindhoven area
- Primarily focused on suburban developments, having several benefits compared to inner city positions:
 - **Less complexity** in Spatial Planning procedures and permitting;
 - Primarily houses (instead of apartments), enabling **standardisation** of the product;
 - Allows for **realisation of the Horizon product**;
 - Houses (low-rise buildings) are easier to phase in terms of realisation with shorter lead times and therefore have a **lower risk profile**



Strong property development track record

Historical

- Van Wanrooij has a sales & development track record of on average 1,200 homes p.a.
- Development result was very strong in recent years at an average gross margin of >50k per home since 2019

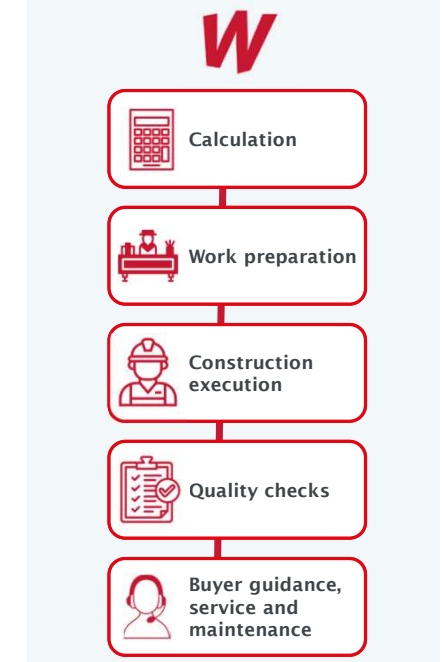
Expectation

- Going forward, Van Wanrooij is expected to continue to deliver 1,000 homes p.a. in the short term, increasing to 1,500 over time
- Taking into account a temporarily challenging housing market, Heijmans conservatively expects development results to decrease to €30k – €40k per home, which has been the basis for its offer price

In-house construction activities with a capacity of 600-700 homes per year

- Construction company that has a capacity of building 600-700 homes per year
- Focuses exclusively on the construction of homes developed by Van Wanrooij's Project Development division
- Builds mainly homes and c.95% of homes are built using the flexible Optio® concept
- Construction company is supported by the building materials company (Bever) and the carpentry factory, which annually accounts for c. €10m EBITDA

Position in the value chain



Agenda

Current strategy of Heijmans Property Development

Strategic rationale of the transaction

Introduction to van Wanrooij

Van Wanrooij's fit with Heijmans' strategic agenda

Governance and integration

Financial highlights of the combination

Terms of the transaction

Closing remarks

Q&A

Appendix

Underlying market characteristics are favourable

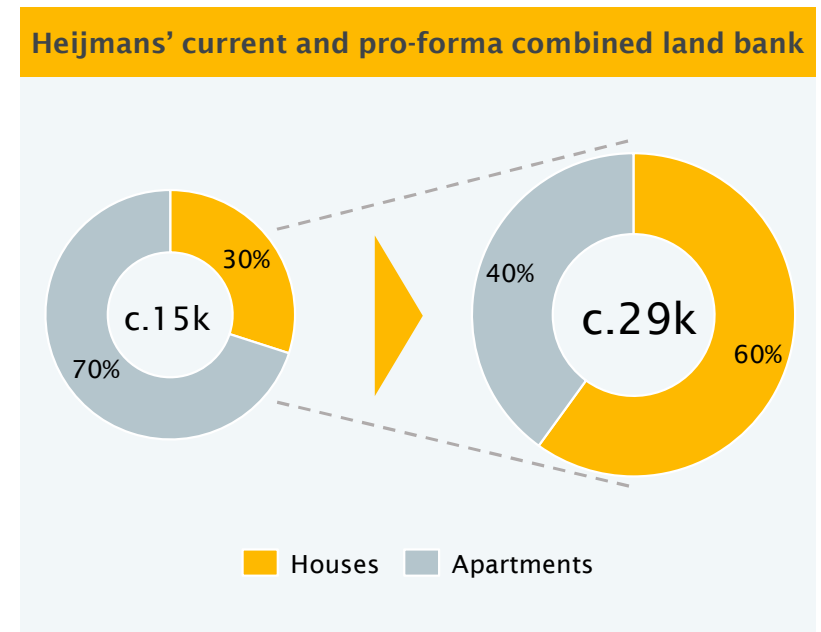
- Despite the current headwind, the underlying market characteristics are favorable for the housing market:
 - Population growth, migration, aging population and smaller average households create **structurally growing demand** for housing;
 - Current **315K house deficit is expected to increase in the short term** driven by the current macro-economic environment, increased regulatory pressure, slow progress in the nitrogen file and low issuance of permits;
 - To address growing shortage, government has set the goal of **building 100k housing units a year** in both inner city and suburban areas(vs. 65-70k in the last 5 years). Dutch market requires 900k homes before 2030;
 - Rising interest rates and inflation have put pressure on affordability of housing; **standardisation in construction** to offer solution through faster and more efficient realisation of houses

The acquisition of Van Wanrooij results in a better balance of the land bank

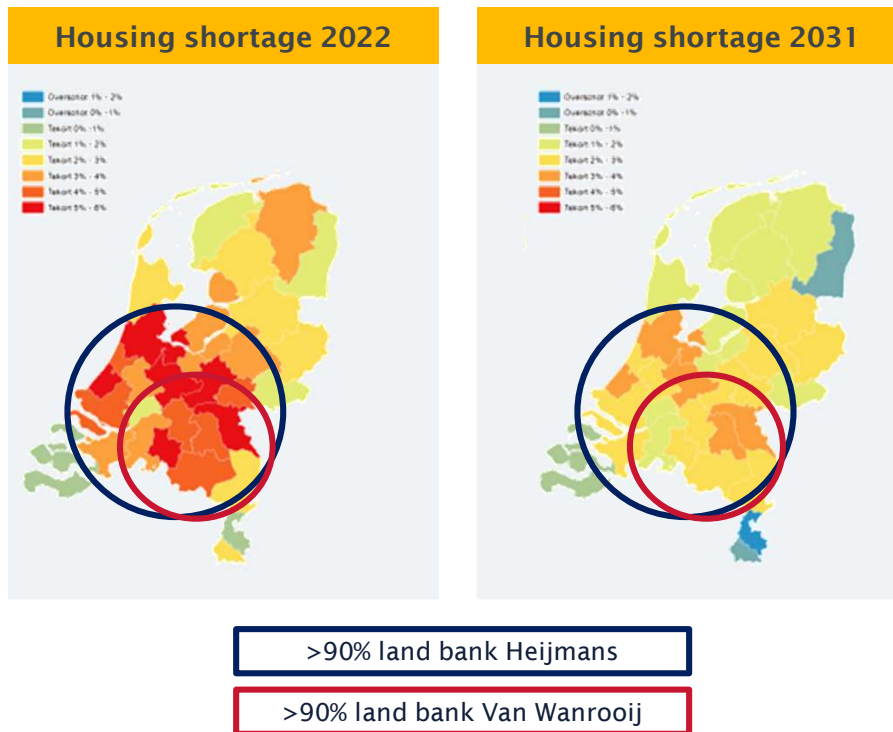
- In recent years Heijmans has successfully developed many suburban areas, replenishment of suburban areas in the land bank is needed
- Inventory of land bank positions, including off-balance sheet rights and obligations, remained relatively stable in 2022, although there is a shift from (suburban) land ownership to (inner-city) development rights and claims
- Heijmans has already indicated the ambition to add to its land holdings in the coming years, whereby focus will be on (freehold) homes in suburban areas, allowing for more conceptual and industrial scale building

Van Wanrooij's land bank offers a direct improvement, both in size and mix

- Van Wanrooij has an attractive land bank, with c.14k homes to be developed
- Offers a direct improvement in the mix of house vs. apartment positions
- Houses are considered attractive given higher margins, lower risk and better ability to phase compared to apartments
- Combined land bank secures development for the near and more distant future. Acceleration is possible when the residential market will grow.



The combined land bank is excellently positioned geographically



- Further population growth - and in particular further growth in the # of households - is leading to a substantial housing shortage, especially in growth areas
- Combined inventory is almost entirely in the areas with the largest (and continuing) shortages

The acquisition provides opportunities to expand our (conceptual) construction activities

Industrial & conceptual construction

- Heijmans aims to build conceptually on an industrial scale with sufficient variety in look & feel and flexibility for the consumer
- In 2022, Heijmans purchased a factory to build timber-frame houses
- First homes to be delivered in H2 2023, further possible scale up to 1,000 homes annually
- Van Wanrooij's portfolio of conceptual houses provides volume to rapidly scale-up the factory

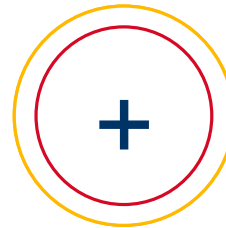
Expand residential Building

- Van Wanrooij expects to develop and sell 1,000 - 1,500 homes annually, while own construction capacity is 600-700 homes
- Remaining homes are built through regional players. In the future Heijmans Residential Building can construct the homes (including with the timber-frame factory Horizon)

Win-win driven by strong cultural fit and complementary skill sets

heijmans

- Flexible, open/transparent and solution-oriented
- Ownership, collaboration, result-orientated
- Strong in area development
- Skilled and loyal workforce
- Brabant based



W

- Entrepreneurial family business
- No-nonsense culture
- Autonomy for the teams
- Strong processes and conceptual thinking
- Skilled and loyal workforce
- Brabant based

Agenda

Current strategy of Heijmans Property Development

Strategic rationale of the transaction

Governance and integration

Financial highlights of the combination

Terms of the transaction

Closing remarks

Q&A

Appendix

Owners will remain involved for 24 months after signing

Owners continue their involvement

- Van Wanrooij will be run independently with current name and own headquarters
- Van Wanrooij's owners are committed to a proper handover and integration and will remain with the company during the first two years after signing
- The owners will be involved in Heijmans for the longer term with a 9% shareholding

Heijmans' involvement and governance

- Van Wanrooij to report directly to Heijmans' Executive Board on the basis of precisely elaborated management regulations
- Heijmans has established a staged integration plan for the coming years to ensure proper transfer of knowledge and best-practices

Agenda

Current strategy of Heijmans Property Development

Strategic rationale of the transaction

Governance and integration

Financial highlights of the combination

Terms of the transaction

Closing remarks

Q&A

Appendix

Van Wanrooij will add €50m - €70m of EBITDA in the medium / long-term

Short-term

- Addition of €30m - €40m of underlying EBITDA¹ p.a., driven by
 - › Incremental sale & development of 1,000 homes p.a.
 - › Incremental construction of 600 homes p.a.
- After closing it will directly positively contribute to the cash flow of the combination

Medium/long-term

- Addition of €50m - €70m of underlying EBITDA p.a., driven by
 - › Incremental sale & development of 1,500 homes p.a.
 - › Incremental construction of 600 homes p.a.
- Heijmans maintains a conservative capital structure after the acquisition and expects a net cash position in 2026

¹) IFRS requires the purchase price to be allocated to tangible and intangible assets (PPA). This will primarily result in a fair value adjustment of land positions and goodwill. Based on an overall estimate, this has an annual downward impact on the reported EBITDA of approximately € 10m. This 'non-cash' effect will be excluded when determining the underlying EBITDA

Agenda

Current strategy of Heijmans Property Development

Strategic rationale of the transaction

Governance and integration

Financial highlights of the combination

Terms of the transaction

Closing remarks

Q&A

Appendix

Key transaction terms

Valuation

- Enterprise value at the effective date: € 298m
- Purchase price shares (excluding the interest rate till closing): € 291m

Conditions

- Customary conditions, including receipt of regulatory clearances

Timelines

- Closing anticipated in Q3 2023
- Effective date as per 1/1/2023

Conservative funding structure

- Acquisition to be financed with
 - › Sub-10 equity issue (amounting to €23.5m), to be placed in full with selling shareholders, with 3 year lock-up period underpinning selling shareholders' confidence in the combination
 - › €150 million from freely available cash balances
 - Sufficient cash will be retained for operational liquidity needs, ensuring ample headroom for investments among other things in sustainability and working capital
 - › Remainder from expansion of committed new bank debt financing
 - €80 million 4-year Term Loan A
 - Raising the RCF by €60 to €177.5m million and extending the RCF for 5 years after closing (end of 2028)
- Transaction to result in a combined net debt of c. €150 million at year-end 2023 (corresponding to c. 1.0x EBITDA)

Agenda

Current strategy of Heijmans Property Development

Strategic rationale of the transaction

Governance and integration

Financial highlights of the combination

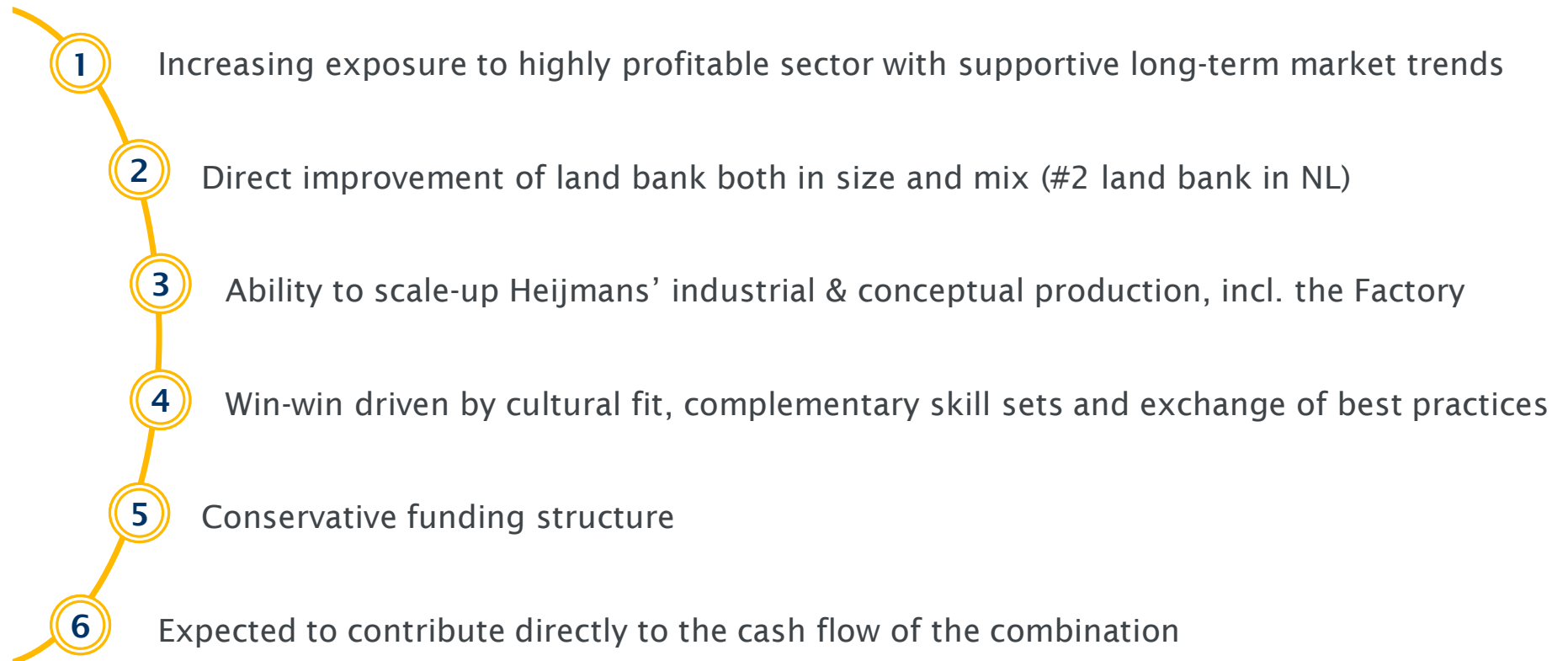
Terms of the transaction

Closing remarks

Q&A

Appendix

Compelling investment case for the combined company

- 
- 1 Increasing exposure to highly profitable sector with supportive long-term market trends
 - 2 Direct improvement of land bank both in size and mix (#2 land bank in NL)
 - 3 Ability to scale-up Heijmans' industrial & conceptual production, incl. the Factory
 - 4 Win-win driven by cultural fit, complementary skill sets and exchange of best practices
 - 5 Conservative funding structure
 - 6 Expected to contribute directly to the cash flow of the combination

Agenda

Current strategy of Heijmans Property Development

Strategic rationale of the transaction

Governance and integration

Financial highlights of the combination

Terms of the transaction

Closing remarks

Q&A

Appendix

Questions & Answers

Agenda

Current strategy of Heijmans Property Development

Strategic rationale of the transaction

Governance and integration

Financial highlights of the combination

Terms of the transaction

Closing remarks

Q&A

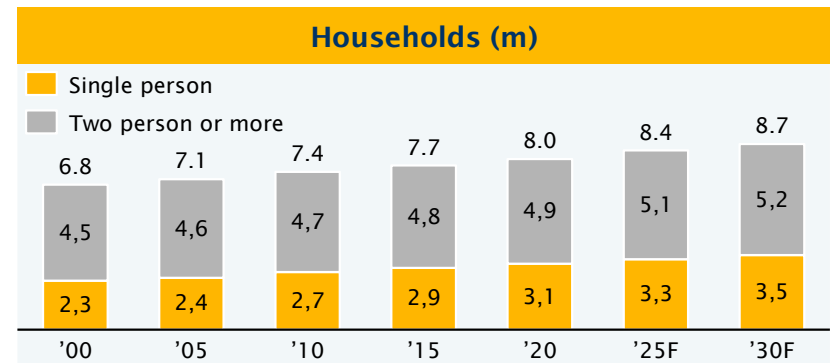
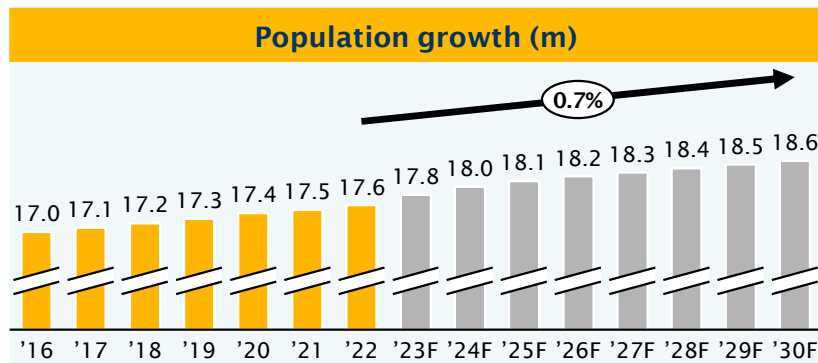
Appendix

Views on current market dynamics

Koop-aannemingsovereenkomst (KAO) vs. gescheiden koop-aanneming (GKA)

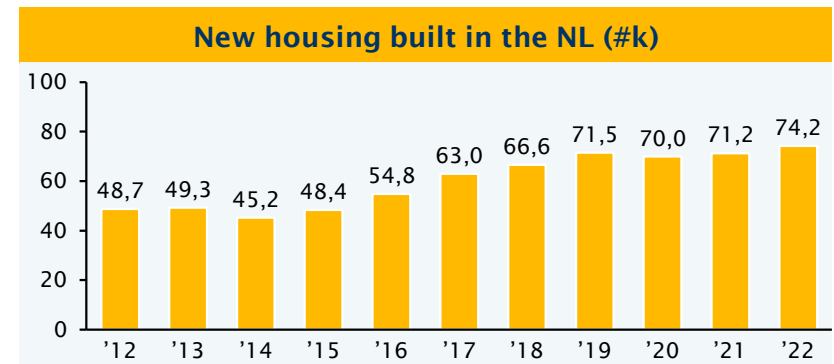
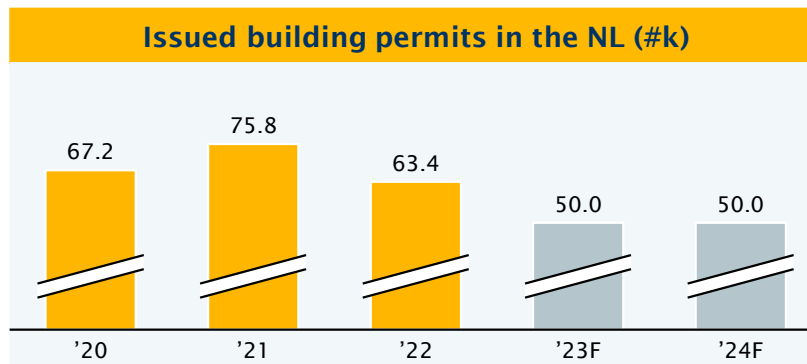
Details on funding structure

Population growth and aging population create structurally growing demand for housing



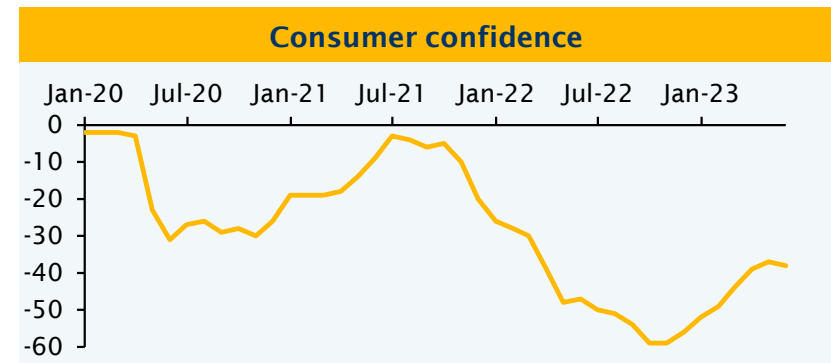
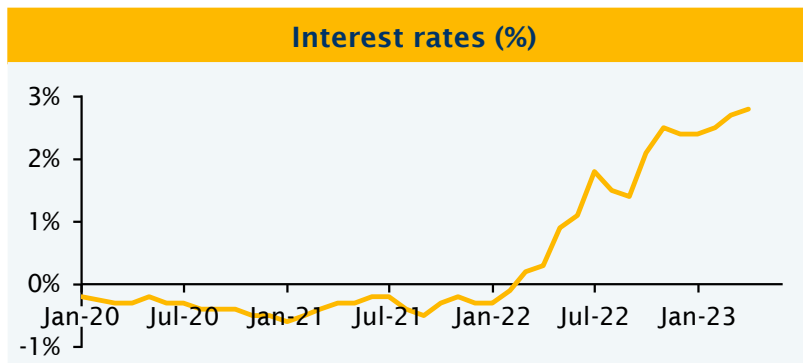
- Dutch population expected to grow at a CAGR of 0.7% in the coming years
- Average household size in the Netherlands is decreasing, due to a growing number of people living alone as a result of an aging society, leading to a growing number of households

Combined with a backlog of issued permits, this will lead to an increasing housing shortage



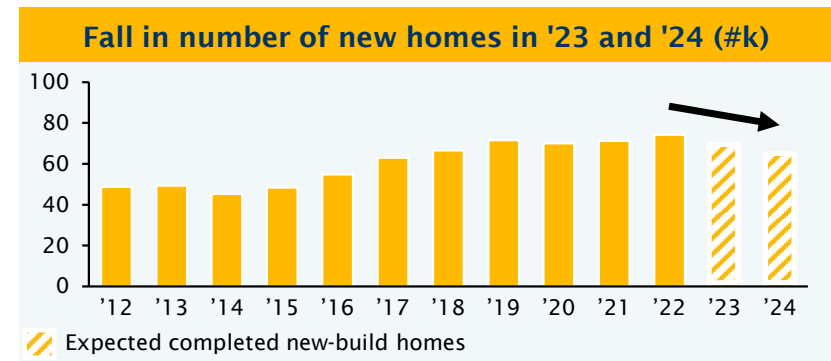
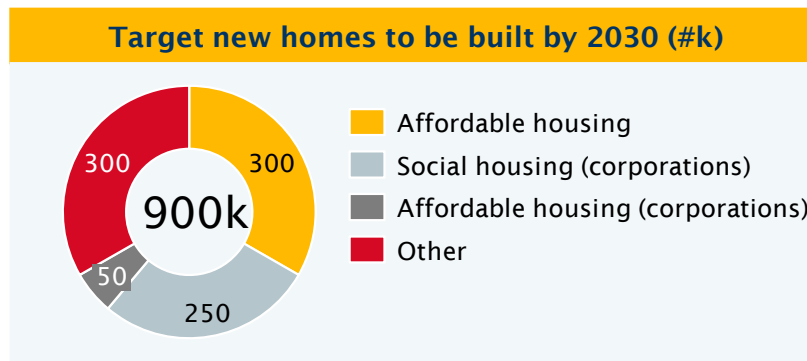
- Current housing deficit: 315K houses or 3.9% of total stock, where 2% is seen as the limit for 'normal' proportions
- Deficit expected to further increase in the short term as production levels are restricted driven by increased regulatory pressure, slow progress in the nitrogen file and low issuance of permits

Despite short-term challenges...



- Rapidly rising mortgage interest and energy costs over the last year have resulted in reduced borrowing capacity and lower consumer confidence, leading to lower numbers of houses sold and increased supply
- Prices of new build still remain reasonable, while prices of existing homes are falling, driven by a shift in demand towards more sustainable and energy efficient homes

... long-term demand for housing needs to be addressed

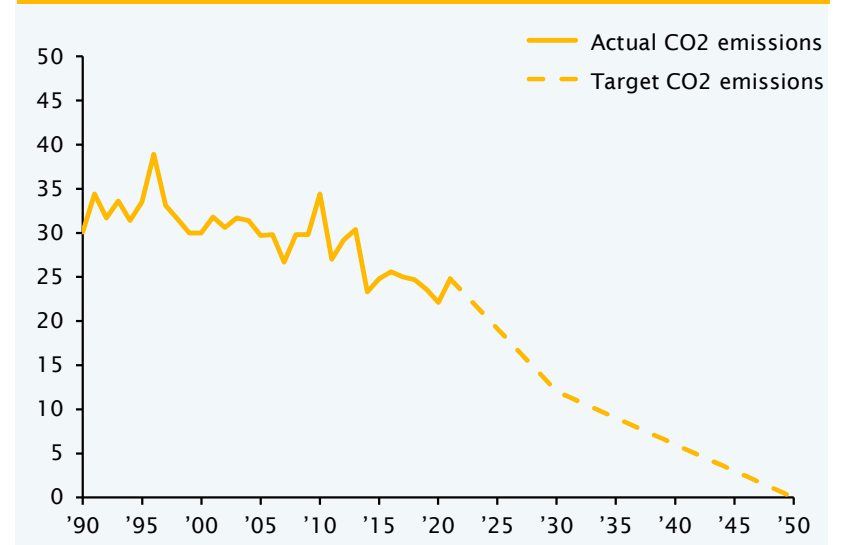


- Government has set the goal of building 100k housing units a year so that a total of 900k units are built by 2030
- Government stimulates the sector with a package of measures (including Housing Impulse, abolishing landlord levy and amending regulations) to achieve this goal
- At the same time, the number of completed new homes is expected to fall further in 2023 and 2024 due to the current backlog in the granting of permits (the average time between permit and final realisation is 1.5 to 2 years)

With the shift to more sustainable construction...

- Shift to sustainable, energy-efficient and climate-neutral construction following the Paris Climate Agreement and the Nitrogen Reduction and Nature Improvement Act
- Government obligation to limit the emission of nitrogen compounds into the air when carrying out construction work

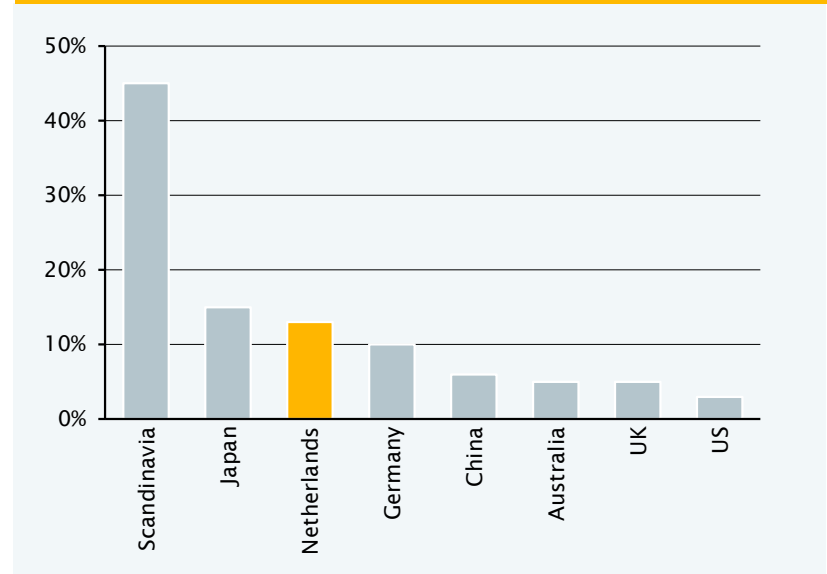
Greenhouse gas emissions built environment (Mton/yr)



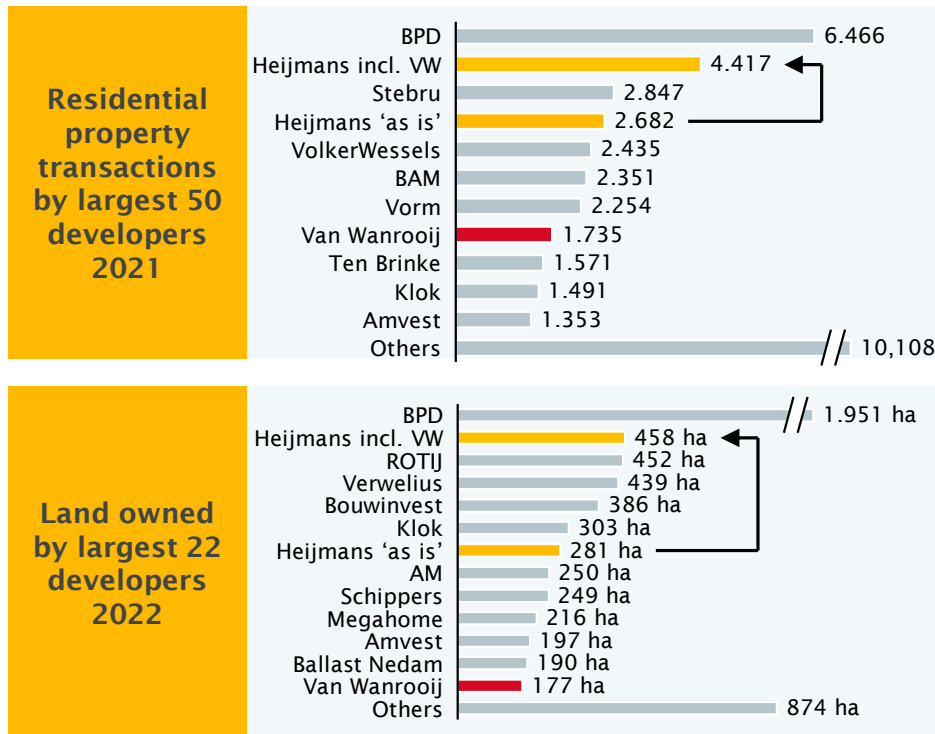
... increased standardisation in construction processes is expected to address challenges

- Standardized construction processes such as modular construction are an innovative and efficient way to meet sustainability requirements
- A standardised construction process ensures low development and construction costs and quicker, more efficient realisation of homes

Share prefab construction in housing development (%)



Consolidation within the sector will help capture the opportunity and address challenges



- Real estate development and housing market is highly fragmented
- Economies of scale, chain control and industrialisation are needed to meet current challenges
 - Increased complexity
 - Scarcity of personnel
 - Scarcity of materials
 - Increased procedural aspects

Source: PropertyNL, CoBouw & Follow the Money

Agenda

Current strategy of Heijmans Property Development

Strategic rationale of the transaction

Governance and integration

Financial highlights of the combination

Terms of the transaction

Closing remarks

Q&A

Appendix

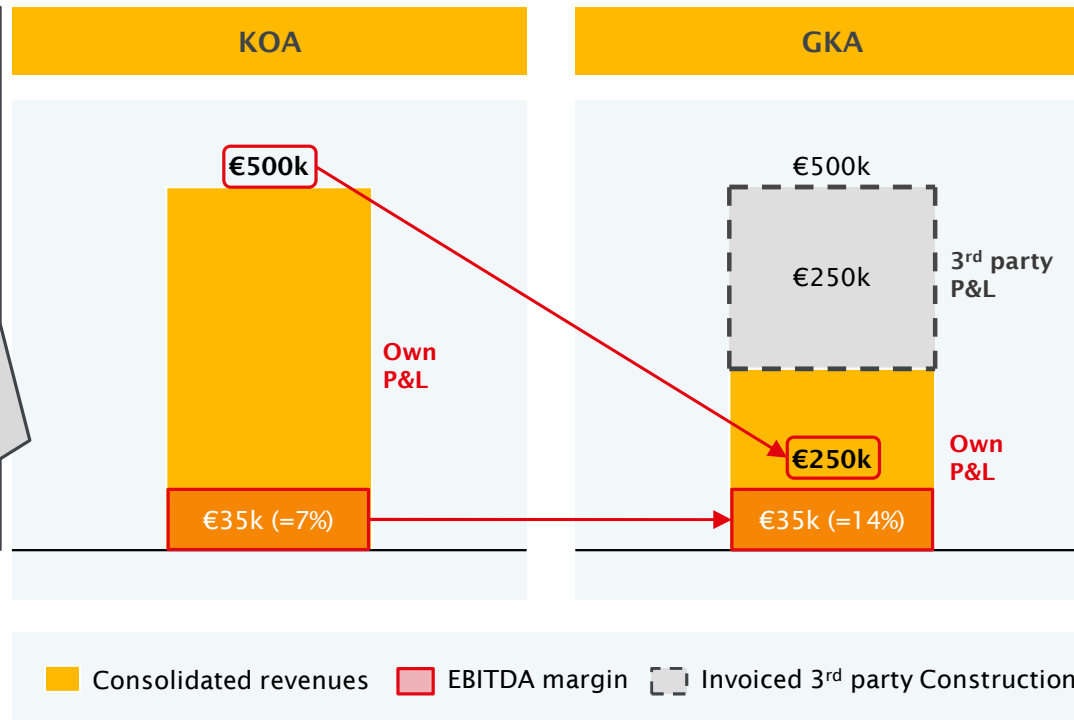
Views on current market dynamics

Koop-aannemingsovereenkomst (KAO) vs. gescheiden koop-aanneming (GKA)

Details on funding structure

Koop-aannemingsovereenkomst (KAO) vs. Gesplitste koop-aanneming (GKA) ¹

- Assumptions:**
- €500k total revenues per house
 - All construction activities are performed by third parties
 - 50%/50% Construction and Development revenues
 - EBITDA target margin of 7% for Development



- Under KAO, construction revenues are accounted for on the P&L of Property Development and construction costs are invoiced
- Under GKA, construction revenues are not accounted for under Project Development; as a result, total revenues are lower (250k vs. 500k on the left)
- In addition to this example, total profit under GKA is taken immediately upon the sale of the house vs. in proportion to the progress of construction as under KAO (difference in timing)

1) Conceptual (not based on actual numbers) and simplified

Agenda

Current strategy of Heijmans Property Development

Strategic rationale of the transaction

Governance and integration

Financial highlights of the combination

Terms of the transaction

Closing remarks

Q&A

Appendix

Views on current market dynamics

Koop-aannemingsovereenkomst (KAO) vs. gescheiden koop-aanneming (GKA)

Details on funding structure

Details on bank financing (1/2)

- Fully committed expansion of bank financing with the current banking consortium (ABN AMRO, ING and Rabobank), to take effect upon closing
- €80 million Term Loan A
 - Repaid on a quarterly basis in 4 years after closing
 - Interest margin of 1.9% - 2.9%, depending on the Leverage Ratio
- Amend & extend of current RCF by €60 million to €177.5 million
 - Term extended from end of 2025 to 5 years after closing (c. end of 2028)
 - Reduced to € 150 million in the fifth year after closing

Details on funding structure (2/2)

- Financial covenants and the security package remain unchanged
- Heijmans expects an opening Leverage Ratio (net debt / rolling EBITDA) close to 1.0, which results in interest margins after Closing in a range of 2.15-2.50%
- RCF is used for the financing the transaction, headrooms remains at a robust level
- Heijmans expects to return to a positive net cash position around 2026 driven by the combination's positive cash flows
- At the end of 2023, solvency is not expected to deviate materially from the reported solvency for 2022 (29%).

heijmans