

“COMPAGNIE D'ENTREPRISES CFE”
in Dutch “AANNEMINGSMAATSCHAPPIJ CFE”
abbreviated CFE”
a public limited company (*société anonyme*)
Registered office: Avenue Herrmann-Debroux 40-42, Auderghem, 1160 Brussels
Register for legal entities (Brussels) number: 0400.464.795

Special Report of the Board of Directors
pursuant to Article 602-1 of the company Code

I. The purpose of this report

1. This report has been prepared by the Board of Directors of CFE (hereinafter also referred to as the “Company”) pursuant to Article 602-1 of the company Code, in support of the proposal submitted to the Company’s General Meeting to increase the authorised share capital in consideration of a contribution in kind by the limited liability company Ackermans & van Haaren, whose registered office is at Begijnenvest 113, 2000 Antwerp (company number 0404.616.494 (Antwerp Companies Registry)) (hereinafter “AvH”), of 2,256,450 registered shares of the limited liability company Dredging, Environmental & Marine Engineering NV, whose registered office is at Scheldedijk 30, 2070 Zwijndrecht, Belgium (company number 0400.473.705) (RLE Antwerp)) (hereinafter “DEME”), and the issuance of 12,222,222 new shares of the Company, as more fully described below (the contribution in kind which is the subject of this report being hereinafter referred to as the “Contribution in Kind”).

II. Description of the Contribution in Kind and the context of the operation

2. The Contribution in Kind will consist of 2,256,450 DEME shares. DEME’s capital is represented by 4,538,100 shares, of which 2,256,450 (49.72%) are owned by AvH, 2,256,450 (49.72%) are owned by the Company, and 25,200 (0.56%) are owned by the company DREDGING INTERNATIONAL NV, a wholly-owned subsidiary of DEME. All the shares issued by DEME benefit from the same rights and are subject to the same obligations. DEME is currently controlled jointly by the Company and by AvH.

The 2,256,450 shares which are the subject of the Contribution in Kind are registered shares, without nominal value, and are recorded in the shareholders' register under the numbers 1,600,001 to 1,793,200, 2,020,901 to 3,120,000, 3,509,601 to 4,450,450 and 4,489,801 to 4,512,900. The shares will be transferred with all rights attached thereto, including the right to any dividend relating to the financial year 2013 and subsequent financial years.

The proposal to the General Meeting is, in consideration of the Contribution in Kind, to issue 12,222,222 new shares of the Company, which will be subscribed by AvH at a subscription price of €45 per share. The new shares will be issued at their accounting par value, namely €1.63264 per share. They will benefit from the same rights and be subject to the same obligations as the existing shares. They will carry a right to any dividend relating to the financial year 2013 and subsequent financial years. They will be issued in the form of registered shares, and will represent 48.28% of the Company's authorised share capital and voting rights.

If the operation that is the subject of this report is approved by the General Meeting, and if the conditions precedent referred to below are met, the authorised share capital will be increased by an amount of €19,954,510.99, from €21,374,971.43 to €41,329,482.42. The difference between the total subscription price (€550,000,000) and the amount of the capital increase (namely €530,045,489.01) will be accounted for as an "issue premium" which, like the authorised share capital, constitutes the security given to third parties, and can only be reduced pursuant to a regular decision of the General Meeting taken in accordance with the provisions of the company Code that apply to the modification of the articles of association.

3. The decision to proceed with this capital increase will be submitted to an Extraordinary General Meeting of the Company convened by the Board of Directors on 13 November 2013. In accordance with Articles 581 and 558 of the company Code, this meeting may only validly deliberate and make a decision if the shareholders, being present or represented, represent at least half of the Company's shares. If this condition is not met, a further General Meeting will be convened on 2 December 2013, and this second General Meeting will be able to deliberate validly regardless of the number of shareholders present or represented.

In order for a valid decision to be made on the capital increase, it must receive three quarters of the votes of those attending or represented at the General Meeting.

4. The decision to complete the capital increase will be subject to the following conditions precedent:
 - (i) approval by the European Commission on the basis of Regulation no. 139/2004 of 20 January 2004, and, if necessary, by any other authority with jurisdiction pursuant to any other applicable regulation without whose approval the capital increase referred to above could not validly be completed, of AvH's acquisition control of CFE as a result of completion of the capital increase referred to above and of the transfer to AvH by Vinci Constructions SAS, whose registered office is at 5 Cours Ferdinand-de-Lesseps, F-92851 Reuil-Malmaison, of 3,066,440 CFE shares, followed by the mandatory takeover bid as announced in the press release of Vinci SA and AvH on 19 September 2013 (hereinafter the "Approvals"),

- (ii) the Bel20 index has not fallen, at the date of the day preceding the completion of the capital increase, by 25% or more, from its closing value at 19 September 2013 (namely 2,841.30 points), the absence of such fall being assessed on the basis of the closing value at the said date.

Note: (1) that in the event that the condition precedent referred to in (i) above is met, the capital increase will be completed on a date to be agreed between the Company, AvH and Vinci SA (but at the latest within five business days of the communication of the Approvals in accordance with (i) above), provided that on that date the condition precedent referred to in (ii) has also been met; and (2) that if each and every one of the conditions precedent referred to in (i) and (ii) above has not been met, so that the capital increase has not been completed by 30 March 2014 at the latest, this decision will automatically be null and void and will cease to have any effect.

- 5. The Contribution in Kind will take place in the context of an agreement concluded between AvH and Vinci SA, which, through its subsidiary Vinci Construction SAS. (hereinafter "Vinci"), owns a stake of 46.84% in the Company's capital.

This agreement, as published on 19 September 2013, provides that:

- (i) The Company's Board of Directors will be asked to convene an Extraordinary General Meeting to decide upon a capital increase by way of a contribution in kind of DEME Shares, as more fully described in this special report. Vinci, as the Company's reference shareholder, has undertaken to vote in favour of this capital increase.
- (ii) Vinci will sell half its stake in the Company to AvH, namely 23.42% (before the capital increase referred to above), at a price of €45 per share.

Completion of these two operations is subject to conditions precedent, and in particular (i) approval of the capital increase by the Extraordinary General Meeting; and (ii) authorisation of the operation by the European Commission.

Following these two operations, CFE will be DEME's sole shareholder, while AvH will have a stake of 60.39% in the Company.

Following these operations and the threshold of 30% having been exceeded, AvH will launch a mandatory takeover bid for the Company's shares owned by the public, at a price of €45 per share.

III. Advantages of the Contribution in Kind and of the capital increase

- 6. The Contribution in Kind will allow the Company to acquire exclusive control of DEME, one of the largest and diversified dredging and marine works companies in the world.

The Company will be able to develop major synergies both between its contracting and dredging activities and in the area of concessions, and will obtain the full benefit of DEME's international commercial network.

7. The capital increase will cover the payment for the Contribution in Kind and will strengthen the Company's equity capital by an amount of €550,000,000.

IV. Methods of assessment and valuation of the Contribution in Kind

8. The Company has determined the value of the Contribution by using the method of market multiples applied to EBITDA (Earnings before interest, taxes, depreciation and amortization) on the basis of the 2013 and 2014 business plans. It is common practice to use this method to value businesses active in this business sector.

The valuation used by the Board of Directors is the average of the valuations based on EBITDA for the financial years 2013 and 2014 (the EBITDA margin relating to these two financial years being in line with the performance achieved during the financial years 2010, 2011 and 2012) to which a multiple of 5 has been applied, less DEME's estimated average debt at the end of those financial years. Using this approach, the Contribution is valued at €695,500,000. Valuations based on higher multiples have not been taken into account.

The Board of Directors has also valued the Contribution in Kind on the basis of the discounted cash flow method applied to the aforementioned business plan for the financial years 2013 and 2014, the Company's investment plans, and the long-term projections underpinned by the macroeconomic prospects for the sector. The weighted average cost of capital (WACC) is 8.9%. This discounted cash flow method resulted in a valuation of €840 million.

The Board of Directors has adopted the lower valuation, of €695,500,000.

9. The Board of Directors notes that the value for the contribution agreed between AvH and Vinci in the context of their publicly announced agreement, namely €550,000,000, is lower than the lowest valuation adopted by the Board of Directors, namely €695,500,000.

The Contribution in Kind as valued by AvH and Vinci is therefore not overvalued.

The auditor's report confirms this.

V. Payment for the Contribution in Kind

10. The Company has valued its non-DEME activities using the same multiples method, but taking the specific nature of its businesses into account. The value of the real estate portfolio has been determined on the basis of the value of the net assets (stock of projects net of financial debt) increased by a yield in accordance with market practice and with the performance expected by the Company for this activity in its

business plan (on the basis of an IRR post-tax of 10%). This leads to a valuation of €36 million.

This valuation of the businesses based simultaneously on an average of multiples used for the contracting activity and for the related « holding » (i.e. 3 for 2013 and 2,15 for 2014) and on the resulting average valuations for the financial years 2013 and 2014, as well as on a specific valuation of the real estate portfolio referred to above, gives an amount of €45 million.

By combining the valuation of the Contribution in Kind and that of CFE's own activities, the Board of Directors has been able to arrive at an exchange ratio as follows:

- Value of the DEME contribution: €695,500,000
- Value of CFE's business including DEME: €740,500,000
- Total: €1,436,000,000

or 12,296,647 new shares for 13,092,260 existing shares.

On the basis of the valuations adopted by the Board of Directors, the payment in new shares determined by agreement between AvH and Vinci in the context of their publicly announced agreement, namely 12,222,222 new shares for 13,092,260 existing shares, is slightly more favourable for the existing shares than the payment in new shares that would result from the valuation adopted by the Board of Directors, which would involve the issuance of 12,296,647 new shares for 13,092,260 existing shares.

11. With regard to the dividend, the Board of Directors has obtained AvH's assurance that 100% of DEME's dividend relating to the financial year 2013 will be allotted to CFE, which means that the new shares to be issued to pay for the Contribution in Kind will be entitled to the whole of the 2013 dividend, the decision as to the distribution of which will be a matter for the Ordinary General Meeting.

VI. Fairness Opinion

12. The fairness opinion issued on 2 October 2013 by ING Belgique (Appendix 1) contains the following conclusion: *“based upon and subject to the foregoing, it is our opinion that, as at the date of the Opinion, the Transaction, as such as well as proposed within the framework of the Envisaged Operation (as the latter is described in any publicly available information), is fair, from a financial point of view, for CFE and for its minority shareholders (excluding VINCI)”*.

VII. The Auditor's Report

13. The Auditor's Report prepared pursuant to Article 602 of the company Code is attached in Appendix 2.

This report's conclusions are as follows:

“The contribution in kind of €550 million by way of a capital increase of the company Compagnie d’Entreprises CFE SA involves the contribution by Ackermans & van Haaren NV of its stake (2,256,450 shares) in the company D.E.M.E. NV.

The operation has been audited in accordance with the standards laid down by the Institute of Company Auditors with regard to contributions in kind. The Company's Board of Directors is responsible for the valuation of the contributed assets, as well as for determining the number of shares to be issued in consideration of the contribution in kind.

Having completed our auditing work, we are of the opinion that:

- *The description of each contribution in kind satisfies the normal conditions as to precision and clarity;*
- *The method of valuation of the contribution in kind adopted by the parties is, in the circumstances and under the conditions described in Chapter 4 of this Report, justified by the principles of business economics, and the contribution value resulting from this valuation method corresponds mathematically at least to the number, accounting par value and issue premium of the shares to be issued in consideration of the contribution, and accordingly the contribution in kind is not overvalued.*

The payment for the contribution in kind consists of 12,222,222 shares of the company Compagnie d’Entreprises CFE SA, without nominal value.

Finally, we should point out that in accordance with the standards laid down by the Institute of Company Auditors, our mission does not require us to issue an opinion on the legitimate and fair nature of the operation, on the value of the contribution or on the compensation to be allotted in exchange.”

14. The Board of Directors has not departed from the conclusions of the auditor's report.

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This report was adopted by the Board of Directors on 3 October 2013.

For the Board of Directors of CFE

Its CGO, represented by Philippe Delaunois,
permanent representative, Chairman of the
Board of Directors

Renaud Bentegeat
Chief Executive Officer

Attachments:

1. Fairness opinion
2. Auditor's report prepared pursuant to Article 602 of the company Code