

This Offer expires at 17:40 hours CET on 16 December 2015 unless extended

## OFFER MEMORANDUM

dated 20 October 2015

### RECOMMENDED CASH OFFER

BY

#### TENNESSEE ACQUISITION B.V.

(a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, with its corporate seat in Amsterdam, The Netherlands)

FOR ORDINARY SHARES IN THE SHARE CAPITAL OF  
**KONINKLIJKE TEN CATE N.V.**



(a public limited liability company (*naamloze vennootschap*)  
incorporated under the laws of The Netherlands, with its corporate seat in Almelo, The Netherlands)

This offer memorandum (the "**Offer Memorandum**") contains the details of, and the terms and conditions and restrictions to, the recommended public offer within the meaning of article 5:76 of the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*) ("**Wft**") made by Tennessee Acquisition B.V. (the "**Offeror**") to all holders of issued ordinary shares with a nominal value of EUR 2.50 (the "**Shares**"; holders of such Shares being referred to as "**Shareholders**") in the share capital of Koninklijke Ten Cate N.V. ("**TenCate**" or the "**Company**") to purchase for cash their Shares on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum (the "**Offer**"). Capitalised terms used in this Offer Memorandum have the meaning as set out in Section 2 (*Definitions*). As at the date of this Offer Memorandum, 27,454,241 Shares are issued and subject to the Offer.

Shareholders tendering their Shares under the Offer will be paid, on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum, in consideration of each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) by such Shareholder and delivered (*geleverd*) to the Offeror, a cash amount of EUR 24.60 per Share (cum dividend) (the "**Offer Price**") without interest and subject to any required withholding of taxes. If, on or after the date hereof but on or prior to the Settlement Date (as defined below), any cash or share dividend or other distribution is declared in respect of the Shares and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date, the Offer Price will be decreased by an amount per Share equivalent to any such cash or share dividend or other distribution per Share.

The executive board (*raad van bestuur*) of the Company (the "**Executive Board**") and the supervisory board (*raad van commissarissen*) of the Company (the "**Supervisory Board**", and together with the Executive Board the "**Boards**") fully support and unanimously recommend the Offer to the Shareholders for acceptance. Reference is made to Section 3.8 (*Decision-making and Recommendation by the Boards*) and the Position Statement (as defined below).

Certain major shareholders of the Company, namely Delta Lloyd Deelnemingen Fonds N.V., Delta Lloyd Levensverzekering N.V. and Delta Lloyd L European Participation Fund, have agreed to an irrevocable undertaking to support and accept the Offer and to tender all Shares held by them as per the Acceptance Closing Date (as defined below) and to vote in favour of the Resolutions (as defined below) under the terms and conditions set out in the irrevocable undertakings. In addition, Mr Louis (Loek) de Vries (as President and CEO of TenCate) has also irrevocably agreed with the Offeror that, provided that the Boards continue to recommend

the Offer, he will support and accept the Offer. These irrevocable undertakings together represent approximately 16% of all issued and outstanding Shares.

The Acceptance Period (as defined below) under the Offer commences at 09:00 hours CET, on 22 October 2015 and, unless extended, expires at 17:40 hours CET, on 16 December 2015 (such time, as may be extended in accordance with article 15 of the Decree on public offers Wft (*Besluit openbare biedingen Wft*, the "**Takeover Decree**") being referred to as the "**Acceptance Closing Time**" and the day on which the Acceptance Closing Time occurs being referred to as the "**Acceptance Closing Date**", as may be extended in accordance with article 15 of the Takeover Decree, being referred to as the "**Postponed Closing Date**"). Acceptance under the Offer must be made in the manner specified in this Offer Memorandum.

Shares tendered on or prior to the Acceptance Closing Time may not be withdrawn, subject to the right of withdrawal of any tender of Shares during the Offer Period in accordance with the provisions of article 5b, paragraph 5, article 15, paragraphs 3 and 8 and article 15a paragraph 3 of the Takeover Decree. See Section 4.5 (*Withdrawal rights*).

The Offer is subject to the fulfilment of the Offer Conditions (as defined below), including, but not limited to, the number of Shares having been tendered for acceptance on the Acceptance Closing Date, together with (i) any Shares directly or indirectly held by the Offeror or any of its Affiliates at the Acceptance Closing Date; and (ii) any Shares committed to the Offeror, or any of its Affiliates, in writing, representing at least 95% of the Shares (excluding any Shares held by the Company or any of its Group Companies at the Acceptance Closing Date) on a fully diluted basis as at the Acceptance Closing Date. The Offeror and the Company each reserve the right to waive certain Offer Conditions to the extent permitted by law and the terms and conditions of the Merger Agreement (as defined below). See Section 3.9 (*Offer Conditions*).

The Offeror reserves the right to extend the Offer past the Acceptance Closing Time. If the Offer is extended past the Acceptance Closing Time, the Offeror will make an announcement to that effect in accordance with the Takeover Decree. See Section 4 (*Invitation to Shareholders*). The provisions of article 15, paragraph 2 of the Takeover Decree require that such an announcement be made within three (3) Business Days following the initial Acceptance Closing Time.

Unless the Acceptance Period is extended, the Offeror will, in accordance with article 16, paragraph 1 of the Takeover Decree, announce on a day within three (3) Business Days following the Acceptance Closing Date if it declares the Offer unconditional (*gestand wordt gedaan*) (the date on which the Offeror announces that it declares the Offer unconditional being referred to in this Offer Memorandum as the "**Unconditional Date**"). In such announcement, the Offeror will also confirm the aggregate value, the number and the corresponding percentage of Shares tendered to the Offeror prior to the Acceptance Closing Time.

Announcements stating that the Offeror declares the Offer unconditional (*gestand wordt gedaan*) and announcements concerning an extension of the Offer past the Acceptance Closing Time will be made by press release, a copy of which will be made available on the Company's website at [www.tencate.com](http://www.tencate.com). See Section 4.12 (*Announcements*).

In the event that the Offeror declares the Offer unconditional (*gestand wordt gedaan*), the Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and transferred (*geleverd*) their Shares for acceptance pursuant to the Offer prior to or on the Acceptance Closing Time (each of these Shares, a "**Tendered Share**") will receive promptly, but in any event within five (5) Business Days following the Unconditional Date (the "**Settlement Date**"), the Offer Price in respect of each Tendered Share.

Neither the U.S. Securities and Exchange Commission ("**SEC**") nor any securities commission of any State of the United States has: (i) approved or disapproved of the Offer, (ii) passed upon the merits or fairness of the Offer or (iii) passed upon the adequacy or accuracy of the disclosure in this Offer Memorandum. Any representation to the contrary is a criminal offence in the United States.

The information required by article 18, paragraph 2 of the Takeover Decree in connection with the Offer is included in the position statement of the Boards (the "**Position Statement**"). The Position Statement, including all appendices thereto, does not form part of this Offer Memorandum and has not been reviewed or approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten* or "**AFM**") prior to publication.

At 14:00 hours CET on 7 December 2015, such date being at least six (6) Business Days (as defined below) prior to the Acceptance Closing Date, an extraordinary general meeting of Shareholders will be convened, at which meeting the Offer, among other matters, will be discussed in accordance with article 18, paragraph 1 of

the Takeover Decree. In addition, certain resolutions will be proposed to the EGM in connection with the Offer. Reference is made to Section 3.5.3 (*Extraordinary General Meeting of Shareholders of TenCate*) and the Position Statement.

**This Offer Memorandum has been prepared in accordance with article 5:76 of the Wft in conjunction with the provisions of article 8 of the Takeover Decree and has been approved by the AFM in accordance with the provision of article 8 of the Takeover Decree on 20 October 2015.**

**THIS OFFER MEMORANDUM CONTAINS DETAILED INFORMATION CONCERNING THE OFFER FOR SHARES AND THE PROPOSED TRANSACTIONS AS THEY RELATE TO THE OFFEROR. THE OFFEROR RECOMMENDS THAT YOU READ THIS OFFER MEMORANDUM CAREFULLY.**

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## 1. RESTRICTIONS AND IMPORTANT INFORMATION

### 1.1 Restrictions

The Offer is being made in and from The Netherlands with due observance of the statements, conditions and restrictions included in this Offer Memorandum. The Offeror reserves the right to accept any tender under the Offer, which is made by or on behalf of a Shareholder, even if such a tender has not been made in the manner set out in this Offer Memorandum.

The distribution of this Offer Memorandum and/or the making of the Offer in jurisdictions other than The Netherlands may be restricted and/or prohibited by law. The Offer is not being made, and the Shares will not be accepted for purchase from or on behalf of any Shareholder, in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by the terms of this Offer Memorandum. However, acceptances of the Offer by Shareholders not residing in The Netherlands will be accepted by the Offeror if such acceptances comply with (i) the acceptance procedure set out in this Offer Memorandum and (ii) the applicable laws and regulations in the jurisdiction from which such acceptances have been made. Persons obtaining the Offer Memorandum are required to take due note and observe all such restrictions and obtain any necessary authorisations, approvals or consents (to the extent applicable). Outside of The Netherlands, no actions have been taken (nor will actions be taken) to make the Offer possible in any jurisdiction where such actions would be required. In addition, this Offer Memorandum has not been filed with or recognised by the authorities of any jurisdiction other than The Netherlands. Neither the Offeror, nor the Company, nor the Consortium (as defined below) nor any of their advisors accept any liability for any violation by any person of any such restriction. Any person (including, without limitation, custodians, nominees and trustees) who forwards or intends to forward this Offer Memorandum or any related document to any jurisdiction outside The Netherlands should carefully review this Section 1 (*Restrictions and Important Information*) before taking any action. The release, publication or distribution of this Offer Memorandum and any documentation regarding the Offer or the making of the Offer in jurisdictions other than The Netherlands may be restricted by law and therefore persons into whose possession this Offer Memorandum comes should inform themselves about and observe such restrictions. Any failure to comply with any such restriction may constitute a violation of the law of any such jurisdiction.

### 1.2 United States of America

The Offer is being made for the securities of a Dutch company and is subject to Dutch disclosure requirements, which differ from those of the United States. The financial information of the Company included or referred to herein has been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Commission and Part 9 of Book 2 of the Dutch Civil Code for use in the European Union and, accordingly, may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States pursuant an exemption from the U.S. tender offer rules provided by Rule 14d-1(c) under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), and otherwise in accordance with the applicable regulatory requirements in The Netherlands. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares will be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult its independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.

It may be difficult for U.S. holders of Shares to enforce their rights and claims arising out of the U.S. federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with standard Dutch practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror or its nominees, or its brokers (acting as agents), or affiliates of the Offeror's financial advisors, may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. To the extent required in The Netherlands, any information about such purchases will be announced by press release in accordance with article 13 of the Takeover Decree and posted on the website of the Company at [www.tencate.com](http://www.tencate.com).

### 1.3 Canada

The Offer and any solicitation in respect thereof is not being made, directly or indirectly, in or into Canada, or by use of the mails, or by any means or instrumentality of interstate or foreign commerce, or any facilities of a national securities exchange, of Canada. This includes, but is not limited to, post, facsimile transmission, telex or any other electronic form of transmission and telephone. Accordingly, copies of this Offer Memorandum and any related press announcements, acceptance forms and other documents are not being sent and must not be mailed or otherwise distributed or sent in, into or from Canada or, in their capacities as such, to custodians, nominees or trustees holding Shares for persons residing in Canada. Persons receiving this Offer Memorandum and/or such other documents must not distribute or send them in, into or from Canada, or use such mails or any such means, instrumentality or facilities for any purpose in connection with the Offer; so doing will invalidate any purported acceptance of the Offer. The Offeror will not accept any tender by any such use, means, instrumentality or facility from within Canada.

Tender and transfer of Shares constitute a representation and warranty that the person tendering the Shares (a) has not received or sent copies of this Offer Memorandum or any related documents in, into or from Canada and (b) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality including, without limitation, facsimile transmission, telex and telephone of interstate or foreign commerce, or any facility of a national securities exchange of, Canada. The Offeror reserves the right to refuse to accept any purported acceptance that does not comply with the foregoing restrictions, and any such purported acceptance will be null, void and without effect.

### 1.4 Important information

#### 1.4.1 *Important information in the Offer Memorandum*

This Offer Memorandum contains important information that should be read carefully before any decision is made to tender Shares in connection with the Offer. Shareholders are advised to seek independent advice where necessary. In addition, Shareholders are urged to consult their tax advisors regarding the tax consequences of tendering their Shares in the Offer.

Any tender, purchase and delivery of the Shares means acceptance of the terms and conditions contained in this Offer Memorandum as further set out in Section 1 (*Restrictions and important information*), Section 3 (*Explanation of the Offer*) and Section 4 (*Invitation to Shareholders*).

#### 1.4.2 *Responsibility*

The information included in Sections 1.1 (*Restrictions*) through 1.3 (*Canada*), Section 2 (*Definitions*), Section 3.1 (*Introduction*) through Section 3.5 (*Future governance*), Section 3.7 (*Financing of the Offer*), Section 3.9 (*Offer Conditions*) through Section 3.13 (*Irrevocable Undertakings*), Section 3.15 (*Post-Closing Restructuring Measures*), Section 3.16 (*Consequences of the Offer*), Section 4 (*Invitation to Shareholders*), except for Section 4.13 (*Indicative Timetable*), Section 6.2 (*Share Price Development*), Section 7 (*Information on the Offeror*), Section 8.1(ii), 8.1(iv) and 8.1(vi) (*Further Declarations pursuant to the Takeover Decree*), Section 9 (*Dutch Tax Aspects of the Offer*) and Section 10 (*Nederlandse samenvatting van het Bod*) have been solely provided by the Offeror.

The information included in Section 3.6 (*Extraordinary General Meeting of Shareholders of TenCate*), Section 3.8 (*Decision-making and Recommendation by the Boards*), Section 3.14 (*Share Options*), Section 5 (*Information regarding TenCate*), Section 6.1 (*Authorized and*

*Issued Share Capital*), Section 6.3 (*Shares held by members of Boards*) through Section 6.5 (*Transaction costs of TenCate*), Section 8.1(iii), 8.1(v) and 8.1(vii) (*Further Declarations pursuant to the Takeover Decree*) and Section 13 (*Selected Consolidated Financial Information TenCate*), Section 14 (*Unaudited (but "reviewed") Consolidated Interim Statements*) and Section 15 (*Financial Statements 2014 of TenCate*), have been solely provided by TenCate.

The information included on the cover page, page 2, page 3 and in Section 1.4 (*Important information*), Section 3.17 (*Employee Consultation*), Section 4.13 (*Indicative Timetable*), Section 8.1 (*Further Declarations pursuant to the Takeover Decree*) introductory paragraph, Section 8.1(i) (*Further Declarations pursuant to the Takeover Decree*), Section 11 (*Advisors*) and Section 12 (*Press Releases*) have been provided by the Offeror and TenCate jointly.

The Offeror and the Company are exclusively responsible for the accuracy and completeness of the information provided in this Offer Memorandum, each with respect to the information it has provided, and jointly with respect to the information they have provided jointly.

Both the Offeror and the Company confirm, each with respect to the information it has provided and jointly with respect to the information they have provided jointly, that to the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Offer Memorandum is in accordance with the facts and contains no omission likely to affect its import.

The information included in Section 13 (*Selected Consolidated Financial Information TenCate*) has been sourced by the Company from the audited financial statements for the financial year 2014, the financial year 2013 and the financial year 2012 as published in the annual reports of the Company of 2014, 2013 and 2012 and the unaudited financial statements for the first six months of the financial year 2015, which ended 30 June 2015. The auditor's report included in Section 13 (*Selected Consolidated Financial Information TenCate*) has been sourced by the Company from KPMG Accountants N.V. The Company confirms that this information has been accurately reproduced and that no facts have been omitted which would render the reproduced information inaccurate or misleading. The Offeror and the Company shall not be responsible for any auditors' statements included in the Offer Memorandum.

#### 1.4.3 *Presentation of financial information and other information*

The selected consolidated financial information of the Company is that of the Company and its consolidated subsidiaries. The selected consolidated financial information should be read in conjunction with the consolidated financial statements of the Company for the financial year 2012, the financial year 2013 and the financial year 2014, including the notes thereto. The year-end consolidated financial information of the Company is extracted from the Company's consolidated financial statements (that were included in the Annual report of the Company), which have been audited by KPMG Accountants N.V. The financial statements and accounts from which the selected consolidated financial information has been derived were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Commission, and Part 9 of Book 2 of the Dutch Civil Code and are included in Section 15 (*Financial Statements 2014 of TenCate*).

The interim financial information of the Company for the first six (6) months of the financial year 2015 included in this Offer Memorandum is extracted from the unaudited condensed consolidated interim financial statements of the Company for the six (6) month period that ended on 30 June 2015. The unaudited condensed consolidated interim financial statements of the Company were subject to review by KPMG Accountants N.V. which issued an unqualified "review report" on 22 July 2015. The unaudited condensed consolidated interim financial statements of the Company and the associated review report are included in Section 14 (*Unaudited (but "reviewed") Consolidated Interim Statements*) of this Offer Memorandum and should be read in conjunction with the notes thereto.

Certain numerical figures set out in this Offer Memorandum, including financial data presented in millions or thousands, have been subject to rounding adjustments and, as a result, should therefore not be regarded as exact. In addition, the rounding also means that the totals of the

data in this Offer Memorandum may vary slightly from the actual arithmetic totals of such information.

The information included in this Offer Memorandum reflects the situation as at the date of this Offer Memorandum unless specified otherwise. Neither the issue nor the distribution of this Offer Memorandum shall under any circumstances imply that the information contained herein is accurate and complete as of any time subsequent to this date or that there has been no change in the information set out in this Offer Memorandum or in the affairs of the Company and/or its subsidiaries and/or its Affiliates since the date of this Offer Memorandum. The foregoing does not affect the obligation of the Offeror and TenCate, each insofar as it concerns them, to make a public announcement of any information pursuant to, respectively, article 4, paragraph 3 of the Takeover Decree and Article 5:25i of the Wft, if applicable.

No persons other than the Offeror and TenCate and without prejudice to the auditor's reports issued by KPMG included in the Offer Memorandum and the Fairness Opinions issued by Rabobank and NIBC included in the Position Statement, is authorised in connection with the Offer to provide any information or to make any statements on behalf of the Offeror or TenCate in connection with this Offer or any information contained in this Offer Memorandum. If any such information or statement is provided or made by parties other than the Offeror or TenCate, such information or statements should not be relied upon as having been provided by or made by or on behalf of the Offeror or TenCate. Any information or representation not contained in this Offer Memorandum must not be relied upon as having been provided by or made by or on behalf of the Offeror or TenCate.

#### 1.4.4 *Governing law*

This Offer Memorandum and the agreements entered into between the Offeror and the Shareholders pursuant to the Offer are, and any tender, purchase or delivery of Shares will be, governed by and construed in accordance with the laws of The Netherlands. The District Court of Amsterdam (*Rechtbank Amsterdam*) and its appellate courts shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Offer Memorandum, the agreements entered into between the Offeror and the Shareholders pursuant to the Offer and/or any tender, purchase or delivery of Shares. Accordingly, any legal action or proceedings arising out of or in connection with the Offer Memorandum, the Offer and/or any tender, purchase or delivery of Shares shall be brought exclusively in such courts.

#### 1.4.5 *Language*

This Offer Memorandum is published in the English language and a Dutch language summary is included as Section 10 (*Nederlandse samenvatting van het bod*). In the event of any differences, whether or not in interpretation, between the English language text of the Offer Memorandum and the Dutch language summary of this Offer Memorandum, the English language text of the Offer Memorandum shall prevail.

ING Bank N.V. has been appointed as Exchange Agent in the context of the Offer.

#### 1.4.6 *Addresses*

##### The Exchange Agent

ING Bank N.V. (Attention: Sjoukje  
Hollander/Remko Los)  
Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands  
Telephone: +31 20 563 6546 /  
+31 20 563 6619  
Fax: +31 20 563 6959  
E-mail: iss.pas@ing.nl

##### The Offeror

Tennessee Acquisition B.V.  
Herculesplein 104  
3584AA Utrecht  
The Netherlands

The Company

Koninklijke Ten Cate N.V.  
Wierdensestraat 40  
7607GJ Almelo  
The Netherlands

1.4.7 *Availability of copy documentation*

Digital copies of this Offer Memorandum are available on the Company's website at [www.tencate.com](http://www.tencate.com). This website does not constitute a part of, and is not incorporated by reference into, this Offer Memorandum. Copies of this Offer Memorandum are furthermore available free of charge at the office of the Exchange Agent at the address mentioned above.

A digital copy of the Company's Articles of Association is available on the Company's website at [www.tencate.com](http://www.tencate.com).

1.4.8 *Forward looking statements*

This Offer Memorandum includes forward looking statements, including statements about the expected timing and completion of the Offer. Forward-looking statements involve known or unknown risks and uncertainties because they relate to events and depend on circumstances that all occur in the future. Generally, words such as may, will, expect, intend, estimate, anticipate, believe, plan, seek, continue or similar expressions identify forward looking statements. Although the Offeror and the Company, each with respect to the statements it has provided, believe that the expectations reflected in such forward looking statements are based on reasonable assumptions and are, to the best of their knowledge, true and accurate on the date of this Offer Memorandum, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of the forward looking statements. Any such forward looking statement must be considered together with the fact that actual events or results may vary materially from such forward looking statements due to, among other things, political, economic or legal changes in the markets and environments in which the Offeror or the Company do business, to competitive developments or risks inherent to their respective business plans and to uncertainties, risk and volatility in financial markets and other factors affecting them.

The Offeror and the Company undertake no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws and regulations or by any appropriate regulatory authority.

1.4.9 *Financial advisor to the Offeror*

ING Corporate Finance is acting as financial advisor exclusively to the Offeror and to no one else in connection with the Offer and will not be responsible to anyone (whether or not recipient of this Offer Memorandum) other than the Offeror for providing the protections afforded to the clients of ING Corporate Finance or for providing advice in relation to the Offer. ING Corporate Finance, acting solely in its capacity as financial advisor in connection with the Offer, has provided advice and assistance to the Offeror on the financial aspects of the Offer and in preparation thereof.

ING Corporate Finance has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

1.4.10 *Financial advisors to TenCate*

ABN AMRO Bank N.V. is acting as financial advisor exclusively to TenCate and to no one else in connection with the Offer and will not be responsible to anyone (whether or not recipient of this Offer Memorandum) other than TenCate for providing the protections afforded to the clients of ABN AMRO Bank N.V. or for providing advice in relation to the Offer. ABN AMRO Bank N.V., acting solely in its capacity as financial advisor in connection with the Offer, has provided advice and assistance to TenCate on the financial aspects of the Offer and in preparation thereof.

ABN AMRO Bank N.V. has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

Rabobank is acting as financial advisor exclusively to TenCate and to no one else in connection with the Offer and will not be responsible to anyone (whether or not recipient of this Offer Memorandum) other than TenCate for providing the protections afforded to the clients of Rabobank or for providing advice in relation to the Offer. Rabobank, acting solely in its capacity as financial advisor in connection with the Offer, has provided advice and assistance to TenCate on the financial aspects of the Offer and in preparation thereof.

Rabobank has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

## 2. DEFINITIONS

Any reference in this Offer Memorandum to defined terms in plural form shall constitute a reference to such defined terms in singular form, and vice versa. All grammatical and other changes required by the use of a definition in singular form shall be deemed to have been made herein and the provisions hereof shall be applied as if such changes have been made. A reference to **"including"** means **"including without limitation"**.

Defined terms used in this Offer Memorandum shall have the following meaning:

<b>"Acceptance Closing Date"</b>	the day on which the Acceptance Closing Time, as may be extended in accordance with article 15 of the Takeover Decree, occurs
<b>"Acceptance Closing Time"</b>	the time and date on which the Offer expires, being at 17:40 hours CET, on 16 December 2015, or such later time and date if the Acceptance Period is extended in accordance with article 15 of the Takeover Decree
<b>"Acceptance Level"</b>	has the meaning ascribed thereto in Section 3.9(b) ( <i>Acceptance Level</i> )
<b>"Acceptance Period"</b>	the period during which the Shareholders can tender their Shares to the Offeror, which begins at 09:00 hours CET on 22 October 2015 and ends on the Acceptance Closing Time, which period may be extended only once in accordance with article 15, paragraph 3 of the Takeover Decree
<b>"Admitted Institutions"</b>	those institutions admitted to Euronext Amsterdam
<b>"Affiliates"</b>	means in relation to the Offeror and/or the Company, any subsidiary or parent company of the Offeror and/or the Company and any subsidiary of such parent company, in each case from time to time. The Affiliates of the Offeror shall be deemed to exclude any of their respective private equity funds' portfolio businesses from time to time
<b>"AFM"</b>	the Netherlands Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> )
<b>"Aggregate Minority Cash Amount"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"Alternative Proposal"</b>	has the meaning ascribed thereto in Section 3.10.1 ( <i>Exclusivity</i> )
<b>"Announcement"</b>	has the meaning ascribed thereto in Section 3.1 ( <i>Introduction</i> )
<b>"Appointment Resolution"</b>	has the meaning ascribed thereto in Section 3.5.3 ( <i>Extraordinary General Meeting of Shareholders of TenCate</i> )
<b>"Asset Sale and Liquidation"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"Boards"</b>	the Supervisory Board and the Executive Board together
<b>"Business"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"Business Day"</b>	means any day other than a Saturday, Sunday or Netherlands public holiday on which Euronext Amsterdam and banks in The Netherlands, according to the collective agreements for the banking sector ( <i>Algemene Bank-CAO</i> ), are generally open for business
<b>"Business Strategy"</b>	has the meaning ascribed thereto in Section 3.4 ( <i>Non-Financial Covenants</i> )
<b>"Cash Settlement"</b>	has the meaning ascribed thereto in Section 5.9 ( <i>TenCate Remuneration Policy</i> )

<b>"CET"</b>	<i>Central European Time</i>
<b>"Company" or "TenCate"</b>	Koninklijke Ten Cate N.V., a public limited liability company ( <i>naamloze vennootschap</i> ), incorporated under the laws of The Netherlands, having its statutory seat ( <i>statutaire zetel</i> ) in Almelo, having its registered office at Wierdensestraat 40, 7607GJ Almelo, The Netherlands, and registered with the Dutch commercial Register ( <i>Handelsregister</i> ) under number 06016321
<b>"Company's Articles of Association"</b>	the articles of association ( <i>statuten</i> ) of the Company, as most recently amended on 24 April 2013
<b>"Competing Offer"</b>	has the meaning ascribed thereto in Section 3.10.3 ( <i>Competing Offer</i> )
<b>"Completion"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"Consortium"</b>	the Offeror together with the Gilde Funds, an entity controlled by Parcom Buy-Out Fund IV B.V., ABN AMRO Participaties Fund V B.V. and the Ten Cate Family Investment Company
<b>"Continuing Members"</b>	has the meaning ascribed thereto in Section 3.5.2 ( <i>Composition Supervisory Board</i> )
<b>"Debt Financing"</b>	means the debt commitment papers with a consortium of reputable banks for secured debt financing in an aggregate amount of EUR 520 million of term debt and a revolving facility of EUR 75 million, which is fully committed on a "certain funds" basis, subject to customary conditions.
<b>"Defaulting Party"</b>	has the meaning ascribed thereto in Section 3.11 ( <i>Termination of the Merger Agreement</i> )
<b>"Discharge Resolution"</b>	has the meaning ascribed thereto in Section 3.5.3 ( <i>Extraordinary General Meeting of Shareholders of TenCate</i> )
<b>"Dutch Civil Code" or "DCC"</b>	the Dutch civil code ( <i>Burgerlijk Wetboek</i> )
<b>"Dutch Corporate Governance Code"</b>	the Dutch corporate governance code, dated 1 January 2009 (as amended from time to time) as established under article 2:391 sub 5 of the Dutch Civil Code
<b>"EBITDA"</b>	means earnings before interest, taxes, depreciation and amortization
<b>"EGM"</b>	has the meaning ascribed thereto in Section 3.6 ( <i>Extraordinary General Meeting of Shareholders of TenCate</i> )
<b>"EUR", "Euro" or "€"</b>	Euro, the legal currency of the European Monetary Union
<b>"Euronext Amsterdam"</b>	Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V.
<b>"Exchange Agent"</b>	ING Bank N.V.
<b>"Exclusivity Period"</b>	the period commencing on the date of the Merger Agreement and ending on the earlier of (i) the date of termination of the Merger Agreement in accordance with Section 3.11 and (ii) the Settlement Date.
<b>"Executive Board"</b>	the executive board ( <i>bestuur</i> ) of the Company
<b>"Excess Cash"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"Fairness Opinions"</b>	has the meaning ascribed thereto in Section 3.8 ( <i>Decision-making and Recommendation by the Boards</i> )

<b>"Gilde Funds"</b>	has the meaning ascribed thereto in Section 7.1.2
<b>"Group"</b>	the Company and its subsidiaries as meant in article 2:24a of the Dutch Civil Code, and the entities in which the Company directly or indirectly has a minority stake
<b>"Group Companies"</b>	means any member of the Group
<b>"Holdco"</b>	has the meaning ascribed thereto in Section 7.8 ( <i>Shareholder Arrangements</i> )
<b>"ING Corporate Finance"</b>	ING Bank N.V. acting through its Corporate Finance division
<b>"Irrevocable Undertakings"</b>	has the meaning ascribed thereto in Section 3.11(a)(i) ( <i>Irrevocable Undertakings</i> )
<b>"ITAR"</b>	has the meaning ascribed thereto in Section 3.9(d) ( <i>DDTC</i> )
<b>"Liquidation Distribution"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"Long Stop Date"</b>	31 March 2016
<b>"Market Groups"</b>	has the meaning ascribed thereto in Section 3.3 ( <i>Rationale of the Offer</i> )
<b>"Matching Revised Offer"</b>	has the meaning ascribed thereto in Section 3.10.4(a)(iii) ( <i>Matching Right</i> )
<b>"Matching Right"</b>	has the meaning ascribed thereto in Section 3.10.4(a)(ii) ( <i>Matching Right</i> )
<b>"Material Adverse Change"</b>	<p>any change, event, circumstance or effect (any of such items a "<b>Change</b>"), individually or when taken together with all other Changes that have occurred between the date of the Merger Agreement and the date of this Offer Memorandum or the Acceptance Closing Date, as the case may be, that is or is reasonably likely to be materially adverse to the business, the assets, the liabilities, the financial or trading position or capitalisation of the Group taken as a whole, such that the Offeror cannot reasonably be expected to launch the Offer or declare the Offer unconditional, as the case may be, provided, however, that for the purpose of determining whether there has been, or shall be, a Material Adverse Change, the following Changes shall not be taken into account:</p> <ul style="list-style-type: none"> <li>(a) any changes in economies in general, or in parts of economies, which, directly or indirectly, affect the business of the Group;</li> <li>(b) any natural disaster, pandemic, act of terrorism, sabotage, armed hostility, military action (including, but not limited to, military action in Syria, Iran, Yemen and Ukraine), or any escalation or worsening thereof;</li> <li>(c) any development regarding the European Union, its member states (including member states leaving any part of such union) and the Euro zone (including one or more member states leaving or forced to leave such zone or defaulting on its loans);</li> <li>(d) any failure, in and of itself, by the Company or the Group to meet any internal or published projections, forecasts or revenue or earnings predictions (provided, however, that, in the case of this paragraph (d), the underlying cause for such failure may be considered in determining whether there may be a Change);</li> <li>(e) any Change resulting from any act or omission of the Offeror, whether before or after the date of the Merger Agreement,</li> </ul>

including any action taken by the Company or any member of the Group with the Offeror's written consent or at the Offeror's direction (or not taken where such consent has been withheld) or compliance by the Company with the terms of, or the taking of any action required by, the Merger Agreement, except for any Change resulting from any act or omission of the Offeror that is a response to a breach of the Merger Agreement by the Company;

- (f) any matter which is, or should reasonably be known to the Offeror or its advisers prior to the date of the Merger Agreement, as a result of the fair disclosure through the due diligence investigation or information in the public domain prior to the date of the Merger Agreement, including information filed by any member of the Group as a matter of public record or made public by the Company pursuant to applicable laws or regulations;
- (g) the announcement, making and implementation of the Offer;
- (h) a breach by the Offeror of the Merger Agreement or applicable law; and
- (i) any change in laws, regulations, reporting standards or interpretations thereof, after the date of the Merger Agreement.

<b>"Material Breach"</b>	has the meaning ascribed thereto in Section 3.11 ( <i>Termination of the Merger Agreement</i> )
<b>"Merger Agreement"</b>	the Merger Agreement agreed and signed by the Offeror and the Company on 19 July 2015
<b>"Merger Rules"</b>	all applicable laws and regulations relating to the Offer, including without limitation the applicable provisions of the Wft, the Takeover Decree, any rules and regulations promulgated pursuant to the Wft and/or the Takeover Decree and regulations of Euronext Amsterdam, the Dutch Civil Code and any other applicable securities or competition regulatory laws
<b>"Minority Shareholders"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"Net Cash Amount"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"NIBC"</b>	NIBC Bank N.V.
<b>"Non-Financial Covenants"</b>	has the meaning ascribed thereto in Section 3.4 ( <i>Non-Financial Covenants</i> )
<b>"Offer"</b>	the offer described in this Offer Memorandum
<b>"Offer Conditions"</b>	means the conditions to the Offer described in Section 3.9 ( <i>Offer Conditions</i> )
<b>"Offer Memorandum"</b>	means this offer memorandum ( <i>biedingsbericht</i> ) setting out the terms, conditions and restrictions of the Offer, which does not include the Position Statement
<b>"Offeror"</b>	Tennessee Acquisition B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated under the laws of The Netherlands, having its seat ( <i>statutaire zetel</i> ) in Amsterdam, The Netherlands and its registered office at Herculesplein 104, 3584AA Utrecht, The Netherlands and registered with the Dutch Commercial Register ( <i>Handelsregister</i> ) under number 63701758

<b>"Offeror Cash Amount"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"Offer Price"</b>	a cash amount of EUR 24.60 per Share, without interest and subject to any required withholding of taxes, and decreased by an amount per Share equivalent to any cash or share dividend or other distribution declared in respect of the Shares on or after the date hereof but on or prior to the Settlement Date, and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date
<b>"Partial Purchase Price"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"Partial Transfer"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"Position Statement"</b>	the position statement ( <i>standpuntbepaling</i> ) of the Boards in connection with the Offer pursuant to article 18, paragraph 2 of the Takeover Decree, which does not form part of this Offer Memorandum
<b>"Post Acceptance Period"</b>	a period after the Acceptance Closing Date during which Shares not tendered under the Offer may be tendered to the Offeror in the same manner and on the same terms as set out in this Offer Memorandum ( <i>na-aanmeldingstermijn</i> )
<b>"Post-Closing Restructuring Measure"</b>	the post-closing restructuring measures described in Section 3.15.4 ( <i>Other Post-Closing Restructuring Measures</i> )
<b>"Potential Competing Offer"</b>	has the meaning ascribed thereto in Section 3.10.2(a) ( <i>Potential Competing Offer</i> )
<b>"Potential Competing Offer Period"</b>	has the meaning ascribed thereto in Section 3.10.2(b)(iii) ( <i>Potential Competing Offer</i> )
<b>"Purchase Price"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"Rabobank"</b>	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A
<b>"Receivable"</b>	has the meaning ascribed thereto in Section 3.15.3 ( <i>Asset Sale and Liquidation</i> )
<b>"Recommendation"</b>	has the meaning ascribed thereto in Section 3.8 ( <i>Decision-making and Recommendation by the Boards</i> )
<b>"Resolutions"</b>	the Discharge Resolution and the Appointment Resolution.
<b>"SEC"</b>	U.S. Securities and Exchange Commission
<b>"Section"</b>	a section of this Offer Memorandum
<b>"Settlement"</b>	the payment of the Offer Price by the Offeror to the Shareholders for each Tendered Share
<b>"Settlement Date"</b>	the date on which, in accordance with the terms and restrictions of the Offer, payment of the Offer Price shall be made by the Offeror to the Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) under the Offer prior to the Acceptance Closing Time, against delivery ( <i>levering</i> ) of their Shares, which date shall be promptly, but in any event within five (5) Business Days following the Unconditional Date

"Shareholder(s)"	holder(s) of one or more Shares
"Shareholder Financing"	has the meaning ascribed thereto in Section 3.7 ( <i>Financing of the Offer</i> )
"Share Option Plan"	has the meaning ascribed thereto in Section 5.9 ( <i>TenCate Remuneration Policy</i> )
"Share Options"	has the meaning ascribed thereto in Section 5.9 ( <i>TenCate Remuneration Policy</i> )
"Shares"	all ordinary shares in the capital of the Company issued from time to time
"STAK"	a foundation ( <i>stichting</i> ) or other entity to be incorporated for the purpose of the envisaged participation of certain TenCate management members in the Holdco
"Supervisory Board"	the supervisory board ( <i>raad van commissarissen</i> ) of the Company
"Steering Committee"	has the meaning ascribed thereto in Section 3.8 ( <i>Decision-making and Recommendation by the Boards</i> )
"Strategy"	has the meaning ascribed thereto in Section 3.4.1 ( <i>Strategy</i> )
"Takeover Decree"	the Decree on public offers Wft ( <i>Besluit openbare biedingen Wft</i> )
"Takeover Rules"	the applicable provisions of the Wft, the Takeover Decree, any rules and regulations promulgated pursuant to the Wft and the Takeover Decree, the policy guidelines and instructions of the AFM, the Merger Code ( <i>SER-besluit Fusiegedragsregels 2000</i> ), the Works Councils Act ( <i>Wet op de ondernemingsraden</i> ), the rules and regulations of Euronext, the Dutch Civil Code and applicable competition laws and regulations
"Ten Cate Family Investment Company"	has the meaning ascribed thereto in Section 3.8 ( <i>Decision-making and Recommendation by the Boards</i> )
"Tendered, Owned, and Committed Shares"	has the meaning ascribed thereto in Section 3.9 ( <i>Offer Conditions</i> )
"Tendered Share"	means each Share validly tendered (or defectively tendered, provide that such defect has been waived by the Offeror) and transferred ( <i>geleverd</i> ) for acceptance pursuant to the Offer prior to or on the Acceptance Closing Date
"Terminating Party"	has the meaning ascribed thereto in Section 3.11(b) ( <i>Termination of the Merger Agreement</i> )
"Unconditional Date"	the date on which the Offeror publicly announces that it declares the Offer unconditional ( <i>gestand wordt gedaan</i> ), in accordance with the Merger Rules. Article 16, paragraph 1 of the Takeover Decree requires that such announcement be made within three (3) Business Days following the Acceptance Closing Date
"USD"	United States dollars
"U.S. Exchange Act"	U.S. Securities Exchange Act of 1934
"Wft"	Netherlands Financial Supervision Act ( <i>Wet op het financieel toezicht</i> )
"Works Council"	means the central works council of the Group

### 3. EXPLANATION OF THE OFFER

#### 3.1 Introduction

On 20 July 2015, pursuant to the provisions of article 4, paragraphs 1 and 3 and article 5, paragraph 1 of the Takeover Decree, the Offeror and the Company jointly announced that they had reached conditional agreement on the main terms and conditions of the intended public offer by the Offeror for all Shares against payment of a cash price of EUR 24.60 (twenty-four euro and sixty cents) per Share (the "**Announcement**"). See also Section 12 (*Press Releases*).

The Offeror is making an offer to purchase from the Shareholders all the Shares on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum.

Shareholders tendering their Shares under the Offer will be paid, on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum, in consideration of each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) by such Shareholder and delivered (*geleverd*) to the Offeror, the Offer Price. If, on or after the date hereof but on or prior to the Settlement Date (as defined below), any cash or share dividend or other distribution is declared in respect of the Shares and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date, the Offer Price will be decreased by an amount per Share equivalent to any such cash or share dividend or other distribution per Share. If, after the Settlement Date, any cash or share dividend or other distribution is declared in respect of the Shares, the Offer Price to which the remaining Shareholders will be entitled under the Offer, will be decreased by an amount per Share equivalent to any such cash or share dividend or other distribution per Share.

#### 3.2 Substantiation of the Offer Price

##### 3.2.1 *Offer Price*

In establishing the Offer Price, the Offeror has carefully considered the history and prospects of the Company, including analyses of historic financial information and potential future developments in the Company's profitability, cash flows and balance sheet derived from (a) the Company's interim financial statements, annual financial statements, analyst presentations and press releases in the period from 1 January 2012 up to the date hereof, (b) historical market valuation of the Shares in the period from 18 July 2014 up to 17 July 2015 (the last trading date prior to the Announcement) and (c) broker reports in the period from 1 January 2014 up to 17 July 2015.<sup>1</sup>

The Offer Price has been based on the following series of financial analyses:

- (i) an analysis of the closing prices of the Shares from 18 July 2014 up to and including 17 July 2015 (the last trading date prior to the Announcement). See Section 6.2 (*Share price development*). The average closing price per Share on Euronext Amsterdam for the one (1), three (3) and twelve (12) month periods prior to and including 17 July 2015 were EUR 18.82, EUR 19.79 and EUR 19.35, respectively;
- (ii) an analysis of the latest analyst price targets for the Shares, issued before 17 July 2015. The research analysts considered comprise ABN AMRO Bank, ING Bank, KBC Securities, Kempen & Co, Kepler Cheuvreux, Petercam and Rabobank with a median analyst price target of EUR 23.00 per Share;
- (iii) a trading multiple analysis based on the expected financial performance of TenCate and the closing prices of the Shares compared with those of selected publicly-traded companies and their securities. Given that there are no identical comparable publicly traded peers, the companies included for comparison with TenCate are selected from a broader group of companies active in the protective fabrics, advanced composites,

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<sup>1</sup> To obtain a broad view on TenCate, all broker reports from all brokers that cover TenCate (ABN AMRO Bank, ING Bank, KBC Securities, Kempen & Co, Kepler Cheuvreux, Petercam, Rabobank and Theodoor Gilissen) in the period from 1 January 2014 up to 17 July 2015 were reviewed. For the series of financial analyses in this Section 3.2.1 (*Offer Price*) the latest broker reports of the abovementioned brokers were used, except for Theodoor Gilissen, as no recent update of the financial estimates nor of the target price of this broker was available.

advanced armour, geosynthetics and grass sectors. Companies selected for comparison to TenCate comprise of Lenzing, Sioen, Cytec, FACC, GKN, Gurit, Hexcel, Latecoere, Teijin, Toray, Morgan Advanced Materials, QinetiQ, Rheinmetall, Low & Bonar and Tarkett:

- (A) based on reported net debt as at Q1 2015 of EUR 235.6m the Offer Price represents a multiple of enterprise value for TenCate of 10.8x reported EBITDA for the year ending 31 December 2014; and
- (B) for this group of companies, the median multiple of enterprise value to consensus EBITDA forecast for the financial year ending 31 December 2015 was approximately 8.1x on 17 July 2015, and by comparison, the multiple of the enterprise value of TenCate, as implied by the Offer Price and based on reported net debt as at Q1 2015 of EUR 235.6m to consensus EBITDA as forecast on 17 July 2015 for the year ending 31 December 2015 was approximately 9.3x; and
- (iv) a standalone discounted cash flow analysis for TenCate considering historic financial developments of TenCate and assuming (i) broker consensus<sup>2</sup> financial forecasts for TenCate and (ii), a weighted average cost of capital of around 8.0%. The applied forecast period was four (4) years (2015 to 2018). The residual value at the end of year four (4) is based on a perpetuity value of the cash flow in year four (4).

### 3.2.2 *Premia*

The Offer Price represents a premium of approximately:

- (i) 26.8% to the closing price per Share on Euronext Amsterdam on 17 July 2015 (the last trading date prior to the Announcement);
- (ii) 30.7% to the average closing price per Share on Euronext Amsterdam for the one (1) month prior to and including 17 July 2015;
- (iii) 24.3% to the average closing price per Share on Euronext Amsterdam for the three (3) months prior to and including 17 July 2015;
- (iv) 27.1% to the average closing price per Share on Euronext Amsterdam for the twelve (12) months prior to and including 17 July 2015; and
- (v) 7.0% to the median of the latest analyst price targets for the Shares, issued before 17 July 2015 (median analyst price target of EUR 23.00). The research analysts considered comprise ABN AMRO Bank, ING Bank, KBC Securities, Kempen & Co Kepler Cheuvreux, Petercam and Rabobank.

By comparison, the median premium to the unaffected share price (closing price one day prior to the earlier of transaction announcement or material, public speculation of a transaction, if any) is 28.6% for public offers by financial investors for 100% of the share capital of Dutch companies listed on the Euronext Amsterdam with equity values in excess of EUR 250 million that were announced and completed in the period from 1 January 2004 up to and including 17 July 2015. The selected transactions comprise: Nedschroef/ Gilde Buy Out, Stork/ Candover, Univar/ Ulysses (CVC and Parcom Capital), Mediq/ Advent International, DEMB/ JAB, UNIT4/ Advent, Exact/ Apax, Vendex KBB/ VDXK (KKR/Alpinvest), VNU/ Valcon Acquisition and Endemol/Cyrte, GSCP and Mediaset.

### 3.3 Rationale of the Offer

The combination of the Offeror and TenCate will help the TenCate Group realise its business strategy, allowing it to improve and invest in the existing five Market Groups (Protective Fabrics, Advanced

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<sup>2</sup> Consensus based on financial estimates as included in the latest broker reports of ABN AMRO Bank, ING Bank, KBC Securities, Kempen & Co, Kepler Cheuvreux, Petercam and Rabobank.

Composites, Advanced Armour, Geosynthetics and Grass, the "**Market Groups**") and, as part of an effective buy & build strategy, to strengthen these Market Groups further through acquisitions.

With a focussed shareholder consortium as its controlling shareholder base, TenCate will have ample access to liquidity for long term value enhancement of the business. This focus on value creation will also benefit commercial relationships through product development and innovations.

The Consortium will bring extensive experience and a strong track record of supporting management teams in the execution of their business plans. The members of the Consortium have a clear understanding of the markets in which the Group operates. The Offeror and the Company believe that operating as a private company, with the backing by the Consortium, will offer the Company significant advantages and enable the management team to accelerate the execution of the business strategy. Specifically, this entails:

- (i) full support for the buy and build strategy of the Group;
- (ii) consortium composed of experienced Dutch based investors with long-term investment focus well placed to provide TenCate with strong financial backing, expertise and support to realise its full potential; and
- (iii) consortium aims to secure continued leadership for TenCate in its core specialty niches across its existing five (5) Market Groups.

The Offer fits within the strategy of members of the Consortium to invest in mid-sized companies with strong market positions and growth potential.

#### 3.4 Non-Financial Covenants

The Offeror and the Company have agreed certain non-financial covenants set out in this Section 3.4 (*Non-Financial Covenants*) (the "**Non-Financial Covenants**"):

##### 3.4.1 *Strategy*

- (i) The Offeror supports, and shall assist the Company in the realisation of the Group's Business Strategy (as defined below).
- (ii) For the purpose of this Section, "**Business Strategy**" means:

##### *Buy and Build*

- (A) As part of its support for the Business Strategy, the Offeror shall support and respect the buy and build strategy of the Group, which means that Offeror shall allow the Group to invest in the Market Groups and these Market Groups may, apart from improvements and/or investments in the existing businesses, be further strengthened through acquisitions.
- (B) The Offeror acknowledges that the Group may require additional capital in order to pursue add-on acquisitions as part of its buy and build strategy and intends to make additional equity capital available in order to finance such add-on acquisitions, subject to the Group's applicable approval policies and (financial) parameters as applicable from time to time, and in order to use a balanced combination of debt and equity.
- (C) The current portfolio of product-, market-, and technology positions will in principle be strengthened by means of investments with a focus on organic growth as well as acquisitions.

Any pursuit of acquisitions as described in this Section 3.4.1 shall be subject to the Group's applicable approval policies and (financial) parameters as applicable from time to time.

##### *Strategic context*

- (D) The strategic context will be part of the buy and build strategy, whereas the value chain model of the Group will be leading. This model consists of four elements: investments in technology development (*Technological Innovation*) in order to develop new applications and or functionalities within the product portfolio (*Product Differentiation*) and process improvements (*Production Cost Control*) are key in order to improve the Group's long term competitive position. In this strategic context the fourth element *End User Marketing* supports the value proposition of the Group's solutions driven approach towards key markets.

*Reinvesting free cash flow*

- (E) The Group's active portfolio strategy provides the business focus which is needed to accelerate growth through divestments of business entities with less attractive returns in favour of business entities with a more positive growth perspective and yield. This means that financial returns from divestments will, with due consideration to the terms and conditions of the Group's debt arrangements from time to time, in principle be used for investments in existing businesses with above average growth and returns outlook. Through a gradual phasing-out and phasing- in approach the Group will enhance its growth profile and at the same time increases its profit generating capacity.
- (iii) The Offeror acknowledges the importance of research & development for the operation of the Group and shall allow the Group to keep investing in research & development, in accordance with the Business Strategy, taking into account current practice.

3.4.2 *Structure and governance of the Group*

- (i) The Offeror shall ensure that the Company will remain a separate legal entity and will remain the holding company of the Company's subsidiaries and operations from time to time.
- (ii) The Offeror shall ensure that:
  - (A) the corporate name of the Company will remain unchanged and include the name "Ten Cate", it being understood that the Offeror has no control over the Company continuing to be entitled to use "Royal" or "Koninklijke" in its corporate name;
  - (B) the "Ten Cate" brand will remain a key aspect of the Group's branding and marketing strategy; and
  - (C) the Company's headquarters, central management and its key support functions remain in Almelo, the Netherlands.
- (iii) The Offeror acknowledges that sustainability policies form an integral part of the Group's common goal to protect people and their professional environment.
- (iv) The Offeror respects and will aim to maintain:
  - (A) the Company's corporate identity and culture recognising the Company's history, role and position as employer in the Nijverdal region; and
  - (B) the Company's culture of excellence, which requires highly talented employees and employees will be appropriately trained and provided with clear career progression.
- (v) The Company will continue to voluntarily apply the mitigated structure regime (*gemitigeerd structuurregime*).

- (vi) The Offeror shall respect the arrangements of Section 3.5.2 (*Composition Supervisory Board*).

#### 3.4.3 *Financing and distributions*

The Offeror shall procure that the Company will remain prudently financed to safeguard the continuity of the business and the execution of the Business Strategy.

#### 3.4.4 *No divestments*

The Offeror shall ensure that no substantial part of the Group's assets shall be sold or transferred (whether directly or indirectly, whether by a sale or transfer of shares or assets or otherwise, whether in a single transaction or a series of related transactions) to any person if such sale or transfer results in a reduction of consolidated annual revenue of the Group of more than twenty percent (20%), calculated on the basis of the latest adopted consolidated annual accounts for the Group.

#### 3.4.5 *Minority Shareholders*

- (i) The Offeror shall procure that the Company shall, save as otherwise provided in the Merger Agreement, not take any of the following actions following Settlement:
  - (A) issue additional shares for a cash consideration to any person (other than members of the Group) without offering pre-emption rights to minority shareholders;
  - (B) agree to and enter into, or procure that any member of the Group agrees to and enters into, a related party transaction with any material shareholder or other person which is not at arm's length; and
  - (C) take any other action or vote in favour of any resolution which disproportionately prejudices the value of, or the rights relating to the minority's shareholding.
- (ii) For as long as the Shares are listed on Euronext, the Offeror shall procure that the Company will continue to comply with the Dutch Corporate Governance Code to the extent that the Company complies with the Dutch Corporate Governance Code on the date of the Merger Agreement, unless agreed otherwise in the Merger Agreement.

#### 3.4.6 *Employees*

- (i) The Offeror shall procure that:
  - (A) the arrangements with the Group's works councils and relevant trade unions will be respected and not changed unilaterally;
  - (B) there will be no reorganisation or restructuring plan resulting in significant job losses in any country in which the Group operates, taking into account the total number of employees of the Group in that country, as a direct consequence of the Offer;
  - (C) the rights and benefits of the employees of the Group, under their individual employment agreements, collective labour agreements, social plans, will be respected; and
  - (D) the pension arrangements between the Group and Stichting Pensioenfonds Koninklijke Ten Cate and non-Dutch pension-service providers will be respected.
- (ii) The Offeror shall procure that key management of the Group is retained as much as reasonably possible.

#### 3.4.7 *Transfer to third parties*

In the event the Offeror, or any member of the Group, sells or transfers (whether directly or indirectly, whether by a sale or transfer of shares or assets or otherwise) the Group or substantially all of the assets of the Group (in a single transaction or a series of related transactions) to any third party within three (3) years after the Settlement Date, the Offeror shall procure that such third party shall, prior to such sale or transfer, enter into non-financial covenants in favour of the Company which will be substantially the same as the Non-Financial Covenants of this Section 3.4, it being understood that the period referred to in paragraph 3.4.8 below shall for such third party be the remainder of the three (3) year period which commenced on the Settlement Date.

#### 3.4.8 *Duration*

The specific covenants set forth in this Section 3.4 will expire as follows:

- (i) in respect of Paragraph 3.4.5 (*Minority Shareholders*):
  - (A) until the earlier of (A) the date on which none of the Shares are held by any third party other than the Offeror or one or more of its Affiliates, (B) the date on which the compulsory acquisition procedure (*uitkoopprocedure*) is irrevocably initiated and the Consideration is deemed to be the fair price (*billijke prijs*) pursuant to section 2:92a DCC, 2:101a DCC or 2:359c(6) DCC, (C) the date on which the Enterprise Chamber has determined the price payable by the Offeror to the other Shareholders pursuant to the compulsory acquisition procedure (*uitkoopprocedure*), and (D) the 3<sup>rd</sup> (third) anniversary of the Settlement Date; or
  - (B) For such longer date as the Supervisory Board considers appropriate in order to comply with principles of good corporate governance generally accepted in the Netherlands.
- (ii) in respect of all other Paragraphs of this Section 3.4: three (3) years after the Settlement Date.

#### 3.4.9 *Deviation*

Any deviations from the covenants set forth in this Section 3.4, other than Section 3.4.5 (*Minority Shareholders*), will only be permitted with the prior approval of a majority of the Supervisory Board, including a vote in favour of such approval by at least one Continuing Member. Any deviations from Section 3.4.5 (*Minority Shareholders*) of this Section 3.4 will only be permitted with the prior approval of a majority of the Supervisory Board, including a vote in favour of such approval by both Continuing Members. Please see Section 3.17 (*Employee consultation*) for certain arrangements agreed with the Works Council in this respect.

#### 3.4.10 *Benefit and enforcement*

The Offeror's covenants, confirmations and obligations set forth in this Section 3.4 are made to the Company as well as, by way of irrevocable third-party undertaking for no consideration (*onherroepelijk derdenbeding om niet*), to the Continuing Members jointly, and regardless of whether they are in office or dismissed, provided that after dismissal, the dismissed Continuing Member(s) must assign the benefit of such undertaking to a new Continuing Member in function, unless such dismissal is successfully challenged by such Continuing Member. The Offeror hereby agrees in advance to such assignment. The Company will bear all costs and expenses relating to the enforcement by a Continuing Member pursuant to this Section 3.4.10.

### 3.5 Future governance

#### 3.5.1 *Composition Executive Board*

As of the date hereof, the Executive Board consists of the following members who shall upon Settlement continue to serve as members of the Executive Board:

- (i) Mr. Louis (Loek) de Vries; and
- (ii) Mr. Evert (Eef) Johannes Frans Bos.

### 3.5.2 *Composition Supervisory Board*

Each of the Offeror and the Company shall use their respective reasonable best efforts to ensure that the Supervisory Board shall be composed as follows following Settlement:

- (i) Mr. J.C.M. Hovers and Mr. E. ten Cate; two current members of the Supervisory Board. The Bidder and the Offeror acknowledge that for as long as the Company applies the mitigated large company regime (*gemitigeerd structuurregime*) and the Supervisory Board exists of up to five (5) members, the Works Council has a reinforced right to recommend one individual for nomination as member of the Supervisory Board. The Offeror and the Company have agreed that this shall at all times be one of the Continuing Members; and
- (ii) B.T. Molenaar, E.J. Westerink and J.H.L. Albers, who have been nominated for appointment by the Offeror; J.H.L. Albers shall be the Chairman of the Supervisory Board (who is not a director or employee of the Offeror).

The Offeror shall nominate the Chairman of the Supervisory Board as referred to in Section 3.5.2(ii) above, as well as any successor Chairman of the Supervisory Board to be appointed prior to the third anniversary of the Settlement Date, after consultation with the Supervisory Board and the Executive Board.

Subject to the terms of the Merger Agreement and applicable law, as from Settlement, the Offeror may at its discretion, procure any subsequent appointments and dismissals of Supervisory Board members, provided the Offeror shall ensure that:

- (i) the Supervisory Board will not exceed five (5) members;
- (ii) during the period from Settlement until three (3) years after the Settlement Date, the Supervisory Board will include at least two (2) independent board members, being Mr. J.C.M. Hovers and Mr. E. ten Cate, or their successors (the "**Continuing Members**"), whereby 'independent' will have the meaning as described in the Dutch Corporate Governance Code; and
- (iii) a Continuing Member can only be appointed by the general meeting of shareholders upon nomination of the Supervisory Board. The resolution of the Supervisory Board to make a nomination for the appointment of a Continuing Member requires the vote in favour of such nomination by a Continuing Member, except in the event that it concerns his or her own re-appointment and except in the event that no Continuing Members are in office.

As from Settlement and subject to the Offer being declared unconditional by the Offeror, the Supervisory Board members who are not designated Continuing Members will resign from their positions as members of the Supervisory Board by executing a resignation letter and each such member will confirm that he or she has no claim whatsoever against the Company in respect of loss of office or otherwise, except with respect to compensation duly accrued under any remuneration arrangement in respect of services rendered to the Company during the relevant financial year. The Offeror and the Company have agreed that the resigning Supervisory Board members will be compensated for the full 2015 calendar year, provided that Settlement takes place prior to 31 December 2015. If the Settlement Date occurs after such date, the relevant members of the Supervisory Board shall be entitled to receive compensation for the full 2015 calendar year and pro rata parte for the period of 2016 in which the Settlement Date occurs, if Settlement occurs.

In their position as members of the Supervisory Board, the Continuing Members shall monitor and protect the interests of the Company and all of its stakeholders, including in particular, compliance with the Non-Financial Covenants set forth in Section 3.4 (*Non-Financial*

*Covenants*). The current term of both Mr Hovers and Mr Ten Cate as member of the Supervisory Board expires on the general meeting of shareholders to be held in or around April 2016. Mr Ten Cate has indicated that he will not be available for re-appointment as member of the Supervisory Board in 2016. Mr Hovers has indicated that he expects to be available for a possible re-appointment as member of the Supervisory Board. In line with article 2:158 paragraph 6 DCC and the Merger Agreement, the Works Council shall have a reinforced nomination right in respect of the appointment of 1 (one) Continuing Member.

The Company shall procure that the regulations of the Supervisory Board (including the Supervisory Board profile) and of the Executive Board shall be amended in accordance with the Merger Agreement, conditional upon Settlement taking place and effective as of the Settlement Date. In case of any inconsistencies or discrepancies between the terms of the Merger Agreement on the one hand, and the articles of association of the Company, the Supervisory Board regulations (including committee regulations and the Supervisory Board profile) and the Executive Board regulations on the other, the terms of the Merger Agreement shall prevail and the Company shall use reasonable endeavours to amend such articles of association of the Company, Supervisory Board regulations (including committee regulations and the Supervisory Board profile) and/or Executive Board regulations to the extent necessary to avoid any such inconsistencies or discrepancies in the future.

The Parties acknowledge that (i) pursuant to mandatory Laws, and (ii) if supported by an unequivocal opinion of an outside legal counsel that non-deviation would constitute a breach of mandatory Laws, the Supervisory Board may in the interest of the Company deviate from relevant Non-Financial Covenants without the affirmative vote of at least one Continuing Member, if such deviation – in the reasonable opinion of the Supervisory Board – is mandated by a proper discharge of its fiduciary duties or is required to ensure compliance with Laws.

### 3.5.3 *Dutch Corporate Governance Code*

The Offeror shall, until:

- (i) the earlier of (i) the date on which none of the Shares are held by any third party other than the Offeror or one or more of its Affiliates, (ii) the date on which the compulsory acquisition procedure (*uitkoopprocedure*) is irrevocably initiated and the Consideration is deemed to be the fair price (*billijke prijs*) pursuant to section 2:92a DCC, 2:101a DCC or 2:359c(6) DCC, (iii) the date on which the Enterprise Chamber has determined the price payable by the Offeror to the other Shareholders pursuant to the compulsory acquisition procedure (*uitkoopprocedure*), and (iv) the third anniversary of the Settlement Date, or
- (ii) for such longer date as the Supervisory Board considers appropriate in order to comply with principles of good corporate governance generally accepted in the Netherlands,

procure that the Company shall fully comply with the Dutch Corporate Governance Code, save for any deviations from the Dutch Corporate Governance Code (i) as expressly provided for in the Merger Agreement, (ii) as applied by the Company at the date of the Merger Agreement or (iii) with the prior approval of the Supervisory Board, including a vote in favour of such approval by at least one Continuing Member, including that the Supervisory Board will have at least two (2) Continuing Members. Notwithstanding the foregoing, the Merger Agreement provides for a deviation from the best practice provision III.2.1 of the Dutch Corporate Governance Code, stating that all members of the supervisory board are independent, except for no more than one (1) person.

## 3.6 Extraordinary General Meeting of Shareholders of TenCate

3.6.1 The Company shall convene an extraordinary general meeting of Shareholders as required in accordance with section 18 of the Takeover Decree ("**EGM**"). The EGM shall be held at 14:00 hours CET on 7 December 2015.

3.6.2 At the EGM, the Shareholders shall be requested to vote on:

- (i) the granting of full release and full and final discharge to the members of the Boards until the date of the EGM (the "**Discharge Resolution**"); and
- (ii) the appointment of new members of the Supervisory Board in accordance with Section 3.5.2 (the "**Appointment Resolution**"),  
  
(the "**Resolutions**").

3.6.3 The Resolutions will be conditional upon Settlement taking place and will become effective as of the Settlement Date. Each Resolution shall be adopted if a simple majority of the votes cast is in favour of such Resolution.

### 3.7 Financing of the Offer

The Offeror announced on 20 July 2015 that it has sufficient funds available to complete the Offer, in accordance with article 7, paragraph 4 of the Takeover Decree.

The Offer values 100% of the Shares at approximately EUR 675,000,000.

The Offeror shall finance the Offer through a combination of shareholder funding made available on behalf of the Offeror and third party debt financing. In this context the Offeror has received binding equity commitment letters including from entities managed, controlled and/or advised by each of Gilde, Parcom Capital and ABN AMRO Participaties, as well as an investment company of the Ten Cate family controlled by Mr E. ten Cate, for an aggregate amount of EUR 362.5 million, which are fully committed, subject to customary conditions (the "**Shareholder Financing**"). In addition the Offeror has entered into binding debt commitment papers with a consortium of reputable banks for secured debt financing in an aggregate amount of EUR 520 million of term debt and a revolving facility of EUR 75 million, which is fully committed on a "certain funds" basis, subject to customary conditions (the "**Debt Financing**"). The Offeror has no reason to believe that any such conditions to the Shareholder Financing or the Debt Financing will not be fulfilled on or prior to the Settlement Date.

From the Shareholder Financing and the Debt Financing, the Offeror will be able to fund the acquisition of the Shares under the Offer, the refinancing of existing TenCate debt financing and the payment of fees and expenses related to the Offer.

### 3.8 Decision-making and Recommendation by the Boards

Throughout the process, the Boards have met on a frequent basis to discuss the progress of the discussions with the Offeror and the key decisions in connection therewith. The Boards have received extensive financial and legal advice and have given careful consideration to all aspects of the Offer, including strategic, financial, operational and social points of view. After due and careful consideration, both the Executive Board and the Supervisory Board are of the opinion that the Offeror makes a compelling offer representing a fair price and attractive premium to TenCate's shareholders, as well as favourable non-financial terms. The Boards consider the Offer in the best interest of TenCate and all its stakeholders, also including employees, governmental organisations, customers, suppliers and R&D partners.

Rabobank has issued a fairness opinion to the Boards, and NIBC Bank has issued a fairness opinion to the Supervisory Board. Both have opined that the Offer Price is fair, from a financial point of view, to the Shareholders (the "**Fairness Opinions**").

Taking all these considerations into account, both the Executive Board and the Supervisory Board fully support and unanimously recommend the Offer for acceptance to the Shareholders, and unanimously recommend that the Shareholders vote in favour of the Resolutions to be taken at the TenCate EGM (the "**Recommendation**").

A steering committee comprising the members of the Executive Board and Mr J. Hovers, chairman of the Supervisory Board and Mr E. ten Cate, member of the Supervisory Board, together with TenCate's financial and legal advisors ("**Steering Committee**") was formed at the start of the process. The Steering Committee reviewed the indicative offer and discussed the terms of the Offer with the Offeror.

Mr E. ten Cate withdrew from the Steering Committee from early June as he believed that he could be perceived to have a conflict of interest as Mr E. ten Cate was invited to discuss the involvement of an investment company of the Ten Cate family controlled by Mr E. ten Cate (the "**Ten Cate Family Investment Company**", which is yet to be incorporated) with the proposed bidding entity to be controlled by Gilde. For this reason, Mr E. Ten Cate was also not involved in the deliberations and resolutions of the Supervisory Board regarding the Offer. Once the members of the Executive Board started discussing terms of continued involvement after Settlement of the Offer with the Offeror, the members of the Executive Board withdrew from the Steering Committee and no longer participated in the negotiations of a conditional agreement with the Offeror regarding the Offer. Messrs de Vries and Bos agreed with the Offeror to indirectly participate in the share capital of the Offeror following Settlement of the Offer.

### 3.9 Offer Conditions

The Offeror shall declare the Offer unconditional (*het bod gestand doen*) subject to the following conditions precedent (the "**Offer Conditions**") being satisfied or waived in accordance with this Section 3.9 on the Acceptance Closing Date, and is otherwise subject to the terms and conditions of the Offer Memorandum:

#### **No MAC**

- (a) No Material Adverse Change has occurred after the date of this Offer Memorandum;

#### **Acceptance Level**

- (b) the aggregate number of:
  - (i) Tendered Shares; and
  - (ii) Shares directly or indirectly held by the Offeror or committed to the Offeror subject only to the Offer being declared unconditional; ((i) and (ii) collectively the "**Tendered, Owned and Committed Shares**"),

represent at least 95% of the Company's issued and outstanding share capital (*geplaatst kapitaal*) on a fully diluted basis as at the Acceptance Closing Date, i.e. excluding Shares held by the Company or any of its Group Companies for its own account (the "**Acceptance Level**") as at the Acceptance Closing Date;

#### **Committee on Foreign Investment in the United States**

- (c) any review or investigation by CFIUS having been concluded, and either:
  - (i) the Offeror and the Company having received written notice that a determination by CFIUS has been made that there are no unmitigated issues of national security of the United States sufficient to warrant further review or investigation pursuant to Section 721 of the Exon-Florio Amendment to the United States Defense Production Act of 1950, 50 U.S.C. app. § 2170, as amended ("**Exon-Florio**"); or
  - (ii) the President of the United States shall not have acted pursuant to Section 721 of the United States Defense Production Act of 1950 to suspend or prohibit the consummation of the Offer, and the applicable period of time for the President of the United States to take such action shall have expired;

#### **DDTC**

- (d) a period of 60 calendar days having elapsed following notice under Section 122.4(b) of the U.S. International Traffic in Arms Regulations ("**ITAR**") to the U.S. Department of State ("**DDTC**") of the Offer pursuant to the ITAR;

#### **No initial public announcement of a Competing Offer or mandatory offer**

- (e) no initial public announcement having been made of (i) a Competing Offer or (ii) a mandatory offer pursuant to Article 5:70 Wft;

***Recommendation***

- (f) the Boards not having revoked, modified, amended or qualified the Recommendation;

***No restraint orders***

- (g) no notification having been received from the AFM stating that pursuant to Article 5:80 Paragraph 2 of the Wft investment firms shall not be allowed to cooperate with the Offer or Settlement;
- (h) no order, stay, judgment or decree having been issued by any court, arbitral tribunal, government, governmental authority or other regulatory or administrative authority and being in effect, or any statute, rule, regulation, governmental order or injunction having been enacted, enforced or deemed applicable to the Offer, any of which restrains or prohibits or is reasonably likely to restrain or prohibit consummation of the Offer in any material respect or amends, suspends, revokes, annuls, or otherwise adversely affects the AFM's decision to approve the Offer Memorandum in any material respect;
- (i) trading in the Shares on Euronext Amsterdam not being suspended or ended as a result of a listing measure (*noteringsmaatregel*) taken by Euronext Amsterdam in accordance with Article 6901/2 or any other relevant provision of the Euronext Rulebook I (Harmonised Rules);

***No breach by the Company***

- (j) the Company not having breached the terms of the Merger Agreement to the extent that any such breach (i) has or could reasonably be expected to have material adverse consequences for the Company, the Offeror or the Offer, and (ii) is incapable of being remedied within ten (10) Business Days after receipt by the Company of a written notice from the Offeror (or if the Acceptance Closing Date (or Postponed Closing Date, if any), occurs earlier, so much earlier), or has not been remedied by the Company within ten (10) Business days after receipt by the Company of a written notice from the Offeror (or if the Acceptance Closing Date (or Postponed Closing Date, if any) occurs earlier, so much earlier);

***No breach by the Offeror***

- (k) the Offeror not having breached the terms of the Merger Agreement to the extent that any such breach (i) has or could reasonably be expected to have material adverse consequences for the Company, the Offeror or the Offer, and (ii) is incapable of being remedied within ten (10) Business Days after receipt by the Offeror of a written notice from the Company (or if the Acceptance Closing Date (or Postponed Closing Date, if any) occurs earlier, so much earlier), or has not been remedied by the Offeror within ten (10) Business days after receipt by the Offeror of a written notice from the Company (or if the Acceptance Closing Date (or Postponed Closing Date, if any) occurs earlier, so much earlier);

***Resolutions***

- (l) the EGM having adopted the Resolutions; and

***No termination***

- (m) the Merger Agreement not having been terminated in accordance with its terms.

The Offer Conditions set out in Sections 3.9(c), (d) and (m) are for the benefit of both the Offeror and the Company and may, to the extent permitted by law, only be waived by the Offeror and the Company jointly in writing.

The Offer Conditions set out in Sections 3.9(a), (e), (f), (j) and (l) are for the sole benefit of the Offeror and accordingly the Offeror may, to the extent permitted by law, waive each of these Offer Conditions, either in whole or in part, at any time by giving notice to the Company.

Without any limitation to the Offeror's right to rely on the Offer Condition set forth in Section 3.9(b) (*Acceptance Level*), the Offeror may:

- (a) following the Acceptance Closing Date, waive the Acceptance Level to any percentage not less than 66.7% (sixty-six and seven tenth percent);
- (b) following the Acceptance Closing Date, after having obtained the written approval of the Boards, waive the Acceptance Level to a percentage less than 66.7% (sixty-six and seven tenth percent); and
- (c) at any time, after having obtained the written approval of the Company, waive the Offer Condition as set forth in Section 3.9(b) (*Acceptance Level*), in its entirety.

The Offer Condition in Section 3.9(k) is for the sole benefit of the Company and the Company may waive this Offer Condition, to the extent permitted by law, at any time by giving notice to the Offeror.

The Offer Conditions in Sections 3.9(g), (h) and (i) cannot be waived.

The satisfaction of each of the Offer Conditions does not depend on the will of the Offeror as prohibited by article 12, paragraph 2 of the Takeover Decree.

Each of the Offeror and the Company shall use its best efforts to procure the satisfaction of the Offer Conditions as soon as reasonably practicable.

The Offeror has initiated separate notification processes with the competent competition authorities in Europe, Turkey and the United States of America, which processes have resulted in the Offeror receiving unconditional merger clearance in these jurisdictions.

### 3.10 Certain arrangements between the Offeror and TenCate

In the Merger Agreement the Company and the Offeror have made several agreements on certain exclusivity arrangements, including how to deal with potential competing offers. For the purposes of this Offer Memorandum, the "Exclusivity Period" means the period commencing on the date of the Merger Agreement and ending on the earlier of (i) the date of termination of the Merger Agreement in accordance with Section 3.11 and (ii) the Settlement Date.

#### 3.10.1 *Exclusivity*

- (a) Subject to Sections 3.10.1(b) and 3.10.2 and 3.10.3, during the Exclusivity Period, the Company shall, and shall ensure that each of the members of the Group and each of their respective directors, officers, employees, agents, representatives and advisers shall not, directly or indirectly, approach, solicit, provide confidential information to or engage in, negotiations or transactions with, or provide any non-public information relating to the Company or its business or assets or personnel to, or otherwise approach or solicit, encourage, induce or assist any third party with respect to a potential offer or proposal for a potential offer for all, or substantially all of the Shares or for all or substantially all of the businesses or assets and liabilities of the Company, any proposal involving the potential acquisition of a substantial interest in the Company, a legal merger or demerger involving the Company, a reverse takeover of the Company or a reorganisation or re-capitalisation of the Company, or any other transaction, that could result in a change of control (including through a spin-off) of the Company or all or substantially all of the businesses or assets and liabilities of the Company, or otherwise preventing the Offer from being consummated (an "**Alternative Proposal**"), it being understood that a request, following prior consultation with the Offeror, to the AFM to issue a put-up or shut-up request shall not be regarded as a breach by the Company of this Section 3.10.1. The consideration payable in the Alternative Proposal may not consist of any securities that are not publicly traded on a regulated market.
- (b) Notwithstanding Section 3.10.1(a), the Company is permitted to respond to unsolicited queries or Alternative Proposals from third parties to obtain clarification with regard to such Alternative Proposals, to explain the restrictions pursuant to the Merger Agreement and to explain its ability to engage with those parties on a Potential Competing Offer, subject to compliance by the Company of Section 3.10.1(d) and Section 3.10.3.

- (c) The Company and the members of the Executive Board and the Supervisory Board have confirmed that, upon signing of the Merger Agreement, they were not in discussions and/or negotiations with any third party that may lead to an Alternative Proposal or Competing Offer. The Company shall use reasonable efforts to protect any confidential information of the Group under any confidentiality agreements with such third parties.
- (d) In the event that the Company or any of its representatives receives a written potential Alternative Proposal, the Company shall notify the Offeror promptly (and in any event within twenty-four (24) hours from receipt) thereof in writing, including, insofar as the Company is aware of such details, the identity of such third party and its advisers, the proposed consideration and financing thereof, the non-financial covenants and the conditions to the potential Alternative Proposal.

### 3.10.2 *Potential Competing Offer*

- (a) Following receipt of an unsolicited communication from a *bona fide* third party containing an Alternative Proposal, if in the reasonable opinion of the Boards, after having consulted its financial and legal advisors and considering, among others, level and character of consideration, certainty of financing, conditionality, track record of the bidder, integrity of the business and position of employees, such Alternative Proposal could reasonably be expected to qualify as or evolve in a Competing Offer as described in Section 3.10.3 (a "**Potential Competing Offer**"), the Company may:
  - (i) provide confidential information to such third party, but only if (i) the information is reasonably required for such third party to conduct a due diligence investigation for the purpose of the proposed transaction and (ii) such third party has entered into a confidentiality and standstill agreement with the Company on customary terms, provided that the Company shall not provide other information to a third party than it has provided to the Offeror, unless it provides the Offeror with a copy of such information simultaneously with providing such information to such third party. The Company agrees not to waive any of its rights under any such confidentiality and standstill agreement without the prior written consent of the Offeror, such consent not to be unreasonably withheld or delayed;
  - (ii) for a period of not more than thirty (30) calendar days (the "**Potential Competing Offer Period**"), consider such Potential Competing Offer and engage in negotiations regarding such Potential Competing Offer, provided that during the Potential Competing Offer Period the Company shall continue to cooperate with the Offeror in accordance with the terms of the Merger Agreement; and
  - (iii) make public announcements in relation to a Potential Competing Offer to the extent required under the Takeover Rules.
- (b) Before the end of the Potential Competing Offer Period, the Company must either give written notice to the Offeror that by then:
  - (i) the Potential Competing Offer has been determined by the Boards to constitute a Competing Offer, in which case the Company shall immediately initiate the steps set out in Section 3.10.4 (*Revised Offer*); or
  - (ii) the Potential Competing Offer has not been determined by the Boards to constitute a Competing Offer in accordance with Section 3.10.3 (*Competing Offer*), in which case the Company must promptly confirm to the Offeror that (i) it continues to support the Offer, (ii) the Boards will continue to support the Offer as contemplated herein and (iii) it has terminated discussions or negotiations regarding that Potential Competing Offer from such third party, it being understood that these confirmations by the Company shall be made public if the relevant Potential Competing Offer has also been communicated in public.

### 3.10.3 *Competing Offer*

- (a) For the purpose of this Section, a "**Competing Offer**" is a written proposal by a *bona fide* third party, which qualifies as a Potential Competing Offer, which is in the reasonable opinion of the Boards, on balance, after having consulted its financial and legal advisors and considering, among others, level and character of consideration, certainty of financing, conditionality, track record of the bidder, integrity of the business and position of employees a more beneficial offer than the Offer as contemplated in this Offer Memorandum, and exceeds the original Consideration which was included in the Announcement (excluding, for the avoidance of doubt, any increases pursuant to any Matching Revised Offers) by seven and a half percent (7.5%) or more. To the extent that the Potential Competing Offer is an offer for all or substantially all of the assets of the Company, or is an intention to enter into, a transaction, whether through a legal merger, spin-off, asset sale, capital injection, offer to purchase or otherwise, that may result in a change of control over all or substantially all of the assets of the Group, the calculation shall be made on the basis of the net proceeds to be distributed to the Company's shareholders resulting from such a transaction calculated on a per Share basis. The consideration payable in the Competing Offer may not consist of any securities that are not publicly traded on a regulated market.
- (b) If the consideration payable to the Shareholders in connection with a Competing Offer comprises solely or partly of securities, the securities component of such consideration is to be valued by the Boards in their calculation of whether the threshold in Section 3.10.3(a) is exceeded, at prevailing market prices and practices, as at the date that the comparison is made, after obtaining advice from its financial advisors. To the extent that the Competing Offer is an offer for all or substantially all of the assets of the Company and its Group, the calculation will be made on the basis of the net proceeds (excluding dividend withholding tax) to be distributed to the Shareholders resulting from such a transaction calculated on a per Share basis.

#### 3.10.4 *Revised Offer*

- (a) If a third party makes a Competing Offer:
  - (i) the Company shall promptly notify the Offeror of such event and shall provide reasonable details on the Competing Offer to the Offeror (the "**Competing Offer Notice**");
  - (ii) the Offeror shall have a period of five (5) Business Days following the Competing Offer Notice (the "**Matching Right Period**") to decide whether or not it wants to revise its Offer and/or match the Competing Offer (the "**Matching Right**"). During the Matching Right Period, the Company will continue to cooperate with and support the Offer and the Transactions in accordance with the terms and conditions of the Merger Agreement;
  - (iii) if the Offeror exercises its Matching Right and its revised Offer is determined by the Boards, having consulted their financial and legal advisors and acting in good faith, to be, on balance, at least equally beneficial to the Company and its stakeholders as the Competing Offer (a "**Matching Revised Offer**"), the Company shall not be entitled to accept the Competing Offer and/or to terminate the Merger Agreement, both parties shall continue to be bound by the Merger Agreement and the Offeror may require the Boards to reaffirm their Recommendation; and
  - (iv) if the Offeror has not made a Matching Revised Offer or if the Offeror has informed the Company that it does not wish to exercise its Matching Right, the Company shall be entitled to accept the Competing Offer and the Boards shall have the right, but shall not be obliged, to withdraw or, as applicable, modify the Recommendation and the Position Statement. Each Party shall then be entitled, but shall not be obliged, to terminate the Merger Agreement.
- (b) This Section 3.10.4 will apply *mutatis mutandis* to any consecutive Competing Offer.

#### 3.11 Termination of the Merger Agreement

- (a) The Merger Agreement terminates and the rights and obligations thereunder may be terminated:

- (i) by mutual written consent of the Offeror and the Company;
- (ii) by notice given by a party (the "**Terminating Party**") to the other party if any of the Offer Conditions for the benefit of the Terminating Party have not been satisfied or waived by the Terminating Party on the Acceptance Closing Date or if it is apparent that such Offer Conditions cannot be satisfied and shall not be waived by the Terminating Party before such date (provided that the right to terminate the Merger Agreement pursuant to this sub-clause is not available to the party whose failure to fulfil any obligation under the Merger Agreement has been the cause of or resulted in the failure of the Offer to be declared unconditional (*gestand gedaan*) on or before such date);
- (iii) by notice given by the Terminating Party to the other party pursuant to Section 3.10.4(a)(iv);
- (iv) by notice given by the Terminating Party to the other party in the event of a breach of the Merger Agreement by the other party (the "**Defaulting Party**") which breach has or is expected to have a material adverse effect on the Offer or the Company (a "**Material Breach**"), provided that such Material Breach (i) has not been waived by the non-defaulting party or (ii) has not been remedied by the Defaulting Party within ten (10) Business Days after the Defaulting Party has obtained actual knowledge of such Material Breach (or if the Acceptance Closing Date, occurs earlier, so much earlier); or
- (v) by notice given by the Terminating Party to the other party if Settlement has not occurred on or before the Long Stop Date.

### 3.12 Termination fee

If the Merger Agreement is terminated by the Offeror (i) pursuant to Section 3.11(a)(iv) and 3.10.4(a)(iv) following announcement of a Competing Offer, or (ii) pursuant to Section 3.11(a)(iv) in respect of a Material Breach by the Company as described in clause 2.1.4 of the Merger Agreement, the Company shall pay (without any deduction, suspension or set off of any kind) the Offeror within two (2) Business Days after having received written notice from the Offeror by way of compensation for damages, fees and costs, an amount equal to 0.75% of the aggregate Offer Price for all issued and outstanding Shares (excl VAT, if any) for loss of management time and other costs and expenses which it has already incurred and will continue to incur in connection with the Offer and the preparation of the Offer (the "**Termination Fee**").

### 3.13 Irrevocable Undertakings

Certain major shareholders of the Company, Delta Lloyd Deelnemingen Fonds N.V., Delta Lloyd Levensverzekering N.V. and Delta Lloyd L European Participation Fund have agreed to an irrevocable undertaking to support and accept the Offer and to tender all Shares held by them as per the Acceptance Closing Date and to vote in favour of the Resolutions under the terms and conditions set out in the irrevocable undertakings. In addition, Mr. Louis (Loek) de Vries, President and CEO of TenCate, has also irrevocably agreed with the Offeror that, provided the Boards continue to recommend the Offer, he will support and accept the Offer. These irrevocable undertakings (the "**Irrevocable Undertakings**") together represent approximately 16% of all issued and outstanding Shares and shall terminate only if the Merger Agreement is terminated in accordance with Section 3.11 (*Termination of the Merger Agreement*).

The parties who entered into the Irrevocable Undertakings have not received any information in connection with the Offer that is not included in this Offer Memorandum and they will tender their Shares on the same terms and conditions as the other Shareholders.

In addition, Mr. Louis (Loek) de Vries, President and CEO of TenCate, has agreed with the Offeror that he will invest part of the proceeds of the Offer received by him in his capacity as shareholder in the capital of an affiliate of the Offeror following the Settlement Date.

Furthermore, the Ten Cate Family Investment Company shall invest in the capital of an affiliate of the Offeror following the Settlement Date.

### 3.14 Share Options

With reference to Section 5.9 (*Ten Cate Remuneration Policy*), the Supervisory Board has resolved in respect of TenCate's Share Option Plan that, subject to Settlement, all Share Options of a participant in the Share Option Plan shall become fully vested as part of the Cash Settlement, provided (amongst other terms) that:

- (i) the participant shall not exercise any Share Option until Settlement; and
- (ii) all Share Options of that participant shall immediately be cancelled.

As part of the Cash Settlement:

- (i) in respect of any Share Option that has an exercise price which is lower than the Offer price, TenCate shall pay the difference between the Offer price and the relevant exercise price, minus any taxes or social security contributions that TenCate or its relevant affiliate is required to withhold from such cash payment; and
- (ii) in respect of any Share Option that has an exercise price which is higher than the Offer price, the participant shall not be entitled to any cash payment whatsoever, and such Share Options will be cancelled, without any further consideration being due to the participant.

Share Options of any holder who does not agree with the Cash Settlement will, if not exercised, remain outstanding and in full force and effect after Settlement.

### 3.15 Post-Closing Restructuring Measures

Shareholders who do not intend to tender their Shares under the Offer should carefully review this Section 3.15 (*Post-Closing Restructuring Measures*), Section 3.15.3 (*Other Post-Closing Restructuring Measures*) and Section 3.16 (*Consequences of the Offer*), which describe certain risks they will be subject to if they elect not to accept the Offer and certain measures the Offeror may take to achieve its goal of obtaining 100% of the Shares. These risks are in addition to the risks associated with holding securities issued by the Company generally, such as the exposure to risks related to the business of the Company and its subsidiaries, the markets in which the Group operates, as well as economic trends affecting such markets generally as such business, markets or trends may change from time to time.

The Offeror seeks to acquire 100% of the Shares and/or the business and operations of the Company, through the Offer and other subsequent restructuring steps (if necessary). These steps are likely to have significant consequences for Shareholders who do not tender their Shares under the Offer, including the possibility of a substantial delay in the receipt by them of their proceeds. No decision in respect of pursuing such other subsequent restructuring steps as set out in this Section 3.15 (*Post-Closing Restructuring Measures*) has been taken by the Offeror and no such decision is envisaged to be taken prior to the Offer being declared unconditional.

#### 3.15.1 Importance of 100% ownership

Taking account of the strategic rationale of the Offer as set forth in Section 3.3 (*Rationale of the Offer*), the Company has acknowledged the importance to the Company, the Group and the Offeror for the Offeror to acquire 100% of the Shares or the Company's assets and operations. This importance is based, *inter alia*, on:

- (i) the fact that having a single shareholder and operating without a public listing increases the Group's ability to achieve the goals and implement the actions of its strategy and reduces the Group's costs (e.g. there will no longer be a requirement for physical general meetings and the Offeror and the Company shall no longer have to publish separate annual accounts);
- (ii) the ability of the Company and the Offeror to terminate the listing of the Shares from Euronext Amsterdam; and
- (iii) to achieve an efficient capital structure (both from a tax and financing perspective, including the ability to form a fiscal unity between the Offeror and the Company),

which would, amongst others, facilitate intercompany transactions and dividend distributions.

### 3.15.2 *Squeeze-Out Procedures*

It is the intention of the Offeror to acquire ultimately one hundred per cent (100%) of the Shares or full ownership (legal and beneficial) of the Company's business. If, following the Settlement Date, the Offeror and its Affiliates, alone or together with the Company, hold at least ninety-five per cent (95%) of the Shares, the Offeror may commence a compulsory acquisition procedure (*uitkoopprocedure*) in accordance with article 2:92a DCC, article 2:201a DCC or the takeover buy-out procedure in accordance with article 2:359c DCC to buy out the holders of Shares that have not tendered their Shares under the Offer. The Company has agreed to provide the Offeror with any assistance as may be reasonably required in connection with such procedures, including, if relevant and useful, joining such proceedings as co-claimant.

### 3.15.3 *Asset Sale and Liquidation*

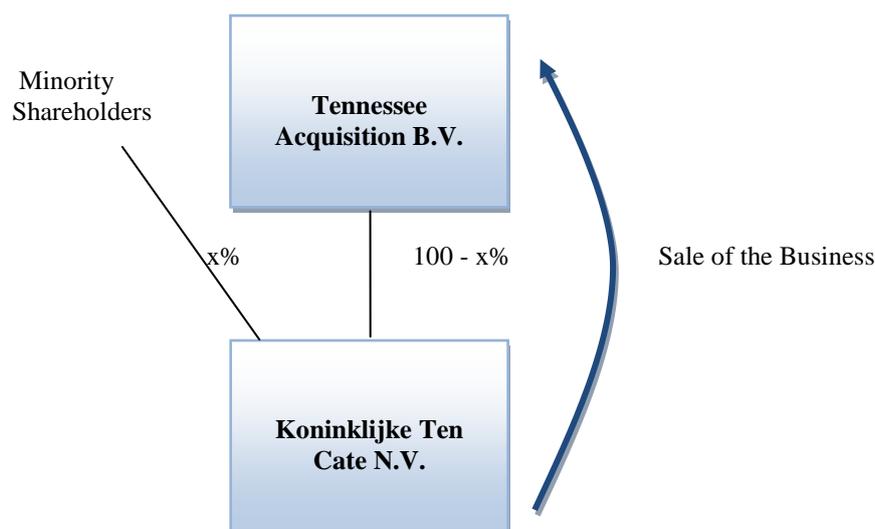
In the event that the Offeror (i) has declared the Offer unconditional and (ii) has not, together with its Affiliates, acquired 95% or more of the Shares after expiration of the Post Acceptance Period, the Offeror is likely to effect, or cause to effect, a restructuring taking account of the strategic rationale of the Offer as set forth in Section 3.3 (*Rationale of the Offer*) and the importance to the Company, the Group and the Offeror for the Offeror to acquire 100% of the Shares or the Company's assets and operations as set forth in Section 3.15.1.

The most likely Post-Closing Restructuring Measure (as defined below) is the sale by TenCate of its entire business (consisting of all assets and liabilities of TenCate) (the "**Business**") to the Offeror or an Affiliate of the Offeror and subsequent liquidation of TenCate (the "**Asset Sale and Liquidation**"). However, the Offeror may also elect to not or only partly pursue the Asset Sale and Liquidation and/or pursue one or more other alternative post-closing restructuring measures referred to in Section 3.15.4 (*Other Post-Closing Restructuring Measures*), whether or not in conjunction with the Asset Sale and Liquidation (or a part thereof).

The Asset Sale and Liquidation would require the approval of the general meeting of Shareholders of TenCate and the approval of the Boards, with the affirmative vote of both Continuing Members.

In principle, the Asset Sale and Liquidation would consist, in summary, of the following main terms:

- (i) The Company would sell and transfer and the Offeror or its Affiliates would purchase and acquire the Business.



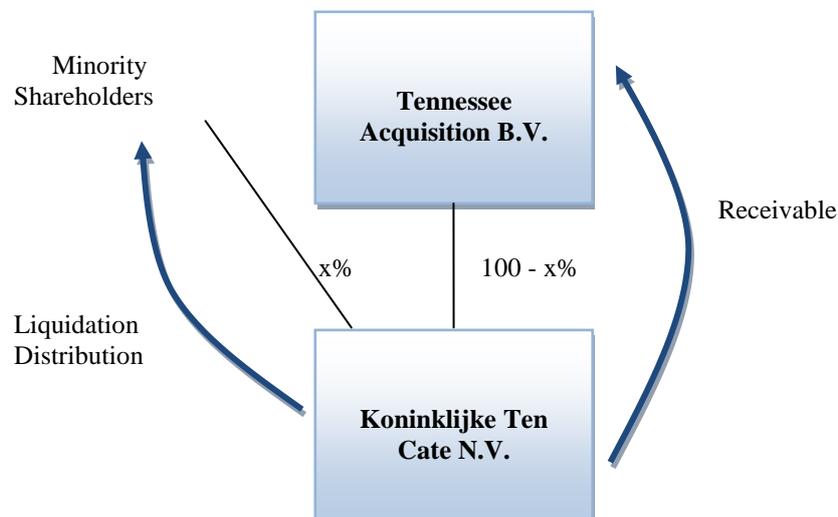
- (ii) The aggregate purchase price for the Business (the "**Purchase Price**") would be an amount equal to the Offer Price per Share calculated in accordance with the terms and conditions of this Offer Memorandum, including but not limited to Section 3.16.6 (for the purposes of this Section 3.15.3 (*Post-Closing Restructuring Measures*), the "**Offer Price**") multiplied by the total number of Shares issued at the time the Offeror declares the Offer unconditional (*gestanddoening*).
- (iii) It is envisaged that the Asset Sale and Liquidation would only be completed if it is possible to complete it in full. That being said, the sale and transfer of some parts of the Business may be subject to certain rights of third parties. To avoid or limit harmful delays in the transfer of the Business, it is envisaged that, if and when so requested by the Offeror in respect of certain assets or liabilities to be specified by the Offeror, the Company would transfer and the Offeror would accept the transfer of specific parts of the Business in separate steps (each a "**Partial Transfer**").
- (iv) In the event of a Partial Transfer, the Offeror would owe the Company a portion of the Total Purchase Price to the Company equal to value of the relevant part(s) of the Group's business, which value shall be determined and allocated to such Partial Transfer by the Offeror and the Company in good faith on the basis of the same metrics as those used for establishing the Offer Price (each such amount being a "**Partial Purchase Price**"). The determination and allocation of the Partial Purchase Price to specific parts of the Business would be subject to the approval of both Continuing Members.
- (v) The Purchase Price or each Partial Purchase Price (as applicable) would be payable or satisfied on the date of transfer of the Business or part of the Business ("**Completion**") as follows:
  - (A) an amount equal to the Purchase Price or Partial Purchase Price (as applicable) multiplied by the total number of Shares issued immediately prior to Completion and held by the Offeror or any of its Affiliates (such amount, the "**Offeror Cash Amount**"), to be satisfied by the Offeror's execution and delivery of a loan note to the Company in an aggregate principal amount equal to the Offeror Cash Amount (the "**Receivable**"); and
  - (B) an amount in cash equal to the Purchase Price or Partial Purchase Price (as applicable) multiplied by the total number of Shares issued immediately prior to Completion and held by Shareholders other than the Offeror or any of its Affiliates (such Shareholders, the "**Minority Shareholders**" and such amount,

the "**Aggregate Minority Cash Amount**"), which would be paid or satisfied as follows:

- (1) to avoid the Offeror having to pay cash for cash available within the Company to which the Offeror will be entitled as a result of the transfer of the Business or the relevant part of the Business (as applicable), a portion of the Aggregate Minority Cash Amount equal to the amount of available unrestricted cash of the Company as set forth on the Company's balance sheet immediately prior to Completion (the "**Net Cash Amount**"), if any, by way of set-off against the Company's obligation to deliver the Net Cash Amount to the Offeror at Completion as part of the Business or the relevant part of the Business (as applicable); and
- (2) the remainder of the Aggregate Minority Cash Amount, if any, in cash by the Offeror or any of its Affiliates.

If and to the extent the Net Cash Amount exceeds the Aggregate Minority Cash Amount (the "**Excess Cash**"), the Company would transfer the Excess Cash to the Offeror as part of the transfer of the Business or the relevant part of the Business (as applicable).

- (vi) Any liabilities that are part of the Business and that cannot be transferred, would remain with the Company, and would increase the Purchase Price by an amount equal to the cash amount needed to satisfy those liabilities.
- (vii) In consideration for the transfer of the Business, the Offeror would procure, if necessary by making adjustments to the Purchase Price, that the Purchase Price shall be sufficient to pay to the Shareholders, for each issued Share held by each such Shareholder, an amount of cash that is equal to the Offer Price, without interest and subject to the deduction and withholding of dividend withholding tax or other taxes, if any.
- (viii) Except for such amounts as the Company may determine need to be retained to pay for future costs and other liabilities, the Company would undertake to distribute the proceeds of an asset sale (whether in respect of the entire Business or part of the Business) to its Shareholders as soon as possible after Completion by way of an interim dividend, whereby each Shareholder may opt for either (i) a distribution in cash or (ii) a distribution of a share in the Receivable or Receivables acquired by the Company from time to time, it being understood that the Offeror would elect the Receivable or Receivables (such distributions collectively, the "**Liquidation Distributions**" and each a "**Liquidation Distribution**").



- (ix) To the extent that a Liquidation Distribution is subject to withholding or similar taxes, the Company would withhold the required amounts from the Liquidation Distribution and remit such amounts to the Dutch Tax Authorities as required by the relevant tax laws. The Liquidation Distribution is subject to withholding tax to the extent it exceeds paid-in capital (*gestort kapitaal*) recognized for Dutch dividend withholding tax purposes.
- (x) The Company would, as promptly as practicable following the Completion of the sale and transfer of the entire Business or the last part of the Business (as applicable) and subsequent Liquidation Distribution, with the assistance of the Offeror, wind up its affairs, satisfy all valid claims of creditors and others having claims against the Company and effectuate liquidation, all in full compliance with applicable laws.

In the event the Offeror elects to pursue the Asset Sale and Liquidation, the terms and/or the structure of the Asset Sale and Liquidation may differ, in whole or in part, from the main terms set out in this Section 3.15.3 (*Asset Sale and Liquidation*). The Asset Sale and Liquidation may be combined with (elements of) one or more other Post-Closing Restructuring Measures set out in Section 3.15.4 (*Other Post-Closing Restructuring Measures*), such as a statutory legal demerger (*juridische splitsing*) of the Company. The Offeror may also decide that the Asset Sale and Liquidation shall not be pursued at all and pursue one or more of such other Post-Closing Restructuring Measures instead.

#### 3.15.4 Other Post-Closing Restructuring Measures

The Company has acknowledged that, subject to the relevant corporate and regulatory approvals required under the applicable law, the Offeror may pursue to effect or cause to effect any restructuring of the Group, including the Asset Sale and Liquidation as described in Section 3.15.3 (*Asset Sale and Liquidation*) and excluding the squeeze-out procedures as described in 3.15.2 (*Squeeze-Out Procedure*) (each a "**Post-Closing Restructuring Measure**") for the purpose of achieving the objectives as described in Section 3.15.1 (*Importance of 100% ownership*) in accordance with the Takeover Rules and Dutch law in general, some of which may have the ancillary effect of diluting the interest of any remaining minority shareholders of the Company, including:

- (i) a subsequent public offer for any Shares held by minority shareholders;
- (ii) a statutory cross-border or domestic (bilateral or triangular) legal merger (*juridische (drie)hoeks-fusie*) in accordance with article 2:309 et seq DCC between the Company, the Offeror and/or one or more Affiliates of the Offeror;
- (iii) a statutory legal demerger (*juridische splitsing*) of the Company in accordance with article 2:334a et seq DCC;
- (iv) a contribution of assets or a combination of assets and cash by the Offeror or by any Subsidiary of the Offeror in exchange for ordinary shares or preference shares in the Company's share capital (in which circumstances the pre-emptive rights (*voorkeursrechten*), if any, of the Company's minority shareholders may be excluded);
- (v) a sale of all, substantially all, or a substantial part of the assets of the Company, which may or may not be followed by a distribution of proceeds to the shareholders of the Company, all in accordance with the laws of the Netherlands and the Articles of Association;
- (vi) a distribution of proceeds, cash and/or assets to the shareholders of the Company;
- (vii) a sale and transfer of assets and liabilities by the Offeror or any of its Subsidiaries to any member of the Group, or a sale and transfer of assets and liabilities by any member of the Group to the Offeror or any of its Subsidiaries;
- (viii) the conversion of the Company into a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*);

- (ix) any combination of the foregoing; or
- (x) any transactions, restructurings, share issues, procedures or proceedings in relation to the Company or one or more of its Affiliates required to effect the aforementioned objective.

In the effectuation of any Post-Closing Restructuring Measure, due consideration will be given to the requirements of Dutch law, including the interests of the stakeholders of the Company, including the interests of minority shareholders of the Company. The Offeror shall only effect or cause to effect any Post-Closing Restructuring Measure (i) after the Post Acceptance Period and (ii) if the Offeror has acquired less than ninety five per cent (95%) of the Shares.

The measures described in Section 3.15 (*Post-Closing Restructuring Measures*), will be subject to the approval of both Continuing Members in the event that it could reasonably be expected to lead to a dilution of the shareholdings of the remaining minority shareholders of the Company or any other form of unequal treatment which could prejudice or negatively affect the value of the Shares held by the remaining minority shareholders or their reasonable interests, other than to the extent such measure is (i) a rights issue or any other share issue where they have been offered a reasonable opportunity to subscribe *pro rata* to their then existing shareholding (ii) a compulsory acquisition procedure (*uitkoopprocedure*) in accordance with article 2:92a DCC, article 2:102a DCC or the takeover buy-out procedure in accordance with article 2:359c DCC, which approval shall not unreasonably be withheld or delayed by the Continuing Members. The Continuing Members will have the opportunity to engage for the account of the Company their own financial and legal advisors, if and to the extent they believe that the advice of such advisors is reasonably necessary to assist them in reviewing and assessing matters that come before the Supervisory Board.

### 3.16 Consequences of the Offer

Shareholders who do not tender their Shares under the Offer should carefully review this Section 3.16 (*Consequences of the Offer*), which describes certain risks they will be subject to if they elect not to accept the Offer. These risks are in addition to the risks associated with holding securities issued by TenCate generally, such as the exposure to risks related to the business of the TenCate Group, the markets in which the TenCate Group operates, as well as economic trends affecting such markets generally as such business, markets or trends may change from time to time. The following is a summary of the key additional risks.

#### 3.16.1 *De-listing*

The Offeror and the Company acknowledge that it is their intention, subject to the Offer being declared unconditional and to applicable laws and regulations, to terminate the listing of the Shares on Euronext Amsterdam as soon as possible.

#### 3.16.2 *Liquidity of the Shares*

The purchase of Shares by the Offeror pursuant to the Offer, among other things, will reduce the number of Shareholders and the number of Shares that might otherwise trade publicly and thus adversely affect the liquidity of the Shares not tendered.

In accordance with Euronext Amsterdam Notice 2004-041, Euronext Amsterdam, in general, permits a delisting in the case of a public offer if such public offer for all relevant shares goes unconditional, giving the bidder at least 95% of such shares. Should the Offeror decide to terminate the listing of the Company, such termination will further adversely affect the liquidity of any Shares not tendered.

In addition, the Offeror may initiate any of the procedures as set out in Section 3.15.3 (*Other Post-Closing Restructuring Measures*), including procedures which would result in the termination of the listing of the Shares (including Shares not being tendered).

#### 3.16.3 *Reduced governance rights*

In the event that the Company or its successor entity will no longer be listed and its Shares will no longer be publicly traded, the statutory provisions applicable to the governance of public or listed companies will no longer apply and the rights of minority shareholders will be limited to the statutory minimum.

#### 3.16.4 *Controlling Shareholder*

Following the Settlement Date, the Company may be majority controlled by the Offeror and the Offeror may appoint and/or procure the appointment of certain members to the Boards.

#### 3.16.5 *Other measures*

Subject to the terms and conditions of this Offer Memorandum, the Offeror reserves the right to submit proposals to the Shareholders in order to change the corporate structure and the capital structure of the Company and/or achieve an optimal financial or other structuring, including amendments to the Company's Articles of Association, a debt push-down (*inter alia* by means of an upstream loan or interim dividends) and changes in the accounting policies applied by the Group, all in accordance with Dutch law and the Company's Articles of Association.

#### 3.16.6 *Dividend policy*

The Shareholders should be aware that the Company may or may not pay cash dividends in the future. Future dividends may be of a one off nature only and the amount of any dividends will depend on a number of factors associated with the Offeror's tax and financial preferences from time to time. Any distribution made in respect of the Shares after the Settlement Date will be deducted for the purpose of establishing the value per Share in any statutory merger, takeover buy-out procedure, squeeze-out procedure or other measure contemplated by Sections 3.15.3 (*Asset Sale and Liquidation*) and 3.15.4 (*Other Post-Closing Restructuring Measures*).

#### 3.16.7 *Tax treatment of distributions*

The Offeror has no insight into and no responsibility with respect to the tax treatment of Shareholders with respect to any distributions made by the Company or any successor entity to the Company, which may include dividends, repayments of capital and liquidation distributions. In the event that there is a sale of all, substantially all, or part of the assets of the Company, followed by a liquidation and a distribution of the sale proceeds, this may raise specific tax issues for Shareholders, including without limitation a liability to Dutch dividend withholding tax. To the extent Dutch dividend withholding tax is not fully creditable against the mainstream tax liability of the Shareholders, the after-tax return may be significantly lower than the return would have been had the Shares been offered to Offeror. In addition, a sale of all, substantially all, or part of the assets of the Company may raise other specific tax issues for the Company, any member of the Group and/or Shareholders, as a result of which the after-tax return received by Shareholders may be significantly lower than the return would have been, had such Shareholder tendered Shares held by it in the Offer.

#### 3.16.8 *Tax treatment of other Post-Closing Restructuring Measures*

Other Post-Closing Restructuring Measures could also raise specific tax issues for Shareholders as a result of which the after tax return may be significantly lower than the return would have been had the Shares been offered to Offeror.

#### 3.17 Employee consultation

The secretariat of the Social Economic Council (*Sociaal Economische Raad*) has been informed in writing of the Offer in accordance with the Rules relating to Mergers of the Social and Economic Council (*SER Fusiegedragsregels 2000*).

The Works Council has been informed regarding the change of control contemplated by the Offer, the financing related to the Offer and the refinancing of the existing debt of the Group. On the basis thereof, the Works Council has given its positive advice in respect of the Offer, the financing related to the change of control contemplated by the Offer and the refinancing of the existing debt of the Group. In this context, TenCate and the Offeror have *inter alia* agreed with the Works Council that:

- Until the general meeting of shareholders of TenCate to be held in or around April 2016 (being the date on which the current term of Messrs Hovers and Ten Cate as members of the Supervisory Board expires), any deviation from the Non-Financial Covenants requires the prior approval of the Supervisory Board, with the affirmative vote of both Continuing Members. Following such annual general meeting, any deviation from the Non-Financial Covenants will be permitted as set out in Section 3.4.9 (*Deviation*).
- The Works Council shall be consulted on decisions of the Supervisory Board on certain deviations from the Non-Financial Covenants, including certain deviations in relation to the business strategy, structure and governance of the Group, financing, divestments and employees.
- During a 3 (three) year period from the Unconditional Date, TenCate will not close or relocate any enterprises (*ondernemingen*) for which a works council has been established in The Netherlands, nor will it, save for a possible divestment of 1 (one) Market Group, divest any Market Groups, notwithstanding the arrangements set out in Section 3.4.9. The Offeror confirmed to the Works Council that it currently does not have the intention to divest a Market Group.

#### 4. INVITATION TO SHAREHOLDERS

Subject to the terms and conditions of this Offer Memorandum, the Offeror hereby makes a recommended public cash offer to all Shareholders, for all Shares.

Shareholders are advised to review this Offer Memorandum and the related documents included, referred to herein or enclosed herewith thoroughly and completely and to seek independent advice where appropriate in order to reach an informed judgment with respect to the Offer and this Offer Memorandum. Shareholders who consider not tendering their Shares are advised to review Section 3.14 (*Post-Closing Restructuring Measures*), Section 3.15.3 (*Other Post-Closing Restructuring Measures*) and Section 3.16 (*Consequences of the Offer*). With due reference to all statements, terms, conditions and restrictions included in this Offer Memorandum, Shareholders are hereby invited to tender their Shares under the Offer in the manner and subject to the terms, conditions and restrictions set out in this Offer Memorandum.

##### 4.1 Offer Price

Shareholders tendering their Shares under the Offer will be paid, on the terms and subject to the conditions and restrictions contained in this Offer Memorandum, in consideration of each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) by such Shareholder and delivered (*geleverd*) to the Offeror, the Offer Price, without interest and subject to any required withholding of taxes. If, on or after the date hereof but on or prior to the Settlement Date, any cash or share dividend or other distribution is declared in respect of the Shares and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date, the Offer Price per Share will be decreased by an amount per Share equivalent to any such cash or share dividend or other distribution per Share.

During the Acceptance Period, the Offeror has the right pursuant to article 15, paragraph 4 of the Takeover Decree to increase the Offer Price. The Acceptance Period must be open for at least seven (7) Business Days following an increase of the Offer Price. Should the Acceptance Period be open for a shorter period, it will by virtue of law be extended to seven (7) Business Days. During such extended Acceptance Period, the Offeror is not allowed to further increase the Offer Price. Shares tendered prior to such extension of the Acceptance Period may be withdrawn during the extended Acceptance Period in accordance with article 15 paragraph 3 and article 15a paragraph 3 of the Takeover Decree. However, during any such extension of the Acceptance Period, any Shares previously tendered and not withdrawn will remain subject to the Offer. If and to the extent the Offeror, during the Acceptance Period, purchases any Shares outside the Offer at a price which is higher than the Offer Price, the Offeror will, upon declaring the Offer unconditional, pay such higher price for all Shares validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) by a Shareholder and delivered (*geleverd*) to the Offeror. In such a scenario, the Offeror will make a public announcement confirming that the Offer Price is increased to match such higher price.

##### 4.2 Acceptance of the Offer and Tender

###### 4.2.1 *Acceptance of the Offer and Tender via an Admitted Institution*

Shareholders who hold their Shares through an Admitted Institution are requested to make their acceptance known via their custodian, bank or stockbroker no later than 17:40 hours CET on 16 December 2015, unless the Acceptance Period is extended in accordance with Section 4.1 (*Offer Price*) or Section 4.6 (*Extension of the Acceptance Period*). Your custodian, bank or stockbroker may set an earlier deadline for Shareholders to communicate acceptances of the Offer in order to permit the custodian, bank or stockbroker to communicate its acceptances to the Exchange Agent in a timely manner.

The Admitted Institutions may tender Shares for acceptance only to the Exchange Agent and only in writing. In tendering the acceptance, the Admitted Institutions are required to declare that (i) they have the tendered Shares in their administration, (ii) each Shareholder who accepts the Offer irrevocably represents and warrants that the Shares tendered by him are being tendered in compliance with the restrictions set out in Section 1 (*Restrictions and important information*), and (iii) they undertake to transfer these Shares to the Offeror prior to or ultimately on the Settlement Date.

Subject to article 5b paragraph 5, article 15 paragraphs 3 and 8 and article 15a paragraph 3 of the Takeover Decree, the tendering of Shares in acceptance of the Offer shall constitute irrevocable instructions (i) to block any attempt to transfer the Shares tendered, so that on or prior to the Settlement Date no transfer of such Shares may be effected (other than to the Exchange Agent on or prior to the Settlement Date if the Shares have been accepted for purchase or if withdrawal rights are available) and (ii) to debit the securities account in which such Shares are held on the Settlement Date in respect of all of the Shares tendered, against payment by the Exchange Agent of the Offer Price in respect of those Shares.

4.2.2 *Acceptance of the Offer and Tender by Holders of Shares Individually Recorded in the Company's Shareholder Register*

Shareholders owning Shares individually recorded in the Company's shareholders register that choose to accept the Offer in respect of such Shares must deliver a completed and signed acceptance form to the Exchange Agent. Completed acceptance forms should be received by the Exchange Agent prior to the Acceptance Closing Time. The acceptance forms are available upon request from the Exchange Agent:

ING Bank N.V. (Attention: Sjoukje Hollander/Remko Los)  
Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands  
Telephone: +31 20 563 6546 /  
+31 20 563 6619  
Fax: +31 20 563 6959  
E-mail: iss.pas@ing.nl

The acceptance form will also serve as a deed of transfer (*akte van levering*) with respect to the Shares referenced therein.

4.3 Undertakings, Representations and Warranties by Tendering Shareholders

Each Shareholder tendering Shares pursuant to the Offer, by such tender, irrevocably undertakes, represents and warrants to the Offeror, on the date that such Shares are tendered through to and including the Settlement Date, that:

(a) *Acceptance by the Shareholder*

the tender of any Shares constitutes an acceptance by the Shareholder of the Offer, on and subject to the terms and restrictions of the Offer as contained in this Offer Memorandum;

(b) *Power of Authority*

such Shareholder has full power and authority to tender, sell and deliver (*leveren*), and has not entered into any other agreement to tender, sell or deliver (*leveren*) the Shares stated to have been tendered to any party other than the Offeror (together with all rights attaching thereto) and, when the same are purchased by the Offeror for cash, the Offeror will acquire such Shares, with full title guarantee and free and clear of all third party rights and restrictions of any kind;

(c) *Compliance*

such Shares are being tendered in compliance with the restrictions as set out in Section 1 (*Restrictions and important information*) and the securities and other applicable laws or regulations of the jurisdiction in which such Shareholder is located or of which it is a resident and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with the tendering of such Shares; and

(d) *Waiver*

such Shareholder acknowledges and agrees that having tendered its Shares, such Shareholder shall, as from the Settlement Date, be deemed to have waived any and all rights or entitlements that such Shareholder may have in its capacity as shareholder of TenCate or otherwise in

connection with its shareholding in TenCate vis-à-vis any member of the Group and any member of the Boards.

#### 4.4 Acceptance Period (*aanmeldingstermijn*)

The Acceptance Period begins on 22 October 2015, at 09:00 hours CET and ends, subject to extension in accordance with article 15 of the Takeover Decree, on 16 December 2015, at 17:40 hours CET.

If the Offer is declared unconditional (*gestand is gedaan*), the Offeror will accept all Shares that have been validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and not previously withdrawn pursuant to the terms of the Offer in accordance with the procedures set forth in Section 4.2 (*Acceptance of the Offer and Tender*).

#### 4.5 Withdrawal rights

Shares tendered prior to the Acceptance Closing Time may not be withdrawn, subject to the right of withdrawal of any tender:

- (a) during any extension of the Acceptance Period in accordance with the provisions of article 15, paragraph 3 of the Takeover Decree;
- (b) following an announcement of a mandatory public bid in accordance with the provisions of article 5b, paragraph 5 of the Takeover Decree (provided that such Shares were already tendered prior to the announcement and withdrawn within seven (7) Business Days following the announcement);
- (c) following the filing of a successful request to set a reasonable price for a mandatory public bid in accordance with the provisions of article 15, paragraph 8 of the Takeover Decree (provided that such Shares were already tendered prior to the request and withdrawn within seven (7) Business Days following the decision date); or
- (d) following an increase of the Offer Price as a result of which the Offer Price does no longer only consist of a cash component and a document in relation thereto is made generally available in accordance with the provisions of article 15a paragraph 3 of the Takeover Decree (provided that such Shares were already tendered prior to the request and withdrawn within seven (7) Business Days following such document being made available).

If the Acceptance Period is extended, any Shares previously tendered and not withdrawn will remain subject to the Offer. Shares tendered during an extension of the Acceptance Period may not be withdrawn, subject to the provisions of article 5b, paragraph 5, article 15, paragraphs 3 and 8 and article 15a paragraph 3 of the Takeover Decree, as set out above in this Section.

#### 4.6 Extension of the Acceptance Period

In accordance with article 15, paragraph 1 of the Takeover Decree, the Offeror may extend the Offer past the Acceptance Closing Time only once, with a minimum of two (2) weeks and a maximum of ten (10) weeks, subject to a possible extension in case of an increase of the Offer Price as described below, in which case all references in this Offer Memorandum to the Acceptance Closing Time shall, unless the context requires otherwise, be moved to the latest date and time to which the Offer has been so extended. In the event a third party has published a Competing Offer prior to the Acceptance Closing Time, the Offeror may extend the Offer past the Acceptance Closing Time to match the acceptance closing time of a Competing Offer, in accordance with article 15, paragraph 5 of the Takeover Decree. However, as noted in Section 4.2 (*Acceptance of the Offer and Tender*), a custodian, bank or broker may set an earlier deadline for Shareholders to communicate acceptances of the Offer in order to permit the custodian, bank or broker to communicate such acceptances to the Exchange Agent in a timely manner.

If the Acceptance Period is extended, a public announcement to that effect shall be made in accordance with the Merger Rules. Article 15, paragraph 2 of the Takeover Decree requires that such announcement be made not later than the third (3<sup>rd</sup>) Business Day following the initial Acceptance Closing Time.

During any such extension of the Acceptance Period, any Shares previously tendered and not withdrawn will remain subject to the Offer. In accordance with article 15, paragraph 3 of the Takeover Decree, Shares tendered on or prior to the original Acceptance Closing Time may be withdrawn during the Acceptance Period as extended. Further, in accordance with article 15a, paragraph 3 of the Takeover Decree, Shares tendered may be withdrawn within seven (7) Business Days following the announcement of an increase of the Offer Price.

In addition, the Acceptance Period may be extended in accordance with article 15 paragraph 9 of the Takeover Decree if the Offer Price is increased within seven (7) Business Days from the Acceptance Closing Date, in which case the Acceptance Period is by virtue of law extended to the effect that the Acceptance Period will be open for seven (7) Business Days from such increase of the Offer Price.

#### 4.7 Declaring the Offer Unconditional (*gestanddoening*)

The obligation of the Offeror to declare the Offer unconditional (*gestand doen*) is subject to the satisfaction or waiver of the Offer Conditions. See also Section 3.9 (*Offer Conditions*). The Offer Conditions may be waived, to the extent permitted by law or by agreement, as set out in Section 3.9 (*Offer Conditions*). If the Offeror wishes to waive one or more Offer Conditions according to Section 3.9 (*Offer Conditions*), the Offeror will inform the Shareholders as required by the applicable rules.

Unless the initial Acceptance Period is extended, the Offeror will no later than on the third (3rd) Business Day following the Acceptance Closing Date determine whether the Offer Conditions have been satisfied or waived as set out in Section 3.9 (*Offer Conditions*), to the extent permitted by law. In addition, the Offeror will at that time announce whether (i) the Offer is declared unconditional (*gestand wordt gedaan*), (ii) the Acceptance Period will be extended in accordance with article 15 of the Decree, or (iii) the Offer is terminated as a result of the Offer Conditions not having been satisfied or waived, all in accordance with Section 3.9 (*Offer Conditions*) and article 16 of the Decree.

If the Offer is declared unconditional (*gestand is gedaan*), the Offeror will accept for payment all Shares validly tendered (or defectively tendered provided that such defect has been waived by the Offeror).

#### 4.8 Settlement of the Offer

Shareholders who have accepted the Offer and Shareholders who have tendered their Shares for acceptance pursuant to the Offer prior to or on the Acceptance Closing Time if the Offer is declared unconditional (*gestand is gedaan*) will receive on the Settlement Date the Offer Price in respect of each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*), at which point dissolution or annulment of Shareholder's tender or delivery (*levering*) shall not be permitted.

Admitted Institutions receiving Shares from Shareholders tendering under this Offer shall receive these Shares as custodian. In turn, Admitted Institutions will submit such Shares by written instruction to the Exchange Agent. By tendering such Shares, the Admitted Institutions declare that they have the Shares in their custody and that they procure transfer of the Shares to the Offeror prior to or on the Settlement Date.

#### 4.9 Post Acceptance Period

The Offeror may, in accordance with article 17 of the Takeover Decree, within three (3) Business Days after declaring the Offer unconditional, announce a Post Acceptance Period to enable Shareholders that did not tender their Shares during the Acceptance Period to tender their Shares under the same terms and conditions applicable to the Offer. Any such Post Acceptance Period will commence on the first (1<sup>st</sup>) Business Day following the announcement of a Post Acceptance Period and will remain open for a period of no longer than two (2) weeks. If the Post Acceptance Period is announced, the Offeror will continue to accept for payment all Shares validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) during such period and will pay for such Shares within five (5) Business Days following the end of the Post Acceptance Period. Shares validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) during the Post Acceptance Period may not be withdrawn. The Offeror will, within three (3) Business Days after the Post Acceptance Period has ended, announce the number and percentages of Shares that have been tendered in the Post

Acceptance Period and the total number and percentage of Shares the Offeror owns after the Post Acceptance Period has ended.

#### 4.10 Commission

Admitted Institutions shall receive from the Exchange Agent on behalf of the Offeror a commission in the amount of EUR 0.00289 in respect of each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*), up to a maximum of EUR 1,000.00 per Shareholder tender. The commission must be claimed from the Offeror through the Exchange Agent upon the Settlement Date. The Admitted Institutions are only entitled to the commission if they provide the Exchange Agent with the following statement: “By claiming this commission, we hereby declare that we have not included the execution of this corporate action in a service fee charged to our clients. We therefore declare that claiming this commission is needed to cover our costs under this transaction and as a result of that this corporate action will be executed on a cost free basis on behalf our Clients.” No costs will be charged to the Shareholders by the Offeror for the delivery and payment of the Shares. However, costs might be charged by certain banks or stockbrokers.

#### 4.11 Restrictions

The Offer is being made with due observance of such statements, terms and restrictions as are included in the Offer Memorandum. The Offeror reserves the right to accept any tender under the Offer, which is made by or on behalf of a Shareholder, even if it has not been effectuated in such manner as set out above.

#### 4.12 Announcements

Announcements in relation to the Offer, including announcements in relation to an extension of the Offer past the Acceptance Closing Time will be issued by press release and will be made available on the Company's website at [www.tencate.com](http://www.tencate.com). Subject to any applicable requirements of the Merger Rules and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror will have no obligation to communicate any public announcement other than as described above.

#### 4.13 Indicative Timetable

The times and dates below are indicative only.

<b>Expected date and time</b>	<b>Event</b>
21 October 2015	Publication of the press release announcing the availability of the Offer Memorandum and commencement of the Offer.
9:00 hours CET, 22 October 2015	Commencement of the Acceptance Period under the Offer in accordance with article 14 of the Takeover Decree.
14:00 hours CET, 7 December 2015	EGM, at which the Offer, among other matters, will be discussed in accordance with article 18, paragraph 1 of the Takeover Decree. In addition, the Resolutions will be proposed to the EGM in connection with the Offer.
22 October 2015	Currently scheduled date for publication of the trading update for the first nine (9) months of 2015.
17:40 hours CET, 16 December 2015 subject to extension	<i>Acceptance Closing Time</i>  The deadline for Shareholders wishing to tender Shares, unless the Offer is extended in

Not later than three (3) Business Days following the Acceptance Closing Time

accordance with article 15 of the Takeover Decree.

On this date the Offeror shall publicly announce, in accordance with articles 15 and 16 of the Takeover Decree, that either:

- the Offer is declared unconditional (*gestand wordt gedaan*), the Unconditional Date;
- the Offer is extended for a period of two (2) to ten (10) weeks; or
- the Offer is not declared unconditional as a result of an Offer Condition not being satisfied or waived.

Not later than on the third (3<sup>rd</sup>) Business Day following the Unconditional Date

*Commencement of Post Acceptance Period*

Post Acceptance Period (*na-aanmeldingstermijn*): the Offeror may announce a Post Acceptance Period for the Offer with a maximum duration of two (2) weeks to enable Shareholders that did not tender their Shares during the Acceptance Period to tender their Shares under the same terms and conditions applicable to the Offer.

Not later than five (5) Business Days following the Unconditional Date

*Settlement Date*

The date on which, in accordance with the terms and conditions of the Offer, the Offeror shall pay the Offer Price per Share to the Exchange Agent, as applicable, for the benefit of the Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*) their Shares under the Offer, which date shall be promptly, but in any event, within five (5) Business Days following the Unconditional Date, subject to the Offer being declared unconditional (*gestand wordt gedaan*).

## 5. INFORMATION REGARDING TENCATE

### 5.1 Introduction

TenCate is a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, with its statutory seat in Almelo, the Netherlands. TenCate is registered with the chamber of commerce of the Netherlands under register number 06016321. TenCate is listed on Euronext Amsterdam and is included in the Amsterdam Mid Cap Index.

### 5.2 History of TenCate

TenCate has a long history that stretches back as far as 1704. On 21 May 1954, the TenCate shares were listed on the stock market in Amsterdam.

From early 1990s, TenCate set in motion a process of internationalization that shaped TenCate into a multinational company. TenCate scaled down its consumer textile activities, pursuing a complete turnaround, in vision, mission, strategy and structure, and in the implementation of this strategy and its operationalization. TenCate also divested of its non-textile activities.

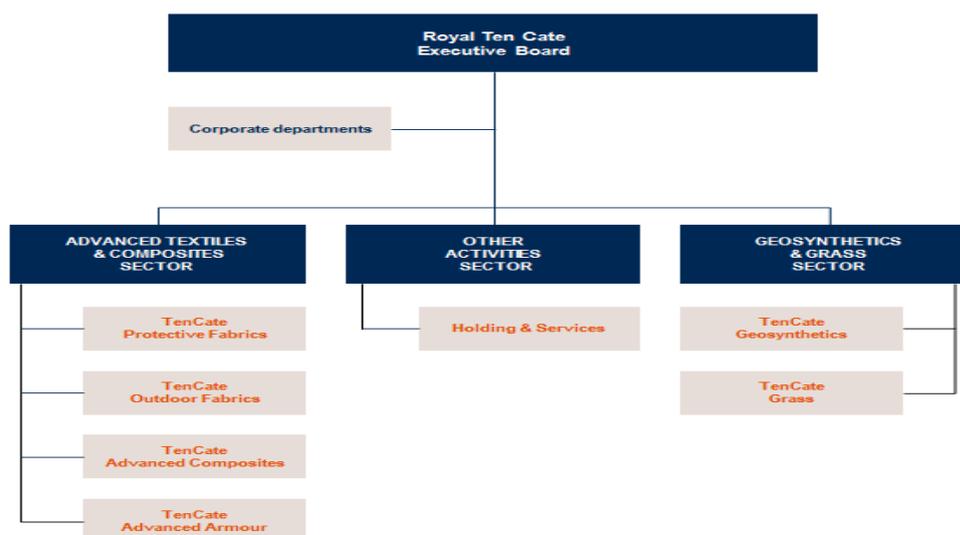
Since 2000 the new strategic direction has been based, on the one hand, on establishing market leadership in niche markets for technical textiles, in which TenCate with its knowledge and experience of textile processes and formulae can offer added value and, on the other hand, on introducing a management model that is based on global value chain management. Since then this area of activity has been moving into the field of material technology. TenCate has become one of the most innovative technological textile companies and introduced various new technological textiles to the market over the years.

### 5.3 Organizational structure

#### 5.3.1 General

TenCate is a multinational company that combines textile technology with chemical process technology in the development and production of high-quality materials, modules and systems.

The company is subdivided into two sectors: Advanced Textiles & Composites and Geosynthetics & Grass, which combine six market groups, as shown below. A market group may consist of several business units.



#### 5.3.2 Advanced Textiles & Composites sector

This sector combines the material technologies of spinning, weaving, knitting, coating, finishing and laminating. The raw materials in this sector are in particular fibres, yarns,

filaments and chemical additives, such as dyes and synthetic resins. Each market group has a leading market position within this sector. This sector combines the market groups:

- (i) TenCate Protective Fabrics
- (ii) TenCate Outdoor Fabrics
- (iii) TenCate Advanced Composites
- (iv) TenCate Advanced Armour

### 5.3.3 Geosynthetics & Grass sector

This sector combines the technologies for extrusion, weaving, non-wovens, grids and coating. The raw materials in this sector are primarily polyesters, polyethylene and polypropylene. Each market group occupies a leading market position within this sector. This sector combines the market groups:

- (i) TenCate Geosynthetics
- (ii) TenCate Grass

The overview below shows the subsidiaries and associated companies as at the date of this Offer Memorandum.

## 5.4 Subsidiaries and associated companies

### ADVANCED TEXTILES & COMPOSITES SECTOR

### GEOSYNTHETICS & GRASS SECTOR

Ten Cate Advanced Textiles bv Holding company for the TenCate Advanced Textiles group in the Netherlands	Nijverdal, Netherlands	Nicolon Corp. (Ten Cate Geosynthetics North America) Pendergrass (Georgia), US TenCate Geosynthetics Austria GmbH Linz, Austria TenCate Geosynthetics France S.A.S. Bezons, France TenCate Geosynthetics Netherlands bv Nijverdal, Netherlands
Ten Cate Protect bv Southern Mills Inc (TenCate Protective Fabrics USA) Ten Cate Protective Fabrics Canada inc Fabrics for professional wear and safety clothing as well as outdoor applications	Nijverdal, Netherlands Union City (Georgia), U Montreal (Quebec), Canada	Ten Cate Geosynthetics Asia Sdn. Bhd. Shah Alam, Malaysia Ten Cate Industrial Zhuhai Co. Ltd Zhuhai, China Geosynthetics and industrial fabrics
Ten Cate – Union Protective Fabrics Asia Ltd (50.65%) Fabrics for protective clothing	Bangkok, Thailand	Ten Cate Geosynthetics Malaysia sdn bhd Shah Alam, Malaysia Ten Cate Geosynthetics (Thailand) Ltd Bangkok, Thailand Ten Cate Geosynthetics Singapore Pte. Ltd Singapore Ten Cate Geosynthetics Italy S.R.L. Meda, Italy Ten Cate Geosynthetics UK Ltd Telford, United Kingdom
Ten Cate Advanced Composites bv Advanced composites for the aviation industry and antiballistic applications	Nijverdal, Netherlands	Ten Cate Geosynthetics Iberia S.L. Madrid, Spain Ten Cate Geosynthetics Deutschland GmbH Dietzenbach, Germany Ten Cate Geosynthetics Poland Sp. z o.o. Kraków, Poland
Ten Cate Advanced Composites USA inc Ten Cate Advanced Composites USA inc Advanced composites for aerospace and industrial applications	Morgan Hill (California), USA Fairfield (California), USA	Ten Cate Geosynthetics CZ s.r.o. Prague, Czech Republic Ten Cate Geosynthetics Romania S.R.L. Bucharest, Romania Sales offices
Performance Materials Corporation PMC Holding Corporation (Delaware Corp) Baycomp Company PMC Guangzhou TC3 (51%) Thermoplastic composites and components for the automotive industry, oil & gas extraction and consumer electronics	Camarillo (California), USA Camarillo (California), USA Burlington (Ontario), Canada Guangzhou, China Taichung, Taiwan	Ten Cate Thiolon bv Nijverdal, Netherlands Polyloom Corporation of America (Ten Cate Thiolon USA) Dayton (Tennessee), USA Ten Cate Thiolon Middle East LLC (49%) <sup>1)</sup> Dubai, United Arab Emirates Synthetic turf components and systems
Ten Cate Advanced Composites Ltd Advanced composites for industrial and automotive applications	Nottingham, United Kingdom	Ten Cate Thiobac bv Nijverdal, Netherlands Backing for synthetic turf systems
Ten Cate Advanced Armour UK Ltd Ten Cate Advanced Armour S.A.S.	Swindon, United Kingdom Primarette, France	GreenFields Holding bv (90%) Genemuiden, Netherlands GreenFields bv Genemuiden, Netherlands (subsidiary of GreenFields Holding bv) XtraGrass bv <sup>2)</sup> Genemuiden, Netherlands

Ten Cate Advanced Armour Danmark a/s Advanced ceramics and composites for antiballistic applications	Vissenbjerg, Denmark	GreenFields Swiss AG <sup>*)</sup> GreenFields West Africa SARL (65%) <sup>*)</sup> GreenFields Sports Surfaces UK Ltd <sup>*)</sup>	Schaffhausen, Switzerland Cotonou, Benin Bolton, United Kingdom
Ten Cate Advanced Armor USA inc Advanced composites for vehicle armour	Newark (Ohio), USA	GreenFields India FZC (51%) <sup>*)</sup>	Sharjah, United Arab Emirates
Ten Cate Active Protection ApS. Active protection systems for army vehicles	Vissenbjerg, Denmark	TigerTurf NZ Ltd TigerTurf Australia Pty Ltd TigerTurf UK Ltd	Auckland, New Zealand Campbellfield, Australia Hartlebury, United Kingdom
AML India Private Ltd Ten Cate Protective India Private Ltd Design and production of vehicle armour materials and fabrics for professional wear and safety clothing as well as outdoor applications	Noida, India Gurgaon, India	Marketing and production organisations for synthetic turf systems	

<sup>\*)</sup> Subsidiary of GreenFields bv.

<sup>1)</sup> Due to legislation in Dubai, 51% is held by a local partner. Royal Ten Cate has 100% economic ownership.

## OTHER ACTIVITIES SECTOR

## NON-CONSOLIDATED COMPANIES

Xennia Holland bv (TenCate Digital Finishing) Nijverdal, Netherlands Specialist inktjet technology for industrial applications		Edel Grass bv (50%) Marketing and installation of synthetic turf systems	Genemuiden, Netherlands
Ten Cate Assurantiën bv Insurance	Almelo, Netherlands		
Ten Cate Nederland bv Royal Ten Cate (USA) Inc Ten Cate UK Ltd Ten Cate France S.A.S. Ten Cate Deutschland GmbH Ten Cate Danmark A/S Royal Ten Cate Pacific Ltd Royal Ten Cate China Holding Ltd Country holding companies	Almelo, Netherlands Pendergrass (Georgia), USA Hatfield, UK Bezons, France Leverkusen, Germany Vissenbjerg, Denmark Hong Kong, China Hong Kong, China		
Ten Cate Finance AG Financing company	Schaffhausen, Switzerland		

The operating companies listed here are consolidated in the financial statements, with the exception of the companies shown as non-consolidated. Some interests of minor relevance to the overall picture have been omitted from the list, in accordance with article 379, paragraph 3, Book 2 of the Netherlands Civil Code. The companies are wholly owned unless stated otherwise.

### 5.5 Strategy

For the business strategy of TenCate, please refer to Section 3.4.1(ii) (*Strategy*) of this Offer Memorandum.

### 5.6 Trends / recent developments

The most important trends in TenCate's markets include, but are not limited to, the following:

#### (a) **In Transit**

Mobility continues to grow apace. Increasing prosperity is making people worldwide more mobile and giving rise to increased transportation of goods and raw materials within and between continents, and even to extra-terrestrial destinations. Making those transport movements increasingly efficient, safe and sustainable is a challenge in itself. TenCate is well

positioned for this development as its lightweight composites help to reduce fuel consumption and transportation cost.

(b) **In Habitats**

Urbanisation is increasing steadily across all continents. Urban areas are growing ever larger and more complex. Societies are changing into compact networks of cities. That requires a high degree of organisation and logistics with safe and sustainable infrastructure. TenCate's focus on raw materials helps to preserve the environment and protect urban areas and its inhabitants.

(c) **At Work**

The working environment of personnel in industry and services may be risky, hazardous or even hostile. Personal protection in the workplace, on the road, on-site or during the mission is essential in order to work professionally and safely.

(d) **During Leisure**

Leisure time increases as prosperity grows. In addition to tourism and recreation, people are enjoying sports as amateurs or top-flight performers. Leisure activities and sports must above all be pursued responsibly. That requires safe, sustainable facilities for which TenCate focuses predominantly on synthetic turf and geosynthetics.

(e) **Current trading**

TenCate consolidated revenues reached EUR 753 million year-to-date August 2015 (year-to-date August 2014: EUR 658 million), with EBITA (before exceptional items) at EUR 43 million (year-to-date August 2014: EUR 30 million). For the full year 2015, TenCate continues to expect organic sales growth similar to 2014. These financial figures have not been audited. TenCate reminds Shareholders that a Q3 trading update is currently scheduled to be made available on its website on 22 October 2015.

## 5.7 Supervisory Board

The Supervisory Board currently consists of the following members:

**Dr. J.C.M. Hovers**, *Chairman (born 1943)*

Nationality	Dutch
Appointed in	2008
Current term ends in	2016
Current position	Chairman of the Supervisory Board, member of the Financial Committee and member of the combined Nomination, Remuneration, Selection and Appointments Committee.
Other positions	<ul style="list-style-type: none"><li>- Chairman of the Supervisory Board of Plieger N.V.</li><li>- Member of the Supervisory Board of Randstad Groep Nederland B.V.</li></ul>

**Mr. E. ten Cate** (*born 1945*)

Nationality	Dutch
Appointed in	2004
Current term ends in	2016
Current position	Member of the Supervisory Board, chairman of the Financial Committee.
Other positions:	<ul style="list-style-type: none"><li>- Director of Bank ten Cate &amp; Cie N.V.</li><li>- Chairman of the Supervisory Board of Hydratec Industries N.V.</li><li>- Chairman of the Supervisory Board of Rijksmuseum Twenthe</li><li>- Member of the Supervisory Board of Medisch Spectrum Twente</li></ul>

**Drs. Ing. P.F. Hartman** (*born 1949*)

Nationality	Dutch
Appointed in	2013
Current term ends in	2017
Current position	Member of the Supervisory Board, chairman of the combined Nomination, Remuneration, Selection and Appointments Committee.
Other positions:	<ul style="list-style-type: none"><li>- Vice Chairman of Air France KLM</li><li>- Member of the Supervisory Board of Air France KLM S.A.</li><li>- Member of the Supervisory Board of Fokker Technologies Group B.V.</li><li>- Member of the Supervisory Board of Constellum N.V.</li><li>- Chairman of the Supervisory Board of Texel Airport</li><li>- Chairman of ACARE (Advisory Group for Aviation Research and Innovation in the EU)</li><li>- Chairman of the Executive Board of Connexxion</li></ul>

**Mrs. M. Oudeman** (*born 1958*)

Nationality	Dutch
Appointed in	2014
Current term ends in	2018
Current position	Member of the Supervisory Board, member of the combined Nomination, Remuneration, Selection and Appointments Committee.



### *Short-term incentives*

The short-term incentives of the Executive Board and other members of management consist of an annual cash bonus, calculated on the basis of annual financial and non-financial targets.

### *Long-term incentives*

TenCate operates a share option plan, the Management Stock Option Plan (*Management Stock-Optieplan*) of TenCate, for members of the Executive Board, the corporate and group directors and a number of officers of critical importance to the company (the "**Share Option Plan**").

Any share options for Shares in TenCate ("**Share Options**") granted by the Supervisory Board under the Share Option Plan are subject to a performance condition which must be fulfilled during the vesting period of three to five years. This performance condition requires that the earnings per share, adjusted to take account of exceptional items, over the relevant vesting period of three, four or five years (as the case may be) must have increased on average by at least a percentage equal to inflation plus 3% per year. If this performance condition is fulfilled, the Share Options become unconditional and exercisable at the exercise price.

The exercise period following satisfaction of the performance condition is seven years for the Share Option series from 2007. The unconditional Share Options may be exercised at any time during the exercise period, unless restrictions are imposed by the AFM.

The exercise price of a Share Option is set at the time of grant of the Share Option and is equivalent to the average price of the TenCate shares on Euronext Amsterdam on the five stock exchange trading days following the most recent publication of the annual figures.

Each granted Share Option lapses at the end of the exercise period or immediately on resignation from employment (other than as a result of retirement).

The agreed arrangements with regard to Share Options in connection with the Offer are described in section 3.14 (*Share Options*).

## 5.10 Major Shareholders

As at the date on which the AFM has approved the publication of this Offer Memorandum, the following holdings of 3% or more were registered in the public register of the AFM, and the information included below was derived solely from the applicable filings by the Shareholders with the AFM or, with respect to Delta Lloyd Deelnemingen Fonds NV and Delta Lloyd NV, such Shareholder's irrevocable undertaking:

	Capital	Voting rights	Date of Notification/Irrevocable
Delta Lloyd Deelnemingen Fonds NV	9.15%	9.15%	19 July 2015
WAM Acquisitions GP Inc	8.99%	8.99%	1 November 2006
Schroders Plc	8.25%	4.82%	27 October 2009
Kempen Capital Management NV	5.54%	5.54%	1 June 2014
UBS Group AG	5.01%	5.01%	23 September 2015
Ameriprise Financial Inc	4.96%	4.96%	12 September 2012
Delta Lloyd NV	4.53%	4.53%	19 July 2015
NN Group NV	3.75%	3.75%	26 May 2015
Dimensional Fund Advisors LP	3.16%	3.00%	5 March 2015
A. van Herk	3.01%	3.01%	8 May 2015
Old Mutual plc	3.01%	3.01%	19 January 2015

Latest filings with the AFM by shareholders and other investors, including on gross and net short positions, can be found at the website of the AFM: [www.afm.nl](http://www.afm.nl).

## 6. CAPITAL AND SHARES OF TENCATE

### 6.1 Authorised and issued Share Capital

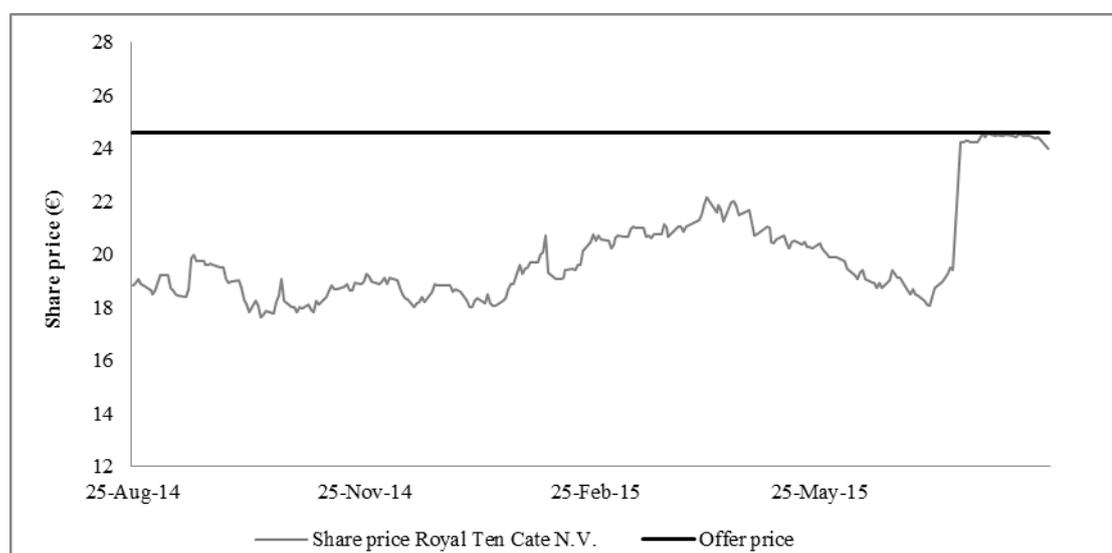
As at the date of this Offer Memorandum, the authorised share capital of TenCate amounts to EUR 200,000,000 and is divided into 80,000,000 ordinary shares with a nominal value of EUR 2.50 each.

As at the date of this Offer Memorandum, TenCate has issued 27,454,241 ordinary shares, including 475,687 ordinary shares which are issued and held in treasury by TenCate. The Shares are listed on the official market of the stock exchange of Euronext Amsterdam and included in the Amsterdam Mid Cap Index.

There are no preference shares issued at the date of this Offer Memorandum.

### 6.2 Share Price Development

This graphic below sets out the Share price development from 25 August 2014 to 24 August 2015.



### 6.3 Shares and Share Options held by members of the Boards

#### *Executive Board*

As at the date of the Offer Memorandum, Shares and Share Options are held by members of the Executive Board as shown in the following table.

Name	Shares currently held	Share Options	Gross amount to be received before claw-back (EUR)
Mr L. de Vries	213,695	540,000	7,230,297
Mr E. Bos	-	50,000	179,800
<b>Total</b>	<b>213,695</b>	<b>590,000</b>	<b>7,410,097</b>

Mr L. de Vries has provided commitments to the Offeror to tender his shares in the Offer on customary conditions.

The Share Options held by members of the Executive Board indicated in the table above will be settled in cash by TenCate, as described in paragraph 5.9 (*TenCate Remuneration Policy*).

### *Supervisory Board*

As at the date of this Offer Memorandum, the Shares or Share Options held by members of the Supervisory Board are listed below:

<b>Name</b>	<b>Shares currently held</b>	<b>Share Options</b>	<b>Gross amount to be received (EUR)</b>
Mrs. A.N.G. ten Cate – van Heek (spouse of Mr E. ten Cate)	6,226	-	153,159.60
<b>Total</b>	<b>6,226</b>	<b>-</b>	<b>153,159.60</b>

#### 6.4 Share and Share Options transactions undertaken during the past year

##### *Executive Board*

During the past year up to and including the date of this Offer Memorandum, no member of the Executive Board has undertaken any transactions with respect to any of his Shares or Share Options.

##### *Supervisory Board*

During the past year up to and including the date of this Offer Memorandum, no member of the Supervisory Board has undertaken any transactions with respect to any of his or her Shares or Share Options.

#### 6.5 Transaction costs of TenCate

The costs incurred or to be incurred by TenCate in relation to the Offer are expected to amount to approximately EUR 9 million and comprise of fees of legal advisors, financial advisors, accountants and communications advisors. The costs will be borne by TenCate.

## 7. INFORMATION ON THE OFFEROR

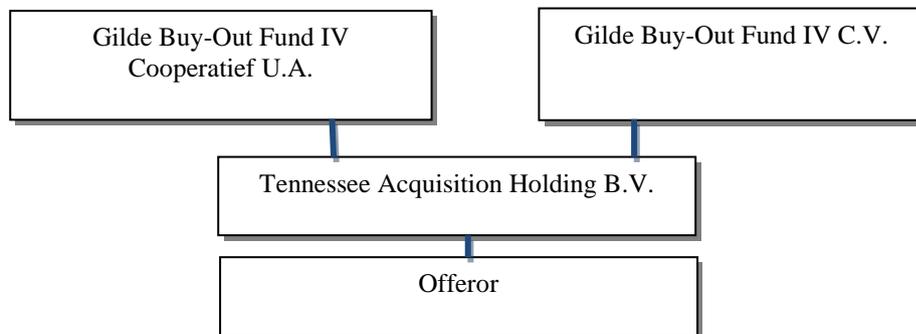
### 7.1 Information on the Offeror

#### 7.1.1 General

The Offeror is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) duly incorporated on 7 July 2015 and validly existing under the laws of The Netherlands, having its seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered office at Herculesplein 104, 3584AA Utrecht, The Netherlands and registered with the Dutch Commercial Register (*Handelsregister*) under number 63701758.

#### 7.1.2 Ownership structure as per the date of this Offer Memorandum

The Offeror is a special purpose vehicle incorporated to complete the purchase of the Shares under the Offer. As set out in the structure chart below, the Offeror is ultimately controlled by Gilde Buy-Out Fund IV Coöperatief U.A. and Gilde Buy-Out Fund IV C.V. (together the "**Gilde Funds**") The management, operation and implementation of policy of Gilde Buy-Out Fund IV C.V. are vested in its general partner Gilde IV GP C.V. and in its turn its general partner Gilde IV Management B.V.



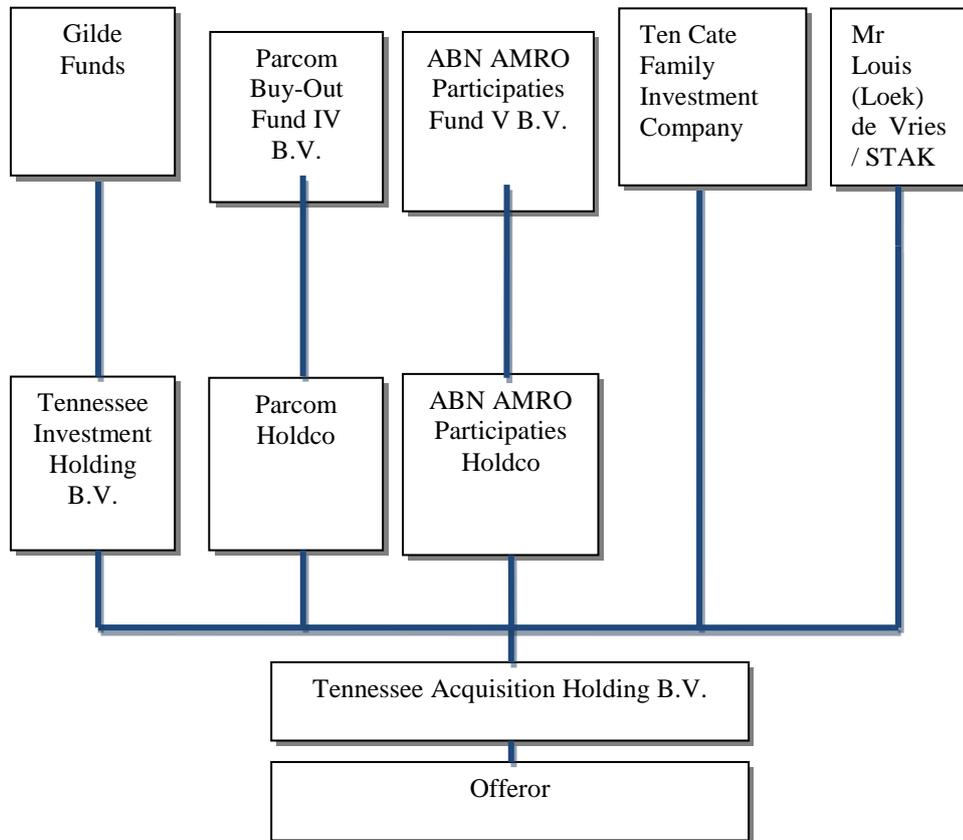
#### 7.1.3 Ownership structure upon Settlement

As set out in the structure chart below, the Offeror will upon Settlement be indirectly controlled by (i) an entity controlled by Gilde Funds, (ii) an entity controlled by Parcom Buy-Out Fund IV B.V. (to be incorporated), (iii) an entity controlled by ABN AMRO Participaties Fund V B.V. (to be incorporated), (iv) the Ten Cate Family Investment Company and (v) the STAK (including Mr L. de Vries). The management, operation and implementation of policy of Gilde Buy-Out Fund IV C.V. are vested in its general partner Gilde IV GP C.V. and in its turn its general partner Gilde IV Management B.V. who manages the funds' affairs.

The shareholdings in Tennessee Acquisition Holding B.V. will upon Settlement be as follows:

- (i) Tennessee Investment Holding B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its seat (*statutaire zetel*) in Amsterdam, The Netherlands, having its office address at Herculesplein 104, 3584 AA, Utrecht, The Netherlands and registered with the Dutch Commercial Register (*Handelsregister*) under number 64101002: approximately fifty nine per cent. (59%);
- (ii) a holding company to be incorporated and controlled by Parcom Buy-Out Fund IV B.V.: approximately eighteen per cent. (18%);
- (iii) a holding company to be incorporated and controlled by ABN AMRO Participaties Fund V B.V.: approximately thirteen per cent. (13%);
- (iv) the Ten Cate Family Investment Company (to be incorporated): approximately five per cent. (5%); and
- (v) Mr L. de Vries and the STAK (to be incorporated): approximately five per cent. (5%), whereby Mr L. De Vries will hold approximately three per cent.

(3%) and certain other senior executives of TenCate will together hold approximately two per cent. (2%).<sup>3 4</sup>



7.1.4 Pursuant to article 1:1 of the Wft, the Offeror and each of Gilde Funds, Parcom Buy-Out Fund IV B.V., ABN AMRO Participaties Fund V B.V., the Ten Cate Family Investment Company and Mr Louis (Loek) de Vries qualify as an offeror in respect of the Offer.

7.2 Capital and shares of the Offeror

The share capital of the Offeror consists of ordinary shares with a nominal value of EUR 0.01. All ordinary shares of the Offeror are registered shares. On the date of the publication of this Offer Memorandum, one (1) ordinary share has been issued.

7.3 Management board of the Offeror

The management board of the Offeror consists of Gilde IV Management B.V. appointed on 7 July 2015. The managing directors of Gilde IV Management B.V. are R.M. Thole, B.T. Molenaar, M.L. Schreurs, N.R.D. Pronk, K.J. Teule, R.M. Wyss and H.F.J. Ploegmakers. Gilde IV Management B.V. does not hold any Shares in the capital of the Offeror.

The Offeror does not have a supervisory board.

<sup>3</sup> It is envisaged that certain senior executives of TenCate, incl. Mr E. Bos, will invest in Tennessee Acquisition Holding B.V. through the STAK.

<sup>4</sup> In the event that the options on Ordinary Shares held by Mr L. de Vries are not cash settled following Settlement of the Offer, Mr L. de Vries will in addition to his interest in Tennessee Acquisition Holding B.V. also hold option rights in respect of Ordinary Shares in the capital of TenCate, potentially entitling him to approximately 1.8% of all issued and outstanding Ordinary Shares as at the date hereof.

#### 7.4 Information on Gilde

With offices in the Benelux and DACH region, Gilde Buy Out Partners is a leading European private equity investor in mid-market transactions. Founded in 1982, Gilde has been supporting management teams in over 100 buy out transactions. Gilde manages funds in excess of €2 billion and has a controlling interest in companies such as CID Lines, Roompot, Comcave, Spandex, Riri, Teleplan, Powerlines, HG and Enkco. For more information, visit [www.gilde.com](http://www.gilde.com).

#### 7.5 Information on Parcom Capital

Parcom Capital is a leading mid-market private equity firm in the Benelux with a mid- to long-term investment horizon focused on distinctive value creation strategies. It was founded in 1982 as one of the first buy-out and expansion capital providers in the Dutch market. Over the past 30 years, Parcom Capital invested directly in more than 75 (international) companies, was involved in numerous add-ons and helped multiple management teams in realizing their growth ambitions. The management board of Parcom Buy-Out Fund IV B.V. consists of Parcom Capital Management B.V. The sole managing director of Parcom Capital Management B.V. is E.J. Westerink. For more information please visit: [www.parcomcapital.com](http://www.parcomcapital.com).

#### 7.6 Information on ABN AMRO Participaties

ABN AMRO Participaties is the private equity firm of ABN AMRO Group, and invests in profitable companies in the Netherlands. ABN AMRO Participaties has a mid- to long-term investment horizon, and supports entrepreneurial management teams in realising their growth ambitions. Over the past 30 years, ABN AMRO Participaties has invested in more than 100 companies in various industries, helping them to grow organically as well as through add-on acquisitions. There are strict information barriers between ABN AMRO Participaties in its capacity of member of the Consortium and ABN AMRO Bank N.V. in its capacity as financial advisor to Ten Cate: (i) no individuals involved in the financial advisory team of ABN AMRO Bank N.V. advising the Company were involved with ABN AMRO Participaties' team that was involved with ABN AMRO Participaties' participation in the Consortium, (ii) no information in respect of the Offer was shared between the members of the financial advisory team of ABN AMRO Bank N.V. advising the Company and the members of the ABN AMRO Participaties' team that was involved with ABN AMRO Participaties' participation in the Consortium, (iii) no members of the financial advisory team of ABN AMRO Bank N.V. advising the Company were involved in the decision by the management board of ABN AMRO Participaties to participate in the Consortium and (iv) the financial advisory team of ABN AMRO Bank N.V. advising the Company and the ABN AMRO Participaties' team that was involved with ABN AMRO Participaties' participation in the Consortium are physically separated, as well as other measures required pursuant to applicable laws and regulations. The management board of ABN AMRO Participaties Fund V B.V. consists of ABN AMRO Participaties Management B.V. The managing directors of ABN AMRO Participaties Management B.V. are ABN AMRO Bank N.V., F.H. Janmaat, R.P. Kuijten, M.G. Damstra and W.Y. Brunia. For more information please visit [www.abnamroparticipaties.nl](http://www.abnamroparticipaties.nl).

#### 7.7 Information on the Ten Cate Family Investment Company

The Ten Cate Family Investment Company is yet to be incorporated. It is envisaged that Mr E. Ten Cate shall be the sole managing director of the Ten Cate Family Investment Company and in this capacity will control the Ten Cate Family Investment Company. It is furthermore envisaged that several members of the Ten Cate family will become shareholders of the Ten Cate Family Investment Company.

#### 7.8 Shareholder Arrangements

The Consortium and Tennessee Acquisition Holding B.V. ("**Holdco**") have reached an agreement in respect of their participation in Holdco, the sole shareholder of the Offeror. The key terms of the agreement include provisions in relation to, among other things (i) the governance, including future composition of the boards of Holdco, the Offeror and TenCate, (ii) the financing of the Offer and (iii) the participation of certain TenCate management members in the Holdco. It is agreed that pending fulfilment of the condition precedent that all relevant merger clearances have been obtained, the Gilde Funds will remain the shareholders of Holdco. Upon fulfilment of the condition precedent and the subsequent written request by Holdco, the members of the Consortium will be required to draw-down

their respective equity commitments to Holdco, after which Holdco shall issue shares in its capital to such members of the Consortium. The key terms other than those related to the aforementioned initial equity commitments by the Consortium, will become effective as of the Settlement Date.

## 8. FURTHER DECLARATIONS PURSUANT TO THE TAKEOVER DECREE

8.1 In addition to the other statements set out in this Offer Memorandum, the Offeror with regard to paragraphs 8.1(ii), 8.1(iv), and 8.1 (vi) below, the Boards with regard to paragraphs 8.1(iii), 8.1(v) and 8.1(vii) below, and the Offeror and the Boards jointly with regard to paragraph (i) below, hereby declare as follows:

- (i) There have been consultations between the Offeror and the Company regarding the Offer, which have resulted in (conditional) agreement regarding the Offer. Discussions regarding the Offer, including, but not limited to, the Offer Price, the financing of the Offer, the Offer Conditions and the future strategy of the Group after the Settlement Date, took place between the Offeror, the Boards and their respective advisors.
- (ii) With due observance of and without prejudice to the restrictions referred to in Section 1 (*Restrictions and Important Information*), the Offer applies on an equal basis to all issued Shares and is made to all Shareholders.
- (iii) The Company has no direct or indirect interest in the share capital of the Offeror or the Consortium.
- (iv) No securities issued by the Company are held, no transactions or agreements in respect of securities issued by the Company have been effected or have been concluded and no similar transactions have been effected in respect of securities issued by the Company during the twelve months preceding the date hereof, by the Offeror, any member of the Consortium or any subsidiary of the Offeror, or any member of the board of directors of the Offeror, any member of the board of directors of any member of the Consortium, nor by any of their spouses (*echtgenoten*), registered partners (*geregistreeerde partners*), under-aged children (*minderjarige kinderen*) and any entities over which these members or other persons referred to have control (*zeggenschap hebben in*) within the meaning of Annex A, paragraph 2, subparagraph 5, 6 and 7 of the Takeover Decree, other than the Irrevocable Undertakings and except as described in Section 6.3.
- (v) No securities issued by the Company are held, no transactions or agreements in respect of securities issued by the Company have been effected or have been concluded and no similar transactions have been effected in respect of securities issued by the Company during the twelve months preceding the date hereof by any member of the Boards, nor by any of their spouses (*echtgenoten*), registered partners (*geregistreeerde partners*), under-aged children (*minderjarige kinderen*) and any entities over which these members or other persons referred to have control (*zeggenschap hebben in*), within the meaning of Annex A, paragraph 2, subparagraph 5, 6 and 7 of the Takeover Decree, except as described in Section 6.3.
- (vi) The costs incurred or to be incurred by the Offeror directly in connection with the Offer are expected to amount to approximately EUR five (5) million and comprise finance arrangement fees, bank adviser fees, Exchange Agent fees, broker commissions, legal fees, financial and tax due diligence fees, public relations and communications advice and printing. These costs will be borne by the Offeror.
- (vii) The costs of the Company's fees of legal advisors, financial advisors, accountants and communications advisors incurred and expected to be incurred in relation to the Offer amount to approximately EUR 9 million. These costs will be borne by the Company.

## 9. DUTCH TAX ASPECTS OF THE OFFER

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Offer Memorandum and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to accept the Offer, and does not purport to deal with the tax consequences applicable to all categories of investors.

This summary does not address the Dutch tax consequences for:

- (i) investment institutions (*beleggingsinstelling*) as described in article 6a and 28 of the Dutch Corporate Tax Act (*Wet op de vennootschapsbelasting 1969*);
- (ii) an entity that is not subject to Dutch corporate tax or is in full or in part exempt from Dutch corporate tax (such as pension funds); and
- (iii) a holder of a Share that has or will have a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest (*fictief aanmerkelijk belang*) in the Company.

Generally speaking, a holder of a Share has a substantial interest in the Company if (a) such holder, either alone or together with his partner, directly or indirectly has, or (b) certain relatives of such holder or his partner, directly or indirectly have:

- (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued capital of the Company or the issued capital of any class of shares of the Company; or
- (ii) the ownership of, or certain rights over, profit participating certificates (*winstbewijzen*) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of the Company.

Generally, a holder of a Share, or his partner or certain relatives of such holder or his partner, has a deemed substantial interest in the Company if, without having an actual substantial interest in the Company, (a) such person or his predecessor has disposed of or is deemed to have disposed of all or part of a substantial interest or (b) such person has transferred an enterprise in exchange for shares in the Company, on a non-recognition basis.

For the purpose of this summary, the term entity means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of a Share, an individual holding a Share or an entity holding a Share, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Share or otherwise being regarded as owning a Share for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement. Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

***Investors are advised to consult their professional advisers as to the tax consequences in connection with the acceptance of the Offer.***

### 9.2 Withholding Tax

The Offer Price will be paid free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

### 9.3 Taxes on Income and Capital Gains

#### 9.3.1 Resident Entities

An entity holding a Share which is, or is deemed to be, resident in The Netherlands for Dutch tax purposes will generally be subject to corporate tax in The Netherlands in respect of a capital gain derived from such Share at the prevailing statutory rates (up to a maximum rate of 25 per cent), unless the holder has the benefit of the participation exemption (*deelnemingsvrijstelling*) with respect to such

Share. Generally speaking, the holder of a Share will have the benefit of the participation exemption if the holder owns at least 5 per cent of the nominally paid-up share capital of the Company.

### 9.3.2 *Resident Individuals*

An individual holding a Share who is or is deemed to be resident in The Netherlands for Dutch income tax purposes will be subject to income tax in The Netherlands in respect of a capital gain derived from such Share at rates up to 52 per cent if:

- (i) the holder has an enterprise or an interest in an enterprise to which the Share is attributable; or
- (ii) the capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*).

If neither condition (i) nor condition (ii) applies, such individual will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Share. The deemed return amounts to 4 per cent of the value of the individual's net assets as per the beginning of the relevant fiscal year. Subject to application of personal allowances the deemed return shall be taxed at a rate of 30 per cent.

### 9.3.3 *Non-Residents*

A holder of a Share which is not, nor deemed to be, a resident in The Netherlands for Dutch corporate or income tax purposes, will not be subject to taxation in The Netherlands on a capital gain derived from a Share unless:

- (i) such capital gain is derived from an enterprise, or part thereof, which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or permanent representative (*vaste vertegenwoordiger*) taxable in The Netherlands, to which enterprise the Share is attributable; or
- (ii) the holder is an individual and the capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*).

## 9.4 Gift and Inheritance Tax

Dutch gift or inheritance taxes will not be levied in connection with the acceptance of the Offer.

## 9.5 Value Added Tax

No value added tax will be due in The Netherlands in respect of payments in consideration for the acceptance of the Offer.

## 9.6 Other Taxes

There is no registration tax, capital tax, customs duty, transfer tax, stamp duty, or any other similar tax or duty payable in The Netherlands in respect of or in connection with the acceptance of the Offer.

## 10. NEDERLANDSE SAMENVATTING VAN HET BOD

*Dit Hoofdstuk 10 bevat de Nederlandstalige samenvatting van dit biedingsbericht dat is uitgegeven ter zake van het aanbevolen openbare bod in contanten uitgebracht door de Bieder op alle geplaatste en uitstaande gewone aandelen in het aandelenkapitaal van TenCate (het "**Biedingsbericht**"), met inachtneming van de verklaringen, voorwaarden en beperkingen zoals beschreven in het Biedingsbericht (het "**Bod**"). De belangrijkste kenmerken van het Bod zijn beschreven in deze samenvatting.*

*De gedefinieerde termen in Hoofdstuk 10 van het Biedingsbericht hebben de betekenis die daaraan wordt gegeven in paragraaf 10.2 (Nederlandse definities). Deze Nederlandstalige samenvatting maakt deel uit van het Biedingsbericht, maar vervangt het Biedingsbericht niet. Deze Nederlandstalige samenvatting is niet volledig en bevat niet alle informatie die voor Aandeelhouders van belang zou kunnen zijn om een afgewogen oordeel te vormen omtrent het Bod.*

*Het lezen van deze Nederlandstalige samenvatting mag niet worden beschouwd als een alternatief voor het bestuderen van het volledige Biedingsbericht. Aandeelhouders wordt geadviseerd het volledige Biedingsbericht zorgvuldig te bestuderen en zo nodig onafhankelijk advies in te winnen teneinde zich een afgewogen oordeel te kunnen vormen omtrent het Bod, alsmede omtrent de beschrijving van het Bod in deze samenvatting en in het Biedingsbericht.*

*In geval van verschillen tussen deze Nederlandstalige samenvatting en de Engelstalige tekst van het Biedingsbericht, prevaleert de Engelstalige tekst.*

### 10.1 Beperkingen en belangrijke informatie

Het Bod wordt gedaan in en vanuit Nederland met inachtneming van de verklaringen, voorwaarden en beperkingen opgenomen in het Biedingsbericht. De Bieder behoudt zich het recht voor in het kader van het Bod iedere aanmelding van Aandelen te accepteren, zelfs indien een aanmelding niet is gedaan in overeenstemming met de bepalingen zoals uiteengezet in het Biedingsbericht.

De publicatie van het Biedingsbericht en/of het uitbrengen van het Bod, kunnen in andere jurisdicties dan Nederland onderworpen zijn aan beperkingen en/of verboden zijn. Het Bod wordt niet gedaan in jurisdicties waarin het uitbrengen van het Bod of het aanvaarden daarvan niet in overeenstemming is met de in die jurisdictie geldende wet- en regelgeving en Aandelen die voor koop worden aangeboden door of namens Aandeelhouders vanuit dergelijke jurisdicties worden niet aanvaard. Echter, het aanvaarden van het Bod door Aandeelhouders die niet gevestigd zijn in Nederland zal worden aanvaard door de Bieder als een dergelijke aanvaarding in overeenstemming is met (i) de procedure voor aanvaarding zoals uiteengezet in het Biedingsbericht en (ii) de wet- en regelgeving in de jurisdictie vanuit waar een dergelijke aanvaarding wordt gedaan.

Het Biedingsbericht bevat belangrijke informatie die men zorgvuldig dient te lezen alvorens een besluit te nemen over het aanmelden van Aandelen onder het Bod. Aandeelhouders wordt aangeraden waar nodig onafhankelijk advies in te winnen. Daarnaast wordt Aandeelhouders aangeraden hun belastingadviseur te raadplegen met betrekking tot de fiscale gevolgen van het aanmelden van Aandelen onder het Bod.

Zie tevens hoofdstuk 1 (*Restrictions and Important Information*) van het Biedingsbericht.

De informatie opgenomen in paragraaf 1.1 (*Restrictions*) tot en met paragraaf 1.3 (*Canada*), paragraaf 2 (*Definitions*), paragraaf 3.1 (*Introduction*) tot en met paragraaf 3.5 (*Future governance*), paragraaf 3.7 (*Financing of the Offer*), paragraaf 3.9 (*Offer Conditions*) tot en met paragraaf 3.13 (*Irrevocable Undertakings*), paragraaf 3.15 (*Post-Closing Restructuring Measures*), paragraaf 3.16 (*Consequences of the Offer*), hoofdstuk 4 (*Invitation to Shareholders*), met uitzondering van paragraaf 4.13 (*Indicative Timetable*), paragraaf 6.2 (*Share Price Development*), hoofdstuk 7 (*Information on the Offeror*), paragraaf 8.1(ii), 8.1(iv) en 8.1(vi) (*Further Declarations pursuant to the Takeover Decree*), hoofdstuk 9 (*Dutch Tax Aspects of the Offer*) en hoofdstuk 10 (*Nederlandse samenvatting van het Bod*) van het Biedingsbericht is uitsluitend door de Bieder verstrekt.

De informatie opgenomen in de paragraaf 3.6 (*Extraordinary General Meeting of Shareholders of TenCate*), paragraaf 3.8 (*Decision-making and Recommendation by the Boards*), paragraaf 3.14 (*Share Options*), hoofdstuk 5 (*Information regarding TenCate*), paragraaf 6.1 (*Authorized and Issued Share Capital*), paragraaf 6.3 (*No Shares and Share Options are held by members of Boards*) tot en met paragraaf 6.5 (*Transaction costs of TenCate*), paragraaf 8.1(iii), 8.1(v) en 8.1(vii) (*Further Declarations pursuant to the Takeover Decree*) en

hoofdstuk 13 (*Selected Consolidated Financial Information TenCate*), hoofdstuk 14 (*Unaudited but "reviewed" Consolidated Interim Statements*) en hoofdstuk 15 (*Financial Statements 2014 of TenCate*) van het Biedingsbericht is uitsluitend door TenCate verstrekt.

De informatie opgenomen op de voorpagina, pagina 2, pagina 3 en in paragraaf 1.4 (*Important information*), paragraaf 3.17 (*Employee Consultation*), paragraaf 4.13 (*Indicative Timetable*), paragraaf 8.1 aanhef (*Further Declarations pursuant to the Takeover Decree*), paragraaf 8.1(i) (*Further Declarations pursuant to the Takeover Decree*), hoofdstuk 11 (*Advisors*) and hoofdstuk 12 (*Press Releases*) van het Biedingsbericht is door de Bieder en TenCate gezamenlijk verstrekt.

Uitsluitend de Bieder en TenCate zijn verantwoordelijk voor de juistheid en volledigheid van de informatie die in het Biedingsbericht is verstrekt, ieder afzonderlijk voor de informatie die door henzelf is verstrekt, en gezamenlijk voor de informatie die door hen gezamenlijk is verstrekt.

De Bieder en TenCate verklaren ieder afzonderlijk ten aanzien van de informatie die door henzelf in het Biedingsbericht is verstrekt en gezamenlijk ten aanzien van de informatie die door hen gezamenlijk is verstrekt, dat de informatie in het Biedingsbericht, na het treffen van alle redelijke maatregelen om zulks te garanderen en voor zover hen redelijkerwijs bekend kan zijn, in overeenstemming is met de werkelijkheid en dat geen gegevens zijn weggelaten waarvan de vermelding van het Biedingsbericht zou wijzigen.

De informatie opgenomen in hoofdstuk 13 (*Selected Consolidated Financial Information TenCate*) is ontleend aan de gecontroleerde jaarrekeningen van TenCate voor de financiële jaren 2012, 2013, 2014 zoals gepubliceerd in de betreffende jaarverslagen en het *gereviewde* halfjaarverslag van de Vennootschap voor het eerste zes maanden van het financiële jaar 2015, welke is geëindigd op 30 juni 2015. De accountantsverklaring opgenomen in hoofdstuk 13 (*Selected Consolidated Financial Information TenCate*) is door TenCate verkregen van KPMG Accountants N.V. De Vennootschap bevestigt dat deze informatie accuraat is gereproduceerd uit de betreffende jaarverslagen en er zijn geen feiten achterwege gelaten waardoor de geproduceerde of ontleende informatie misleidend is.

Getallen in het Biedingsbericht kunnen naar boven of beneden zijn afgerond en dienen derhalve niet als exact te worden beschouwd.

De informatie in het Biedingsbericht geeft de situatie weer op de datum van het Biedingsbericht tenzij specifiek anders is aangegeven. Onder geen beding houden publicatie en verspreiding van het Biedingsbericht in dat de hierin opgenomen informatie ook na de datum van het Biedingsbericht juist en volledig is of dat er sinds deze datum geen wijziging is opgetreden in de in het Biedingsbericht uiteengezette informatie of in de gang van zaken bij TenCate en/of haar Gelieerde Ondernemingen en/of de ondernemingen waarin TenCate een aandelenbelang houdt. Het voorgaande laat echter onverlet de verplichting van de Bieder en TenCate, voor zover het hen betreft, om ingevolge artikel 4 lid 3 Bob respectievelijk artikel 5:25i Wft een openbare mededeling te doen van enige voorwetenschap, voor zover van toepassing.

## 10.2 Nederlandse definities

In het Biedingsbericht zal een verwijzing naar gedefinieerde termen in het meervoud gelijk staan aan verwijzingen naar dergelijke gedefinieerde termen in het enkelvoud en *vice versa*. Alle grammaticale en andere veranderingen die nodig zijn bij het gebruiken van een definitie in het enkelvoud zullen worden beschouwd hierin te zijn gemaakt en zullen worden toegepast alsof zulke veranderingen zijn gemaakt.

De gedefinieerde termen in de paragraaf 10.2 van deze samenvatting hebben de volgende betekenis in het Biedingsbericht:

"Aanbeveling"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.9 ( <i>Besluitvorming en Aanbeveling door de Raden</i> )
"Aanblijvende Commissarissen"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.7.2 ( <i>Samenstelling Raad van Commissarissen</i> )
"Aandeelhouder(s)"	houder(s) van één of meer Aandelen
"Aandeelhoudersbesluiten"	de Besluiten over de decharge van de leden van de Raad van Bestuur en de Besluiten over de aanstelling van de leden van

	de Raad van Commissarissen
"Aandelen"	alle geplaatste gewone aandelen in het aandelenkapitaal van TenCate op enig moment
"Aangemeld Aandeel"	betekent elk Aandeel dat voorafgaand aan of op de Sluitingsdatum op juiste wijze is aangemeld (of op onjuiste wijze, indien de Bieder de Aanmelding desalniettemin heeft aanvaard) en geleverd onder het Bod
"Aangemelde, Gehouden en Toegezegde Aandelen"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.10 ( <i>Voorwaarden</i> )
"Aanmeldingstermijn"	de periode waarin de Aandeelhouders hun Aandelen bij de Bieder kunnen aanmelden, welke begint op 22 oktober 2015 om 09:00 uur CET en eindigt op de Sluitingstijd, welke termijn slechts eenmalig kan worden verlengd in overeenstemming met artikel 15 lid 3 van het Bob
"Acceptatiedrempel"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.10(b)
"Activa Verkoop en Liquidatie"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.15.3 ( <i>Activa Verkoop en Liquidatie</i> )
"AFM"	de Autoriteit Financiële Markten
"Alternatief Bod"	heeft de betekenis die daaraan wordt gegeven in paragraaf 3.10.3 ( <i>Competing Offer</i> )
"BAVA"	een buitengewone algemene vergadering van aandeelhouders van TenCate
"Beëindigende Partij"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.11 ( <i>Beëindiging van de Fusie-overeenkomst</i> )
"Bieder"	Tennessee Acquisition B.V., een besloten vennootschap met beperkte aansprakelijkheid, opgericht naar Nederlands recht, met statutaire zetel in Amsterdam, gevestigd aan de Herculesplein 104, 3584 AA Utrecht, Nederland en ingeschreven in het Handelsregister onder nummer 63701758
"Bieder Geldbedrag"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.15.3 ( <i>Activa Verkoop</i> )
"Biedingsbericht"	betekent dit biedingsbericht (inclusief de Engelse tekst) waarin bepalingen, voorwaarden en beperkingen met betrekking tot het Bod zijn opgenomen, waarvan de Standpuntbepaling geen deel uitmaakt
"Biedprijs"	een bedrag in contanten van EUR 24.60 (vierentwintig euro en zestig cent) per Aandeel, zonder rente en onderhevig aan de inhouding van toepasselijke belastingen en verminderd met een bedrag per Aandeel gelijk aan de uitkering in contacten of aandelen of andersoortige uitkeringen met betrekking tot de Aandelen op of voorafgaand aan de Dag van Overdracht en de registratie van een dergelijke uitkering op of voorafgaand aan de Dag van Overdracht heeft plaatsgevonden
"Bob"	Besluit openbare biedingen Wft

<b>"Bod"</b>	het bod op de Aandelen zoals beschreven in het Biedingsbericht
<b>"Burgerlijk Wetboek"</b>	het Nederlandse Burgerlijk Wetboek (BW)
<b>"CET"</b>	Central European Time
<b>"Consortium"</b>	de Bieder, tezamen met Gilde Buy-Out Fund IV C.V., Gilde Buy-Out Fund IV Coöperatief U.A., een entiteit onder zeggenschap van Parcom Buy-Out Fund IV B.V., ABN AMRO Participaties Fund V B.V. en de Ten Cate Familie Investment Company
<b>"Dag van Gestanddoening"</b>	de datum waarop de Bieder openbaar mededeelt dat het Bod gestand wordt gedaan overeenkomstig de Fusieregels. Artikel 16 lid 1 Bob bepaalt dat een dergelijke openbare mededeling zal worden gedaan binnen drie (3) Werkdagen na de Sluitingsdatum
<b>"Dag van Overdracht"</b>	de datum waarop, overeenkomstig de voorwaarden van het Bod, de Bieder de Biedprijs zal betalen aan de Aandeelhouders die op geldige wijze hun Aandelen hebben aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding daarvan desalniettemin aanvaardt) en geleverd voor de Sluitingsdatum, welke datum terstond zal zijn, in elk geval niet later dan de vijfde (5 <sup>e</sup> ) Werkdag na de Dag van Gestanddoening
<b>"DDTC"</b>	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.10(d)
<b>"Market Groups"</b>	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.6 ( <i>Niet-financiële convenanten</i> )
<b>"EUR", "Euro" of "€"</b>	de Euro, het wettig betaalmiddel in de lidstaten van de Europese Monetaire Unie
<b>"Euronext Amsterdam"</b>	Euronext in Amsterdam, de gereglementeerde markt van Euronext Amsterdam N.V.
<b>"Exclusiviteitsperiode"</b>	de periode die begint op de datum van de Fusie-overeenkomst en eindigt op (i) de datum waarop de Fusie-overeenkomst is beëindigd overeenkomstig paragraaf 3.11 ( <i>Termination of the Merger Agreement</i> ), of (ii) de Dag van Overdracht, welke datum eerder is
<b>"Fairness Opinie"</b>	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.9 ( <i>Besluitvorming en Aanbeveling door de Raden</i> )
<b>"Fusie-overeenkomst"</b>	de fusie-overeenkomst zoals overeengekomen tussen de Bieder en de Vennootschap op 19 juli 2015
<b>"Fusieregels"</b>	alle toepasselijke wet- en regelgeving, inclusief maar niet beperkt tot de toepasselijke artikelen van de Wft en het Bob, alsmede nadere regelgeving en beleidsregels afgekondigd onder de Wft en het Bob, het reglement van Euronext Amsterdam, het BW en andere toepasselijke wet- en regelgeving op het gebied van het effectenrecht en het mededingingsrecht
<b>"Gedeeltelijke Koopprijs"</b>	heeft de betekenis die daaraan wordt gegeven in paragraaf

	10.15.3 ( <i>Activa Verkoop</i> )
"Gedeeltelijke Overdracht"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.15.3 ( <i>Activa Verkoop</i> )
"Gelieerde Ondernemingen"	betekent in relatie tot de Bieder en/of de Vennootschap, elke dochtermaatschappij of moedermaatschappij van de Bieder en/of de Vennootschap en elke dochtermaatschappij van een dergelijke moedermaatschappij, op enig moment. De portfolio bedrijven van de private equity fondsen gelieerd aan de Bieder worden geacht geen Gelieerde Ondernemingen te zijn.
"Groep"	de Vennootschap en haar dochtermaatschappijen zoals bedoeld in artikel 2:24a van het Burgerlijk Wetboek en de entiteiten waar de Vennootschap direct of indirect een minderheidsbelang in heeft
"Herstructureringsmaatregelen na Overdracht"	de mogelijke herstructureringsmaatregelen na de Dag van Overdracht zoals beschreven in paragraaf 10.15 ( <i>Herstructureringsmaatregelen na Overdracht</i> )
"Koopprijs"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.15.3 ( <i>Activa Verkoop</i> )
"Koopprijs voor de Minderheidsaandeelhouder"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.15.3 ( <i>Activa Verkoop</i> )
"Liquidatie Uitkeringen"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.15.3 ( <i>Activa Verkoop</i> )
"Long Stop Datum"	31 maart 2016
"Market Groups"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.5 ( <i>Motivering van het Bod</i> )
"Materieel Negatieve Verandering"	<p>elke verandering, gebeurtenis, omstandigheid of effect (elk een "<b>Verandering</b>"), die individueel of in samenhang met alle andere Veranderingen die zich hebben voorgedaan tussen de datum van de Fusie-overeenkomst en de datum van dit Biedingsbericht of de Sluitingsdatum, waarvan redelijkerwijs kan worden verwacht dat dit materieel negatief is voor de bedrijfsvoering, de activa, passiva, de financiële- of handelspositie van de Groep of de kapitalisatie van de Groep, als geheel beschouwd, waardoor redelijkerwijs niet van de Bieder verwacht kan worden dat het Bod wordt uitgebracht of gestand wordt gedaan, met dien verstande dat voor de vaststelling of sprake is geweest of zal zijn van een Materieel Negatieve Verandering, de hierna genoemde Veranderingen niet zullen worden meegenomen:</p> <ul style="list-style-type: none"> <li>(a) elke verandering in een economie in het algemeen, of delen van een economie, welke, direct of indirect, de bedrijfsvoering van de Groep beïnvloedt;</li> <li>(b) elk(e) natuurramp, pandemie, terroristische daad, sabotage, gewapende vijandigheid, militair optreden (waaronder mede wordt verstaan, militair optreden in Syrië, Iran, Jemen en Oekraïne), of de escalatie of verergering hiervan;</li> </ul>

- (c) elke ontwikkeling omtrent de Europese Unie, haar lidstaten (waaronder lidstaten die een dergelijke unie of een deel daarvan verlaten) en de Eurozone (waaronder lidstaten die een dergelijke zone (moeten) verlaten of welke in gebreke blijven met de terugbetaling van haar leningen);
- (d) de onmacht van de Vennootschap of de Groep, om interne of gepubliceerde winstverwachtingen, opbrengst- of inkomstenvoorspellingen, (met dien verstande dat de onderliggende oorzaak voor genoemde onmacht meegewogen mag worden bij het bepalen of er sprake is van een Verandering);
- (e) elke Verandering veroorzaakt door een handelen of nalaten van de Bieder, voor of na de datum van de Fusie-overeenkomst, waaronder mede wordt verstaan, ieder handelen door de Vennootschap of enig onderdeel van de Groep met de schriftelijke toestemming van de Bieder, of op aanwijzingen van de Bieder (of ieder nalaten waar genoemde toestemming niet is verleend) of naleving van de Vennootschap van de bepalingen, of het handelen als vereist door de bepalingen van de Fusie-overeenkomst, behalve voor zover een Verandering veroorzaakt is door een handelen of nalaten door de Bieder als reactie op een niet-nakomen van de Fusie-overeenkomst door de Vennootschap;
- (f) elke aangelegenheid die bekend is of bekend zou moeten zijn bij de Bieder of haar adviseurs, voorafgaand aan de datum van de Fusie-overeenkomst, als gevolg van rechtmatige openbaring hiervan bij het *due dilligence* onderzoek of door rechtmatige openbaring in het publieke domein, voorafgaand aan de datum van de Fusie-overeenkomst, waaronder begrepen informatie ingediend door een onderdeel van de Groep bij een openbaar register of informatie openbaar op basis van de toepasselijke wet of reglementen;
- (g) het aankondigen, doen en implementeren van het Bod;
- (h) het niet-nakomen van de Fusie-overeenkomst of de wet door de Bieder; and
- (i) elke verandering in wetgeving, reglementen, verslaggevingsstandaarden, dan wel een wijziging van de interpretatie daarvan, na de datum van de Fusie-overeenkomst.

**"Materieel Tekortschieten"**

heeft de betekenis die daaraan wordt gegeven in paragraaf 10.11 (*Beëindiging van de Fusie-overeenkomst*)

**"Minderheidsaandeelhouders"**

heeft de betekenis die daaraan wordt gegeven in paragraaf 10.15.3 (*Activa Verkoop*)

**"Na-Aanmeldingstermijn"**

een periode na de Aanmeldingstermijn waarin Aandelen die niet zijn aangemeld mogen worden aangemeld bij de Bieder

	op zelfde manier en onder dezelfde voorwaarden als in het Biedingsbericht
<b>"Nederlandse Corporate Governance Code"</b>	de Nederlandse corporate governance code van 1 januari 2009 zoals vastgesteld op basis van artikel 2:391 sub 5 van het Burgerlijk Wetboek
<b>"Netto Geldbedrag"</b>	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.15.3 ( <i>Activa Verkoop</i> )
<b>"Niet-Financiële Convenanten"</b>	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.6 ( <i>Niet-Financiële Convenanten</i> )
<b>"Omwisselkantoor"</b>	ING Bank N.V.
<b>"Onderneming"</b>	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.15.3 ( <i>Activa Verkoop</i> )
<b>"Ondernemingsraad"</b>	betekent de centrale ondernemingsraad van de Groep
<b>"Overdracht"</b>	de voldoening van de Biedprijs door de Bieder aan de Aandeelhouders voor elk Aangemeld Aandeel
<b>"Raad van Bestuur"</b>	de raad van bestuur van de Vennootschap
<b>"Raad van Commissarissen"</b>	de raad van commissarissen van de Vennootschap
<b>"Raden"</b>	de Raad van Bestuur en de Raad van Commissarissen
<b>"SEC"</b>	de <i>Securities and Exchange Commission</i> in de Verenigde Staten
<b>"Sluitingsdatum"</b>	de datum waarop de Sluitingstijd plaatsvindt, welke in overeenstemming met artikel 15 van het Bob kan worden verlengd
<b>"Sluitingstijd"</b>	de datum en het tijdstip waarop het Bod verloopt, namelijk om 17:40 uur CET op 16 december 2015, of een dusdanig latere datum en tijdstip, indien het Bod wordt verlengd in overeenstemming met artikel 15 van het Bob
<b>"Standpuntbepaling"</b>	een standpuntbepaling van de Raden met betrekking tot het Bod en in overeenstemming met artikel 18 lid 2 van het Bob, die geen deel uitmaakt van het Biedingsbericht
<b>"STAK"</b>	de nog op te richten stichting of andere entiteit in het kader van de beoogde participatie door bepaalde managers van TenCate in Tennessee Acquisition Holding B.V.
<b>"Strategie"</b>	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.6 ( <i>Niet-financiële convenanten</i> )
<b>"Stuurgroep"</b>	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.9 ( <i>Besluitvorming en Aanbeveling door de Raden</i> )
<b>"Ten Cate Familie Investment Company"</b>	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.9
<b>"Toegelaten Instelling"</b>	instelling die is toegelaten tot Euronext Amsterdam
<b>"Toezeggingen"</b>	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.13 ( <i>Toezeggingen</i> )

"Uitgestelde Sluitedatum"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.24 ( <i>Na-aanmeldingstermijn</i> )
"USD"	de Dollar, het wettige betaalmiddel in de Verenigde Staten
"U.S. Exchange Act"	de Securities Exchange Act van 1934 in de Verenigde Staten
"Vennootschap" of "TenCate"	Koninklijke Ten Cate N.V., een naamloze vennootschap, opgericht naar Nederlands recht, met statutaire zetel in Almelo, gevestigd te Wierdensestraat 40, 7607GJ Almelo, Nederland en ingeschreven bij het Handelsregister onder nummer 06016321
"Vordering"	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.15.3 ( <i>Activa Verkoop</i> )
"Voorwaarden"	betekent de voorwaarden voor het Bod zoals beschreven in paragraaf 10.10 ( <i>Voorwaarden</i> )
"Werkdag"	betekent een dag, anders dan een zaterdag, zondag of een algemeen erkende feestdag in Nederland waarop Euronext Amsterdam en banken, volgens de collectieve arbeidsovereenkomst voor het bankbedrijf ( <i>Algemene Bank-CAO</i> ), in het algemeen geopend zijn
"Wft"	De Nederlandse Wet op het financieel toezicht

### 10.3 **Uitnodiging aan de Aandeelhouders**

Op 20 juli 2015 hebben de Bieder en TenCate gezamenlijk aangekondigd dat zij voorwaardelijke overeenstemming hebben bereikt over de belangrijkste voorwaarden van het voorgenomen openbare bod van de Bieder op de Aandelen voor een biedprijs in contanten van EUR 24.60 (vierentwintig euro en zestig cent) per Aandeel. Zie tevens paragraaf 12 (*Press Releases*).

Onder verwijzing naar de verklaringen, voorwaarden en beperkingen zoals opgenomen in hoofdstuk 1 (*Restrictions and Important Information*) van het Biedingsbericht worden Aandeelhouders uitgenodigd om hun Aandelen aan te bieden op de wijze en onder de voorwaarden zoals in het Biedingsbericht beschreven.

### 10.4 **Bod**

De Bieder doet een Bod tot koop van alle Aandelen, onder de voorwaarden en conform de bepalingen en beperkingen in het Biedingsbericht.

Op voorwaarde dat het Bod gestand wordt gedaan, zal aan de Aandeelhouders die hun Aandelen onder het Bod op geldige wijze hebben aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding daarvan desalniettemin aanvaardt) de Biedprijs in contanten worden betaald. Indien op of tussen de datum van het Biedingsbericht en de Dag van Overdracht een uitkering in contanten of in aandelen of een andersoortige uitkering plaatsvindt, dan zal de Biedprijs per Aandeel worden verminderd met het bedrag per Aandeel gelijk aan de uitkering in contanten of in aandelen of andersoortige uitkering per Aandeel. Als na de Dag van Overdracht, een uitkering in contanten of in aandelen of een andersoortige uitkering plaatsvindt ten aanzien van de Aandelen, dan zal de Biedprijs per Aandeel waartoe de overblijvende Aandeelhouders gerechtigd zijn onder het Bod worden verminderd met het bedrag per Aandeel gelijk aan de uitkering in contanten of in aandelen of andersoortige uitkering per Aandeel.

Bij het vaststellen van de Biedprijs heeft de Bieder zorgvuldig de geschiedenis en vooruitzichten van TenCate in overweging genomen, daaronder mede inbegrepen een analyse van de historische financiële informatie en eventuele toekomstige ontwikkelingen met betrekking tot winstgevendheid van de Vennootschap, kasstromen, de balans afkomstig uit (a) de tussentijdse financiële verslagen en jaarstukken van TenCate, de presentaties van analisten en persberichten in de periode van 1 januari 2012 tot aan de datum van dit Biedingsbericht, (b) de historische marktwaarde van de Aandelen in de periode van 18 juli 2014 tot en met 17 juli 2015 (de laatste handelsdag voorafgaand aan de bekendmaking van de voorlopige belangstelling in TenCate op vrijdag 20 juli

2015) en (c) *broker* rapporten in de periode van 1 januari 2014 tot en met 17 juli 2015. Zie tevens paragraaf 3.2 (*Substantiation of the Offer Price*).

#### 10.5 **Motivering van het Bod**

De combinatie van de Bieder en de Vennootschap zal de Groep helpen haar strategie te realiseren, om het daarmee mogelijk te maken te investeren in de bestaande vijf market groups (Protective Fabrics, Advanced Composites, Advanced Armour, Geosynthetics en Grass, de "**Market Groups**") en om zo, als onderdeel van een effectieve *Buy and Build* strategy, deze Market Groups verder te versterken door overnames.

Met een doelgericht consortium als controlerende aandeelhouders zal TenCate ruim toegang hebben tot liquiditeit ten behoeve van waardeoptimalisatie van de Onderneming op de lange termijn. Deze focus op waardecreatie zal een positief effect hebben op de commerciële relaties door productontwikkeling en innovatie.

Het Consortium brengt uitgebreide ervaring mee en heeft een sterk *track record* in het ondersteunen van management teams bij de uitoefening van hun business plannen. De leden van het Consortium hebben een helder beeld van hoe de markten werken waarin de Groep opereert. De Bieder en de Vennootschap zijn van mening dat het opereren als een particuliere onderneming, met steun van het Consortium, significante voordelen zal bieden aan de Vennootschap en stelt haar management team in staat de uitvoering van de business strategie te versnellen. Concreet betekent dit:

- (a) volledige ondersteuning van de *buy and build* strategie van de Groep;
- (b) een consortium bestaande uit ervaren in Nederland gevestigde investeerders met een lange termijn investeringsfocus goed gepositioneerd om TenCate te helpen met sterke financiële steun, expertise en ondersteuning haar volledige potentie te realiseren; en
- (c) een consortium dat als doel heeft om het voortdurend leiderschap van TenCate veilig te stellen in haar kernspecialiteiten voor haar vijf huidige *market groups*.

Het Bod past binnen de strategie van de leden van het consortium om te investeren in middelgrote bedrijven met een sterke marktpositie en groeipotentieel.

#### 10.6 **Niet-financiële convenanten**

De Bieder en de Vennootschap zijn bepaalde niet-financiële convenanten overeengekomen als weergegeven in deze paragraaf 10.6 (*Niet-financiële convenanten*) (de "**Niet-Financiële Convenanten**"):

##### 10.6.1 *Strategie*

- (i) De Bieder ondersteunt, en zal de Vennootschap assisteren bij het realiseren van de Strategie (als hieronder gedefinieerd) van de Groep.
- (ii) In deze paragraaf heeft "**Strategie**" de volgende betekenis:

##### *Buy en Build*

- (A) Als onderdeel van zijn steun voor de Strategie, zal de Bieder de *buy and build* strategie van de Groep ondersteunen en respecteren, wat betekent dat de Bieder zal toestaan dat de Groep investeert in de Market Groups en deze Market Groups, naast verbeteringen en/of investeringen in de bestaande business, verder mogen worden versterkt door middel van overnames.
- (B) De Bieder erkent dat de Groep extra kapitaal nodig zou kunnen hebben om *add-on* overnames na te streven als onderdeel van haar *buy and build* strategie en neemt zich voor extra eigen vermogen beschikbaar te stellen om dit soort *add-on* overnames te financieren, binnen het toepasselijke goedkeuringsbeleid van de Groep en de (financiële) paramaters die van toepassing zijn van tijd tot tijd, om zo een gebalanceerde combinatie van schuld en vermogen te hanteren.

- (C) De huidige portfolio van product-, markt-, en technologieposities zullen in principe worden versterkt door investeringen met een focus op zowel organische groei als overnames.

Het nastreven van overnames zoals omschreven in dit hoofdstuk 10 zal onderworpen worden aan het toepasselijke goedkeuringsbeleid van de Groep en de (financiële) paramaters die van toepassing zijn van tijd tot tijd.

#### *Strategische context*

- (D) De strategische context zal onderdeel zijn van de buy and build strategie, waarbij het *value chain* model van de Groep leidend zal zijn. Dit model bestaat uit vier elementen: investeringen in technologische ontwikkeling (*Technologische Innovatie*) om nieuwe applicaties en/of functionaliteiten te ontwikkelen binnen de productportfolio (*Product Differentiatie*) en procesverbeteringen (*Verbetering Productiekosten*) zijn belangrijk om de competitieve positie van de Groep op lange termijn te verbeteren. In deze strategische context ondersteunt het vierde element *Eindgebruiker Marketing* de waardepropositie van de oplossingsgerichte aanpak van de Groep ten opzichte van belangrijke markten.

#### *Herinvestering vrije kasstroom*

- (E) De actieve portfolio strategie van de Groep geeft de business de focus die nodig is om groei te versnellen door het afstoten van entiteiten met minder aansprekende resultaten ten behoeve van entiteiten met een beter groeiperspectief en een betere opbrengst. Dit betekent dat de opbrengsten van desinvesteringen, met inachtneming van de voorwaarden van mogelijke schuldfinancieringsarrangementen van tijd tot tijd van de Groep, in principe zullen worden gebruikt voor investeringen in bestaande business met een bovengemiddeld vooruitzicht qua groei en opbrengsten. Door een aanpak van geleidelijk uitfaseren en geleidelijk invoeren, zal de Groep haar groeiprofiel versterken en tegelijkertijd haar winstgenererend vermogen vergroten.
- (iii) De Bieder erkent het belang van *research & development* voor het opereren van de Groep en zal toestaan dat de Groep blijft investeren in *research & development*, overeenkomstig de Strategie, en met inachtneming van huidige praktijk hieromtrent.

#### 10.6.2 *Structuur en governance van de Groep*

- (i) De Bieder zal zorgen dat de Vennootschap een separate rechtspersoon blijft en de houdstermaatschappij blijft van de dochterondernemingen en activiteiten van de Vennootschap van tijd tot tijd.
- (ii) De Bieder zal zorgen dat:
  - (A) de handelsnaam van de Vennootschap niet wordt veranderd en de naam "Ten Cate" bevat, met dien verstande dat de Bieder geen controle heeft over het recht van de Vennootschap om "Koninklijke" in haar bedrijfsnaam te houden.
  - (B) het "Ten Cate" merk een belangrijk onderdeel blijft van de branding en marketingstrategie van de Groep; en
  - (C) het hoofdkantoor, algemene beheer en de belangrijkste ondersteuningsfuncties in Almelo, Nederland blijven.
- (iii) De Bieder erkent dat het duurzaamheidsbeleid een integraal onderdeel vormt van het gemeenschappelijke doel van de Groep om mensen en hun professionele omgeving te beschermen.
- (iv) de Bieder respecteert en zal ernaar streven om te behouden:
  - (A) de bedrijfsidentiteit en cultuur van de Vennootschap, met erkenning van de geschiedenis, rol en positie van de Vennootschap als werkgever in de Nijverdal regio.

- (B) de cultuur van excellentie bij de Vennootschap, die zeer getalenteerde werknemers vereist en werknemers zullen geschikte trainingen en een duidelijk carrièreperspectief krijgen.
- (v) De Vennootschap blijft het gemitigeerd structuurregime vrijwillig toepassen.
- (vi) De Bieder respecteert de afspraken uit paragraaf 3.5.2 (*Composition Supervisory Board*).

#### 10.6.3 *Financiering en uitkeringen*

De Bieder zal zorgen dat de Vennootschap gedegen gefinancierd blijft om zo de continuïteit van de bedrijfsvoering en de uitvoering van de Strategie te waarborgen.

#### 10.6.4 *Geen desinvesteringen*

De Bieder zal zorgen dat geen substantiële delen van de activa van de Groep worden verkocht of overgedragen aan enig ander persoon (direct of indirect, door een verkoop of overdracht van aandelen of activa of op enige andere wijze, door een enkele transactie of een serie van gerelateerde transacties) als een dergelijke verkoop resulteert in een afname in de geconsolideerde jaarlijkse omzet van de Groep met meer dan twintig procent (20%), berekend op basis van de meest recente geconsolideerde goedgekeurde jaarrekening van de Groep.

#### 10.6.5 *Minderheidsaandeelhouders*

- (i) De Bieder zal zorgen dat de Vennootschap, tenzij anders bepaald in de Fusie-overeenkomst, geen van deze acties zal ondernemen na de Overdracht:
  - (A) het uitgeven van nieuwe aandelen aan welke persoon dan ook (niet zijnde een lid van de Groep), tegen betaling, zonder het aanbieden van voorkeursrechten aan minderheidsaandeelhouders
  - (B) het overeenkomen en aangaan van een *related party* transactie met een materiële aandeelhouder of ander persoon die niet *at arm's length* is, of ervoor zorgen dat een persoon uit de Groep een dergelijke transactie overeenkomt en aangaat; en
  - (C) het uitoefenen van enig andere actie of het stemmen voor enig besluit welke de waarde van, of de rechten gerelateerd aan, de Aandelen van de minderheidsaandeelhouders onevenredig benadelen.
- (ii) Zo lang de Aandelen genoteerd staan bij Euronext, zal de Bieder zorgen dat de Vennootschap blijft voldoen aan de Nederlandse Corporate Governance Code voor zover de Vennootschap voldoet aan de Nederlandse Corporate Governance Code op de dag van de Fusie-overeenkomst, tenzij anders is bepaald in de Fusie-overeenkomst.

#### 10.6.6 *Werknemers*

- (i) De Bieder zal zorgen dat:
  - (A) afspraken met de ondernemingsraden van de Groep en de relevante vakbonden zullen worden gerespecteerd en niet eenzijdig worden aangepast;
  - (B) er geen reorganisaties of herstructureringsplannen zullen zijn die resulteren in significant banenverlies in een land waar de Groep opereert, rekening houdend met het totale aantal van werknemers van de Groep in dat land, als een direct gevolg van het Bod;
  - (C) de rechten en aanspraken van de werknemers van de Groep, onder hun individuele arbeidsovereenkomsten, CAO's en sociale plannen zullen worden gerespecteerd;
  - (D) de pensioenafspraken tussen de Groep en de Stichting Pensioenfonds Koninklijke Ten Cate en niet-Nederlandse pensioendiensten zullen worden gerespecteerd.

- (ii) De Bieder zal zorgen dat *key management* van de Groep, zoveel als redelijkerwijs mogelijk is, behouden blijft.

#### 10.6.7 *Overdracht aan derden*

In het geval dat de Bieder of een onderdeel van de Groep, de Groep of wezenlijk alle activa van de Groep (door een enkele transactie of een serie van gerelateerde transacties) verkoopt of overdraagt (direct of indirect, door een verkoop of overdracht van aandelen of activa of op enige andere wijze) aan een derde binnen drie jaar na de Dag van Overdracht, zal de Bieder zorgen dat een dergelijke derde partij, voorgaand aan een dergelijke koop of overdracht, niet-financiële convenanten zal aangaan ten gunste van de Vennootschap welke wezenlijk hetzelfde zullen zijn als de Niet-Financiële Convenanten uit deze paragraaf 10.6 (*Niet-financiële convenanten*), met dien verstande dat de periode aangeduid in paragraaf 10.6.8 hieronder voor een dergelijke derde partij het restant zal zijn van de periode van drie (3) jaar welke is begonnen op de Dag van Overdracht.

#### 10.6.8 *Duur*

De specifieke convenanten als genoemd in deze paragraaf 10.6 (*Niet-financiële convenanten*) komen te vervallen als volgt:

- (a) voor paragraaf 10.6.5 (*Minderheidsaandeelhouders*):
  - (i) op de eerdere datum van (A) de datum waarop geen van de Aandelen worden gehouden door derden anders dan de Bieder of een of meer van haar Gelieerde Ondernemingen, (B) de datum waarop de verplichte uitkoopprocedure onherroepelijk is geïnitieerd en de Biedprijs een billijke prijs wordt geacht te zijn krachtens art. 2:92a BW, 2:101a BW of 2:359c(6) BW, (C) de datum waarop de Ondernemingskamer de prijs, welke krachtens de verplichte uitkoopprocedure door de Bieder aan de andere Aandeelhouders moet worden voldaan, heeft vastgesteld, of (D) de dag volgend op de datum drie (3) jaar na de Dag van Overdracht; of
  - (ii) op een latere datum die door de Raad van Commissarissen geschikt wordt bevonden om zo te voldoen aan de algemeen aanvaarde beginselen van *good corporate governance* in Nederland.
- (b) voor elke andere paragraaf van deze paragraaf 10.6 (*Niet-financiële convenanten*) geldt: drie (3) jaar na de Dag van Overdracht.

#### 10.6.9 *Afwijking*

Een afwijking van de convenanten uiteengezet in deze paragraaf 10.6 (*Niet-financiële convenanten*), anders dan paragraaf 10.6.5 (*Minderheidsaandeelhouders*), is alleen toegestaan na de voorafgaande goedkeuring van een meerderheid van de Raad van Commissarissen, inclusief een stem ten gunste van een dergelijke goedkeuring door minstens een Aanblijvende Commissaris. Een afwijking van paragraaf 10.6.5 (*Minderheidsaandeelhouders*) van deze paragraaf 10.6 (*Niet-financiële convenanten*) is alleen toegestaan na de voorafgaande goedkeuring van een meerderheid van de Raad van Commissarissen, inclusief een stem ten gunste van een dergelijke goedkeuring door beide Aanblijvende Commissarissen.

#### 10.6.10 *Aanspraken en naleving*

De convenanten, bevestigingen en verplichtingen van de Bieder uiteengezet in deze paragraaf 10.6 (*Niet-financiële convenanten*) zijn gedaan jegens de Vennootschap en, alsmede door middel van een onherroepelijk derdenbeding om niet, jegens de Aanblijvende Commissarissen gezamenlijk, en ongeacht of deze commissarissen in dienst zijn of zijn ontslagen, op voorwaarde dat na ontslag, de ontslagen Aanblijvende Commissaris(sen) de aanspraken van een dergelijke derdenbeding om niet moet(en) overdragen aan een nieuwe Aanblijvende Commissaris in functie, tenzij het ontslag succesvol is aangevochten door de betreffende Aanblijvende Commissaris. De Bieder gaat hierbij bij voorbaat akkoord met en verleent medewerking aan een dergelijke overdracht. De Vennootschap zal alle kosten en uitgaven dragen, gemaakt in verband met naleving door een Aanblijvende Commissaris krachtens deze paragraaf 10.6.10.

## 10.7 Toekomstige Governance

### 10.7.1 *Samenstelling Raad van Bestuur*

Per heden, bestaat de Raad van Bestuur uit de volgende leden die op de Dag van Overdracht aan zullen blijven als leden van de Raad van Bestuur:

- (a) De heer Louis (Loek) de Vries; en
- (b) De heer Evert (Eef) Johannes Frans Bos.

### 10.7.2 *Samenstelling Raad van Commissarissen*

Ieder van de Bieder en de Vennootschap zullen zich redelijkerwijs naar beste kunnen inspannen om te zorgen dat de Raad van Commissarissen als volgt zal zijn samengesteld na Settlement:

- (a) De heren J.C.M. Hovers en E. ten Cate; de twee huidige leden van de Raad van Commissarissen. De Bieder en de Vennootschap erkennen dat, zolang de Vennootschap het gemitigeerd structuurregime hanteert en de Raad van Commissarissen bestaat uit maximaal vijf (5) leden, de Ondernemingsraad een versterkt recht heeft om een natuurlijk persoon aan te bevelen voor voordracht als lid van de Raad van Commissarissen. De Bieder en de Vennootschap zijn overeengekomen dat een dergelijk voorgedragen lid te allen tijde een van de Aanblijvende Commissarissen zal zijn; en
- (b) B.T. Molenaar, E.J. Westerink en J.H.L. Albers door de Bieder genomineerd voor benoeming; J.H.L. Albers zal de voorzitter van de Raad van Commissarissen zijn (J.H.L. Albers is geen directeur of werknemer van de Bieder).

De Bieder zal de voorzitter van de Raad van Commissarissen als genoemd in paragraaf 10.7.2 hierboven nomineren, alsook enige opvolgende voorzitter van de Raad van Commissarissen in de drie jaren die volgen op de Dag van Overdracht, na het vragen van advies van de Raden.

Behoudens de bepalingen van de Fusie-overeenkomst en toepasselijk recht, is de Bieder bevoegd naar haar goeddunken, vanaf de Overdracht, te zorgen voor opvolgende benoemingen en ontslag van leden van de Raad van Commissarissen, mits de Bieder zal zorgen dat:

- (i) de Raad van Commissarissen niet zal bestaan uit meer dan vijf (5) leden;
- (ii) tot drie (3) jaar na de Dag van Overdracht, de Raad van Commissarissen uit minstens twee (2) onafhankelijke leden bestaat, zijnde de heren J.C.M. Hovers and Mr. E. ten Cate, dan wel hun opvolgers (de "**Aanblijvende Commissarissen**"), waarbij 'onafhankelijk' de betekenis heeft als beschreven in de Nederlandse Corporate Governance Code; en
- (iii) een Aanblijvende Commissaris alleen kan worden benoemd door de algemene vergadering van Aandeelhouders na voordracht van die persoon door de Raad van Commissarissen. Bij het besluit tot voordracht van de Raad van Commissarissen dient een Aanblijvende Commissaris voor een dergelijke voordracht te hebben gestemd, behalve in het geval dat het de herbenoeming van die betreffende Aanblijvende Commissaris betreft of in het geval de Raad van Commissaris geen Aanblijvende Commissarissen bevat.

De huidige termijn van dhr. Hovers en dhr Ten Cate als lid van de Raad van Commissarissen loopt af op de jaarvergadering van TenCate welke zal worden gehouden in of omstreeks april 2016. Dhr. Ten Cate heeft aangegeven niet beschikbaar te zijn voor herbenoeming als lid van de Raad van Commissarissen. Dhr. Hovers heeft aangegeven in beginsel beschikbaar te zijn voor een mogelijke herbenoeming als lid van de Raad van Commissarissen.

### 10.7.3 *Nederlandse Corporate Governance Code*

De Bieder zal, tot:

- (i) op de eerdere datum van (A) de datum waarop geen van de Aandelen worden gehouden door derden anders dan de Bieder of een van zijn Gelieerde Ondernemingen, (B) de datum waarop de verplichte uitkoopprocedure onherroepelijk is geïnitieerd en de Biedprijs een billijke prijs wordt geacht te zijn krachtens art. 2:92a BW, 2:101a BW of 2:359c(6) BW, (C) de datum waarop de Ondernemingskamer de prijs, welke krachtens de verplichte uitkoopprocedure door de Bieder aan de andere Aandeelhouders moet worden voldaan, heeft vastgesteld, of (D) de dag volgend op de datum drie (3) jaar na de Dag van Overdracht; of
- (ii) op een latere datum die door de Raad van Commissarissen geschikt wordt bevonden om zo te voldoen aan de algemeen aanvaarde beginselen van *good corporate governance* in Nederland,

er op toezien dat de Vennootschap zal voldoen aan de Nederlandse Corporate Governance Code, behoudens enige afwijkingen daarvan (i) als beschreven in de Fusie-overeenkomst, of (ii) zoals deze afwijkingen worden toegepast door de Vennootschap op de datum van de Fusie-overeenkomst, of (iii) na voorafgaande goedkeuring van de Raad van Commissarissen, waarbij in ieder geval één van de minstens twee Aanblijvende Commissarissen voor een dergelijke goedkeuring heeft gestemd. Niet tegenstaande het voorgaande, voorziet de Fusie-overeenkomst in een afwijking van de best practice bepaling III.2.1 van de Nederlandse Corporate Governance Code, welke bepaalt dat alle leden van de Raad van Commissarissen onafhankelijk zijn, met uitzondering van niet meer dan één persoon.

#### 10.7.4 *Buitengewone algemene vergadering van Aandeelhouders*

Overeenkomstig artikel 18, eerste paragraaf van het Bob zal TenCate een BAVA bijeenroepen om het Bod te bespreken. De BAVA zal gehouden worden op 7 december 2015 om 14:00 uur CET.

Op de BAVA zal de Aandeelhouders worden verzocht te stemmen over de navolgende besluiten:

- (i) het verlenen van decharge aan de leden van de Raden tot de datum van de BAVA; en
- (ii) de aanstelling van de nieuwe leden van de Raad van Commissarissen overeenkomstig paragraaf 3.5.2,  
  
(de "**Aandeelhoudersbesluiten**").

De Aandeelhoudersbesluiten worden genomen onder voorwaarde van het plaatsvinden van de Overdracht en worden onvoorwaardelijk per de Dag van Overdracht. Elk Aandeelhoudersbesluit wordt genomen met een gewone meerderheid van stemmen voor het betreffende Aandeelhoudersbesluit.

#### 10.8 **Financiering van het Bod**

Onder verwijzing naar artikel 7 lid 4 van het Bob heeft de Bieder op 20 juli 2015 aangekondigd over voldoende middelen te beschikken om het Bod te financieren.

Het Bod waardeert 100% van de Aandelen op ongeveer EUR 675 miljoen.

Het Bod zal gefinancierd worden door het aantrekken van een combinatie van (i) vermogen dat beschikbaar wordt gemaakt namens de Bieder, in welk verband de Bieder bindende '*equity commitment letters*' heeft ontvangen voor een bedrag van EUR 362.5 miljoen en (ii) extra vreemd vermogen in de vorm van een schuldfinanciering door een consortium van banken voor een bedrag van EUR 520 miljoen als '*secured debt financing*' en een bedrag van EUR 75 miljoen als '*term debt and revolving facility*', welke bedragen volledig zijn toegezegd op een '*certain funds*' basis onder voorwaarde van de gebruikelijke condities. De Bieder heeft geen reden om te geloven dat enige condities voor de bovengenoemde financieringen niet vervuld zullen zijn voor of op de Dag van Overdracht.

#### 10.9 **Besluitvorming en Aanbeveling door de Raden**

Gedurende het proces, hebben de Raden op frequente basis overleg gevoerd over de voortgang van de gesprekken met de Bieder en de belangrijke besluiten die daarmee verband houden. De Raden hebben uitgebreid financieel en juridisch advies ingewonnen en hebben alle aspecten van het Bod zorgvuldig afgewogen, inclusief de strategische, financiële, operationele en sociale gezichtspunten. Na een zorgvuldige belangenafweging zijn zowel de Raad van Bestuur als de Raad van Commissarissen van mening dat het Bod een aantrekkelijk bod is dat een eerlijke prijs en een aantrekkelijke premie voor de Aandeelhouders

vertegenwoordigt, evenals gunstige niet-financiële voorwaarden. De Raden beschouwen het Bod in het belang van TenCate en al haar stakeholders, waaronder onder meer de werknemers, overheden, klanten, leveranciers en R&D partners.

Rabobank heeft een fairness opinie aan de Raden verstrekt en NIBC Bank heeft een fairness opinie aan de Raad van Commissarissen verstrekt. Beiden hebben de opinie afgegeven dat de Biedprijs eerlijk is voor de Aandeelhouders vanuit een financieel oogpunt (de "**Fairness Opinions**").

Na al deze overwegingen in acht te hebben genomen, ondersteunen zowel de Raad van Bestuur als de Raad van Commissarissen het Bod volledig en bevelen zij de Aandeelhouders unaniem aan het Bod te aanvaarden, en zij bevelen de Aandeelhouders ook unaniem aan om voor de Besluiten die zullen worden genomen tijdens de BAVA te stemmen (de "**Aanbeveling**").

Aan het begin van dit proces is een stuurgroep gevormd bestaande uit leden van de Raad van Bestuur, de heer J. Hovers als voorzitter van de Raad van Commissarissen en de heer E. ten Cate, als commissaris, tezamen met TenCate's financiële en juridische adviseurs (de "**Stuurgroep**"). De Stuurgroep heeft het indicatieve bod bekeken en de voorwaarden van het Bod met de Bieder besproken.

De heer E. Ten Cate heeft zich terug getrokken uit de Stuurgroep sinds het begin van juni 2015, omdat hij het gevoel had dat bij hem een tegenstrijdig belang vermoed kon worden, aangezien de heer E. ten Cate werd uitgenodigd om de betrokkenheid te bespreken van een Ten Cate familie investeringsmaatschappij onder zeggenschap van de heer E. ten Cate (de "**Ten Cate Familie Investment Company**", welke nog dient te worden opgericht) bij de voorgestelde bieder-entiteit waarover Gilde het beheer zou voeren. Om deze reden was de heer E. ten Cate niet betrokken bij de beraadslaging en besluiten van de Raad van Commissarissen met betrekking tot het Bod. Zodra de leden van de Raad van Bestuur de voorwaarden van hun voortdurende betrokkenheid na de Overdracht met de Bieder gingen bespreken hebben de leden van de Raad van Bestuur zich terug getrokken uit de Stuurgroep en zodoende niet langer deelgenomen aan de onderhandelingen over een voorwaardelijke overeenkomst met de Bieder over het Bod. De heren De Vries en Bos zijn met de Bieder overeengekomen om indirect deel te nemen in het aandelenkapitaal van de Bieder na de Overdracht.

#### 10.10 Voorwaarden

De Bieder zal het Bod gestand doen indien de volgende voorwaarden (de "**Voorwaarden**") worden voldaan of daarvan afstand wordt gedaan op de Sluitingsdatum, in overeenstemming met deze paragraaf 10.10 en is voor het overige onderworpen aan de voorwaarden en bepalingen van het Biedingsbericht:

- (a) Geen Materieel Negatieve Verandering heeft zich voorgedaan na de datum van dit Biedingsbericht;
- (b) het gezamenlijke aantal:
  - (i) Aangemelde Aandelen; en
  - (ii) Aandelen die direct of indirect worden gehouden door de Bieder of die aan de Bieder zijn toegezegd, alleen onder de voorwaarde dat het Bod gestand wordt gedaan ((i) en (ii) tezamen genoemd de "**Aangemelde, Gehouden en Toegezegde Aandelen**"),

op de Sluitingsdatum minstens 95% vertegenwoordigen van het geplaatste kapitaal van de Vennootschap op een volledig verwaterde basis, hiervan uitgezonderd de Aandelen die de Vennootschap of een van haar Gelieerde Ondernemingen houdt voor eigen rekening (de "**Acceptatiedrempel**") op de Sluitingsdatum.

- (c) elke toezicht of onderzoek door CFIUS is afgerond en:
  - (i) de Bieder en de Vennootschap hebben een schriftelijke bevestiging ontvangen dat CFIUS heeft vastgesteld dat er geen sprake is van *unmitigated issues of national security of the United States* die nopen tot verder onderzoek onder sectie 721 Exon-Florio Amendment to the United States Defense Production Act of 1950, 50 U.S.C. app. § 2170; of
  - (ii) de President van de Verenigde Staten niet gehandeld heeft volgens sectie 721 van de United States Defense Production Act of 1950 om het voltrekken van het Bod te

schorsen of te verbieden en de termijn waarbinnen de President deze bevoegdheid kan gebruiken, is verlopen.

- (d) een termijn van zestig kalenderdagen is verstreken sinds de mededeling van de Bieder onder sectie 122.4(b) van de U.S. International Traffic in Arms Regulations ("**ITAR**") bij de the U.S. Department of State ("**DDTC**") van het Bod op grond van de ITAR;
- (e) er zijn geen initiële publieke mededelingen gedaan van (i) een Alternatief Bod of (ii) een verplicht bod op grond van artikel 5:70 Wft;
- (f) de Raden hebben de Aanbeveling niet ingetrokken, gewijzigd of gekwalificeerd;
- (g) geen mededeling van de AFM is ontvangen dat ex artikel 5:80 lid 2 van de Wft beleggingsondernemingen zich dienen te onthouden van medewerking aan het Bod of de Overdracht;
- (h) geen bevel, aanhouding, uitspraak of vonnis is uitgevaardigd door een rechter, arbitraal college, regering, overheidsinstantie of andere toezichthoudende of administratieve instantie die van toepassing is, noch is er enig statuut, wet- of regelgeving, overheidsaanwijzing of – maatregel, die in een dergelijk geval de voltooiing van het Bod in enig materieel aspect verbiedt, wijzigt, schorst, intrekt, nietig verklaart of anderszins nadelig de beslissing van de AFM beïnvloedt om het Biedingsbericht goed te keuren;
- (i) op of voorafgaand aan de Dag van Gestanddoening, is de handel in de Aandelen op Euronext Amsterdam niet opgeschort of beëindigd als gevolg van een noteringmaatregel genomen door Euronext Amsterdam overeenkomstig artikel 6901/2 of enige andere relevante bepaling van het Euronext Rulebook I (*Geharmoniseerde Regels*);
- (j) de Vennootschap heeft geen inbreuk gemaakt op enige bepaling uit de Fusie-overeenkomst, voor zover die inbreuk (i) heeft geleid of redelijkerwijs kan leiden tot materieel negatieve consequenties voor de Vennootschap, de Bieder of het Bod en (ii) niet kan worden hersteld door de Vennootschap binnen tien (10) Werkdagen na ontvangst van een schriftelijke aanmaning van de Bieder (of, indien eerder, vóór de Sluitingsdatum (of eventueel vóór Uitgestelde Sluitingsdatum)), of niet is hersteld door de Vennootschap binnen tien (10) Werkdagen na ontvangst van een schriftelijke aanmaning van de Bieder (of, indien eerder, vóór de Sluitingsdatum (of eventueel vóór Uitgestelde Sluitingsdatum));
- (k) de Bieder heeft geen inbreuk gemaakt op enige bepaling uit de Fusie-overeenkomst, voor zover die inbreuk (i) heeft geleid of redelijkerwijs kan worden verwacht te leiden tot materieel negatieve consequenties voor de Vennootschap, de Bieder of het Bod en (ii) niet kan worden hersteld binnen tien (10) Werkdagen na ontvangst door de Bieder van een schriftelijke aanmaning van de Vennootschap (of, indien eerder, vóór de Sluitingsdatum (of eventueel vóór Uitgestelde Sluitingsdatum)), of niet is hersteld door de Bieder binnen tien (10) Werkdagen na ontvangst van een schriftelijke aanmaning van de Vennootschap (of, indien eerder, vóór de Sluitingsdatum (of eventueel vóór Uitgestelde Sluitingsdatum));
- (l) de BAVA heeft de Aandeelhoudersbesluiten genomen; en
- (m) de Fusie-overeenkomst niet beëindigd is overeenkomstig de bepalingen van die Fusie-overeenkomst.

De Voorwaarden uiteengezet onder de paragrafen 10.10 (*Voorwaarden*) (c), (d) en (m) zijn opgenomen ten behoeve van de Bieder en de Vennootschap en, voor zover rechtens toegestaan, mag hier alleen door de Bieder en de Vennootschap gezamenlijk schriftelijk afstand van worden gedaan.

De Voorwaarden uiteengezet onder de paragrafen 10.10 (a), (e), (f), (j) en (l) zijn enkel opgenomen ten behoeve van de Bieder en, voor zover rechtens toegestaan, mag hier alleen door de Bieder (geheel of gedeeltelijk) afstand van worden gedaan door middel van kennisgeving aan de Vennootschap.

Zonder beperking van het recht van de Bieder om zich te beroepen op de Voorwaarde in paragraaf 10.10(b) mag de Bieder:

- (i) vanaf de Sluitingsdatum de Acceptatiedrempel wijzigen tot een percentage niet lager dan 66.7%;
- (ii) vanaf de Sluitingsdatum, na schriftelijke toestemming van de Raden, de Acceptatiedrempel wijzigen tot een percentage lager dan 66.7%; en
- (iii) op elk moment de Voorwaarde in paragraaf 10.10(b) volledig opheffen na schriftelijke toestemming van de Vennootschap.

De Voorwaarde onder paragraaf 10.10(k) is enkel opgenomen ten behoeve van TenCate en, voor zover rechtens toegestaan, mag hier alleen door TenCate te allen tijde afstand van worden gedaan middels kennisgeving daarvan aan de Bieder.

Van de Voorwaarden onder paragraaf 10.10 (g), (h) en (i) kan geen afstand worden gedaan.

De vervulling van elk van de Voorwaarden hangt niet af van de wil van de Bieder overeenkomstig de in artikel 12 lid 2 van het Bob opgenomen verbodsbepaling.

Zowel de Bieder als de Vennootschap zullen er naar hun beste vermogen voor zorgen dat de Voorwaarden zo snel als redelijkerwijs mogelijk worden voldaan.

De Bieder heeft afzonderlijke meldingsprocedures geïnitieerd bij de bevoegde mededingingsautoriteiten in de EU, Turkije en de Verenigde Staten, welke procedures hebben geresulteerd in ontvangst door de Bieder van onvoorwaardelijke mededingingsgoedkeuring in deze jurisdicties.

#### 10.11 **Beëindiging van de Fusie-overeenkomst**

De Fusie-overeenkomst eindigt en alle daaraan gerelateerde rechten en verplichtingen mogen worden beëindigd:

- 10.11.1 bij wederzijds schriftelijk goedvinden tussen de Vennootschap en de Bieder;
- 10.11.2 door kennisgeving van de Vennootschap of de Bieder (de "**Beëindigende Partij**") aan de andere partij als een van de Voorwaarden ten gunste van de Beëindigende Partij niet is vervuld of hiervan geen afstand is gedaan door de Beëindigende Partij op de Sluitingsdatum, of het duidelijk is dat dergelijke Voorwaarden niet vervuld kunnen worden en hiervan geen afstand zal worden gedaan door de Beëindigende Partij voor die datum (behoudens dat het recht om de Fusie-overeenkomst te beëindigen op grond van deze paragraaf niet toekomt aan de partij wier tekortkoming in de nakoming van de Fusie-overeenkomst de grond is of de omstandigheid is die het gevolg heeft gehad dat het Bod niet gestand is gedaan voor of op de Sluitingsdatum);
- 10.11.3 door kennisgeving van de Beëindigende Partij aan de andere partij onder paragraaf 3.10.4(a)(iv);
- 10.11.4 door kennisgeving van de Beëindigende Partij aan de andere partij in het geval van een tekortschieten in de nakoming van de Fusie-overeenkomst door de andere partij (de "**Tekortschietende Partij**") welk tekortschieten een materieel nadelig effect heeft of wordt verwacht te hebben op het Bod of de Vennootschap (een "**Materieel Tekortschieten**"), voor zover (i) niet van een beroep op een dergelijk Materieel Tekortschieten wordt afgezien door de niet-tekortschietende partij of (ii) het Materieel Tekortschieten niet is hersteld door de Tekortschietende Partij binnen tien (10) Werkdagen nadat de Tekortschietende Partij daadwerkelijk bekend is geworden met een dergelijk Materieel Tekortschieten (of in het geval de Sluitingsdatum op een eerdere datum plaatsvindt, voor die eerdere datum); of
- 10.11.5 door kennisgeving van de Beëindigende Partij aan de andere partij als Overdracht niet heeft plaatsgevonden voor of op de Long Stop Datum.

#### 10.12 **Termination Fee**

Als de Fusie-overeenkomst is beëindigd door de Bieder (i) volgens sectie 3.11(a)(iv) en 3.10.4(a)(iv) na aankondiging van een Alternatief Bod, of (ii) volgens sectie 3.11(a)(v) met betrekking tot een Materieel Tekortschieten door de Vennootschap als beschreven in artikel 2.1.4. van de Fusie-overeenkomst, zal de Vennootschap (zonder enige aftrek, opschorting of verrekening op welke manier dan ook) de Bieder binnen

twee (2) Werkdagen na ontvangst van een schriftelijke mededeling van de Bieder als compensatie voor schade, vergoedingen en kosten, betalen een bedrag gelijk aan 0.75% van de totale Biedprijs voor het gehele geplaatst kapitaal (excl. eventuele BTW) ten behoeve van het verlies van managementtijd, andere gemaakte en nog te maken kosten en uitgaven in verband met het Bod en de voorbereiding daarvan.

#### 10.13 Toezeggingen

Enkele grootaandeelhouders van de Vennootschap, te weten Delta Lloyd Deelnemingen Fonds N.V., Delta Lloyd Levensverzekering N.V. en Delta Lloyd L European Participation Fund, hebben onvoorwaardelijk toegezegd het Bod te steunen en te accepteren en alle Aandelen die door hen op de Sluitingsdatum worden gehouden aan te bieden en ten gunste van de Aandeelhoudersbesluiten te stemmen op de voorwaarden zoals opgenomen in de toezeggingen. Daarnaast heeft de heer Louis (Loek) de Vries, President en CEO van de Vennootschap, de Bieder toegezegd dat, zolang de Raden met betrekking tot het Bod de Aanbeveling blijven doen hij het Bod zal steunen en aanvaarden (gezamenlijk, de "**Toezeggingen**"). Deze Toezeggingen vertegenwoordigen gezamenlijk ongeveer (16%) van de uitgegeven Aandelen en worden alleen beëindigd als de Fusie-overeenkomst is beëindigd in overeenstemming met paragraaf 10.11 (*Beëindiging van de Fusie-overeenkomst*).

Zij die de Toezeggingen hebben gedaan, hebben geen informatie ontvangen die niet in het Biedingsbericht is opgenomen en zij zullen hun Aandelen aanbieden onder dezelfde voorwaarden als de andere Aandeelhouders.

Daarnaast is de heer Louis (Loek) de Vries, President en CEO van de Vennootschap met de Bieder overeengekomen dat hij een deel van de opbrengsten van het Bod welke door hem worden ontvangen als houder van aandelen zal investeren in het kapitaal van een vennootschap gelieerd aan de Bieder na de Dag van Overdracht.

Verder zal de Ten Cate Familie Investment Company investeren in het kapitaal van een vennootschap gelieerd aan de Bieder na de Dag van Overdracht.

#### 10.14 Beschrijving cash settlement optie

Verwijzend naar sectie 5.9 (*Ten Cate Remuneration Policy*), heeft de Raad van Commissarissen besloten met betrekking tot het *Share Option Plan* van TenCate dat, op voorwaarde van Overdracht, alle aandelenopties van een deelnemer in het *Share Option Plan* volledig worden toegekend als onderdeel van de cash settlement, onder voorwaarde dat (onder andere):

- (i) de deelnemer geen enkele aandelenoptie uitoefent tot aan de Overdracht; en
- (ii) alle aandelenopties van een dergelijke deelnemer onmiddellijk zullen worden ingetrokken.

Als onderdeel van deze cash settlement:

- (iii) met betrekking tot een aandelenoptie met een uitoefeningprijs die lager is dan de Biedprijs, zal TenCate het verschil betalen tussen de Biedprijs en de relevante uitoefeningprijs, minus eventuele belastingen of premies die TenCate of de relevante Gelieerde Onderneming verplicht is om in te houden van een dergelijke uitbetaling in cash; en
- (iv) met betrekking tot een aandelenoptie met een uitoefeningprijs die hoger is dan de Biedprijs, zal de deelnemer geen recht hebben op enige uitbetaling in cash en dergelijke aandelenopties worden ingetrokken, zonder enige verder verplichting richting de deelnemer.

Aandelenopties van een houder die niet akkoord gaat met deze cash settlement, zullen, indien niet uitgeoefend, uit blijven staan en volledig van kracht blijven na Overdracht.

#### 10.15 Herstructureringsmaatregelen na Overdracht

De Bieder beoogt door middel van het Bod 100% van de Aandelen te verkrijgen en/of alle activa en operationele activiteiten van de Vennootschap door middel van het Bod en, indien nodig, door het nemen van daaropvolgende herstructureringsmaatregelen. Dergelijke maatregelen zullen waarschijnlijk significante

gevolgen hebben voor de Aandeelhouders die hun Aandelen niet hebben aangemeld onder het Bod, waaronder de mogelijkheid van een significante vertraging in het ontvangen van de opbrengst. Er is geen beslissing genomen met betrekking tot het nastreven van die opvolgende herstructureringsmaatregelen als beschreven in deze paragraaf 10.15 en een dergelijke beslissing is niet beoogd voorafgaand aan het moment waarop het Bod gestand wordt gedaan.

#### 10.15.1 *Belang om 100% van de Aandelen te verwerven*

Met inachtneming van de strategische motivering van het Bod, heeft de Vennootschap het belang erkend voor de Groep om een Aandeelhouder te hebben die 100% van de Aandelen of alle activa en operationele activiteiten van de Vennootschap houdt. Dit belang is onder andere gebaseerd op:

- (a) het feit dat het hebben van een enig aandeelhouder en het opereren zonder een beursnotering het vermogen van de Groep om de doelstellingen te behalen en om de actiepunten van haar strategie te implementeren vergroot en de kosten van de Groep vermindert (zo zullen bijvoorbeeld fysieke aandeelhoudersvergaderingen niet langer nodig zijn en hoeven de Bieder en de Vennootschap niet langer afzonderlijke jaarrekeningen te publiceren);
- (b) de mogelijkheid om de beursnotering van de Aandelen aan de Euronext Amsterdam te beëindigen; en
- (c) een efficiënte kapitaalstructuur te bewerkstelligen (zowel vanuit een financiering als een fiscaal perspectief, waaronder de mogelijkheid om een fiscale eenheid te vormen tussen de Bieder en de Vennootschap), hetgeen onder andere transacties en dividenduitkeringen binnen de Groep vergemakkelijkt.

#### 10.15.2 *Uitkoopprocedure*

Het is de intentie van de Bieder om uiteindelijk 100% van de Aandelen of de volledige (juridische en economische) eigendom van de Vennootschap en haar onderneming te verkrijgen. Indien, na de Dag van Overdracht de Bieder en de aan haar Gelieerde Ondernemingen alleen of samen met de Vennootschap ten minste vijfnegentig procent (95%) van de Aandelen houden, mag de Bieder een wettelijke uitkoopprocedure beginnen in overeenstemming met artikel 2:92a van het Burgerlijk Wetboek of een wettelijke uitstootprocedure na openbaar bod in overeenstemming met art. 2:359c van het Burgerlijk Wetboek, om de Aandeelhouders uit te kopen die hun Aandelen niet hebben aangemeld onder het Bod. De Vennootschap zal de Bieder alle medewerking verlenen die redelijkerwijs in verband met dergelijke procedures wordt verlangd, waaronder, als dat relevant en nuttig is, zich voegen aan de zijde van de Bieder als eiser in dergelijke procedures.

#### 10.15.3 *Activa Verkoop en Liquidatie*

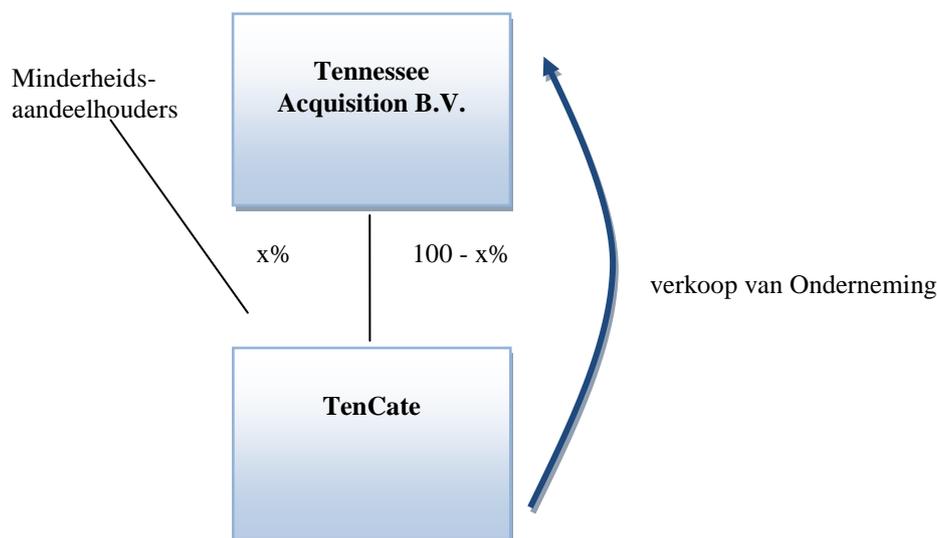
In het geval dat de Bieder (i) het Bod gestand doet en (ii) niet tezamen met de Gelieerde Ondernemingen meer dan 95% van de Aandelen heeft verkregen na het aflopen van de Na-Aanmeldingstermijn zal de Bieder, rekening houdend met de strategische motivering van het Bod en de importantie voor de Vennootschap, de Groep en de Bieder om 100% van de Aandelen of de activa van de Vennootschap te verkrijgen als beschreven in paragraaf 10.15.1, waarschijnlijk een herstructurering bewerkstelligen of doen bewerkstelligen.

De meest waarschijnlijke herstructurering is de verkoop door TenCate van haar gehele onderneming (bestaande uit alle activa en passiva van TenCate) (de "**Onderneming**") aan de Bieder of een Gelieerde Onderneming en daaropvolgende liquidatie van TenCate (de "**Activa Verkoop en Liquidatie**"). Echter, de Bieder zou er ook voor kunnen kiezen om niet of slechts gedeeltelijk een Activa Verkoop en Liquidatie door te zetten of een of meer andere herstructureringsmaatregelen te nemen, al dan niet in combinatie met een Activa Verkoop en Liquidatie (of een deel daarvan).

Voor de Activa Verkoop en Liquidatie is vereist de goedkeuring van de algemene vergadering van Aandeelhouders van TenCate en de goedkeuring van de Raden, met een positieve stem van beide Aanblijvende Commissarissen.

De Activa Verkoop zou, samengevat, in principe de volgende stappen inhouden:

- (i) De Vennootschap zou de Onderneming of een deel daarvan verkopen en overdragen en de Bieder zou de Onderneming of een deel daarvan kopen en verkrijgen.



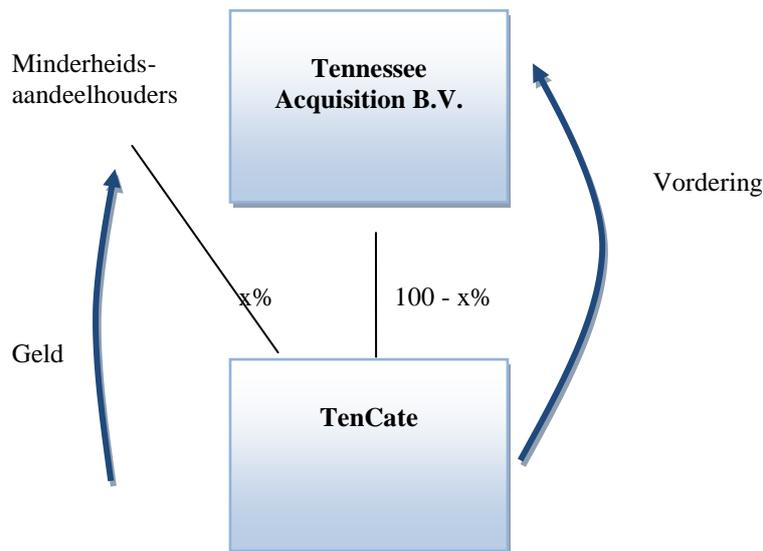
- (ii) De totale koopprijs voor de koop en verkoop van de Onderneming (de "**Koopprijs**") zou bestaan uit een bedrag gelijk aan de Biedprijs per Aandeel, berekend in overeenstemming met de bepalingen van dit Biedingsbericht, inclusief paragraaf 3.16.6 (voor deze paragraaf 10.15.3 (*Activa Verkoop en Liquidatie*) de "**Biedprijs**") vermenigvuldigd met het totale aantal uitgegeven Aandelen op het moment dat de Bieder het Bod gestand doet.
- (iii) Het is beoogd dat de Activa Verkoop en Liquidatie alleen zou worden voltooid indien het mogelijk zou zijn om deze volledig te voltooien. Echter, de koop en overdracht van sommige delen van de Onderneming kunnen onderworpen zijn aan bepaalde rechten van derden. Om mogelijk schadelijke vertraging in de overdracht van de Onderneming te voorkomen of te beperken is beoogd dat, indien en voor zover dat door de Bieder wordt verzocht, met betrekking tot bepaalde door de Bieder nader te bepalen activa of passiva, TenCate bepaalde delen van de Onderneming in aparte stappen zou overdragen die de Bieder zou accepteren ("**Gedeeltelijke Overdracht**").
- (iv) In geval van een Gedeeltelijke Overdracht zou de Bieder aan TenCate een deel van de Totale Koopprijs verschuldigd zijn gelijk aan de waarde van het relevante deel of de relevante delen van de Groep die onder de Gedeeltelijke Overdracht worden overgedragen aan de Bieder, welke waarde door de Bieder en TenCate in goed vertrouwen zal worden vastgesteld op basis van dezelfde maatstaven als die gebruikt zijn om de Biedprijs vast te stellen (elk, een "**Gedeeltelijke Koopprijs**"). De vaststelling en toedeling van de Gedeeltelijke Koopprijs aan specifieke delen van de Onderneming zal onderworpen zijn aan de goedkeuring van beide Aanblijvende Commissarissen.
- (v) De Koopprijs of de Gedeeltelijke Koopprijs (zoals van toepassing) zou als volgt worden betaald of voldaan op de dag van de overdracht van de Onderneming of een deel van de Onderneming:
- (A) een bedrag gelijk aan de Koopprijs of de Gedeeltelijke Koopprijs (zoals van toepassing) vermenigvuldigd met het totale aantal geplaatste Aandelen onmiddellijk voorafgaand aan de overdracht van de Onderneming en gehouden door de Bieder of aan haar Gelieerde Ondernemingen (dit bedrag, het "**Bieder Geldbedrag**"), dat zal worden voldaan door de Bieder door de uitgifte van een schuldbewijs aan de Vennootschap voor een totaalbedrag gelijk aan het Bieder Geldbedrag (de "**Vordering**");

(B) een bedrag in contanten gelijk aan de Koopprijs of de Gedeeltelijke Koopprijs (zoals van toepassing), vermenigvuldigd met het totale aantal geplaatste Aandelen onmiddellijk voorafgaand aan de overdracht van de Onderneming (of een deel daarvan) en gehouden door Aandeelhouders anders dan de Bieder of aan haar Gelieerde Ondernemingen (zulke Aandeelhouders, de "**Minderheidsaandeelhouders**" en dit bedrag, de "**Koopprijs voor de Minderheidsaandeelhouders**"), dat zal worden betaald of voldaan:

- (1) om te voorkomen dat de Bieder cash zou moeten betalen voor cash beschikbaar binnen de Vennootschap waartoe de Bieder als gevolg van de overdracht van de Onderneming of het relevante gedeelte van de Onderneming gerechtigd zou zijn, met betrekking tot het gedeelte van de Koopprijs voor de Minderheidsaandeelhouders dat gelijk is aan het bedrag van de vrij beschikbare cash van de Vennootschap zoals uiteengezet op de balans van de Vennootschap onmiddellijk voorafgaand aan de overdracht van de Onderneming (of een deel daarvan) (het "**Netto Geldbedrag**"), indien van toepassing, bij wijze van verrekening tegen de verplichting van de Vennootschap om het Netto Geldbedrag te leveren aan de Bieder als onderdeel van de Onderneming of het relevant deel daarvan (zoals van toepassing); en
- (2) ten aanzien van de rest van de Koopprijs voor de Minderheidsaandeelhouders, indien van toepassing, in cash.

Indien en voor zover het Netto Geldbedrag hoger is dan de Koopprijs voor de Minderheidsaandeelhouders zou de Vennootschap het overschot overdragen aan de Bieder in het kader van de overdracht van de Onderneming of het relevante deel daarvan (zoals van toepassing).

- (vi) Alle aansprakelijkheden die deel uitmaken van de Onderneming en die niet kunnen worden overgedragen zullen binnen de Vennootschap blijven en zullen de Koopprijs verhogen met een bedrag gelijk aan het bedrag in contanten dat nodig is om aan die verplichtingen te voldoen.
- (vii) Met betrekking tot de overdracht van de Onderneming, zou de Bieder erop toezien, waar nodig door het maken van aanpassingen aan de Koopprijs, dat de Koopprijs voldoende is om de Aandeelhouders een geldbedrag gelijk aan de Biedprijs te betalen (zonder rente en behoudens aftrek en inhouding dividendbelasting of andere mogelijke belastingen) voor elk uitgegeven Aandeel dat een dergelijke Aandeelhouder houdt.
- (viii) Behalve voor zover dergelijke bedragen naar het oordeel van de Vennootschap niet dienen te worden uitgekeerd teneinde toekomstige kosten en andere aansprakelijkheden te voldoen, zou de Vennootschap op zich nemen om de opbrengst van een asset sale (met betrekking tot de gehele Onderneming of een deel daarvan) uit te keren aan haar Aandeelhouders zo spoedig mogelijk na de overdracht van de Business (of het relevante deel daarvan), waarbij iedere Aandeelhouder mag opteren voor (i) uitkering in cash of (ii) uitkering in de vorm van een aandeel in de Vordering of Vorderingen die van tijd tot tijd worden verworven door de Vennootschap, met dien verstande dat de Bieder zou kiezen voor de Vordering of de Vorderingen (dergelijke uitkeringen, de "**Liquidatie Uitkeringen**" en ieder een "**Liquidatie Uitkering**").



- (ix) Voor zover een Liquidatie Uitkering onderhevig is aan bronbelasting of gelijksoortige belastingen, zal de Vennootschap dergelijke bedragen inhouden van de Liquidatie Uitkeringen en voldoen aan de Belastingdienst onder het relevante belastingrecht. De Liquidatie Uitkering is onderhevig aan bronbelasting of gelijksoortige belastingen, voor zover een dergelijke uitkering het gestort kapitaal (als erkend voor Nederlandse dividendbelasting) te boven gaat.
- (x) De Vennootschap zal zo spoedig als praktisch mogelijk is na de verkoop en levering van de Onderneming of het laatste deel van de Onderneming (zoals van toepassing) en de daarop volgende Liquidatie Uitkering met behulp van de Bieder haar zaken afhandelen om zo de liquidatie te effectueren in overeenstemming met de toepasselijke wetgeving.

In de situatie dat de Bieder kiest om een Activa Verkoop en Liquidatie door te zetten, kunnen de voorwaarden en/of de structuur, geheel of gedeeltelijk, verschillen van de hoofdlijnen als omschreven in deze paragraaf. De Activa Verkoop en Liquidatie zou gecombineerd kunnen worden met een of meer andere herstructureringsmaatregelen als genoemd in paragraaf 3.15.4 (*Other Post-Closing Restructuring Measures*), zoals een juridische splitsing van de Vennootschap. De Bieder kan ook besluiten dat de Activa Verkoop en Liquidatie in zijn geheel niet wordt doorgezet, maar een of meer andere herstructureringsmaatregelen in plaats daarvan.

#### 10.16 Andere herstructureringsmaatregelen na Overdracht

De Vennootschap erkent dat de Bieder, behoudens de relevante wettelijke ondernemingsrechtelijke en financieelrechtelijke goedkeuringen, het effectueren van een herstructurering van de Groep mag nastreven of hiertoe mag aanzetten, waaronder mede begrepen de Activa Verkoop en Liquidatie als beschreven in 10.15.3 (*Activa Verkoop en Liquidatie*), maar waaronder niet begrepen de uitkoopprocedures als beschreven in 10.15.2 (*Uitkoopprocedure*) (de "**Herstructureringsmaatregelen na Overdracht**"), met als doel het bereiken van de doelen als beschreven in 10.15.1 (*Belang om 100% van de Aandelen te verwerven*) in overeenstemming met de Fusieregels en Nederlands recht, en waarvan enkele maatregelen het ondergeschikte effect kunnen hebben dat de deelnemingen van overblijvende minderheidsaandeelhouders verwateren, waaronder:

- (a) een opvolgend openbaar bod op Aandelen gehouden door Minderheidsaandeelhouders;
- (b) een juridische (driehoeks-) fusie volgens art. 2:309 e.v. BW, tussen de Vennootschap, de Bieder en/of een of meer Gelieerde Ondernemingen;
- (c) een juridische splitsing van de Vennootschap volgens art. 2:334a e.v. BW;
- (d) een inbreng in activa dan wel een combinatie van activa en cash door de Bieder, of enige dochteronderneming van de Bieder in ruil voor aandelen of preferente aandelen in het kapitaal van de Vennootschap (in welke omstandigheden eventuele voorkeursrechten van de Minderheidsaandeelhouders uitgesloten mogen worden);

- (e) een verkoop van alle, bijna alle, of een aanzienlijk deel van de activa van de Vennootschap, eventueel gevolgd door een uitkering van de opbrengsten aan de aandeelhouders van de Vennootschap, een en ander in overeenstemming met Nederlands recht en de statuten van de Vennootschap;
- (f) een uitkering van de opbrengsten, cash en of activa aan de aandeelhouders van de Vennootschap;
- (g) een verkoop en levering van activa en passiva door de Bieder of een dochtervennootschap van de Bieder, aan een vennootschap onderdeel van de Groep, of een verkoop en levering van activa en passiva door een vennootschap onderdeel van de Groep aan de Bieder of een dochtervennootschap van de Bieder;
- (h) de omzetting van de Vennootschap in een besloten vennootschap met beperkte aansprakelijkheid;
- (i) enige combinatie van het voorgaande;
- (j) enige transacties, herstructureringen, aandelenuitgiftes, procedures of handelingen in relatie tot de Vennootschap of een of meer Gelieerde Ondernemingen vereist om eerdergenoemd doel te bereiken.

#### 10.17 Consultaties

Het secretariaat van de Sociaal Economische Raad is schriftelijk in kennis gesteld van het Bod in overeenstemming met de SER-Fusiegedragsregels 2000.

De Ondernemingsraad is geïnformeerd over de wijziging van zeggenschap als gevolg van het Bod, de financiering met betrekking tot het Bod en de herfinanciering van de bestaande kredietfaciliteiten van de Groep. Op basis daarvan, heeft de Ondernemingsraad haar positieve advies gegeven met betrekking tot het Bod, de financiering die verband houdt met de overdracht van zeggenschap als voorzien door het Bod en de herfinanciering van de bestaande kredietfaciliteiten van de Groep. In dit kader zijn bepaalde afspraken gemaakt met de Ondernemingsraad, welke zijn beschreven in paragraaf 3.17 (*Employee consultation*).

#### 10.18 Aanmeldingstermijn

De Aanmeldingstermijn vangt aan op 22 oktober 2015 om 09:00 uur CET en eindigt, tenzij de Aanmeldingstermijn wordt verlengd overeenkomstig artikel 15 van het Bob, om 17:40 uur CET, op 16 december 2015.

Indien de Bieder het Bod gestand doet zal de Bieder alle Aandelen aanvaarden die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin aanvaardt) en die niet eerder zijn teruggetrokken in overeenstemming met de voorwaarden van het Bod met inachtneming van de procedures zoals uiteengezet in paragraaf 4.2 (*Acceptance of the Offer and Tender*).

#### 10.19 Verhoging van de Biedprijs

Gedurende de Aanmeldingstermijn is de Bieder bevoegd overeenkomstig artikel 15 lid 4 van het Bob de Biedprijs te verhogen. De Aanmeldingstermijn moet ten minste nog zeven (7) Werkdagen doorlopen na een verhoging van de Biedprijs. Indien de Aanmeldingstermijn minder dan zeven (7) Werkdagen doorloopt, wordt de Aanmeldingstermijn krachtens de wet tot op zijn minst tot de zevende Werkdag na de dag van een dergelijke aankondiging. Gedurende deze verlengde Aanmeldingstermijn is de Bieder niet bevoegd het Bod nogmaals te verhogen.

Aandelen die zijn aangemeld vóór een dergelijke verlenging van de oorspronkelijke Aanmeldingstermijn mogen worden ingetrokken gedurende de verlengde Aanmeldingstermijn in overeenstemming met artikel 15 lid 3 en artikel 15a lid 3 van het Bob. Echter, Aandelen die zijn aangemeld en niet worden teruggetrokken gedurende de verlenging van de Aanmeldingstermijn blijven gelden als aangemeld onder het Bod.

Indien en voor zover de Bieder gedurende de Aanmeldingstermijn Aandelen koopt buiten het Bod om en tegen een hogere prijs dan de Biedprijs, zal de Bieder op het moment van Gestanddoening een dergelijke hogere prijs

betalen voor alle Aandelen die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin heeft aanvaard) door een Aandeelhouder en geleverd aan de Bieder.

#### 10.20 **Intrekkingsrechten**

Aandelen aangemeld voorafgaand aan de Sluitingstijd mogen niet worden ingetrokken, behoudens het recht om een aanmelding in te trekken:

- (a) gedurende een verlenging van de Aanmeldingstermijn in overeenstemming met artikel 15 lid 3 van het Bob;
- (b) na de aankondiging van een verplicht bod in overeenstemming met artikel 5b lid 5 van het Bob, voor zover dergelijke Aandelen al aangemeld waren voorafgaand aan het moment van de aankondiging en ingetrokken zijn binnen zeven (7) Werkdagen na een dergelijke aankondiging;
- (c) na de indiening van een succesvol verzoek tot vaststelling van een billijke prijs voor een verplicht bod overeenkomstig art. 15 lid 8 van het Bob, (zover dergelijke Aandelen al aangemeld waren voorafgaand aan het moment van het verzoek en ingetrokken zijn binnen zeven (7) Werkdagen na de datum van de beslissing tot vaststelling van een dergelijke billijke prijs);
- (d) na een verhoging van de Biedprijs als gevolg waarvan de Biedprijs niet langer enkel bestaat uit een cash onderdeel en documentatie hieromtrent algemeen beschikbaar is gesteld in overeenstemming met artikel 15a lid 3 van het Bob (voor zover dergelijke Aandelen aangemeld waren voorafgaand aan een dergelijk verzoek en ingetrokken zijn binnen zeven (7) Werkdagen nadat een dergelijk document algemeen beschikbaar is gemaakt).

Als de Aanmeldingstermijn wordt verlengd, blijft elk Aandeel dat aangemeld is en niet is ingetrokken aangemeld onder het Bod. Aandelen aangemeld tijdens de verlenging van de Aanmeldingstermijn mogen niet worden ingetrokken, behoudens de bepalingen van artikel 5b lid 5, artikel 15 lid 3 en 8 en artikel 15a lid 3 van het Bob, zoals hierboven beschreven.

#### 10.21 **Verlenging**

De Bieder kan het Bod overeenkomstig artikel 15 van het Bob eenmalig tot na de Sluitingsdatum verlengen voor een minimale periode van twee (2) weken en maximaal tien (10) weken, onderworpen aan een mogelijke verlenging in het geval van een verhoging van de Biedprijs, zoals hiervoor beschreven. In dat geval zullen alle verwijzingen in het Biedingsbericht naar de Sluitingsdatum worden verschoven naar de uiterste datum en tijd waarnaar het Bod is verlengd, tenzij uit de context anders blijkt. In het geval er een derde partij een Overtreffend Bod heeft gepubliceerd voorafgaand aan de Sluitingstijd, dan mag de Bieder overeenkomstig artikel 15, paragraaf 5 van het Bob de Aanmeldingstermijn verlengen tot na de Sluitingstijd om in overeenstemming te zijn met de aanmeldingstermijn van het Overtreffende Bod. Echter, zoals toegelicht in paragraaf 4.2 (*Acceptance of the Offer and Tender*), kan een bewaarnemer, bank of effectenmakelaar een vroegere uiterste aanmeldingstermijn voor aandeelhouders vaststellen teneinde de bewaarnemer, bank of effectenmakelaar in staat te stellen hun acceptaties tijdig aan het Omwisselkantoor te communiceren.

Indien de Aanmeldingstermijn wordt verlengd, zal dit openbaar worden medegedeeld met inachtneming van de Fusieregels. Artikel 15 lid 2 van het Bob vereist dat een dergelijke mededeling uiterlijk op de derde (3<sup>e</sup>) Werkdag na de oorspronkelijke Sluitingsdatum wordt gedaan.

Gedurende een dergelijke verlenging van de Aanmeldingstermijn, zullen de Aandelen die reeds zijn aangemeld en niet zijn ingetrokken aan het Bod onderworpen blijven. In overeenstemming met artikel 15, paragraaf 3 van het Bob geldt dat Aandelen die op of voor de oorspronkelijke Sluitingstijd zijn aangeboden gedurende de verlengde Aanmeldingstermijn mogen worden ingetrokken. In overeenstemming met artikel 15a lid 3 van het Bob kunnen de Aandelen die aangeboden zijn, binnen zeven (7) Werkdagen na de aankondiging van een verhoging van de Biedprijs worden ingetrokken.

In aanvulling op het voorgaande kan de Aanmeldingstermijn worden verlengd overeenkomstig artikel 15 paragraaf 9 van het Bob als de Biedprijs wordt verhoogd binnen zeven (7) Werkdagen na de Sluitingsdatum, in welk geval de Aanmeldingstermijn krachtens de wet wordt verlengd tot zeven (7) Werkdagen na een dergelijke verhoging van de Biedprijs.

## 10.22 Gestanddoening van het Bod

Het Bod wordt gedaan onder voorbehoud van vervulling of afstand van de Voorwaarden zoals uiteengezet in paragraaf 10.10 (*Voorwaarden*). Van de Voorwaarden mag afstand gedaan worden, voor zover mogelijk bij wet of overeenkomst, als beschreven in paragraaf 3.9 (*Offer Conditions*). Wanneer de Bieder overeenkomstig paragraaf 10.10 (*Voorwaarden*) afstand wenst te doen van een of meer Voorwaarden, dan zal de Bieder de Aandeelhouders informeren als vereist onder de relevante regelgeving.

Tenzij de Aanmeldingstermijn wordt verlengd, zal de Bieder niet later dan drie (3) Werkdagen na de Sluitingsdatum vaststellen of de Voorwaarden zijn vervuld of dat hiervan afstand is gedaan als beschreven in paragraaf 10.10 (*Voorwaarden*), voor zover toegestaan bij wet. Daarnaast zal de Bieder op dat moment aankondigen of (i) het Bod gestand wordt gedaan, (ii) de Aanmeldingstermijn verlengd zal worden in overeenstemming met artikel 15 lid 3 van het Bob, of (iii) het Bod is beëindigd als gevolg van de niet vervulling dan wel afstand van de Voorwaarden, in overeenstemming met paragraaf 10.10 (*Voorwaarden*) en artikel 16 van het Bob.

Indien het Bod gestand is gedaan, zal de Bieder tegen betaling alle Aandelen aanvaarden die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin aanvaardt).

## 10.23 Overdracht

Indien het Bod gestand wordt gedaan zullen Aandeelhouders die het Bod hebben geaccepteerd en hun Aandelen voor of op de Sluitingsdatum onder het Bod hebben aangemeld de Biedprijs ontvangen op de Dag van Overdracht met betrekking tot elk Aandeel dat op geldige wijze is aangemeld en geleverd (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin aanvaardt), vanaf welk moment ontbinding of vernietiging van de aanmelding en levering door de Aandeelhouder niet is toegestaan.

Toegelaten Instellingen die Aandelen ontvangen op grond van het Bod ontvangen deze Aandelen als bewaarnemer. Op hun beurt zullen de Toegelaten Instellingen die Aandelen schriftelijk aanbieden aan het Omwisselkantoor. Door inschrijving van deze Aandelen verklaren de Toegelaten Instellingen dat zij de Aandelen in hun bewaring hebben en dat zij tot overdracht van de Aandelen aan de Bieder zullen overgaan voor of uiterlijk op de Dag van Overdracht.

## 10.24 Na-aanmeldingstermijn

De Bieder kan overeenkomstig artikel 17 van het Bob binnen drie (3) Werkdagen na Gestanddoening, een na-aanmeldingstermijn aankondigen om Aandeelhouders, die hun Aandelen niet hebben aangemeld tijdens de Aanmeldingstermijn, de mogelijkheid te bieden hun Aandelen alsnog onder het Bod aan te melden onder dezelfde voorwaarden en condities. Een dergelijke Na-Aanmeldingstermijn zal aanvangen op de eerste Werkdag volgend op de aankondiging van de betreffende Na-Aanmeldingstermijn en zal niet langer duren dan twee (2) weken.

Wanneer de Na-Aanmeldingstermijn is aangekondigd, zal de Bieder alle Aandelen aanvaarden die op geldige wijze zijn aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding daarvan desalniettemin aanvaardt) tijdens de Na-Aanmeldingstermijn en zal de Bieder binnen vijf (5) Werkdagen na het eindigen van de Na-Aanmeldingstermijn overgaan tot betaling van de Biedprijs per Aandeel of, indien hiervan is afgeweken, volgens de aankondiging.

Aandelen die op geldige wijze zijn aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding en levering daarvan desalniettemin aanvaardt) tijdens de Na-Aanmeldingstermijn kunnen niet worden ingetrokken.

De Bieder zal, binnen drie (3) Werkdagen na de Na-Aanmeldingstermijn is afgelopen, meedelen het aantal en percentage van de Aandelen dat zijn aangemeld gedurende de Na-Aanmeldingstermijn en het totale aantal en percentage van de Aandelen dat de Bieder bezit nadat de Na-Aanmeldingstermijn is verstreken.

## 10.25 Aanvaarding van het Bod

### 10.25.1 Aanvaarding van het Bod via een Toegelaten Instelling

Aandeelhouders die Aandelen houden via een Toegelaten Instelling dienen hun aanvaarding via hun commissionair, bank of effectenmakelaar uiterlijk op 16 december 2015 om 17:40 CET bekend te

maken, tenzij de Aanmeldingstermijn is verlengd overeenkomstig paragraaf 4.1 (*Offer Price*) of paragraaf 4.5 (*Extension of the Acceptance Period*). De commissienair, bank of effectenmakelaar kan een eerdere deadline vaststellen voor aanvaarding door Aandeelhouders zodat deze commissienair, bank of effectenmakelaar voldoende tijd heeft om de aanmelding door te geven aan het Omwisselkantoor.

De Toegelaten Instellingen kunnen de Aandelen alleen voor aanvaarding aanmelden aan het Omwisselkantoor en slechts in schriftelijke vorm. Bij de aanmelding van de aanvaarding dienen de Toegelaten Instellingen te verklaren dat (i) zij de aangemelde Aandelen in hun administratie hebben, (ii) elke Aandeelhouder die het Bod aanvaardt onherroepelijk garandeert dat de Aandelen die door hem worden aangeboden, aangeboden worden in overeenstemming met de beperkingen uiteengezet in hoofdstuk 1 (*Restrictions and important information*), en (iii) zij zich verbinden deze Aandelen vóór of uiteindelijk op de Dag van Overdracht over te dragen aan de Bieder.

Met inachtneming van artikel 5b lid 5, artikel 15, leden 3 en 8 en artikel 15a lid 3 van het Bob, vormt de aanmelding van Aandelen tot aanvaarding van het Bod onherroepelijke instructies (i) elke poging om de overdracht van de aangemelde Aandelen te blokkeren, zodat op of voorafgaand aan de Dag van Overdracht geen overdracht van dergelijke aandelen kan worden uitgevoerd (met uitzondering van overdracht aan het Omwisselkantoor op of voor de Dag van Overdracht indien de aandelen zijn aangemeld, of indien herroepingrechten van toepassing zijn) en (ii) ter debitering van de effectenrekening waarop dergelijke Aandelen worden gehouden op de Dag van Overdracht met betrekking tot alle aangemelde Aandelen, tegen betaling door het Omwisselkantoor van de Biedprijs voor die Aandelen.

#### 10.25.2 *Aanvaarding van het Bod door Aandeelhouders die individueel zijn geregistreerd in het Aandeelhoudersregister van TenCate*

Aandeelhouders die Aandelen hebben die individueel zijn geregistreerd in het aandeelhoudersregister van TenCate en die hun Aandelen willen aanmelden onder het Bod, moeten uiterlijk op de Sluitingstijd een compleet en getekend aanmeldingsformulier overhandigen aan het Omwisselkantoor. De aanmeldingsformulieren zijn op aanvraag beschikbaar bij het Omwisselkantoor:

ING Bank N.V. (Attention: Sjoukje Hollander/Remko Los)

Foppingadreef 7

1102 BD Amsterdam

The Netherlands

Telephone: +31 20 563 6546 /  
+31 20 563 6619

Fax: +31 20 563 6959

E-mail: iss.pas@ing.nl

Het aanmeldingsformulier zal tevens dienen als akte van levering met betrekking tot de Aandelen waarnaar daarin wordt verwezen.

#### 10.26 **Overige Gevolgen van het Bod**

Verwezen wordt naar paragraaf 3.15 (*Other Potential Post-Closing Measures*) en paragraaf 3.16 (*Consequences of the Offer*) voor mogelijk andere gevolgen van het Bod, waaronder de mogelijke gevolgen voor (i) de notering van TenCate op Euronext Amsterdam; (ii) de juridische structuur van TenCate en de Groep en (iii) bepaalde maatregelen welke door de Bieder na Overdracht kunnen worden genomen om 100% van de Aandelen te verkrijgen (naast de mogelijke maatregelen die uiteen zijn gezet in paragraaf 3.15 (*Post-Closing Restructuring Measures*)),

Als de Bieder na afloop van het Bod een maatregel onderneemt zoals uiteengezet in paragraaf 3.15.3 (*Other Post-Closing Restructuring Measures*) zullen de belangen van de minderheidsaandeelhouders in TenCate zorgvuldig in overweging worden genomen. Iedere procedure die redelijkerwijs kan leiden tot een

disproportionele vermindering van de waarde van de Aandelen voor de Aandeelhouders (anders dan de Bieder), vereist de bevestigende stem van de Onafhankelijke Commissaris om te verzekeren dat de belangen van deze minderheidsaandeelhouders voldoende in overweging genomen worden, naast de vereiste goedkeuring van de Raden en de algemene vergadering van Aandeelhouders (voor zover vereist).

#### 10.27 **Bieder**

De Bieder is een besloten vennootschap met beperkte aansprakelijkheid, rechtsgeldig opgericht op 7 juli 2015, statutair gevestigd te Amsterdam, kantoorhoudende te Herculesplein 104, 3584AA, Utrecht en ingeschreven in het Handelsregister onder nummer 63701758.

De Bieder is speciaal opgericht voor het uitbrengen van het Bod en het verwerven van Aandelen. De aandelen de uiteindelijke zeggenschap over de Bieder ligt bij Gilde Buy-Out Fund IV Cooperatief U.A. en Gilde Buy-Out Fund IV C.V. Na de Overdracht zal de uiteindelijke zeggenschap over de Bieder indirect worden gehouden door een entiteit onder zeggenschap van Gilde Buy-Out Fund IV Cooperatief U.A. en Gilde Buy-Out Fund IV C.V., een entiteit onder zeggenschap van Parcom Buy-Out Fund IV B.V., een entiteit onder zeggenschap van ABN AMRO Participaties Fund V B.V., de Ten Cate Familie Investment Company en de STAK (inclusief de heer L. de Vries).

Op grond van artikel 1:1 van de Wft, kwalificeren de Bieder, Gilde Buy-Out Fund IV Coöperatief U.A., Gilde Buy-Out Fund IV C.V., Parcom Buy-Out Fund IV B.V., ABN AMRO Participaties Fund V B.V., de Ten Cate Familie Investment Company en Mr Louis (Loek) de Vries als een bieder met betrekking tot het Bod.

De raad van bestuur van de Bieder bestaat enkel uit Gilde IV Management B.V., welke is benoemd op 7 juli 2015 en welke geen Aandelen houdt. De Bieder heeft geen raad van commissarissen.

Het maatschappelijk kapitaal van de Bieder bedraagt EUR 0.01 en bestaat uit 1 aandeel met een nominale waarde van EUR 0.01. Alle aandelen van de Bieder zijn geregistreerde aandelen. De Bieder is een indirecte 100% dochteronderneming van Tennessee Acquisition Holding B.V.

#### 10.28 **Aankondigingen**

Aankondigingen in verband met het Bod, inclusief aankondigingen in verband met een verlenging van de Aanmeldingstermijn tot na de Sluitingstermijn, worden door middel van een persbericht gedaan en worden tevens beschikbaar gesteld op de website van TenCate op [www.tencate.com](http://www.tencate.com). Met inachtneming van de Fusieregels, heeft de Bieder geen verplichting enige publieke aankondiging te doen anders dan hierboven beschreven.

#### 10.29 **Beoogd tijdschema**

##### **Verwachte Datum en Tijd**

##### **Gebeurtenis**

21 oktober 2015

Publicatie van het persbericht met betrekking tot de verkrijgbaarstelling van het Biedingsbericht en de aanvang van het Bod.

22 oktober 2015, 9:00 uur

Aanvang van de Aanmeldingstermijn onder het Bod overeenkomstig artikel 14 van het Bod.

7 december 2015, om 14:00 uur

BAVA, waarop onder andere het Bod zal worden besproken overeenkomstig artikel 18, paragraaf 1 van het Bod. Bovendien worden de Aandeelhoudersbesluiten voorgelegd aan de BAVA in verband met het Bod.

22 oktober 2015

Thans geplande datum van publicatie van het *trading update* voor de eerste negen (9) maanden van 2015.

16 december 2015

*Sluitingsdatum*

Uiterste datum waarop Aandeelhouders hun Aandelen

## Verwachte Datum en Tijd

## Gebeurtenis

Uiterlijk drie (3) Werkdagen na de Sluitingsdatum

onder het Bod kunnen aanmelden.

De dag waarop de Bieder, overeenkomstig artikelen 15 en 16 lid van het Bob, openbaar aankondigt dat (i) het Bod gestand wordt gedaan (*Dag van Gestanddoening*), (ii) het Bod wordt verlengd voor een periode van twee (2) tot tien (10) weken, of (iii) het Bod niet gestand wordt gedaan, omdat niet aan een Voorwaarden is voldaan en geen afstand is gedaan van deze Voorwaarde.

Uiterlijk op de derde (3) Werkdag na de dag waarop het Bod gestand wordt gedaan

*Aanvang van de Na-Aanmeldingstermijn*

Na-Aanmeldingstermijn: de Bieder kan een Na-Aanmeldingstermijn aankondigen voor het Bod met een maximale duur van twee (2) weken opdat de Aandeelhouders die hun Aandelen niet hebben aangemeld gedurende de Aanmeldingstermijn, hun Aandelen kunnen aanmelden onder dezelfde voorwaarden die voor het Bod gelden.

Uiterlijk vijf (5) Werkdagen na de dag waarop het Bod gestand wordt gedaan

*Dag van Overdracht*

De datum waarop de Bieder zal overgaan tot betaling aan het Omwisselkantoor van de Biedprijs per Aandeel, ten behoeve van de Aandeelhouders die op geldige wijze hun Aandelen hebben aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding en levering daarvan desalniettemin aanvaardt) en geleverd voor de Sluitingstijd, onder de voorwaarde dat het Bod gestand wordt gedaan, zijnde uiterlijk vijf (5) Werkdagen na de Dag van Gestanddoening.

### 10.30 Verkrijgbaarheid informatie

Digitale exemplaren van het Biedingsbericht zijn verkrijgbaar op de website van TenCate op [www.TenCate.com](http://www.TenCate.com). Deze website maakt op geen enkele wijze deel uit van het Biedingsbericht. Exemplaren van het Biedingsbericht zijn verder kosteloos verkrijgbaar op het hoofdkantoor van het Omwisselkantoor op het hierboven genoemde adres.

Een digitaal exemplaar van de statuten van TenCate is verkrijgbaar op de website van TenCate op [www.tencate.com](http://www.tencate.com).

## 11. ADVISORS

Advisors to the Offeror:

Legal advisor

Clifford Chance LLP  
Droogbak 1A  
1013 GE Amsterdam  
The Netherlands

Financial advisor

ING Bank N.V.  
acting through its Corporate Finance division  
Bijlmerplein 888  
1102 MG Amsterdam  
The Netherlands

Advisors to the Company:

Legal advisor

De Brauw Blackstone Westbroek N.V.  
Claude Debussylaan 80  
1082 MD Amsterdam  
The Netherlands

Financial advisors

ABN AMRO Bank N.V.  
Gustav Mahlerlaan 10  
1000 EA Amsterdam  
The Netherlands

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank)  
Corporate Finance Advisory  
Croeselaan 28  
3521 CB Utrecht  
The Netherlands

**12. PRESS RELEASES**

12.1 Joint press release dated 20 July 2015

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## JOINT PRESS RELEASE

*This is a joint press release by Koninklijke Ten Cate N.V. ("TenCate" or "the Company") and Tennessee Acquisition B.V. (the "Offeror") pursuant to the provisions of Section 4, paragraphs 1 and 3 and Section 5, paragraph 1 and Section 7, paragraph 4 of the Netherlands Decree in Public Takeover Bids (Besluit openbare biedingen Wft, (the "Decree") in connection with the intended public offer by the Offeror for all the issued and outstanding ordinary shares in the capital of TenCate (the "Shares"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in TenCate. Any offer will be made only by means of an offer memorandum (the "Offer Memorandum"). This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Canada and the United States.*

20 July 2015

### GILDE BUY OUT PARTNERS LEADS CONSORTIUM TO MAKE A RECOMMENDED CASH OFFER FOR ALL SHARES OF TENCATE

Consortium supports the current strategy of TenCate

#### Transaction highlights

- TenCate and Tennessee Acquisition B.V., a company controlled by a consortium of investors led by Gilde Buy Out Partners and also including Parcom Capital and ABN Amro Participaties (the "Consortium") have reached a conditional agreement on a full public offer of EUR 24.60 (cum dividend) in cash per ordinary share of TenCate (the "Offer Price")
- The Offer Price represents a premium of 26.8% to the closing price of 17 July 2015 and a premium of 27.1% to the average closing price for the 12 months prior to and including that date
- The Executive Board and the Supervisory Board of TenCate fully support and unanimously recommend the Offer
- Funds managed by Delta Lloyd have irrevocably undertaken to support and accept the Offer. In addition, Mr. Loek de Vries, President and CEO of TenCate, has also irrevocably agreed with the Offeror that, provided TenCate continues to recommend the Offer, he will support and accept the Offer. These irrevocable commitments together represent approximately 16% of all issued and outstanding Shares
- The Offeror has committed financing in place, providing a high level of deal certainty

#### Strategic rationale

- Full support for TenCate's long-term growth strategy, including potential acquisitions
- Consortium composed of experienced Dutch based investors with long-term investment focus well placed to provide TenCate with strong financial backing, expertise and support to realise its full potential
- Consortium aims to secure continued leadership for TenCate in its core specialty niches across its five market groups

#### Non-financial terms

- Corporate identity and culture of TenCate maintained
- TenCate headquarters, central management and key support functions remain in Almelo
- No reorganisation or restructuring plan resulting in significant job losses as a direct consequence of the Offer
- Existing rights and benefits of the employees of TenCate will be respected

Almelo/Utrecht, 20 July 2015 – Royal Ten Cate N.V. and Tennessee Acquisition B.V., a company controlled by a consortium of investors led by Gilde Buy Out Partners and also including Parcom Capital and ABN Amro Participaties, today jointly announce that they have reached conditional agreement on an intended recommended full public offer for TenCate of EUR 24.60 (cum dividend) in cash per ordinary share of TenCate, subject to customary conditions (the "Offer"). The Offer Price represents a premium of 26.8% to the closing price of 17 July 2015, and a premium of 27.1% to the average closing price for the 12 months prior to and including that date.

Loek de Vries, President and Chief Executive Officer of TenCate, said: "*This offer represents positive news for all stakeholders involved in our company. Both our employees and our customers will benefit from the longer-term horizon the consortium will bring. There is a clear commitment to support our strategy, which means we can invest in our product-market-technology combinations, thereby further strengthening our leading market positions. In addition, we can continue our buy and build approach and we will benefit from the capabilities, experience and financial support of our new shareholders. Last but not least, the offer represents a fair price for our existing shareholders. The boards consider the offer to be in the best interest of TenCate and we therefore fully support and unanimously recommend the offer.*"

Hein Ploegmakers, Partner at Gilde said: "*The Consortium has great respect for the longstanding heritage of TenCate covering over 300 years of history. TenCate's market groups hold leadership positions in a number of high growth, specialised niche markets and we aim to support each of them the best we can. Together with our co-investors Parcom Capital and ABN Amro Participaties, we are delighted at the prospect of working with TenCate management and supporting them in the next stage of the Company's development.*"

#### Strategic rationale

TenCate considers this intended transaction to be a compelling Offer for all the Company's stakeholders.

The combination of the Offeror and TenCate will help the TenCate group (the "Group") realise its business strategy, allowing it to improve and invest in the existing five market groups (Protective Fabrics, Advanced Composites, Advanced Armour, Geosynthetics and Grass) and, as part of an effective buy & build strategy, to strengthen these market groups further through acquisitions.

With a focussed shareholder consortium as its controlling shareholder base, TenCate will have ample access to liquidity for long term value enhancement of the business. This focus on value creation will also benefit commercial relationships through product development and innovations.

The Consortium will bring extensive experience and a strong track record of supporting management teams in the execution of their business plans. The members of the Consortium have a clear understanding of the markets in which the Group operates.

#### Support and recommendation from the Executive Board and the Supervisory Board

Throughout the process, TenCate's executive board (the "Executive Board") and supervisory board (the "Supervisory Board", and together with the Executive Board the "Boards") have met on a frequent basis to discuss the progress of the discussions with the Offeror and the key decisions in connection therewith.

The Boards have received extensive financial and legal advice and have given careful consideration to all aspects of the Offer, including strategic, financial, operational and social points of view.

After due and careful consideration, both the Executive Board and the Supervisory Board are of the opinion that the Offeror makes a compelling Offer representing a fair price and attractive premium to TenCate's shareholders, as well as favourable non-financial terms. The Boards consider the Offer in the best interest of TenCate and all its stakeholders, also including employees, governmental organisations, customers, suppliers and R&D partners.

Rabobank has issued a fairness opinion to the Executive Board and the Supervisory Board, and NIBC Bank has issued a fairness opinion to the Supervisory Board. Both have opined that the Offer Price is fair, from a financial point of view, to the shareholders.

Taking all these considerations into account, both the Executive Board and the Supervisory Board fully support and unanimously recommend the Offer for acceptance to the Shareholders.

A steering committee comprising the members of the Executive Board and certain members from the Supervisory Board together with TenCate's financial and legal advisors ("Steering Committee") was formed at the start of the process. The Steering Committee reviewed the indicative offer and discussed the terms of the Offer with the Offeror.

During the process, a potential conflict of interest arose in relation to one member of the Supervisory Board, Mr. Egbert ten Cate. Mr. Ten Cate then withdrew from the Steering Committee and did not participate in the discussions and decision-making process regarding the Offer within the Supervisory Board. Once the members of the Executive Board started discussing terms of continued involvement after settlement of the Offer with the Offeror, they withdrew from the Steering Committee and no longer participated in the negotiations of a conditional agreement with the Offeror regarding the Offer.

#### Irrevocable undertakings, investment by Board members

Delta Lloyd Deelnemingen Fonds N.V., Delta Lloyd Levensverzekeringen N.V. and Delta Lloyd L European Participation Fund have irrevocably undertaken to support and accept the Offer. In addition, Mr. Loek de Vries, President and CEO of TenCate, has also irrevocably agreed with the Offeror that, provided TenCate continues to recommend the Offer, he will support and accept the Offer. These irrevocable commitments together represent approximately 16% of all issued and outstanding Shares.

In accordance with the applicable public offer rules, any information shared with these major shareholders about the Offer shall, if not published prior to the Offer Memorandum being made generally available, be included in the Offer Memorandum in respect of the Offer (if and when issued) and these major shareholders will tender their Shares on the same terms and conditions as the other shareholders.

In addition, Mr. Loek de Vries, President and CEO of TenCate, has agreed with the Offeror that he will invest part of the proceeds of the Offer received by him in his capacity as TenCate shareholder in the capital of an affiliate of the Offeror following settlement of the Offer.

Furthermore an investment company of the Ten Cate family has agreed with the Offeror to invest in the capital of an affiliate of the Offeror following settlement of the Offer.

#### Corporate governance

TenCate and the Offeror have agreed that following settlement of the Offer, TenCate will continue to voluntarily apply the mitigated structure regime for large companies (*gemitigeerd structuurregime*).

The Supervisory Board will comprise of five members of which three new members will be nominated by the Offeror. The two continuing members of the Supervisory Board will need to remain independent as meant in the Dutch Corporate Governance Code until the earlier of (i) three years after the settlement date of the Offer, and (ii) the moment that TenCate no longer has any minority shareholders. Mr Jan Hovers and Mr Egbert ten Cate will continue as member of the Supervisory Board following settlement of the Offer (the "Continuing Members").

The current members of the Executive Board shall upon settlement of the Offer continue to serve as members of the Executive Board.

#### Non-financial covenants

The Offeror values the interests of all stakeholders of TenCate, including shareholders, employees, governmental organisations, customers, suppliers, R&D partners and others, and recognises the corporate identity of TenCate based on a legacy built up over more than three centuries. Therefore, the Offeror has agreed certain non-financial covenants with regard to the strategy, structure and governance, financing, minority shareholders, employees, as well as other matters, including that:

- TenCate will remain a separate legal entity and will remain the holding company of the Group and its operations from time to time, with headquarters, central management and key support functions in Almelo
- the "TenCate" brand will remain a key aspect of TenCate's branding and marketing strategy

- the Group will remain prudently financed to safeguard the continuity of the business and the execution of the business strategy
- no substantial part of the Group will be divested
- in relation to employees:
  - the Offeror will respect and aim to maintain TenCate's culture of excellence, which requires highly talented employees and employees will be appropriately trained and provided with clear career progression
    - the arrangements with TenCate's works councils and relevant trade unions will be respected
    - the rights and benefits of the employees of TenCate's group under their individual employment agreements, collective labour agreements and social plans will be respected
    - the pension arrangements between TenCate and Stichting Pensioenfonds Koninklijke Ten Cate and non-Dutch pension-service providers as disclosed by TenCate to the Offeror will be respected
    - there will be no reorganization or restructuring plan resulting in significant job losses in any country in which TenCate operates, taking into account the total number of employees of TenCate in that country, as a direct consequence of the Offer

These non-financial covenants shall terminate three years after the settlement date of the Offer. Any deviation from these non-financial covenants prior to the third anniversary of the settlement date of the Offer requires the prior approval of the Supervisory Board, with the affirmative vote of at least one Continuing Member.

Any successor to the Offeror will be required to commit to the same non-financial covenants for any remaining part of the period to which the Offeror had committed.

#### Financing of the Offer

The Offer values 100% of the issued Shares at approximately EUR 675 million.

The Offeror shall finance the Offer through a combination of shareholder funding made available on behalf of the Offeror and third party debt financing. In this context the Offeror has received binding equity commitment letters including from entities managed, controlled and/or advised by each of Gilde, Parcom Capital and ABN Amro Participaties, as well an investment company of the Ten Cate family, for an aggregate amount of EUR 362.5 million, which are fully committed, subject to customary conditions (the "Shareholder Financing"). In addition the Offeror has entered into binding debt commitment papers with a consortium of reputable banks for senior debt financing in an aggregate amount of EUR 520 million of term debt and a revolving facility of EUR 75 million, which is fully committed on a "certain funds" basis, subject to customary conditions (the "Debt Financing"). The Offeror has no reason to believe that any such conditions to the Shareholder Financing or the Debt Financing will not be fulfilled on or prior to the settlement date under the Offer.

From the Shareholder Financing and the Debt Financing, the Offeror will be able to fund the acquisition of the Shares under the Offer, the refinancing of existing TenCate debt financing and the payment of fees and expenses related to the Offer.

#### Commencement Conditions and Offer Conditions

Commencement of the Offer is subject to the satisfaction or waiver of commencement conditions customary for a transaction of this kind, being:

- (i) all competition filings having been made;
- (ii) no material adverse change having occurred;
- (iii) the completion of TenCate's employee co-determination procedures and other employee related notification procedures regarding all relevant aspects of the Offer (including the financing thereof);
- (iv) the approval of the final draft Offer Memorandum by the Netherlands Authority Financial Markets (*Stichting Autoriteit Financiële Markten*, "AFM");
- (v) no initial public announcement having been made of (i) a Competing Offer (as defined and briefly described below) or (ii) a mandatory offer pursuant to article 5:70 of the Dutch financial supervision act (*Wet op het financieel toezicht*, "Wft");

- (vi) the Boards not having revoked, modified, amended or qualified their recommendation of the Offer;
- (vii) no notification having been received from the AFM stating that pursuant to Article 5:80 Paragraph 2 of the Wft investment firms shall not be allowed to cooperate with the Offer;
- (viii) no order, stay, judgment or decree having been issued prohibiting the Offer;
- (ix) trading in the Shares not being suspended or ended by Euronext Amsterdam;
- (x) no breach by either party to the merger agreement entered into by TenCate and the Offeror (the "Merger Agreement"), unless waived by the other party or remedied;
- (xi) the irrevocable undertakings of Delta Lloyd Deelnemingen Fonds N.V., Delta Lloyd Levensverzekeringen N.V. and Delta Lloyd L European Participation Fund being in full force and effect and not having been breached or terminated, except as approved by the Offeror and TenCate; and
- (xii) the Merger Agreement not having been terminated in accordance with its terms.

If and when made, the consummation of the Offer will be subject to the satisfaction or waiver of the following offer conditions:

- (i) no material adverse change having occurred;
- (ii) the aggregate number of (a) Shares tendered under the Offer, and (b) Shares directly or indirectly held by the Offeror or committed to the Offeror subject only to the Offer being declared unconditional, representing at least 95% of TenCate's issued share capital (*geplaatst kapitaal*) on a fully diluted basis as at the closing date of the Offer, excluding Shares held by TenCate or any of its group companies for its own account as at the closing date of the Offer (the "Minimum Acceptance Condition");
- (iii) relevant competition clearances having been received or waiting and other time periods under applicable competition legislation or regulation having expired or lapsed;
- (iv) any review or investigation by the Committee on Foreign Investment in the US ("CFIUS") having been concluded, and either: (i) the Offeror and TenCate having received written notice that a determination by CFIUS has been made that there are no unmitigated issues of national security of the United States sufficient to warrant further review or investigation pursuant to Section 721 of the Exon-Florio Amendment to the United States Defense Production Act of 1950, 50 U.S.C. app. § 2170, as amended; or (ii) the President of the United States shall not have acted pursuant to Section 721 of the United States Defense Production Act of 1950 to suspend or prohibit the consummation of the Offer, and the applicable period of time for the President of the United States to take such action shall have expired;
- (v) a period of 60 calendar days having elapsed following notice under Section 122.4(b) of the U.S. International Traffic in Arms Regulations ("ITAR") to the U.S. Department of State (DDTC) of the Offer pursuant to the ITAR;
- (vi) no initial public announcement having been made of (i) a Competing Offer (as defined and briefly described below) or (ii) a mandatory offer pursuant to article 5:70 of the Wft;
- (vii) the Boards not having revoked, modified, amended or qualified their recommendation of the Offer;
- (viii) no notification having been received from the AFM stating that pursuant to Article 5:80 Paragraph 2 of the Wft investment firms shall not be allowed to cooperate with the Offer;
- (ix) no order, stay, judgment or decree having been issued prohibiting the Offer;
- (x) trading in the Shares not being suspended or ended Euronext Amsterdam;
- (xi) no breach by either party to the Merger Agreement, unless waived by the other party or remedied;
- (xii) the extraordinary general meeting of Shareholders to be held during the acceptance period under the Offer (the "EGM") having adopted the following resolutions; (a) the granting of full release and full and final discharge to the members of the Boards until the date of the EGM, and (b) the appointment of three individuals identified by the Offeror as new members of the Supervisory Board; and
- (xiii) the Merger Agreement not having been terminated in accordance with its terms.

The Offeror may waive or partially waive and lower the Minimum Acceptance Condition, unless the Minimum Acceptance Condition, following partial waiver and lowering, will be below 66 2/3%, in which case the prior approval of TenCate's Boards is required.

#### Competing Offer, Termination Fee

The Company and the Offeror may each terminate the Merger Agreement in the event that a *bona fide* third party makes an offer which, in the reasonable opinion of the Boards, is more beneficial, provided that the consideration per share exceeds the Offer Price by 7.5% (a "Competing Offer").

In the event of a Competing Offer, the Offeror will be given the opportunity to match such offer, in which case the Merger Agreement may not be terminated by the Company. As part of the Merger Agreement, the Company has entered into customary undertakings not to solicit third party offers.

If the Merger Agreement is terminated by the Offeror (i) following the announcement of a Competing Offer, or (ii) pursuant to the Boards having revoked, modified, amended or qualified their recommendation of the Offer in breach of the Merger Agreement, TenCate shall pay to the Offeror an amount equal to 0.75% of the aggregate consideration for all issued and outstanding Shares (the "Termination Fee").

#### Acquisition of 100%

The willingness of the Offeror to pay the Offer Price is based on the acquisition of 100% of the Shares. An acquisition of 100% enables termination of the listing and an efficient capital structure (both from a tax and financing perspective), which are important factors in achieving the premium implied by the Offer Price.

If the Offeror acquires 95% or more of the issued Shares, TenCate intends to delist from Euronext Amsterdam promptly and the Offeror intends to initiate the statutory squeeze-out proceedings to obtain 100% of the Shares.

If the Offeror acquires less than 95% of the Shares and decides, in its sole discretion, to waive the Minimum Acceptance Condition, the Offeror intends to utilise any legal measures available to it in order to acquire full ownership of TenCate (e.g. an asset transaction, statutory (cross border) merger or de-merger, contribution of assets and/or cash against issue by TenCate of additional shares).

The Offeror may acquire after settlement the entire business of the Company at the same price and for the same consideration as the Offer Price pursuant to an asset sale, followed by a liquidation of the Company, to deliver such consideration to Shareholders. Any such asset sale and liquidation will require the approval of the Executive Board and Supervisory Board, as well as the approval of the General Meeting of Shareholders.

Any measures (including a possible asset sale, followed by a liquidation of TenCate) shall require the approval of both Continuing Members of the Supervisory Board in the event that it could reasonably be expected to lead to a dilution of the shareholdings of the remaining minority shareholders of TenCate or any other form of unequal treatment which could prejudice or negatively affect the value of the Shares held by the remaining minority shareholders of TenCate.

#### Envisaged time schedule

TenCate and the Offeror will seek to obtain all necessary governmental approvals and competition clearances as soon as practicable. The required advice and consultation procedures with TenCate's Central Works Council and the relevant trade unions will start immediately.

The Offeror intends to launch the Offer as soon as practically possible and in accordance with the applicable statutory timetables. For further information explicit reference is made to the Offer Memorandum, which will contain further details regarding the Offer. The Offer Memorandum is expected to be published and the Offer is expected to commence in September or October 2015.

TenCate will hold an informative extraordinary general meeting of Shareholders at least 6 business days before closing of the offer period under the Offer, in accordance with Section 18 paragraph 1 of the Decree.

## Advisors

ABN AMRO Bank N.V. and Rabobank are acting as financial advisors to TenCate and De Brauw Blackstone Westbroek N.V. is acting as legal advisor to TenCate. Allen & Overy is acting as legal advisor to the Supervisory Board. Hill+Knowlton Strategies is acting as communications advisor to TenCate.

ING Corporate Finance is acting as exclusive financial advisor to the Offeror. Clifford Chance is acting as legal advisor to the Offeror.

## Further information

The information in this press release is not intended to be complete. For further information explicit reference is made to the Offer Memorandum, which is expected to be published in September or October 2015. This Offer Memorandum will contain further details regarding the Offer.

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Not for publication:

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Ingo Heijnen  
Ariën Stuijt

### Investor contacts:

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Gert Steens

### Information on investor call:

A conference call for analysts and investors will be hosted today (Monday 20 July 2015) at 12.00 CEST  
Access phone number: +31 20 531 5861  
(or from outside the Netherlands:  
<https://www.kpnconferencing.nl/en/countrysset-events-operatorwelcome.aspx>)

Conference title: TenCate

*Please dial in five minutes prior to commencement*

## About TenCate

TenCate is a multinational company which combines materials technology and chemical processes in the development and production of functional materials with distinctive characteristics. TenCate products are developed, manufactured and sold around the world. Systems and materials from TenCate come in four areas of application: safety & protection, space & aerospace; infrastructure & environment; sports & recreation. TenCate occupies leading positions in protective fabrics, composites for space and aerospace, antiballistics, geosynthetics and synthetic turf. For more information, please visit [www.tencate.com](http://www.tencate.com)

## About Gilde

With offices in the Benelux and DACH region, Gilde Buy Out Partners is a leading European private equity investor in mid-market transactions. Founded in 1982, Gilde has been supporting management teams in over 100 buy out transactions. Gilde manages funds in excess of €2 billion and has a controlling interest in companies such as CID Lines, Roompot, Axa Stenman, Comcave, Spandex, Riri, Teleplan, Powerlines and HG. For more information, visit [www.gilde.com](http://www.gilde.com)

### **About Parcom Capital**

Parcom Capital is a leading mid-market private equity firm in the Benelux with a mid- to long-term investment horizon focused on distinctive value creation strategies. It was founded in 1982 as one of the first buy-out and expansion capital providers in the Dutch market. Over the past 30 years, Parcom Capital invested directly in more than 75 (international) companies, was involved in numerous add-ons and helped multiple management teams in realizing their growth ambitions. For more information please visit: [www.parcomcapital.com](http://www.parcomcapital.com)

### **About ABN Amro Participaties**

ABN AMRO Participaties ("AAPart") is the private equity firm of ABN AMRO Group, and invests in profitable companies in the Netherlands. AAPart has a mid- to long-term investment horizon, and supports entrepreneurial management teams in realising their growth ambitions. Over the past 30 years, AAPart has invested in more than 100 companies in various industries, helping them to grow organically as well as through add-on acquisitions. For more information please visit [www.abnamroparticipaties.nl](http://www.abnamroparticipaties.nl)

### **General restrictions**

This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice or an inducement to enter into investment activity. This announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire the securities of TenCate in any jurisdiction. The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, the Offeror, each member of the Consortium, TenCate and their respective advisors disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither the Offeror, any member of the Consortium nor TenCate, nor any of their advisors assumes any responsibility for any violation by any person of any of these restrictions. Any Shareholder who is in any doubt as to his position should consult an appropriate professional advisor without delay. This announcement is not to be published or distributed in or to Canada and the United States.

### **Forward-looking statements**

This press release may include "forward-looking statements", including statements regarding the transaction and anticipated consequences and benefits of the transaction, the targeted close date for the transaction, the intended financing, as well as language indicating trends, such as "anticipated" and "expected." These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. These risks and uncertainties include the receipt and timing of necessary regulatory approvals. These forward looking statements speak only as of the date of this press release. The Offeror, each member of the Consortium and TenCate expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Although the Offeror and TenCate believe that the assumptions upon which their respective financial information and their respective forward-looking statements are based are reasonable, they can give no assurance that these assumptions will prove to be correct. Neither the Offeror, any member of the Consortium, nor TenCate, nor any of their advisors accepts any responsibility for any financial information contained in this press release relating to the business or operations or results or financial condition of the other or their respective groups.

12.2 Four weeks press release dated 17 August 2015

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## JOINT PRESS RELEASE

*This is a joint press release by Koninklijke Ten Cate N.V. ("TenCate") and Tennessee Acquisition B.V. (the "Offeror") pursuant to the provisions of Section 4, paragraph 1 and Section 7, paragraph 1 sub a of the Netherlands Decree on Public Takeover Bids (Besluit openbare biedingen Wft), in connection with the intended public offer by the Offeror for all the issued and outstanding ordinary shares in the capital of TenCate (the "Shares"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in TenCate. Any offer will be made only by means of an offer memorandum (the "Offer Memorandum"). This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Canada and the United States.*

17 August 2015

### STATUS UPDATE ON THE INTENDED OFFER BY TENNESSEE ACQUISITION B.V. FOR KONINKLIJKE TEN CATE N.V.

Almelo/Utrecht, 17 August 2015 – On 20 July 2015, Tennessee Acquisition B.V. (the "Offeror") and TenCate issued a joint press release in respect of the intended recommended public cash offer for all issued and outstanding ordinary shares in the capital of TenCate at an offer price of € 24.60 (cum dividend) for each TenCate Share, subject to customary conditions (the "Offer").

Pursuant to the provisions of Section 7, paragraph 1 sub a of the Netherlands Decree on Public Takeover Bids (Besluit openbare biedingen Wft) which require a public announcement containing a status update within four weeks following the announcement of an intended public offer, the Offeror and TenCate provide the following joint status update.

The Offeror and TenCate confirm that they are making timely progress on the preparations for the Offer. The Offeror expects to submit a request for review and approval of the Offer Memorandum with the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, "AFM") shortly. The Offeror will publicly announce the availability of the offer memorandum and commencement of the offer period. As communicated before, the Offer is expected to commence in September or October 2015.

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TenCate  
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#### About TenCate

TenCate is a multinational company which combines materials technology and chemical processes in the development and production of functional materials with distinctive characteristics. TenCate products are developed, manufactured and sold around the world. Systems and materials from TenCate come in four areas of application: safety & protection, space & aerospace; infrastructure & environment; sports & recreation.

TenCate occupies leading positions in protective fabrics, composites for space and aerospace, antiballistics, geosynthetics and synthetic turf. For more information, please visit [www.tencate.com](http://www.tencate.com)

#### General restrictions

This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice or an inducement to enter into investment activity. This announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire the securities of TenCate in any jurisdiction. The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, the Offeror, each member of the Consortium, TenCate and their respective advisors disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither the Offeror, any member of the Consortium nor TenCate, nor any of their advisors assumes any responsibility for any violation by any person of any of these restrictions. Any Shareholder who is in any doubt as to his position should consult an appropriate professional advisor without delay. This announcement is not to be published or distributed in or to Canada and the United States.

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This press release may include "forward-looking statements", including statements regarding the transaction and anticipated consequences and benefits of the transaction, the targeted close date for the transaction, the intended financing, as well as language indicating trends, such as "anticipated" and "expected." These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. These risks and uncertainties include the receipt and timing of necessary regulatory approvals. These forward looking statements speak only as of the date of this press release. The Offeror, each member of the Consortium and TenCate expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Although the Offeror and TenCate believe that the assumptions upon which their respective financial information and their respective forward-looking statements are based are reasonable, they can give no assurance that these assumptions will prove to be correct. Neither the Offeror, any member of the Consortium, nor TenCate, nor any of their advisors accepts any responsibility for any financial information contained in this press release relating to the business or operations or results or financial condition of the other or their respective groups.

### 13. SELECTED CONSOLIDATED FINANCIAL INFORMATION TENCATE

#### 13.1 Basis for preparation

In accordance with the Decree, selected consolidated financial information of TenCate has been prepared and included in this Section 13 (*Selected Consolidated Financial Information TenCate*), comprising summaries of the consolidated balance sheets, the consolidated profit and loss accounts, the consolidated statements of comprehensive income and the consolidated cash flow statements for the financial years 2012, 2013 and 2014. This selected consolidated financial information has been derived from:

- (a) the consolidated financial statements for the financial year 2012 as audited by KPMG, which issued an independent auditor's report thereon, without qualification, on 28 February 2013; and
- (b) the consolidated financial statements for the financial year 2013 as audited by KPMG, which issued an independent auditor's report thereon, without qualification, on 26 February 2014; and
- (c) the consolidated financial statements for the financial year 2014 as audited by KPMG, which issued an independent auditor's report thereon, without qualification, on 19 February 2015.

The consolidated financial statements from which the selected consolidated financial information has been derived were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Commission, and Part 9 of Book 2 of the Dutch Civil Code.

The selected consolidated financial information set out below contains summaries only of the consolidated balance sheets, the consolidated profit and loss accounts, the consolidated statements of comprehensive income, and the consolidated cash flow statements, excluding related note disclosures and a description of significant accounting policies. For a better understanding of TenCate's financial position, income and cash flows, the selected consolidated financial information should be read in conjunction with the unabbreviated audited consolidated financial statements for the financial years 2012, 2013 and 2014, including the related note disclosures and a description of significant accounting policies applied for each of these years. A summary of the significant accounting policies of the TenCate consolidated financial statements for the financial year 2014 is outlined in Section 15 (*Financial Statements 2014 of TenCate*).

The condensed consolidated interim financial information of TenCate for the first half year of 2015 is outlined in Section 14.

13.2 **Consolidated profit and loss account relating to the financial years ended 31 December 2012, 2013 and 2014**

(€ x million)	2012	2013	2014
Revenues	1,049.0	1,012.0	1,041.6
Cost of sales	842.3	809.2	838.7
<b>Gross margin</b>	<b>206.7</b>	<b>202.8</b>	<b>202.9</b>
Selling costs	67.3	72.2	76.4
Research and development costs	23.2	22.4	26.9
General management costs	78.7	72.6	64.6
Impairment of goodwill	-	-	71.5
<b>Operating result</b>	<b>37.5</b>	<b>35.6</b>	<b>-36.5</b>
Financial income	0.4	0.5	1.0
Financial expenses	-12.5	-10.6	-9.6
<b>Net financial expenses</b>	<b>-12.1</b>	<b>-10.1</b>	<b>-8.6</b>
<b>Result before profit tax</b>	<b>25.4</b>	<b>25.5</b>	<b>-45.1</b>
Profit tax	-8.7	-8.5	-1.4
<b>Result after profit tax</b>	<b>16.7</b>	<b>17.0</b>	<b>-46.5</b>
Share of profit of equity-accounted investees, net of tax	-0.3	0.1	0.4
<b>Result after profit tax and investments accounted for by the equity method</b>	<b>16.4</b>	<b>17.1</b>	<b>-46.1</b>
Result attributable to:			
Non-controlling interest	-5.9	-1.9	-0.4
<b>Shareholders of the company (net income)</b>	<b>22.3</b>	<b>19.0</b>	<b>-45.7</b>
Weighted average number of shares (x 1,000)	25,895	26,225	26,588
Weighted average number of shares after dilution (x 1,000)	26,040	26,366	26,720
Net earnings per share (euro)	0.86	0.72	-1.72
Diluted net earnings per share (euro)	0.86	0.72	-1.71

13.3 **Consolidated statement of comprehensive income relating to the financial years ended 31 December 2012, 2013 and 2014**

(€ x million)	<b>2012</b>	<b>2013</b>	<b>2014</b>
Result after profit tax and investments accounted for by the equity method	16.4	17.1	-46.1
<b>Other comprehensive income (after profit tax)</b>			
Currency translation differences for foreign activities	-3.8	-11.4	34.7
Effective portion of changes in hedging reserve (hedge accounting)	0.6	2.3	0.9
Actuarial gains and losses on pensions	-18.0	13.6	-9.5
<b>Other comprehensive income after profit tax</b>	<b>-21.2</b>	<b>4.5</b>	<b>26.1</b>
<b>Comprehensive income after profit tax</b>	<b>-4.8</b>	<b>21.6</b>	<b>-20.0</b>
Comprehensive income attributable to:			
Non-controlling interest	-5.9	-1.6	-0.4
<b>Shareholders of the company</b>	<b>1.1</b>	<b>23.2</b>	<b>-19.6</b>

13.4 **Consolidated balance sheets relating to the financial years ended 31 December 2012, 2013 and 2014**

(€ x million)	31-Dec 2012	31-Dec 2013	31-Dec 2014
<b>NON-CURRENT ASSETS</b>			
Goodwill	214.5	214.6	161.3
Other intangible fixed assets	54.9	55.6	45.7
Tangible fixed assets	196.7	165.7	151.5
Equity-accounted investees	4.1	3.9	5.4
Financial fixed assets	12.9	14.2	17.4
Deferred profit tax assets	30.0	24.0	32.6
<b>Total non-current assets</b>	<b>513.1</b>	<b>478.0</b>	<b>413.9</b>
<b>CURRENT ASSETS</b>			
Inventories	226.4	223.8	249.5
<b>Receivables</b>			
Trade receivables	140.0	128.7	142.0
Profit tax receivables	3.8	0.1	1.8
Other receivables	15.9	18.3	18.6
Cash and cash equivalents	26.7	21.6	36.4
Assets held for sale	-	-	34.3
<b>Total current assets</b>	<b>412.8</b>	<b>392.5</b>	<b>482.6</b>
<b>Total assets</b>	<b>925.9</b>	<b>870.5</b>	<b>896.5</b>

Continued>

**Consolidated balance sheets relating to the financial years ended 31 December 2012, 2013 and 2014 (cont'd)**

(€ x million)	31-Dec 2012	31-Dec 2013	31-Dec 2014
<b>GROUP EQUITY</b>			
Share capital	66.2	67.0	67.7
Share premium reserve	43.4	42.6	41.9
Reserve for translation differences	3.1	-8.6	26.1
Hedging reserve	-3.9	-1.6	-0.7
Reserve for own shares	-15.1	-14.1	-14.4
Other reserves and undistributed result	363.5	389.0	327.6
<b>Total shareholders' equity</b>	<b>457.2</b>	<b>474.3</b>	<b>448.2</b>
Non-controlling interest	-1.9	-1.0	-0.5
<b>Group equity</b>	<b>455.3</b>	<b>473.3</b>	<b>447.7</b>
<b>LONG-TERM LIABILITIES</b>			
Long-term debts	220.3	195.1	213.3
Pension liabilities	42.3	24.1	30.7
Provisions	11.4	9.9	10.4
Deferred profit tax liabilities	8.8	7.5	3.6
<b>Total non-current liabilities</b>	<b>282.8</b>	<b>236.6</b>	<b>258.0</b>
<b>SHORT-TERM LIABILITIES</b>			
Cash loans, overdrafts	35.4	14.7	37.7
Repayment of long-term debts	0.9	1.0	0.9
Trade creditors and other payables	142.4	139.2	138.5
Provisions	2.8	4.4	2.2
Profit tax liabilities	6.3	1.3	1.9
Liabilities classified as held for sale	-	-	9.6
<b>Total short-term debts</b>	<b>187.8</b>	<b>160.6</b>	<b>190.8</b>
Total liabilities	470.6	397.2	448.8
<b>Total group equity and liabilities</b>	<b>925.9</b>	<b>870.5</b>	<b>896.5</b>

13.5 **Consolidated cash flow statement relating to the financial years ended 31 December 2012, 2013 and 2014**

(€ x million)	2012	2013	2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Result after profit tax	16.4	17.1	-46.1
Adjustments for:			
Depreciation	37.1	34.8	31.3
Amortisation	14.5	13.1	12.7
Impairment of intangible fixed assets	-	-	82.2
Net financial expenses before exchange rate differences	12.2	10.1	7.6
Profit tax	8.7	8.5	1.4
Net result of investments accounted for by the equity method	0.3	-0.1	-0.4
Result from sale of tangible fixed assets	-	-0.2	0.6
Costs of option scheme	2.0	1.6	1.7
Change in provisions and pension liabilities	-10.9	-1.2	-10.0
<b>Cash flow from operating activities before movements in working capital</b>	<b>80.3</b>	<b>83.7</b>	<b>81.0</b>
Movements in working capital:			
Inventories	42.3	-1.9	-17.0
Receivables	18.7	7.7	-17.8
Short-term liabilities	-22.7	7.7	1.0
<b>Movements in working capital</b>	<b>38.3</b>	<b>13.5</b>	<b>-33.8</b>
<b>Cash flow from operating activities</b>	<b>118.6</b>	<b>97.2</b>	<b>47.2</b>
Interest paid	-12.3	-9.4	-7.8
Profit tax paid	-4.5	-12.7	-12.1
<b>Net cash flow from operating activities</b>	<b>101.8</b>	<b>75.1</b>	<b>27.3</b>

Continued>

**Consolidated cash flow statement relating to the financial years ended 31 December 2012, 2013 and 2014 (cont'd)**

(€ x million)	2012	2013	2014
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of tangible fixed assets	0.3	0.8	0.2
Interest received	0.1	-	0.5
Dividend received	-	-	0.5
Acquisition of subsidiaries less cash acquired	-15.7	-22.2	-0.2
Deconsolidation of subsidiary less cash	-	4.2	-
Investments in intangible assets	-4.6	-4.6	-5.6
Investments in tangible fixed assets	-12.0	-9.8	-19.2
Increase in long-term receivables	-1.5	-0.9	-1.6
<b>Net cash flow from investing activities</b>	<b>-33.4</b>	<b>-32.5</b>	<b>-25.4</b>
<b>Net cash flow from operating and investing activities</b>	<b>68.4</b>	<b>42.6</b>	<b>1.9</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Income from exercise of share options	0.5	1.0	5.4
Repurchase of own shares	-	-	-5.7
Repayment of long-term debts	-51.5	-27.8	216.9
Drawing of long-term debts	-	7.6	-220.2
Dividend paid to shareholders	-12.2	-7.6	-6.8
<b>Net cash flow from financing activities</b>	<b>-63.2</b>	<b>-26.8</b>	<b>-10.4</b>
<b>Change in cash and cash equivalents</b>	<b>5.2</b>	<b>15.8</b>	<b>-8.5</b>
Cash and cash equivalents on 1 January	-12.7	-8.7	7.8
Exchange rate and translation differences in cash and cash equivalents	-1.2	-0.2	-0.6
<b>Cash and cash equivalents on 31 December</b>	<b>-8.7</b>	<b>6.9</b>	<b>-1.3</b>

### 13.6 **Independent auditor's report on the selected consolidated financial information of TenCate**

To: the Executive Board and Supervisory Board of Koninklijke Ten Cate N.V.

We refer to the selected consolidated financial information of Koninklijke Ten Cate N.V., Almelo, as included in sections 13.2, 13.3, 13.4 and 13.5 of this Offer Memorandum. The financial figures for the years 2012, 2013 and 2014 of this selected consolidated financial information, comprising summaries of the consolidated balance sheets as at 31 December 2012, 31 December 2013 and 31 December 2014, the consolidated profit and loss accounts, consolidated statements of comprehensive income and the consolidated cash flow statements for the years then ended, are derived from the audited consolidated financial statements of Koninklijke Ten Cate N.V. for the years 2012, 2013 and 2014 (hereafter referred to as, the "selected consolidated financial information"). We expressed an unqualified audit opinion on those consolidated financial statements in our auditor's reports dated 28 February 2013, 26 February 2014 and 19 February 2015 respectively. Those consolidated financial information, and the selected consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our auditor's reports on those financial statements.

The selected consolidated financial information as included in sections 13.2, 13.3, 13.4 and 13.5 of the Offer Memorandum does not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union and by Part 9 of Book 2 of the Netherlands Civil Code. Reading the selected consolidated financial information, therefore, is not a substitute for reading the audited consolidated financial statements of Koninklijke Ten Cate N.V.

#### **Management's responsibility**

The Executive Board of Koninklijke Ten Cate N.V. is responsible for the preparation of the selected consolidated financial information in accordance with the criteria as set out in the Basis for preparation paragraph in Section 13.1, and for such internal control as it determines is necessary to enable the preparation of the selected consolidated financial information that is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the selected consolidated financial information based on our audit. We conducted our audit in accordance with, Dutch law, including the Dutch Standard on Auditing 810 'Engagements to report on summary financial statements'.

#### **Opinion**

In our opinion, the selected consolidated financial information of TenCate as included in sections 13.2, 13.3, 13.4 and 13.5 of this Offer Memorandum and as derived from the audited 2012, 2013 and 2014 consolidated financial statements of Koninklijke Ten Cate N.V. is consistent, in all material respects, with those financial statements, in accordance with the criteria as set out in the Basis for preparation paragraph in Section 13.1 of this Offer Memorandum.

#### **Restriction on use**

The selected consolidated financial information and our auditor's report thereon are intended solely for enclosure in the Offer Memorandum in connection with the recommended cash offer of Tennessee Acquisition B.V. and cannot be used for other purposes.

Arnhem, 20 October 2015

KPMG Accountants N.V.

T. van der Heijden RA

**14. UNAUDITED (BUT "REVIEWED") CONSOLIDATED INTERIM STATEMENTS**

The original unaudited (but "reviewed") consolidated interim statements of TenCate in respect of the first six months of 2015 were prepared in the Dutch language and are available on the Company's website at [www.tencate.com](http://www.tencate.com). An English translation of these original unaudited (but "reviewed") consolidated interim statements of TenCate is reproduced in this Section 14. In the event of any differences between the English and the Dutch text, the latter shall prevail.

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the first half year

in millions of euros	2015	2014
Revenues	571.5	497.6
Cost of sales	449.4	398.0
Gross margin	122.1	99.6
Selling costs	40.8	37.2
Research and development costs	11.3	10.9
General management costs	42.7	33.4
Operating result	27.3	18.1
Net financial expenses	-3.4	-4.6
Result before profit tax	23.9	13.5
Profit tax	-6.1	-3.9
Result from divested operations after tax	-0.2	-
Net result Associates and Joint Ventures	-	-
Non-controlling interest	-0.3	-0.4
<b>Net result TenCate</b>		
<b>(Shareholders of the Company)</b>	<b>17.9</b>	<b>10.0</b>
<u>Per-share data:</u>		
Net result	0.66	0.38
Diluted net result	0.66	0.37
<u>Before exceptional items:</u>		
Operating result	29.1	18.1
Result before profit tax	25.7	13.5
Profit tax	-6.7	-3.9
<b>Net result TenCate</b>		
<b>(Shareholders of the Company)</b>	<b>19.3</b>	<b>10.0</b>



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for the first half year**

<u>in millions of euros</u>	<u>2015</u>	<u>2014</u>
Result after tax and associated companies	17.6	9.6
<b>Other comprehensive income (after profit tax)</b>		
Currency translation differences for foreign activities	23.8	3.3
Actuarial gains and losses on pensions *)	-	-1.8
Result hedge accounting	-	0.4
Other comprehensive income, net of profit tax	23.8	1.9
Total comprehensive income after profit tax	41.4	11.5
Non-controlling interest	-0.3	-0.3
Total comprehensive income (Shareholders of the company)	41.7	11.8

\*) Items which are never reclassified to the profit and loss account.

Other comprehensive income may be reclassified.

**CONDENSED CONSOLIDATED BALANCE SHEET**

in millions of euros	<b>30 June 2015</b>	<b>31 December 2014</b>	<b>30 June 2014</b>
<b>Non-current assets</b>			
Intangible assets	219.4	207.0	266.6
Tangible fixed assets	153.1	151.5	160.9
Financial fixed assets	<u>57.1</u>	<u>55.4</u>	<u>46.8</u>
Total non-current assets	429.6	413.9	474.3
<b>Current assets</b>			
Inventories	282.7	249.5	228.1
Trade and other receivables	220.4	162.4	195.5
Cash and cash equivalents	43.8	36.4	31.1
Assets held for sale	<u>-</u>	<u>34.3</u>	<u>-</u>
Total current assets	<u>546.9</u>	<u>482.6</u>	<u>454.7</u>
Total assets	<u><u>976.5</u></u>	<u><u>896.5</u></u>	<u><u>929.0</u></u>
<b>Group equity</b>			
Total shareholders' equity	483.5	448.2	478.7
Non-controlling interest	<u>-0.7</u>	<u>-0.5</u>	<u>-0.4</u>
Group equity	482.8	447.7	478.3
<b>Non-current liabilities</b>			
Long-term debts	221.2	213.3	203.4
Pension liabilities	29.7	30.7	26.6
Provisions	9.8	10.4	9.8
Deferred profit tax liabilities	<u>3.9</u>	<u>3.6</u>	<u>7.2</u>
Total non-current liabilities	264.6	258.0	247.0
<b>Current liabilities</b>			
Short-term debts and repayment long-term debts	46.9	38.6	41.1
Trade and other payables	178.0	138.5	158.3
Provisions and profit tax liabilities	4.2	4.1	4.3
Liabilities held for sale	<u>-</u>	<u>9.6</u>	<u>-</u>
Total current liabilities	<u>229.1</u>	<u>190.8</u>	<u>203.7</u>
Total liabilities	<u>493.7</u>	<u>448.8</u>	<u>450.7</u>
Total group equity and liabilities	<u><u>976.5</u></u>	<u><u>896.5</u></u>	<u><u>929.0</u></u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the first half year

in millions of euros	2015	2014
<b>Cash flow from operating activities</b>		
Result after profit tax	17.6	9.6
<i>Adjustments for:</i>		
Depreciation and amortisation	18.7	21.6
Net financial expenses	0.2	1.2
Profit tax	-1.5	1.4
Changes in working capital	-33.5	-36.4
Changes in provisions and pension liabilities	-1.6	-3.5
Other	<u>0.8</u>	<u>0.7</u>
Net cash flow from operating activities	0.7	-5.4
<b>Cash flow from investing activities</b>		
Investments in intangible and tangible fixed assets	-13.0	-12.0
Acquisitions and divestments of subsidiaries	22.1	-0.2
Other	<u>0.9</u>	<u>1.2</u>
Net cash flow from investing activities	10.0	-11.0
<b>Cash flow from financing activities</b>		
Net drawing of long-term debts	-6.5	6.2
Dividend paid	-5.6	-6.8
Other	<u>0.2</u>	<u>-0.2</u>
Net cash flow from financing activities	<u>-11.9</u>	<u>-0.8</u>
Change in cash and cash equivalents	<u>-1.2</u>	<u>-17.2</u>
Cash and cash equivalents on 1 January	-1.3	7.8
Exchange rate and translation differences in cash and cash equivalents	<u>-0.2</u>	<u>0.1</u>
Cash and cash equivalents on 30 June	<u>-2.7</u>	<u>-9.3</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

in millions of euros	2015	2014
Balance at 1 January	447.7	473.3
Changes:	-	-
Total comprehensive income after profit tax	41.4	11.5
Dividend to shareholders	-5.6	-6.8
Realisation translation reserve	-1.7	-
Issue of repurchased shares	0.8	0.8
Changes in own shares	0.2	-0.3
Changes in non-controlling interest	-	-0.2
Balance at 30 June	<u>482.8</u>	<u>478.3</u>

## EXPLANATORY NOTES ON THE CONDENSED CONSOLIDATED INTERIM REPORT

### Reporting entity

The condensed consolidated interim report of Royal Ten Cate (the Company), established in Almelo, for the first half year of 2015 relates to the Company and its operating companies (referred to collectively as the 'Group') and the Group's interests in associated companies and jointly controlled entities.

### Statement of compliance

This condensed consolidated interim report has been prepared in accordance with *IAS 34 Interim Financial Reporting* as adopted by the European Union. It does not contain all the information that is required for full financial statements and should be read in conjunction with the Group's 2014 consolidated financial statements. The condensed consolidated financial statements are unaudited, but have been reviewed by the Company's independent auditor. All amounts in this report are in millions of euros, unless otherwise stated. The Group's consolidated financial statements for the 2014 financial year are available on request from the Company's registered office in Almelo or can be downloaded from [www.tencate.com](http://www.tencate.com). This condensed consolidated interim report was prepared by the Executive Board and released for publication by the Supervisory Board on 22 July 2015.

The original interim financial information was drafted in Dutch. This document is an English translation of the original. In case of any discrepancy between the English and the Dutch text, the latter will prevail.

### Accounting policies

Unless otherwise stated below, the accounting policies applied by the Group in this condensed consolidated interim report are the same as those applied by the Group on pages 107 to 118 of the consolidated financial statements for the 2014 financial year.

### Risks and uncertainties

The 2014 annual report includes a detailed description of the risk management of TenCate. No significant change has occurred in the risk profile included herein. The continuing uncertain political climate combined with the present economic conditions may have a negative effect on market developments for TenCate in 2015.

### Estimates

The preparation of this condensed consolidated interim report requires judgement by management, who makes estimates and assumptions which affect the application of policies for financial reporting and the reported value of assets and liabilities and the amount of income and expenditure. The actual results may differ from these estimates.

Unless otherwise stated below, in preparing this condensed consolidated interim report, the significant judgements made by management in applying the group's policies for financial reporting and the key sources of estimation are the same as those applied in the preparation of the consolidated 2014 financial statements.

### Segment information

The table below presents each of the reporting segments. The TenCate results are strongly impacted by exchange rate developments. The segment revenues and results stated below include the effects of internal foreign exchange hedges.

Segment information	Advanced Textiles & Composites		Geosynthetics & Grass		Other & eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
in millions of euros								
External revenues	254.9	206.9	296.3	259.2	20.3	31.5	571.5	497.6
Inter-segment revenues	-	-	3.0	-	-3.0	-	-	-
<b>Total revenues</b>	<b>254.9</b>	<b>206.9</b>	<b>299.3</b>	<b>259.2</b>	<b>17.3</b>	<b>31.5</b>	<b>571.5</b>	<b>497.6</b>
<b>EBIT</b>	13.8	11.4	17.9	9.3	-4.4	-2.6	27.3	18.1
Net financial expenses							-3.4	-4.6
Profit tax							-6.1	-3.9
Result from divested operations after tax							-0.2	-
Net result Associates and Joint ventures							-	-
Non-controlling interest							-0.3	-0.4
Net profit TenCate							17.9	10.0

### Sale of activities

The sale of Enbi Group, Xennia Technology Ltd, the 30% share in Hellas Construction Inc and the 25% share in Landscape Solutions B.V. has been finalised in the first half year 2015. The (provisional) loss amounts to € 0.2 million. The Enbi Group and Xennia Technology Ltd were included in the Other segment. Hellas Construction Inc and Landscape Solutions B.V. were part of the sector Geosynthetics & Grass.

### Goodwill

The movements of goodwill in the first half year are as follows:

in millions of euros	Total
Balance as of 1 January 2015	161.3
Exchange rate differences	12.8
Balance as of 30 June 2015	174.1

In the first half year of 2015 Ten Cate assessed whether there are any indications for goodwill impairment. As a result of this assessment there are no major changes to report with respect to the conclusions presented in the 2014 annual report on page 124, which state that in the event of a relatively small change in the assumptions of the discount rate and the expected growth in revenues and gross margin the carrying value will exceed the realisable value for the unit TenCate Grass.

### Profit tax expense

The Group's consolidated effective tax rate for the first half year was 25.5% (first half of 2014: 28,9%).

### Share capital and share premium

- **Issuance of ordinary shares**

In May 2015, 365,463 shares were issued in connection with a stock dividend. On 30 June 2015 the number of outstanding shares amounted to 27,454,241 (31 December 2014: 27,088,778).

- **Repurchased shares**

In the first half of 2015, repurchased shares decreased by 15,000 shares due to exercise of options. On 30 June 2015 the balance of repurchased shares amounted to 482,687 (31 December 2014: 497,687).

- **Dividend**

At the Annual General Meeting of Shareholders on 9 April 2015 the dividend was set at €0.50 per ordinary share of €2.50. The dividend was made payable in cash or as a stock dividend on 6 May 2015. The ratio was one new share for 42 dividend rights.

On 6 May 2015, €5.6 million was paid in cash and 365,463 shares were issued in connection with the stock dividend.

### Pensions

The pension expenses in the first half year are recorded on the basis of a proportionate share of the expected annual costs in 2015.

### Long-term liabilities

The syndicated loan facility amounted to €339,3 million on 30 June 2015 (31 December 2014: €350.0 million). The net debt on 30 June 2015 amounted to € 224.3 million (30 June 2014: €213.4 million). The Group has agreed a ratio of net debt to EBITDA in a covenant with the banks in the participating bank syndicate. The actual ratio at the end of June 2015 was 2.63, remaining within the bank covenant limit.

### Investments, divestments and liabilities

In the first half of the year investments in intangible and tangible fixed assets amounted to €13.0 million (2014: €12.0 million). At the end of the first half of the year, the Group had entered into investment commitments amounting to €6.4 million.

### Related parties

In the first half of the year associates and other participating interests and a joint venture purchased goods from the Group amounting to €7.8 million (2014: €10.6 million). At the end of the first half of the year outstanding trade receivables due to the Group from associated and other participating interests and a joint venture amounted to €4.4 million (2014: €9.8 million). The Group had no trade accounts payable to associates and other participating interests (2014: €0.6 million).

### Events subsequent to the balance sheet date

On 19 July 2015 a conditional agreement has been reached on a full public offer on Koninklijke Ten Cate N.V. with a consortium of investors, led by Gilde Buy Out Partners. As a result of the conditional character of the bid and the uncertainty about the timing of the transaction it is not possible to estimate the financial effect for the current financial year. Reference is made to the press release of 20 July 2015 for further disclosure.

Almelo, 22 July 2015  
Executive Board

## **Review report**

To: the Executive Board and Supervisory Board of Royal Ten Cate

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial information of Royal Ten Cate, Almelo, which comprises the condensed consolidated balance sheet as at 30 June 2015, the condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in group equity and the condensed consolidated cash flow statement for the period of six months ended 30 June 2015, and the selected explanatory notes. The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope**

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 22 July 2015

KPMG Accountants N.V.

T. van der Heijden RA

**15. FINANCIAL STATEMENTS 2014 OF TENCATE**

The original financial statements 2014 of TenCate were prepared in the Dutch language and are available on the Company's website at [www.tencate.com](http://www.tencate.com). An English translation of these original financial statements 2014 of TenCate is reproduced in this Section 15. In the event of any differences between the English and the Dutch text, the latter shall prevail.

# Financial statements 2014

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# Consolidated profit and loss account

For the financial year ending on 31 December, in millions of euros	Note	2013*	2014
Revenues	32	1,002.4	1,041.6
Cost of sales		801.9	838.7
<b>Gross margin</b>		200.5	202.9
Selling costs		70.6	76.4
Research and development costs		22.3	26.9
General management costs	35	72.1	64.6
Impairment of goodwill	39	–	71.5
<b>Operating result</b>		35.5	–36.5
Financial income	36	0.5	1.0
Financial expenses	36	–10.5	–9.6
<b>Net financial expenses</b>		–10.0	–8.6
<b>Result before profit tax</b>		25.5	–45.1
Profit tax	37	–8.5	–1.4
<b>Result after profit tax</b>		17.0	–46.5
Share of profit of equity-accounted investees, net of tax		0.1	0.4
<b>Result after profit tax and investments accounted for by the equity method</b>		17.1	–46.1
Result attributable to:			
Non-controlling interest		–1.9	–0.4
<b>Shareholders of the company (net income)</b>		19.0	–45.7
Weighted average number of shares (x 1,000)	49	26,225	26,588
Weighted average number of shares after dilution (x 1,000)	49	26,366	26,720
Net earnings per share (euro)	49	0.72	–1.72
Diluted net earnings per share (euro)	49	0.72	–1.71

\* Adjusted for retrospective application of IFRS 11 (Joint Arrangements).  
This adjustment also applies to the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated cash flow statement and the Consolidated statement of changes in Group equity.

The notes in sections 1 to 73 form an integral part of these financial statements.

# Consolidated statement of comprehensive income

For the financial year ending on 31 December, in millions of euros	Note	2013	2014
Result after profit tax and investments accounted for by the equity method		17.1	- 46.1
<b>Other comprehensive income (after profit tax)</b>			
Currency translation differences for foreign activities	48	- 11.4	34.7
Effective portion of changes in hedging reserve (hedge accounting)	48	2.3	0.9
Actuarial gains and losses on pensions *		13.6	- 9.5
Other comprehensive income after profit tax		4.5	26.1
<b>Comprehensive income after profit tax</b>		21.6	- 20.0
Comprehensive income attributable to:			
Non-controlling interest		- 1.6	- 0.4
<b>Shareholders of the company</b>		23.2	- 19.6

\* Items which are never reclassified to the profit and loss account. Other comprehensive income may be reclassified.

The notes in sections 1 to 73 form an integral part of these financial statements.

# Consolidated balance sheet

in millions of euros	Note	31 December 2013	31 December 2014
<b>NON-CURRENT ASSETS</b>			
Goodwill	39	211.7	161.3
Other intangible assets	39	55.4	45.7
Tangible fixed assets	40	165.6	151.5
Equity-accounted investees	41	9.1	5.4
Financial fixed assets	42	14.3	17.4
Deferred profit tax assets	43	24.0	32.6
<b>Total non-current assets</b>		<b>480.1</b>	<b>413.9</b>
<b>CURRENT ASSETS</b>			
Inventories	44	222.2	249.5
<b>Receivables</b>			
Trade receivables	45	126.4	142.0
Profit tax receivables		0.1	1.8
Other receivables	46	17.6	18.6
Cash and cash equivalents	47	21.6	36.4
Assets held for sale	38	–	34.3
<b>Total current assets</b>		<b>387.9</b>	<b>482.6</b>
<b>Total assets</b>		<b>868.0</b>	<b>896.5</b>

in millions of euros	Note	31 December 2013	31 December 2014
<b>GROUP EQUITY</b>	<b>48</b>		
Share capital		67.0	67.7
Share premium reserve		42.6	41.9
Reserve for translation differences		- 8.6	26.1
Hedging reserve		- 1.6	- 0.7
Reserve for own shares		- 14.1	- 14.4
Other reserves and undistributed result		389.0	327.6
<b>Total shareholders' equity</b>		<b>474.3</b>	<b>448.2</b>
Non-controlling interest		- 1.0	- 0.5
<b>Group equity</b>		<b>473.3</b>	<b>447.7</b>
<b>LONG-TERM LIABILITIES</b>			
Long-term debts	<b>50</b>	195.1	213.3
Pension liabilities	<b>51</b>	24.1	30.7
Provisions	<b>52</b>	9.9	10.4
Deferred profit tax liabilities	<b>43</b>	7.5	3.6
<b>Total non-current liabilities</b>		<b>236.6</b>	<b>258.0</b>
<b>SHORT-TERM LIABILITIES</b>			
Cash loans, overdrafts	<b>47</b>	13.8	37.7
Repayment of long-term debts	<b>50</b>	1.0	0.9
Trade creditors and other payables		137.8	138.5
Provisions	<b>52</b>	4.3	2.2
Profit tax liabilities		1.2	1.9
Liabilities classified as held for sale	<b>38</b>	-	9.6
<b>Total short-term debts</b>		<b>158.1</b>	<b>190.8</b>
<b>Total liabilities</b>		<b>394.7</b>	<b>448.8</b>
<b>Total group equity and liabilities</b>		<b>868.0</b>	<b>896.5</b>

The notes in sections 1 to 73 form an integral part of these financial statements.

# Consolidated cash flow statement

For the financial year ending on 31 December, in millions of euros	Note	2013	2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Result after profit tax		17.1	- 46.1
Adjustments for:			
Depreciation	40	34.7	31.3
Amortisation	39	13.0	12.7
Impairment of intangible fixed assets	39, 40	-	82.2
Net financial expenses before exchange rate differences	36	10.0	7.6
Profit tax	37	8.5	1.4
Net result of investments accounted for by the equity method		- 0.1	- 0.4
Result from sale of tangible fixed assets	35	- 0.2	0.6
Costs of option scheme		1.6	1.7
Change in provisions and pension liabilities		- 1.2	- 10.0
<b>Cash flow from operating activities before movements in working capital</b>		<b>83.4</b>	<b>81.0</b>
Movements in working capital:			
Inventories		- 1.8	- 17.0
Receivables		7.1	- 17.8
Short-term liabilities		8.4	1.0
		<u>13.7</u>	<u>- 33.8</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>97.1</b>	<b>47.2</b>
Interest paid		- 9.3	- 7.8
Profit tax paid		- 12.7	- 12.1
<b>Net cash flow from operating activities</b>		<b>75.1</b>	<b>27.3</b>

For the financial year ending on 31 December, in millions of euros	Note	2013	2014
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of tangible fixed assets	35	0.8	0.2
Interest received		–	0.5
Dividend received	41	–	0.5
Acquisition of subsidiaries less cash acquired	33	–22.2	–0.2
Deconsolidation of subsidiary less cash		4.2	–
Investments in intangible assets	39	–4.6	–5.6
Investments in tangible fixed assets	40	–9.8	–19.2
Increase in long-term receivables		–0.9	–1.6
<b>Net cash flow from investing activities</b>		<b>–32.5</b>	<b>–25.4</b>
Net cash flow from operating and investing activities		42.6	1.9
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Income from exercise of share options		1.0	5.4
Repurchase of own shares		–	–5.7
Repayment of long-term debts		–27.8	216.9
Drawing of long-term debts		7.6	–220.2
Dividend paid to shareholders		–7.6	–6.8
<b>Net cash flow from financing activities</b>		<b>–26.8</b>	<b>–10.4</b>
<b>Change in cash and cash equivalents</b>		<b>15.8</b>	<b>–8.5</b>
Cash and cash equivalents on 1 January	47	–7.8	7.8
Exchange rate and translation differences in cash and cash equivalents		–0.2	–0.6
<b>Cash and cash equivalents on 31 December</b>	<b>47</b>	<b>7.8</b>	<b>–1.3</b>

The notes in sections 1 to 73 form an integral part of these financial statements.

# Consolidated statement of changes in group equity

in millions of euros	Share capital	Share premium	Reserve for translation differences	Hedging reserve	Reserve for own shares	Other reserves and undistributed result	Total	Non-controlling interests	Group equity
Balance as at 1 January 2013	66.2	43.4	3.1	-3.9	-15.1	363.5	457.2	-1.9	455.3
<b>COMPREHENSIVE INCOME</b>									
Result after profit tax						19.0	19.0	-1.9	17.1
Actuarial gains and losses on defined-benefit pension schemes						13.6	13.6		13.6
Currency translation differences			-11.7				-11.7	0.3	-11.4
Hedging result after profit tax				2.3			2.3		2.3
<b>Total</b>	-	-	-11.7	2.3	-	32.6	23.2	-1.6	21.6
<b>TRANSACTIONS WITH SHAREHOLDERS</b>									
Dividend to shareholders	0.8	-0.8				-7.6	-7.6		-7.6
Share-based payment transactions						1.6	1.6		1.6
Issue of repurchased shares					1.0		1.0		1.0
Deconsolidation of non-controlling interest							-	1.7	1.7
Changes in non-controlling interest						-1.1	-1.1	0.8	-0.3
<b>Total</b>	0.8	-0.8	-	-	1.0	-7.1	-6.1	2.5	-3.6
<b>Balance as at 31 December 2013 / 1 January 2014</b>	<b>67.0</b>	<b>42.6</b>	<b>-8.6</b>	<b>-1.6</b>	<b>-14.1</b>	<b>389.0</b>	<b>474.3</b>	<b>-1.0</b>	<b>473.3</b>
<b>COMPREHENSIVE INCOME</b>									
Result after profit tax						-45.7	-45.7	-0.4	-46.1
Actuarial gains and losses on defined-benefit pension schemes						-9.5	-9.5		-9.5
Currency translation differences			34.7				34.7		34.7
Hedging result after profit tax				0.9			0.9		0.9
<b>Total</b>	-	-	34.7	0.9	-	-55.2	-19.6	-0.4	-20.0
<b>TRANSACTIONS WITH SHAREHOLDERS</b>									
Dividend to shareholders	0.7	-0.7				-6.8	-6.8		-6.8
Share-based payment transactions						1.7	1.7		1.7
Repurchase of own shares					-5.7		-5.7		-5.7
Issue of repurchased shares					5.4		5.4		5.4
Acquisition of non-controlling interest						-1.1	-1.1	0.9	-0.2
<b>Total</b>	0.7	-0.7	-	-	-0.3	-6.2	-6.5	0.9	-5.6
<b>Balance as at 31 December 2014</b>	<b>67.7</b>	<b>41.9</b>	<b>26.1</b>	<b>-0.7</b>	<b>-14.4</b>	<b>327.6</b>	<b>448.2</b>	<b>-0.5</b>	<b>447.7</b>

The notes in sections 1 to 73 form an integral part of these financial statements.

# Notes to the consolidated financial statements

## ACCOUNTING STANDARDS

### 1 GENERAL INFORMATION ON ROYAL TEN CATE

Koninklijke Ten Cate nv (Royal Ten Cate) (the Company) is established in Almelo, the Netherlands. The consolidated financial statements of the Company comprise the financial statements of the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interests in other (non-consolidated) participating interests, associated companies and joint ventures. The financial statements have been prepared by the Executive Board.

The 2014 annual report and accounts were discussed at the meeting of the Supervisory Board on 19 February 2015. They were released for publication on 20 February 2015. They will be presented to the general meeting of shareholders for adoption on 9 April 2015.

The parent company financial statements form part of Royal Ten Cate's 2014 financial statements. Royal Ten Cate has made use of the exemption pursuant to article 2:402 of Book 2 of the Netherlands Civil Code with regard to the parent company financial statements.

The original financial statements 2014 were drafted in Dutch. This document is an English translation of the original. In the case of any discrepancies between the English and the Dutch text, the latter will prevail.

### 2 GENERAL PRINCIPLES FOR FINANCIAL REPORTING

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted within the EU (hereinafter EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code.

#### Changes to the principles for financial reporting

The guidelines IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IFRS 12 (Disclosure of Interests in Other Entities) are being applied with effect from 2014. As a result, interests in joint ventures will no longer be proportionally consolidated, but will be accounted for using the equity method. The change has been applied retrospectively and the 2013 figures have been adjusted accordingly. The change of accounting policy has no material effect on the result and assets. No further commentary has therefore been provided.

### 3 PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are presented in millions of euros (the euro being the Company's functional currency) unless stated otherwise. The financial statements have been prepared on the basis of historical cost, except for derivative financial instruments (derivatives), which are carried at fair value.

In preparing the financial statements, the Executive Board has used estimates and assumptions which affect the application of accounting standards and reported amounts stated in the consolidated financial statements (see note 58). The actual results may differ from such estimates. The estimates and underlying assumptions are continuously assessed. Revised estimates are stated in the period in which the estimates are revised and in future periods in which the revision has consequences.

The accounting principles set out below have been applied consistently by the Group's subsidiaries and joint ventures for the periods presented in these consolidated financial statements. Certain comparative information has been adjusted for the sake of comparability.

### 4 CONSOLIDATION PRINCIPLES

#### 4.1 Business combinations

Business combinations are recognised from the date on which control passes to the Group. Control means the Group is able to determine an entity's financial and operational policy in order to obtain benefits from the entity's activities. In assessing control, the Group takes account of potential voting rights which can be exercised at that time.

The Group determines the goodwill on the basis of the fair value of the consideration paid, the carrying amount of any non-controlling interest in the acquired undertaking and, if applicable, the fair value of the prior interest in the acquiree. The net amount of the identified assets acquired and the accepted liabilities is then deducted. If the difference is negative, a book profit from an advantageous purchase is stated directly in the profit and loss account. Any non-controlling interests are carried at their proportionate share of the carrying amount of identifiable assets of the acquired undertaking on the acquisition date. The paid consideration includes no amount for the settlement of existing relationships. Any such amount is stated in the profit and loss account.

## › Notes to the consolidated financial statements

Transaction costs other than those related to the issue of loans or equity instruments allocated to the Group as a result of acquisitions are charged to the result when they arise.

### **4.2 Acquisition of non-controlling interests**

Acquired non-controlling interests are stated as transactions with shareholders (directly as a charge to equity) and no goodwill is therefore included.

### **4.3 Subsidiaries**

Subsidiaries are undertakings in which the Company directly and/or indirectly has a controlling interest. The financial statements of subsidiaries are included in the consolidated financial statements from the first date on which control is exercised to the date on which such control ends. Non-controlling interests in the Group's result and equity are stated separately. Losses in connection with non-controlling interests are allocated to the non-controlling interests, even if a deficit arises for the non-controlling interests in question.

### **4.4 Associated companies, joint ventures and other participating interests**

Associated companies are entities in which the Group has significant influence on the financial and operational policy, but in which it has no controlling interest. Significant influence is assumed to exist if the Group holds between 20% and 50% of the voting rights in another entity. Joint ventures are companies over which the Group has joint control and in which such control has been set forth in an agreement and in which strategic decisions on the financial and operational policy are taken on the basis of unanimity. Associated companies and joint ventures are accounted for using the equity method and are stated at cost including transaction costs at initial recognition. If the Group's share in losses exceeds the carrying value of the associated company or joint venture, the carrying value is stated at zero and further losses are no longer stated, unless the Group has entered into a liability or has made payments on behalf of the associated company or joint venture.

Other participating interests over which no significant influence is exercised are carried at fair value and the dividend is stated in the profit and loss account when it is made payable. If no fair value is available and other methods do not result in a reasonable estimate, the investment is carried at cost less impairment.

### **4.5 Elimination of transactions on consolidation**

Intragroup balances and transactions between the subsidiaries in the Group and unrealised gains and losses on such transactions are eliminated in the preparation of the consolidated financial statements. Unrealised gains on Group transactions with equity-accounted investees are eliminated in proportion to the Group's interest in the investment. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

## **5 FOREIGN CURRENCIES**

### **5.1 Transactions in foreign currencies**

Receivables and liabilities denominated in foreign currencies are converted into euros at the rate prevailing on the reporting date. Transactions in foreign currencies are converted into euros at the estimated exchange rate on the transaction date. Currency translation differences are stated in the profit and loss account.

Non-monetary assets and liabilities which are denominated in foreign currencies and valued on the basis of historical cost are converted at the exchange rate on the transaction date.

### **5.2 Subsidiaries and joint ventures outside the eurozone**

The revenues and expenses of subsidiaries outside the eurozone are converted into euros at the exchange rate on the transaction date. Assets and liabilities including goodwill and fair value adjustments in respect of acquisitions are converted at the rate on the reporting date. The resulting translation differences are carried in other comprehensive income in equity. The proportionate share of the currency translation difference is allocated to any non-controlling interests. If an activity outside the eurozone is fully or partly divested, the accumulated exchange rate difference is transferred from equity to the profit and loss account as part of the result of the sale.

The rates of the main currencies against the euro are as follows:

	Closing rate		Average price	
	2013	2014	2013	2014
US dollar	1.38	1.21	1.32	1.33
British pound	0.83	0.78	0.85	0.81
Danish krone	7.46	7.45	7.46	7.46
UAE dirham	5.05	4.46	4.86	4.90
Malaysian ringgit	4.51	4.25	4.15	4.35
Singapore dollar	1.74	1.61	1.65	1.69
Chinese yuan	8.34	7.54	8.15	8.22
Australian dollar	1.54	1.48	1.36	1.47

## 6 DERIVATIVES

The Group uses derivatives in order to hedge exchange rate and interest rate risks resulting from operating, financing and investing activities. Examples are currency options and forward contracts as well as interest rate caps and swaps. In accordance with its treasury policy, the Group does not use derivatives for trading purposes, nor does it issue such derivatives.

Derivatives are valued at fair value on initial recognition. The resulting income or expense is stated directly in the profit and loss account unless hedge accounting is applied (see section 7).

The fair value of derivatives is the estimated amount which the Group would receive or would have to pay in order to terminate the derivative on the reporting date, taking into account the current exchange rates, the current interest rate and the credit risk.

## 7 HEDGE ACCOUNTING

The Group applies cash flow hedge accounting to interest rate derivatives. During the hedging relationship, the effective portion of the changes in the fair value of the derivative is stated directly in other comprehensive income of the hedging reserve in equity. The ineffective portion of the changes in the fair value of the derivatives is stated directly in the profit and loss account. If the hedged future transactions are stated in the profit and loss account, the transfer takes place from equity to the profit and loss account.

## 8 SEGMENT REPORTING

An operating segment is a part of the Group conducting business activities which can result in revenues and expenses, including revenues and expenses associated with transactions with other parts of the Group. The Group determines and presents operating segments on the basis of the information reported internally to the Chief Operating Decision Maker (CODM), who takes the important operating decisions in the segment.

The operating results of an operating segment are assessed periodically by the CODM committees in order to decide on the allocation of resources to the segment and for performance assessment.

The investment expenses of a segment concern the total expenses incurred during the reporting period for the acquisition of tangible fixed assets and intangible assets with the exception of goodwill.

The assets and liabilities of the segment concern items which are or may reasonably be allocated directly.

Unallocated assets comprise profit tax receivables and cash and cash equivalents. The unallocated liabilities comprise interest-bearing loans and profit tax liabilities.

## 9 REVENUES

Revenues comprise the revenues from goods and services supplied to third parties. These are stated at the fair value of the consideration received or to be received, less taxes and any volume, trade or payment discounts due.

Revenues from sales of goods are recognised in the profit and loss account when the main risks and benefits of ownership have been transferred to the purchaser.

Revenues from services supplied are recognised in the profit and loss account in proportion to the extent of performance of the work applying on the reporting date.

No revenues are recognised if the extent of the revenues cannot be reliably determined and if significant uncertainties remain with regard to the collection of the remuneration due, the associated costs or the possible return of goods, and also if there is a protracted management involvement with such goods.

The Group also carries out projects to manufacture assets under contracts with third parties. The costs relating to a project are recognised when they are incurred. As soon as the result of a project in progress can be reliably estimated, revenues from projects in progress are recognised in proportion to its degree of completion of a project. Expected losses on projects are stated immediately in the profit and loss account.

## › Notes to the consolidated financial statements

### 10 GOVERNMENT SUBSIDIES

Subsidies granted as compensation for expenses incurred by the Group are systematically stated as income in the profit and loss account in the same period as that in which the eligible expenses are incurred and as soon as there is a reasonable certainty that they will be received and that the Group will fulfil the attached conditions. Subsidies granted to compensate the Group for the cost of an asset are systematically stated as cost of sales in the profit and loss account during the useful life of the asset.

### 11 PRESENTATION IN THE PROFIT AND LOSS ACCOUNT

The allocation of costs to the functional cost accounts can be specified as follows:

- Cost of sales: comprises all production costs (including raw material and energy costs) related to the recognised revenues.
- Selling costs: comprises the costs of marketing and sales of the products.
- Research and development costs: comprises research costs with the aim of acquiring new technological knowledge and development costs associated with the development of new products or processes for the start of commercial production.
- General management costs: comprises the strategic and management costs. The costs of support departments which do not relate directly to the other cost accounts are also included under general management costs.

### 12 LEASE PAYMENTS

Lease payments in respect of operational leasing are stated in the profit and loss account on a straight-line basis over the lease term. Remuneration received as an incentive to effect leases is stated as an integral part of the total lease costs in the profit and loss account over the lease term.

Financial lease payments are stated partly as financial expenses and partly as a repayment of the outstanding liability. The financing costs are allocated to each period of the total lease term in such a way that this results in a constant periodic interest rate on the residual balance of the liability.

### 13 FINANCIAL INCOME AND EXPENSES

Financial income and expenses include the interest income and expenses on invested and borrowed monies, interest charges on financial lease payments, foreign exchange rate differences, dividends from other participating interests and results of derivatives for which no hedge accounting is used and the realised and ineffective portion of the change in the fair value of derivatives for which hedge accounting is used. Interest income and expenses are stated in the profit and loss account on the basis of the effective interest method.

Material financial expenses in the construction period which are directly attributable to the acquisition, construction or production of an eligible asset (which will require a considerable period before it is ready for use or sale) are capitalised as part of the costs of that asset.

Dividend income from other participating interests is stated in the profit and loss account at the time at which the Group's right to payment is established.

### 14 PROFIT TAX

The tax on profit for the financial year includes the profit tax that is payable, available for set-off and deferred in respect of the reporting period. The profit tax is stated in the profit and loss account, except where it relates to items which are included directly in equity or in other comprehensive income. Profit tax that is payable and available for set-off in respect of the reporting period is the profit tax which is expected to be payable on the taxable result, calculated on the basis of tax rates which have been set on the reporting date, or on which a firm decision has been taken by the reporting date, and any corrections to profit tax payable in respect of previous years. Additional taxes on profit from dividend payments are stated at the same time as the liability to pay the respective dividend.

A receivable / provision is recognised for deferred tax differences using the balance sheet liability method for temporary differences between the carrying value of assets and liabilities for the financial reporting and the fiscal carrying value of the items concerned. No provision is formed in respect of two temporary differences: non-tax-deductible goodwill and the difference between the economic and fiscal value of subsidiaries, associated companies, joint ventures and other participating interests. The amount of the provision for deferred profit tax liabilities is based on the method by which the carrying value of the assets and liabilities is expected to be

realised or settled, using tax rates which, on the reporting date, have been specified by law or in material terms.

Deferred profit tax assets and liabilities are offset if there is a legally enforceable right to offset the profit tax assets and liabilities and such assets and liabilities relate to profit tax imposed by the same tax authority on the same taxable entity, or on different taxable entities which intend to offset the profit tax assets and liabilities or whose profit tax assets and liabilities are realised simultaneously.

A deferred profit tax asset is only recognised in respect of unused tax losses, tax income and deductible temporary differences to the extent that it is likely that future taxable profits will be available which can be applied for the realisation of the timing difference. Deferred profit tax assets are reviewed on each reporting date and reduced if it is no longer likely that the associated tax benefit will be realised.

#### **15 EARNINGS PER SHARE**

The Group presents ordinary and diluted earnings per share for the ordinary share capital. The net earnings per ordinary share are calculated on the basis of the net result attributable to shareholders of the Group divided by the weighted average number of ordinary shares in issue during the reporting period (corrected to take account of own shares). In the calculation of the diluted earnings, the weighted average number of ordinary shares in issue during the reporting period is corrected to take account of the potential dilutive effect on the ordinary shares arising from the share options granted to employees.

#### **16 NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED**

A number of new standards, amendments to standards and interpretations were not yet in force in 2014 and have therefore not been applied to these consolidated financial statements:

- IFRS 9 Financial instruments: IFRS 9 contains revised provisions for the classification and valuation of financial instruments, including a new model for expected credit losses for calculating the valuation of financial assets, and the new general requirements for hedge accounting. IFRS 9 applies to financial years beginning on or after 1 January 2018.
- IFRS 15 Revenues from Contracts with Customers: provides an extensive framework to determine whether, to what extent and when revenues must be recognised. The standard is intended to replace the existing provisions on revenue recognition, including IAS 18 (Revenue) and IAS 11 (construction contracts). IFRS 15 applies to financial years beginning on or after 1 January 2017.

The Group is currently assessing the possible effect of applying these standards. The other new or amended standards are not expected to have any material effect on the Group's consolidated financial statements.

#### **17 PRINCIPLES FOR THE PREPARATION OF THE CASH FLOW STATEMENT**

Cash flows from operating activities are presented on the basis of the indirect method. Cash flows in foreign currencies are converted at the exchange rate on the date of the cash flow or on the basis of averages. Changes which have not resulted in cash flows, such as exchange rate differences, acquisitions, financial lease liabilities, changes in fair value, recognised share-related transactions and similar transactions are eliminated in this statement. Dividends paid to shareholders are included in the cash flow from financing activities. Dividends received are stated in the cash flow from investing activities, and interest paid is stated in the cash flow from operating activities. Overdrafts which are immediately repayable and form part of the Group's cash management are included in the balance of cash and bank current accounts as part of the consolidated cash flow statement.

## › Notes to the consolidated financial statements

### 18 FIXED ASSETS HELD FOR SALE

Fixed assets (or groups of assets and liabilities which are expected to be disposed of) are considered to be 'held for sale' if it is highly probable that their carrying value will be realised principally through sale and not through their continued use. The assets (or group of assets to be disposed of) are generally stated at the lower of their carrying value or sale value minus sale costs. An impairment loss in respect of a group of assets and liabilities to be disposed of is allocated in the first instance to goodwill and thereafter proportionately to the residual assets and liabilities, on the understanding that no impairment loss is allocated to inventories, financial assets, deferred tax receivables and assets in respect of personnel remuneration valued in accordance with the other accounting policies of the Group. Impairment losses resulting from the initial classification as 'held for sale' and profits or losses from revaluation after initial recognition are stated in the profit and loss account. Once classified as held for sale, intangible and tangible assets are not amortised or depreciated.

### 19 INTANGIBLE ASSETS

#### 19.1 Goodwill

Details of the valuation of goodwill on initial recognition can be found in note 4.1. Goodwill is valued at cost less accumulated impairments. The carrying value of the goodwill on investments in associated companies is included in the carrying value of the respective investment. An impairment loss on an associated company is allocated to the carrying value of the associated company investment. Goodwill is allocated to cash generating units and is tested each year on the reporting date to assess whether there is any indication of impairment.

#### 19.2 Other intangible assets

The other intangible assets consist of:

#### Research and development

Expenses for research activities carried out with a view to acquiring new scientific or technical knowledge and insights are stated as an expense in the profit and loss account when they are incurred.

Expenses for development activities, in which research results are used for a plan or design for the production of new or substantially improved products and processes, are capitalised if the development costs can be reliably determined, the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development and use or sell the asset. The capitalised

expenses include material costs, direct labour costs, financing costs and an appropriate portion of directly attributable overheads. Other development costs are stated as an expense in the profit and loss account when they are incurred. The capitalised development costs are valued at cost less accumulated amortisation and accumulated impairments (see note 24).

#### Other intangible assets

Other intangible assets acquired by the Group relate to customer relationships, trademark rights, patents, software and similar rights. These intangible assets are valued at cost less accumulated amortisation and accumulated impairments (see note 24). Costs of internally generated goodwill and trademarks are stated as an expense in the profit and loss account when they are incurred.

#### 19.3 Expenses after initial recognition

Expenses after the initial recognition of capitalised intangible assets are capitalised only if they lead to an increase in the future economic benefits embodied in the particular asset to which they relate. All other expenses are charged to the profit and loss account when they are incurred.

#### 19.4 Amortisation

Amortisation is calculated on the cost of the asset, less the residual value.

Amortisation costs are charged on a straight-line basis to the profit and loss account in accordance with the estimated useful life of intangible assets. Goodwill is tested each year on the reporting date to assess whether any impairment has arisen. The amortisation of other intangible assets begins as soon as the assets are available for use.

The estimated economic life is as follows:

■ Development costs	5 years
■ Other intangible assets	3 – 14 years

The amortisation method, economic life and residual value are assessed periodically and adjusted if necessary.

## 20 TANGIBLE FIXED ASSETS

### 20.1 Owned assets

Tangible fixed assets are valued at cost less accumulated depreciation (see 20.4) and accumulated impairments (see note 24).

The cost of self-manufactured assets comprises material costs, direct labour costs and any other costs attributable directly to the preparation of the asset for use, any costs of dismantling and removing the asset, the costs of restoring the location in which the asset is held and capitalised financing costs.

Where tangible fixed assets consist of components with differing useful lives, these are stated as separate items under tangible fixed assets.

The profit or loss on the sale of a tangible fixed asset is determined by comparing the sales proceeds with the carrying value of the tangible fixed asset. The net difference is stated under general management costs in the profit and loss account.

### 20.2 Leased assets

Leases in which the Group actually assumes all the risks and benefits of ownership are classified as financial leases. Tangible fixed assets which are acquired by means of financial leases are valued on initial recognition at the lower of fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation (see note 20.4) and impairments (see note 24). Lease payments are stated as described in note 12.

### 20.3 Expenses after initial recognition

Expenses incurred for the replacement of a component of a tangible fixed asset are capitalised provided the future economic benefits resulting from the asset accrue to the Group and the cost of such replacement expenses can be reliably determined. All other expenses are charged to the profit and loss account when they are incurred.

### 20.4 Depreciation

Depreciation is calculated on the cost of an asset less the residual value. Depreciation is charged to the profit and loss account on the basis of the straight-line method over the estimated economic life of each component of a tangible fixed asset. Land is not depreciated.

The estimated economic life is as follows:

■ buildings	33 years
■ fixtures and installations in buildings	10 years
■ plant and equipment	7 – 10 years
■ inventory	5 years
■ computers and office equipment	3 – 5 years

The depreciation method, economic life and residual value are assessed periodically and adjusted if necessary.

## 21 INVENTORIES

Inventories are stated at the lower of cost or net realisable value. The cost of inventories is based on the FIFO (first in, first out) principle and includes the costs incurred for the acquisition of the inventories, their production or conversion and bringing them to the existing location and condition. In the case of inventories of finished products and work in progress, the cost includes in addition to the direct costs an appropriate portion of the indirect costs based on the normal production capacity. The net realisable value is the estimated sale price in ordinary operations, less the estimated costs of completion and the sale costs.

## 22 TRADE DEBTORS AND OTHER RECEIVABLES

Trade and other receivables with a term of less than one year are stated at amortised cost less impairments.

Projects in progress commissioned by third parties concern the gross amount yet to be charged that is expected to be collected from customers for the contract work carried out up to the reporting date. This item is carried at cost plus the profit recognised up to that time less invoiced instalments in proportion to the progress of the project and recognised losses. The cost includes all expenditure directly related to specific projects and an allocation of the fixed and variable indirect costs incurred.

## › Notes to the consolidated financial statements

Projects in progress commissioned by third parties under contracts in which the amount of costs incurred plus the recognised profit is higher than the invoiced instalments are stated in the balance sheet under other receivables. If the amount of invoiced instalments is higher than the costs incurred plus recognised profit, the difference is stated in the balance sheet under trade creditors and other payables.

### **23 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash balances and immediately claimable credit balances with an original term of three months or less. Overdrafts at banks which are immediately claimable and form an integral part of the Group's cash management are included as part of the cash and cash equivalents for the purposes of the cash flow statement.

### **24 IMPAIRMENT**

The carrying value of the Group's assets, except that of inventories (see note 21) and deferred profit tax assets (see note 14) is examined at each reporting date in order to determine whether there are indications of impairment. If there are such indications, an estimate is made of the realisable value of the asset. In the case of goodwill and intangible assets which are not yet available for use, the realisable value is estimated at each reporting date. This also applies if there is an indication of impairment.

An impairment is recognised when the carrying value of an asset or the cash generating unit thereof is higher than the estimated realisable value. It is first charged to any allocated goodwill and then deducted proportionately from the carrying value of the other assets.

For the testing of impairments, assets which cannot be tested individually are combined into the smallest distinguishable group of assets which, as a result of continuous use, generates cash flow that is broadly independent of the incoming cash flows from other assets or groups of assets (the cash generating unit). Taking into account the maximum size of an operating segment before aggregation (the 'operating segment ceiling test'), cash generating units to which goodwill has been allocated for the testing of goodwill with regard to impairment are combined in such a way that the level at which such impairment is tested reflects the lowest level at which goodwill is monitored in internal reporting. Goodwill acquired in a business combination is allocated to groups of cash generating units which are expected to benefit from the synergy advantages of the combination.

### **24.1 Calculation of the realisable value**

The realisable value is the higher of the recoverable amount, less costs to sell, and the value in use. In determining the value in use, the present value of the estimated future cash flows is calculated using a discount rate before tax which reflects both the current market valuations of the time value of money and the specific risks relating to the asset or cash generating unit. In the case of an asset which generates no cash receipts that are largely independent of other assets, the realisable value is determined for the cash generating unit to which the asset belongs.

### **24.2 Reversal of impairments**

An impairment relating to goodwill cannot be reversed. In the case of other assets, an assessment is made on the reporting date as to whether an impairment must be reversed if there is a change in the estimates on which the realisable value was based.

An impairment is only reversed to the extent that the carrying value of the asset is not higher than the carrying value which would have been determined after the deduction of depreciation, if no impairment had been recognised.

Goodwill which is part of the carrying value of an investment in an associated company is not recognised separately and therefore not tested separately for impairment. Instead, the total amount of the investment in an associated company is tested for impairment as a single asset if there are objective indications that the investment in an associated company may be subject to impairment.

## **25 SHARE CAPITAL**

### **25.1 Share capital**

The share capital is classified as equity.

### **25.2 Repurchase of own shares**

On the repurchase of share capital which is stated in the balance sheet as equity, the amount of the paid consideration, including directly attributable costs, is stated as a change in equity. Repurchased shares are classified in the reserve for own shares and presented as a deduction from total equity.

### **25.3 Dividend**

Dividend is stated as a liability in the period in which it is declared.

## **26 PENSION LIABILITIES**

### **26.1 Defined contribution schemes**

Liabilities relating to contributions to defined contribution pension schemes are charged to the profit and loss account in the period to which they relate.

### **26.2 Defined benefit schemes**

The Group's net liability in respect of defined benefit pension schemes is calculated separately for each scheme by estimating the amount of the future entitlement which employees have earned in the present and previous reporting periods in exchange for their services. This entitlement is discounted in order to determine the present value, with the fair value of the fund investments being deducted. The discount rate is the yield on the reporting date of bonds which have an AA credit rating and a period to maturity which approximates the term of the Group's liabilities and are denominated in the currency in which the entitlements arise. The calculation is performed by an authorised actuary on the basis of the projected unit credit method. If the entitlements under a pension scheme are increased, the proportion of the higher entitlement which relates to employees' past service is stated as an expense in the profit and loss account on a straight-line basis over the average period up to the vesting of the rights. If the rights are vested immediately, the expense is stated immediately in the profit and loss account.

Actuarial gains and losses in respect of a pension scheme are credited or charged directly to group equity.

If the calculation results in a receivable for the Group, the recognised asset item is limited to an amount not exceeding any unrecognised back-service costs and the present value of economic benefits in the form of any future repayments by the fund or, if lower, future pension contributions.

## **27 SHARE-BASED PAYMENTS**

The option scheme enables the Group's management to acquire shares in Royal Ten Cate.

The fair value of the granted options is stated under personnel costs, with a corresponding entry in equity. The fair value is determined on the grant date and is allocated over the period up to the time at which the management acquires an unconditional right to the options. The amount stated as costs is adjusted annually to the number of options which will be exercised. The fair value of the granted options is determined on the basis of the binomial model, taking account of the conditions under which the options have been granted. Valuation factors include the share price on the valuation date, the exercise price of the instrument, the expected volatility, the weighted average expected term of the instruments (based on past experience and the conduct of the instrument holders), the expected dividends and the risk-free interest rate (based on government bonds).

## **28 PROVISIONS**

A provision is recognised in the balance sheet if there is a legally enforceable or actual obligation as a result of a past event and it is likely that an outflow of resources will be required to settle such liability and such outflow can be reliably estimated. If the effect of this is material, the provisions are determined by discounting the expected future cash flows using a discount rate before profit tax which reflects the current market valuations of the time value of money and, if necessary, the specific risks of the liability. Interest accrual is stated as a financial expense.

## › Notes to the consolidated financial statements

### 28.1 Claims and guarantees

The provision for claims relates to damages claims and any litigation costs. The provision for guarantees relates to goods and services supplied and is based on historical guarantee data.

### 28.2 Reorganisation

Reorganisation provisions are included if the Group has formalised a detailed plan for the reorganisation and has begun or publicly announced the reorganisation. The reorganisation provision does not include costs incurred in relation to future activities.

### 28.3 Other personnel liabilities

Long-service leave and other allowances such as anniversaries form part of the provisions under other personnel liabilities. These provisions are accumulated over the respective period as in the case of defined benefit pension schemes, except that actuarial gains or losses are recognised in the profit and loss account in the period in which they arise.

### 28.4 Environment

In accordance with the Group's published environmental policy and the applicable legal obligations, a provision for the clearance of environmental pollution is recognised when the pollution occurs.

### 28.5 Onerous contracts

A provision is recognised in the balance sheet for onerous contracts if the benefits which the Group expects to obtain from a contract are lower than the unavoidable costs of fulfilling the liabilities under the contract. The provision is valued at the lower of the present value of the expected costs of terminating the contract and the present value of the expected net costs of continuing the contract.

### 29 LONG-TERM DEBTS

When included for the first time, interest-bearing loans received are stated at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans are carried at amortised cost, with the difference between the cost and the redemption price being stated in the profit and loss account on the basis of the effective interest method over the term of the loans.

### 30 TRADE CREDITORS

Trade creditors and other payables are carried at amortised cost.

### 31 DETERMINATION OF FAIR VALUE

A number of principles and the Group's information provision require the determination of the fair value of both financial and non-financial assets and liabilities. For the purposes of valuation and information provision, the fair value is determined on the basis of the following methods. If applicable, further information on the principles for determining the fair value is provided in the section of these notes applying specifically to the respective asset or the respective liability.

#### ■ Tangible fixed assets

The fair value of tangible fixed assets included as a result of a business combination is the estimated amount for which an item of immovable property could be traded on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing in which the parties have each acted prudently and knowledgeably. The market value of other tangible fixed assets and inventories is based on the listed market prices of comparable assets and items where available, and on replacement costs where applicable.

#### ■ Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is determined on the basis of the discounted estimated royalties which have been avoided as a result of ownership of the patent or trademark. The fair value of customer relationships acquired in a business combination is determined using the excess earnings method over several periods, with the respective assets being valued after deduction of a real return on all other assets which jointly constitute the associated cash flows. The fair value of other intangible assets is based on the expected present value of the cash flow from the use and ultimate sale of the asset.

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■ Inventories

The fair value of inventories acquired as part of a business combination is determined on the basis of the estimated sale price in normal business operation, less the estimated costs of completion and the sale costs, plus a reasonable profit margin reflecting the completion and sale effort.

■ Trade debtors and other receivables

The fair value of trade debtors and other receivables, excluding projects in progress commissioned by third parties, is estimated at the present value of the future cash flows, on the basis of the market interest rate applying on the reporting date. This fair value is determined for information purposes or if the trade debtors and other receivables are acquired by means of a business combination.

# Notes to the profit and loss account

## 32 OPERATING SEGMENTS

The Group consists of three segments, as described below. The primary basis for the segment allocation is the decisive importance of the finishing/coating technology for the Advanced Textiles & Composites sector and extrusion technology for the Geosynthetics & Grass sector. The segments also offer a range of products and services and are managed separately. The summary below describes the activities of the various segments of the Group:

### ■ Advanced Textiles & Composites

Manufacture and sale of protective and safety fabrics for professional wear, outdoor fabrics, composites for personal and vehicle protection and composites for industrial applications and technological applications in aerospace.

### ■ Geosynthetics & Grass

Manufacture and sale of fabrics, non-wovens and grids for civil engineering, environmental projects, recreational and industrial applications and manufacture and sale of synthetic turf fibres and backing for a range of applications.

### ■ Other Activities

Manufacture and sale of rubber and foam rollers for the office equipment industry and related products, development, production and sale of inkjet technology and related components for industrial applications, as well as country holding companies and service companies.

Limited transactions take place between the segments. The prices for these transactions are determined on an objective business basis.

There is no segment in which the Group depends on sales to a single customer for all its revenues.

## Analysis by geographic location

The segments report on the basis of four regions: the Netherlands, Other Europe, North America and Asia / Australia / Middle-East. In the presentation of information based on geographic segments, the revenues of the segment are based on the geographic location of origin. The assets of the segments are based on the geographic location of the assets.

The following page contains an overview of each of the reporting segments. The performance is determined on the basis of the operating result, as stated in the internal management report to the CODM. The CODM is formed by the Executive Board.

### 32.1 Analysis by operating segment

in millions of euros	Advanced Textiles & Composites		Geosynthetics & Grass		Other Activities		Eliminations between segments		Consolidated	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
<b>EXTERNAL REVENUES</b>	427.8	<b>435.3</b>	508.2	<b>538.7</b>	66.4	<b>67.6</b>	–	–	1,002.4	<b>1,041.6</b>
Revenue from transactions between segments	–	–	–	–	–	–	–	–	–	–
Depreciation and amortisation	– 16.6	<b>– 16.1</b>	– 25.7	<b>– 22.2</b>	– 5.4	<b>– 5.7</b>	–	–	– 47.7	<b>– 44.0</b>
Impairment of assets	–	<b>– 68.4</b>	–	–	–	<b>– 13.8</b>	–	–	–	<b>– 82.2</b>
<b>Operating income</b>	15.0	<b>– 48.5</b>	23.5	<b>20.1</b>	– 3.0	<b>– 8.1</b>	–	–	35.5	<b>– 36.5</b>
Financial income									0.5	1.0
Financial expenses <sup>1</sup>									– 10.5	– 8.6
Profit tax									– 8.5	– 1.4
Net result of associated companies / joint ventures	–	–	0.1	<b>0.4</b>	–	–	–	–	0.1	<b>0.4</b>
<b>ASSETS AND LIABILITIES</b>										
Assets of segments	334.7	<b>312.7</b>	413.0	<b>457.8</b>	66.1	<b>51.0</b>	–	–	813.8	<b>821.5</b>
Investments accounted for by the equity method	–	–	9.1	<b>5.4</b>	–	–	–	–	9.1	<b>5.4</b>
Unallocated assets	–	–	–	–	–	–	–	–	45.1	<b>69.6</b>
<b>Total assets</b>	<b>334.7</b>	<b>312.7</b>	<b>422.1</b>	<b>463.2</b>	<b>66.1</b>	<b>51.0</b>	<b>–</b>	<b>–</b>	<b>868.0</b>	<b>896.5</b>
Liabilities of segment <sup>2</sup>	67.3	<b>73.3</b>	76.9	<b>84.0</b>	32.7	<b>35.2</b>	–	–	176.9	<b>192.5</b>
Unallocated liabilities	–	–	–	–	–	–	–	–	217.8	<b>256.3</b>
<b>Total liabilities</b>	<b>67.3</b>	<b>73.3</b>	<b>76.9</b>	<b>84.0</b>	<b>32.7</b>	<b>35.2</b>	<b>–</b>	<b>–</b>	<b>394.7</b>	<b>448.8</b>
Investment expenditure	7.8	<b>13.7</b>	4.9	<b>7.4</b>	1.7	<b>3.7</b>			14.4	<b>24.8</b>

<sup>1</sup> 2014: excluding € 1.0 million of consolidated exchange rate differences (2013: € 0).

<sup>2</sup> Excluding intercompany loans.

### 32.2 Analysis by geographic location

	Revenues by origin		Non-current assets by origin*	
	2013	2014	2013	2014
Netherlands	209.2	<b>219.1</b>	56.3	<b>54.7</b>
Rest of Europe	189.5	<b>207.6</b>	106.0	<b>45.8</b>
North America (USA)	449.7	<b>470.8</b>	140.8	<b>122.0</b>
Asia / Australia / Middle East	154.0	<b>144.1</b>	138.7	<b>146.5</b>
<b>Total</b>	<b>1,002.4</b>	<b>1,041.6</b>	<b>441.8</b>	<b>369.0</b>

\* Non-current assets excluding financial instruments and deferred profit tax assets.

### 33 ACQUISITIONS AND SALE OF PARTICIPATING INTERESTS

#### 33.1 Acquisitions

In May 2014 the Group acquired a 9.12% interest from the minority shareholder and thus acquired full control of Xennia Technology Ltd.

#### 33.2 Deconsolidation

The interest in Bresco AS, Molde, Norway, was sold in 2014, resulting in a book profit of € 0.2 million. The book profit has been stated under General management costs.

## › Notes to the profit and loss account

TenCate – Union Protective Fabrics Asia Ltd was deconsolidated in 2013 because the Group no longer has control over the company. The deconsolidation did not generate a result. The cash flow from investing activities as a result of deconsolidation amounts to € 4.2 million due to the deconsolidation of a bank debt.

<b>34 PERSONNEL COSTS</b>	2013	2014
Wages and salaries	150.4	154.4
Social charges	31.5	33.7
Costs of option scheme	1.6	1.7
Pension costs	10.0	2.4
Temporary personnel	15.6	16.8
Other personnel costs	7.0	8.3
<b>Total personnel costs</b>	<b>216.1</b>	<b>217.3</b>

The pension costs amount to € 2.4 million and comprise of € 2.8 million of income (2013: € 5.1 million expense) in respect of defined benefit pension schemes (see note 51.3) and an expense of € 5.2 million (2013: € 4.9 million) in respect of defined contribution schemes. The income in respect of defined benefit schemes includes exceptional income of € 7.9 million (2013: € 0.1 million) (see note 51) in connection with a change in the pension scheme.

The average number of employees (permanent and temporary) in the Group in 2014 was 4,801 (2013: 4,716).

### **35 GENERAL MANAGEMENT COSTS**

The general management costs include the following other operating expenses and income.

Government grants amount to € 1.6 million (2013: € 1.1 million) and relate particularly to research and development projects.

In 2014 the result on the sale of tangible assets amounts to – € 0.6 million (2013: € 0.2 million).

<b>36 NET FINANCIAL EXPENSES</b>	2013	2014
Interest income	0.5	1.0
Foreign currency exchange rate differences	–	–
<b>Financial income</b>	<b>0.5</b>	<b>1.0</b>
Interest expenses	– 7.3	– 6.3
Foreign currency exchange rate differences	–	– 1.0
Realised change in fair value of derivatives for which hedge accounting is applied	– 3.0	– 2.1
Ineffective portion of change in fair value of derivatives for which hedge accounting is applied	– 0.1	–
Result of derivatives for which no hedge accounting is applied	– 0.1	– 0.2
<b>Financial expenses</b>	<b>– 10.5</b>	<b>– 9.6</b>
<b>Net financial expenses</b>	<b>– 10.0</b>	<b>– 8.6</b>

<b>37 PROFIT TAX</b>	2013	2014
<b>Profit tax payable</b>		
Current financial year	– 12.3	– 11.5
Recognition of previously unrecognised tax losses	0.7	0.1
Underprovision (overprovision) in previous years	–	– 0.5
	– 11.6	– 11.9
<b>Deferred profit tax</b>		
Origination and reversal of temporary differences	2.7	12.9
Recognition of previously unrecognised tax losses	–	– 2.6
Change in unrecognised temporary differences	0.1	–
Change in tax rates	0.3	0.2
	3.1	10.5
<b>Total profit tax charge in profit and loss account</b>	<b>– 8.5</b>	<b>– 1.4</b>

<b>Reconciliation with applicable profit tax rate</b>		2013		2014
Result before profit tax		25.5		– 45.1
Tax on profit at average weighted local rate	30.6%	7.8	31.5%	– 14.2
Non-tax-deductible costs	3.9%	1.0	– 25.0%	11.3
Tax-exempt income / deductions	– 11.4%	– 2.9	7.3%	– 3.3
Corrections from previous years	–	–	– 1.1%	0.5
Change in tax rates	– 1.2%	– 0.3	0.4%	– 0.2
Losses in reporting year for which no deferred tax asset has been recognised	14.1%	3.6	– 8.4%	3.8
Change in tax losses from previous years for which no deferred tax asset has been recognised	– 2.7%	– 0.7	0.2%	– 0.1
Change in tax losses for which a deferred tax asset has been recognised in previous years	–	–	– 5.8%	2.6
Change in unrecognised deferred tax assets in respect of temporary valuation differences	– 0.4%	– 0.1	–	–
Other differences	0.4%	0.1	– 2.2%	1.0
<b>Tax charge in the profit and loss account</b>		<b>33.3%</b>		<b>8.5 – 3.1%</b>

The rise in the weighted average tax rate from 30.6% to 31.5% results from the impairment relating particularly to countries with relatively high tax rates. Before impairment, the weighted average tax rate fell from 30.6% to 23.2%. In comparison with 2013, a larger share of the result was generated in countries with a relatively low tax rate and a smaller share in countries with a relatively high tax rate in 2014.

The decrease in the effective tax rate from 33.3% to – 3.1% is due to the impairment, which is largely non-deductible for tax purposes. Before impairment, the effective tax rate fell from 33.3% to 28.8%, particularly as a result of the aforementioned change in the various countries' shares in the result before profit tax.

# Notes to the consolidated balance sheet

## 38 ASSETS AND LIABILITIES HELD FOR SALE

The Group has classified TenCate Enbi as held for sale. On 7 January 2015 it was announced that the Group had reached agreement with Platinum Equity, an American private equity fund, on the sale of TenCate Enbi. The transaction is expected to be completed in the first half of 2015. TenCate Enbi is part of the Other Activities sector. The TenCate Enbi disposal group has been valued at fair value less costs to sell. This led to an impairment of tangible fixed assets of € 1.4 million, which has been charged to cost of sales.

In addition, the associated companies Hellas Construction Inc (30%) and Landscape Solutions B.V. (25%) have been classified as held for sale. The disposal group in respect of these participating interests includes trade and other receivables and debtors. These disposal groups have been valued at carrying value and are part of the Geosynthetics & Grass sector.

The effect of the classification as held for sale can be analysed as follows:

	2014
Tangible fixed assets	8.5
Investments accounted for using the equity method	4.5
Financial fixed assets	0.3
Deferred profit tax assets	0.7
Inventories	7.7
Trade debtors and other receivables	12.6
<b>Assets held for sale</b>	<b>34.3</b>
Deferred profit tax liabilities	0.1
Trade creditors and other payables	8.5
Profit tax liabilities	1.0
<b>Liabilities held for sale</b>	<b>9.6</b>

<b>39 INTANGIBLE ASSETS</b>	Goodwill	Development costs	Other intangible assets	Total
<b>Cost</b>				
Balance as at 1 January 2013	214.1	17.4	101.6	333.1
Acquisitions	6.9	–	10.6	17.5
Additions	–	3.3	1.3	4.6
Exchange rate differences	– 7.0	– 0.6	– 2.9	– 10.5
<b>Balance as at 31 December 2013</b>	<b>214.0</b>	<b>20.1</b>	<b>110.6</b>	<b>344.7</b>
Additions	–	4.1	1.5	5.6
Disposals	–	–	– 0.7	– 0.7
Exchange rate differences	21.3	1.5	9.6	32.4
<b>Balance as at 31 December 2014</b>	<b>235.3</b>	<b>25.7</b>	<b>121.0</b>	<b>382.0</b>
<b>Amortisation</b>				
Balance as at 1 January 2013	2.5	5.5	58.9	66.9
Amortisation	–	2.1	10.9	13.0
Exchange rate differences	– 0.2	– 0.1	– 2.0	– 2.3
<b>Balance as at 31 December 2013</b>	<b>2.3</b>	<b>7.5</b>	<b>67.8</b>	<b>77.6</b>
Amortisation	–	2.0	10.7	12.7
Impairments	71.5	4.0	2.4	77.9
Disposals	–	–	– 0.7	– 0.7
Exchange rate differences	0.2	0.2	7.1	7.5
<b>Balance as at 31 December 2014</b>	<b>74.0</b>	<b>13.7</b>	<b>87.3</b>	<b>175.0</b>
<b>Carrying value</b>				
Balance as at 1 January 2013	211.6	11.9	42.7	266.2
Balance as at 31 December 2013	211.7	12.6	42.8	267.1
Balance as at 31 December 2014	161.3	12.0	33.7	207.0

### 39.1 Amortisation/impairment

The Group recognised an impairment loss of € 77.9 million on intangible assets in 2014 (2013: € 0).

The goodwill impairment of € 71.5 million has been stated separately in the profit and loss account. The impairment of the development costs and other intangible assets has been charged to cost of sales (€ 2.8 million) and research and development costs (€ 3.6 million).

### 39.2 Impairment testing for cash generating units which include goodwill

The following units include goodwill items:

	2013	2014
TenCate Grass	111.5	124.9
TenCate Advanced Armour	57.2	–
TenCate Advanced Composites	30.2	33.8
Xennia	9.2	–
Other Activities	3.6	2.6
<b>Total</b>	<b>211.7</b>	<b>161.3</b>

## › Notes to the consolidated balance sheet

The Group tested the existing goodwill for impairment. The realisable value has been determined on the basis of the value in use. The value in use is based on the future cash flows over the forthcoming four years, based on historical empirical data, market expectations and strategic plans. No growth rate is applied for the period beyond four years. The value in use in 2014 has been determined in the same way as in 2013. On the basis of this test, a goodwill impairment has been recognised at TenCate Advanced Armour and Xennia. The other changes in 2014 related to exchange rate differences.

### **Principal assumptions made in estimating the present value of cash flows**

The principal assumptions made in calculating the realisable value concern discount rates, revenue growth and EBITDA margins.

#### **Discount rate**

The discount rate is a pre-tax measure based on the risk-free interest rate on government bonds, adjusted for the risk premium for both the higher risk of securities investments and the Group's systemic risk. The pre-tax discount rates used range from 8.7% to 9.4% (2013: 9.2% to 9.4%).

#### **Revenue growth**

The expected revenue growth is expressed as the compound annual growth in the first four years of the schedules used to test impairment and is based on past experience, market expectations and strategic plans.

#### **EBITDA margin**

The EBITDA margin is the margin based on the result before net financial expenses, taxes, depreciation and amortisation as a percentage of expected revenues.

### **Impairments**

#### **TenCate Advanced Armour**

An impairment loss of € 68.4 million has been recognised related to TenCate Advanced Armour, € 61.6 million of which relates to goodwill, with the remainder being allocated to other intangible assets and tangible fixed assets.

The impairment loss results from changes to forecasts. These are based partly on the historical results of TenCate Advanced Armour, which recorded a substantial operating loss in 2014. The market group has a number of long-term supply contracts both in the United States and in Europe. The timing and size of the actual order deliveries nevertheless remain uncertain. The discount rate used is 8.7% (2013: 9.3%).

#### **Xennia**

An impairment loss of € 12.4 million has been recognised related to Xennia (Xennia Technology Ltd), € 9.9 million of which relates to goodwill, with the remainder being allocated to other intangible assets and tangible fixed assets. The impairment results from changes to forecasts. These are based partly on the historical results of Xennia as well as a recalibration of the strategy with a focus on ink activities. The discount rate used is 8.9% (2013: 9.4%).

#### **Sensitivity to changes in assumptions**

The sensitivity of the principal assumptions has been investigated and is particularly important with regard to the TenCate Grass unit, because in the event of a relatively small change in the assumptions the carrying value of this unit exceeds the realisable value.

#### **TenCate Grass**

The assumptions used for the discount rate and revenue growth are 9.4% and 6% respectively. The realisable value exceeds the carrying value of this unit by approximately € 30 million. In the case of a discount rate of 10.2% or revenue growth of 2%, the realisable value is close to the carrying value. If the assumed EBITDA margin deviates by less than 1%, the realisable value still exceeds the carrying value.

#### **Other units**

With regard to the other units with goodwill it was concluded that an adjustment to one of these assumptions would not reasonably result in the carrying value exceeding the realisable value.

### 39.3 Other intangible assets

The other intangible assets concern in particular valued technologies, customer relationships and other valued intangible assets in acquisitions.

<b>40 TANGIBLE FIXED ASSETS</b>	Land and buildings	Plant and equipment	Other operating assets	Assets under construction	Total
<b>Cost</b>					
Balance as at 1 January 2013	143.1	454.4	52.4	2.7	652.6
Acquisitions	–	1.5	0.3	–	1.8
Additions	0.6	6.1	1.9	1.2	9.8
Disposals	–0.2	–6.9	–1.4	–	–8.5
Deconsolidation	–1.7	–3.2	–0.4	–	–5.3
Exchange rate differences	–3.4	–9.5	–1.4	–0.1	–14.4
<b>Balance as at 31 December 2013</b>	<b>138.4</b>	<b>442.4</b>	<b>51.4</b>	<b>3.8</b>	<b>636.0</b>
Additions	1.3	13.5	1.4	3.0	19.2
Disposals	–0.7	–4.8	–2.2	–	–7.7
Reclassification to Assets held for sale	–13.2	–26.0	–4.0	–1.1	–44.3
Exchange rate differences	8.0	26.9	2.2	0.7	37.8
<b>Balance as at 31 December 2014</b>	<b>133.8</b>	<b>452.0</b>	<b>48.8</b>	<b>6.4</b>	<b>641.0</b>
<b>Depreciation</b>					
Balance as at 1 January 2013	72.4	340.5	43.2	–	456.1
Depreciation	5.9	25.5	3.3	–	34.7
Disposals	–0.2	–6.5	–1.2	–	–7.9
Deconsolidation	–0.5	–2.9	–0.3	–	–3.7
Exchange rate differences	–1.4	–6.7	–0.7	–	–8.8
<b>Balance as at 31 December 2013</b>	<b>76.2</b>	<b>349.9</b>	<b>44.3</b>	<b>–</b>	<b>470.4</b>
Depreciation	5.5	22.8	3.0	–	31.3
Impairments	–	3.7	0.6	–	4.3
Disposals	–0.7	–4.1	–2.1	–	–6.9
Reclassification to Assets held for sale	–6.1	–24.8	–3.8	–1.1	–35.8
Exchange rate differences	3.8	20.6	1.8	–	26.2
<b>Balance as at 31 December 2014</b>	<b>78.7</b>	<b>368.1</b>	<b>43.8</b>	<b>–1.1</b>	<b>489.5</b>
<b>Carrying value</b>					
Balance as at 1 January 2013	70.7	113.9	9.2	2.7	196.5
Balance as at 31 December 2013	62.2	92.5	7.1	3.8	165.6
Balance as at 31 December 2014	55.1	83.9	5.0	7.5	151.5

## › Notes to the consolidated balance sheet

### 40.1 Impairment loss and reversal of impairment

The Group recognised an impairment loss of € 4.3 million on tangible fixed assets in 2014 (2013: € 0) at the expense of cost of sales in the profit and loss account.

No impairment losses were reversed during the year.

### 40.2 Leased buildings, plant and equipment

The Group leases buildings, plant and equipment under a number of financial leases.

The net carrying value of these assets as at 31 December 2014 was € 4.1 million (31 December 2013: € 5.5 million). The leased buildings, plant and equipment serve as collateral for the financial lease liabilities (see note 50).

### 40.3 Collateral

As at 31 December 2014 no plant and equipment was encumbered as collateral (2013: none).

41 EQUITY-ACCOUNTED INVESTEEES	2013	2014
Interest in joint venture	5.2	5.4
Interest in associated companies	3.9	–
<b>Balance as at 31 December</b>	<b>9.1</b>	<b>5.4</b>

The interest in a joint venture relates to the 50% interest in the shares of Edel Grass B.V. The associated companies item relates to the 30% interest in the shares of Hellas Construction Inc and the 25% interest in the shares of Landscape Solutions B.V. at the end of 2013. At the end of 2014 these two associated companies were reclassified as held for sale.

The changes in the associated companies accounted for using the equity method were as follows:

	2013	2014
Balance as at 1 January	9.3	9.1
Divestment	– 0.1	–
Dividend received	–	– 0.5
Result	0.1	0.4
Reclassification to Assets held for sale	–	– 4.5
Other items and exchange rate differences	– 0.2	0.9
<b>Balance as at 31 December</b>	<b>9.1</b>	<b>5.4</b>

The Group's share in the net income of the joint venture and associated companies is € 0.5 million (2013: € 0.1 million). The joint venture and associated companies included no unrealised results or results from discontinued business operations.

### 42 FINANCIAL FIXED ASSETS

The financial fixed assets comprise long-term receivables and investments.

The main long-term receivables and investments concern invested pension assets at a number of American subsidiaries of € 12.3 million (2013: € 10.0 million), a receivable from the sale of synthetic turf pitches of € 2.5 million (2013: € 0.9 million) and an advance payment in connection with long-term lease rights in China and Malaysia amounting to € 2.1 million (2013: € 2.0 million).

### 43 DEFERRED PROFIT TAX ASSETS AND LIABILITIES

The deferred profit tax assets and liabilities recognised in the balance sheet are attributable to the following items:

	Balance as at 1 January 2013	Recognised in profit and loss	Recognised in other comprehen- sive income	Acquired through business combinations	Balance as at 31 December 2013	Receivables	Liabilities
Intangible assets	-7.9	-0.3	-	-2.4	-10.6	-	10.6
Tangible fixed assets	-11.4	2.0	-	-	-9.4	-	9.4
Financial fixed assets	-	0.1	-	-	0.1	0.1	-
Inventories	6.6	0.7	-	-	7.3	7.3	-
Derivatives	1.3	-	-0.8	-	0.5	0.5	-
Other receivables	-0.3	0.4	-	-	0.1	0.1	-
Pension provisions	7.5	0.3	-4.6	-	3.2	3.2	-
Other provisions	9.8	-0.5	-	-	9.3	9.3	-
Tax value of recognised loss carry-forwards	13.1	-0.8	-	-	12.3	12.3	-
Other items	2.5	1.2	-	-	3.7	3.7	-
Deferred profit tax assets/liabilities	21.2	3.1	-5.4	-2.4	16.5	36.5	20.0
Set-off of assets and liabilities						-12.5	-12.5
<b>Net deferred profit tax assets/liabilities</b>	<b>21.2</b>	<b>3.1</b>	<b>-5.4</b>	<b>-2.4</b>	<b>16.5</b>	<b>24.0</b>	<b>7.5</b>

## › Notes to the consolidated balance sheet

	Balance as at 1 January 2014	Recognised in profit and loss	Recognised in other comprehen- sive income	Reclassi- fication as Assets held for sale	Exchange rate differences	Balance as at 31 December 2014	Receivables	Liabilities
Intangible assets	-10.6	12.0	-	-	-1.0	0.4	0.4	-
Tangible fixed assets	-9.4	2.8	-	0.2	-1.4	-7.8	-	7.8
Financial fixed assets	0.1	-	-	-	-	0.1	0.1	-
Inventories	7.3	1.9	-	-0.1	0.7	9.8	9.8	-
Derivatives	0.5	-	-0.3	-	-	0.2	0.2	-
Other receivables	0.1	1.4	-	-	-	1.5	1.5	-
Pension provisions	3.2	-0.7	3.2	-	0.1	5.8	5.8	-
Other provisions	9.3	-2.0	-	-0.4	1.0	7.9	7.9	-
Tax value of recognised loss carry-forwards	12.3	-4.8	-	-0.3	0.3	7.5	7.5	-
Other items	3.7	-0.1	-	-	-	3.6	3.6	-
Deferred profit tax assets/liabilities	16.5	10.5	2.9	-0.6	-0.3	29.0	36.8	7.8
Set-off of assets and liabilities							-4.2	-4.2
<b>Net deferred profit tax assets/liabilities</b>	<b>16.5</b>	<b>10.5</b>	<b>2.9</b>	<b>-0.6</b>	<b>-0.3</b>	<b>29.0</b>	<b>32.6</b>	<b>3.6</b>

The tax effect of the other comprehensive income in Group equity is € 2.9 million (2013: - € 5.4 million) and relates to the actuarial results in respect of pensions (€ 3.2 million) and the hedging reserve (- € 0.3 million).

The realisation of the deferred profit tax assets depends on the future taxable profit being higher than the profit from the reversal of taxable temporary differences. On the basis of a projection of the estimated taxable profit and the existing fiscal planning possibilities, it is virtually certain that sufficient taxable profit will be generated in future to realise these deferred profit tax assets.

### Deferred profit tax assets not recognised in the balance sheet

As at 31 December 2014 there were € 125.6 million (2013: € 97.6 million) of unused losses available for set-off. No deferred profit tax asset has been recognised in respect of this amount because it is currently unlikely that future taxable profit will be available to the Group for the losses to be set off.

The amount of profit tax concerned as at 31 December 2014 was € 27.2 million (2013: € 23.5 million).

The expiry periods of the unused losses available for set-off are shown in the table below:

	2013	2014
Up to 5 years	19.3	37.6
After 5 years	30.9	18.6
Unspecified period	47.4	69.4
<b>Non-recognised losses available for set-off</b>	<b>97.6</b>	<b>125.6</b>

### 44 INVENTORIES

	2013	2014
Raw materials and manufacturing supplies	62.9	69.9
Semi-manufactures	47.6	45.8
Finished products	111.7	133.8
<b>Inventories</b>	<b>222.2</b>	<b>249.5</b>

In 2014 the reduction in the inventory value included as an expense amounted to a net recoverable amount of € 12.2 million (2013: € 8.1 million). The reversal of the reduction in the inventory value in 2014 amounted to € 3.0 million (2013: € 1.3 million). The inventory value included as an expense and the reversal have been stated under cost of sales.

<b>45 TRADE DEBTORS</b>	2013	2014
Due from third parties	122.3	140.8
Due from associated companies	3.1	0.1
Due from joint ventures	1.0	1.1
<b>Trade debtors</b>	<b>126.4</b>	<b>142.0</b>

Trade and other receivables with a term of less than one year are stated at amortised cost less impairments. Transfers to provisions for doubtful debts are included in the profit and loss account under cost of sales.

As at 31 December 2014 trade debtors with a value of € 6.5 million (2013: € 6.5 million) were encumbered as security for credit facilities amounting to € 6.5 million (2013: € 6.5 million). € 6.5 million of this credit facility was drawn as at the end of 2014 (2013: € 6.5 million).

<b>46 OTHER RECEIVABLES</b>	2013	2014
Amount receivable in respect of other taxes	3.8	3.7
Derivatives at fair value	1.1	2.0
Construction projects	1.7	1.6
Other receivables and prepayments	11.0	11.3
<b>Overige vorderingen</b>	<b>17.6</b>	<b>18.6</b>

Amounts receivable in respect of other taxes relate mainly to reclaimable VAT.

As at 31 December 2014 the prepayments amounted to € 5.8 million (2013: € 5.8 million).

As at 31 December 2014 the total costs and recognised profit associated with projects in progress, less recognised losses, amounted to € 13.9 million (2013: € 16.3 million). Trade debtors included no amounts deducted in respect of projects in progress commissioned by third parties (2013: zero).

<b>47 CASH AND CASH EQUIVALENTS</b>	2013	2014
Bank balances	21.5	36.3
Cash balances	0.1	0.1
Cash and cash equivalents	21.6	36.4
Cash loans, overdrafts	- 13.8	- 37.7
<b>Cash in cash flow statement</b>	<b>7.8</b>	<b>- 1.3</b>

All amounts were freely available at the end of 2013 and 2014.

#### **48 TOTAL SHAREHOLDERS' EQUITY**

A statement of changes in equity can be found on page 106.

##### **48.1 Ordinary shares**

Number x 1,000	2013	2014
In issue and fully paid as at 1 January	26,498	26,791
Issued stock dividend	294	297
Other items	- 1	1
<b>In issue and fully paid as at 31 December</b>	<b>26,791</b>	<b>27,089</b>

The authorised share capital amounts to € 200 million, divided into 80 million ordinary shares of a par value of € 2.50. The issued capital as at 31 December 2014 amounts to 27,088,778 ordinary shares with a par value of € 2.50 (as at 31 December 2013: 26,791,367 ordinary shares of a par value of € 2.50).

The holders of ordinary shares are entitled to dividend as approved periodically by the General Meeting of Shareholders. They are also entitled to cast one vote per share at meetings of the Company.

##### **Issue of shares and limitation of pre-emptive right**

The general meeting of shareholders has granted the Executive Board the power to issue shares and to exclude or restrict the pre-emptive right for the period ending on 16 October 2015. The power to issue shares concerns 10% of the issued share capital plus a further issue up to a maximum of 10% of the issued share capital in the event that the issue takes place in the context of a merger or acquisition. The same applies to the power of the Executive Board, with the approval of the Supervisory Board, to restrict or exclude the pre-emptive right.

## › Notes to the consolidated balance sheet

### 48.2 Repurchased ordinary shares

Number x 1,000	2013	2014
In issue and fully paid as at 1 January	584	518
Repurchase of own shares	–	238
Exercise of options	– 66	–258
<b>In issue and fully paid as at 31 December</b>	<b>518</b>	<b>498</b>

Ordinary shares are repurchased to prevent earnings per share being diluted by the granting of options. In 2014, 238,200 own shares were repurchased.

#### Repurchase of own shares

The general meeting of shareholders has granted the Executive Board the power to acquire fully paid-up shares in the Company (or depositary receipts thereof) for the period ending on 16 October 2015. The maximum number of shares which may thus be acquired is 10% of the issued capital at the time of acquisition of the shares (or depositary receipts thereof).

### 48.3 Share premium

The share premium reserve is to be considered as paid-up capital.

### 48.4 Reserve for translation differences

The translation reserve comprises all exchange rate differences which arise due to the translation of amounts relating to activities outside the eurozone. These exchange rate differences are carried in equity. The accumulation of the respective amount began on 1 January 2004 and is not available for distribution to shareholders.

### 48.5 Hedging reserve

The hedging reserve consists of the unrealised effective portion of the accumulated change in the fair value of the derivatives to which hedge accounting is applied and which are used to hedge the interest rate risk. The reserve is not available for distribution to shareholders. A negative reserve reduces the amount freely available for distribution from the reserves.

The balance of the hedging reserve after tax on 31 December 2014 was – € 0.7 million (2013: – € 1.6 million). The change in the hedging reserve before tax amounts to € 1.2 million (2013: € 3.1 million). € 2.1 million of this change has been realised (2013: € 3.0 million) and the ineffective portion of the fair value change to which hedge accounting is applied is zero (2013: € 0.1 million) and the effective portion of the fair value change is – € 0.9 million (2013: zero).

### 48.6 Other reserves and undistributed result

Subsequent to the reporting date the following distribution has been proposed, which has not yet been included in the balance sheet. It is proposed to set the distribution to shareholders in respect of 2014 at € 0.50 per € 2.50 par value share (2013: € 0.50), payable optionally in cash or as stock.

	2013	2014
€ 0.50 per ordinary share (2013: € 0.50)	13.1	13.3

### 48.7 Objective with regard to equity and financing

The objective with regard to equity and financing, as in 2013, is to guarantee the continuity of the Group by means of attractive returns for shareholders and by guaranteeing benefits for other stakeholders. The capital structure is adjusted if necessary in line with economic developments and risks relating to assets.

With regard to financing, the longer-term objective is a ratio of net debt to EBITDA of a maximum of 2.5.

The calculation as at 31 December is as follows:

	2013	2014
Long-term debts	195.1	213.3
Short-term portion of long-term debts	1.0	0.9
Cash loans, overdrafts	14.7	37.7
Total debt	210.8	251.9
Less: cash and cash equivalents	21.6	36.4
Net debt	189.2	215.5
EBITDA*	83.5	83.7
<b>Net debt/ EBITDA</b>	<b>2.27</b>	<b>2.57</b>

\* EBITDA is the operating result before depreciation, amortisation and impairment of intangible and tangible assets. In accordance with agreements with the banks, EBITDA has been adjusted to take account of the effect of acquired and divested businesses, exceptional items and some components of the net financial expenses, such as currency translation differences.

## 49 EARNINGS PER SHARE

### 49.1 Ordinary earnings per share

The calculation of the ordinary earnings per share as at 31 December 2014 is based on the net result of – € 45.7 million (2013: € 19.0 million) attributable to holders of ordinary shares and a weighted average number of outstanding ordinary shares during the 2014 financial year of 26,588,243 (2013: 26,224,821), calculated as follows:

	2013	2014
Net profit for financial year attributable to holders of ordinary shares	19.0	– 45.7
Weighted average number of ordinary shares, number x 1,000		
Ordinary shares in issue on 1 January	26,498	26,791
Effect of ordinary shares held (including repurchased shares)	– 584	– 518
Effect of shares issued in connection with stock dividend	294	297
Effect of repurchase of own shares	–	– 196
Effect of shares issued as result of exercised option rights	17	214
<b>Weighted average number of ordinary shares as at 31 December</b>	<b>26,225</b>	<b>26,588</b>

### 49.2 Diluted earnings per share

The calculation of the diluted earnings per share as at 31 December 2014 is based on the net result of € -45.7 million (2013: € 19.0 million) attributable to holders of ordinary shares and the weighted average number of outstanding ordinary shares during the 2014 financial year of 26.720.074 (2013: 26.366.474), calculated as follows:

	2013	2014
Net profit for financial year attributable to holders of ordinary shares	19.0	– 45.7

Weighted average number of ordinary shares, number x 1,000

	2013	2014
Weighted average number of ordinary shares as at 31 December	26,225	26,588
Effect of outstanding option rights	141	132
<b>Weighted average number of ordinary shares (after dilution) as at 31 December</b>	<b>26,366</b>	<b>26,720</b>

## 50 LONG-TERM DEBTS

	2013	2014
Syndicated loan	190.3	212.1
Financial lease liabilities	2.1	1.4
Other loans	3.7	0.7
	196.1	214.2
Less: Repayment of loans in forthcoming year	– 1.0	– 0.9
<b>Total</b>	<b>195.1</b>	<b>213.3</b>

	2013 Total	2014 Total	2015 < 1 year	2016 1-2 years	2017/19 2-5 years	2020 ff > 5 years
<b>Syndicated loan</b>						
EUR variable interest	41.3	43.1			43.1	
USD variable interest	149.0	169.0			169.0	
<b>Financial lease liabilities</b>						
EUR variable interest	1.5	0.9	0.5	0.4		
GBP fixed interest 5.4% – 7.6%	0.6	0.4	0.2	0.1	0.1	
NZD fixed interest 9.5%	–	0.1			0.1	
<b>Other loans</b>						
USD variable interest	2.9					
EUR interest-free	0.8	0.7	0.2	0.5		
<b>Total</b>	<b>196.1</b>	<b>214.2</b>	<b>0.9</b>	<b>1.0</b>	<b>212.3</b>	<b>–</b>

## › Notes to the consolidated balance sheet

The syndicated loan arranged in 2010 was fully repaid and terminated on 7 November 2014. A new syndicated loan was arranged on 31 October 2014 with a principal amount of € 350.0 million. The loan is due to mature on 31 October 2019. € 212.1 million of this facility was drawn as at 31 December 2014. Repayment is due in full on the maturity date. The loan is valued at amortised cost in accordance with the effective interest method.

The interest payable on the syndicated loan is Euribor in the case of euro-denominated loans and Libor in the case of loans denominated in other currencies plus a margin dependent on the net debt/EBITDA ratio. This ratio is calculated quarterly on a 12-month basis in accordance with the definitions in the loan agreement. The main differences as compared to reported EBITDA concern the adjustment of acquired and divested businesses to a 12-month basis, adjustment for exceptional items and a number of components of the net financial expenses, such as exchange rate differences. At the end of 2014 the interest margin was 1.15% (2013: 1.20%).

The new syndicated loan is subject to a number of covenants, the principal of which are:

- Net debt/EBITDA less than 3.25 at the end of the first and third quarters of each year, less than 3.50 at the end of the second quarter of each year and less than 3.00 at the end of the fourth quarter of each year, with the once-only possibility of an increase of 0.25 for two successive quarters following an acquisition, but no higher than 3.50;
- EBITDA/net interest greater than 4;
- joint guarantee of subsidiaries with total assets of at least 60% of the Group total.

The Group was meeting these covenants as at the reporting date.

In the event of a change of control of the Company, the syndicated loan is immediately repayable if more than 66.6% of the lenders so require.

The financial lease liability relates mainly to a building in Hungary and machinery in the United Kingdom.

Details of the hedging of the interest rate risk borne by the Group can be found in note 53.4.

<b>51 PENSION LIABILITIES</b>	2013	2014
<b>Defined-benefit pension schemes</b>		
Present value of defined benefit obligations	363.4	414.3
Fair value of plan assets	353.6	401.0
	9.8	13.3
Asset ceiling	0.3	–
Present value of net liabilities of defined-benefit pension schemes	10.1	13.3
Other liabilities in respect of pensions	14.0	17.4
<b>Total</b>	<b>24.1</b>	<b>30.7</b>

### 51.1 Changes in the valuation of the liability

<b>as at the reporting date</b>	2013	2014
Balance as at 1 January	370.2	363.4
Service costs	3.3	3.9
Members' contributions	2.9	2.6
Interest costs	12.5	12.7
Benefits paid	– 15.3	– 14.5
Income from change to pension scheme	– 0.1	– 7.9
Actuarial differences	– 10.1	54.1
<b>Balance as at 31 December</b>	<b>363.4</b>	<b>414.3</b>

### 51.2 Investments

	2013	2014
Balance as at 1 January	340.6	353.6
Expected return	11.4	12.2
Employers' contributions	6.2	6.2
Members' contributions	2.9	2.6
Administration costs	– 0.8	– 0.7
Actuarial differences	8.3	41.6
Benefits paid	– 15.0	– 14.5
<b>Balance as at 31 December</b>	<b>353.6</b>	<b>401.0</b>

<b>Analysis of plan assets as at 31 December</b>	2013	2014
Bonds	167.5	209.3
Equities	138.0	159.8
Commodities	11.2	7.6
Real estate	21.7	11.8
Cash	8.3	3.8
Other items	6.9	8.7
<b>Plan assets</b>	<b>353.6</b>	<b>401.0</b>

At the end of 2014 the bonds amounting to € 141.7 million (2013: € 114.1 million) comprised government bonds with a direct market listing. The other investments predominantly have derived market listings.

### 51.3 Charge stated in the profit and loss

account	2013	2014
Service costs	- 3.3	- 3.9
Administration costs	- 0.8	- 0.7
Interest on liabilities	- 1.1	- 0.5
Gain from change in pension scheme	0.1	7.9
<b>Pension (expenses)/income</b>	<b>- 5.1</b>	<b>2.8</b>

The actual return on assets was to € 53.8 million (2013: € 19.7 million).

#### Netherlands

The defined benefit pension scheme concerns in particular the pension rights of the Dutch employees which have been placed with Stichting Pensioenfonds Koninklijke Ten Cate. In 2014 a change in the pension scheme was agreed with effect from 2015 whereby, among other things, the accrual percentage was reduced from 1.79% to 1.75% with a pension age of 67, the franchise was reduced to € 14,732 and the maximum pensionable salary was set at € 100,000 annually. In addition, in common with the fashion, interior, carpet and textile sector as a whole, it has been decided to abolish the early retirement scheme with effect from 1 January 2015. As a result of both effects, income of € 7.9 million has been recognised as a credit to the result for 2014.

The main features of the amended scheme are:

- pension accrual based on average salary;
- accrual rate of 1.75%;
- conditional indexation, the target level being equivalent to 90% of wage growth for active members (employees) and 90% of price growth for inactive members (pensioners and members with paid-up entitlements).

The board of the pension fund has specified a 2.6% reduction in pension rights with effect from 1 April 2014. Based on the coverage ratio as at 31 December 2014, no additional reduction is expected in 2015. Any expected reductions are taken into account in the indexation assumption, with the consequence that the effects have been stated in Group equity through actuarial gains and losses.

The current agreements cover the period up to 31 December 2015.

#### Other

The other liabilities in respect of pensions relate to defined contribution schemes and a number of specific old-age provisions.

The principal defined contribution scheme is a 401K (savings) scheme in the United States.

### 51.4 Principles for defined benefit schemes

The main actuarial assumptions as at the reporting date (in weighted averages) are as follows:

	2013	2014
Discount rate as at 31 December	3.5%	2.1%
Expected return on plan assets as at 31 December	3.5%	2.1%
Future wage increases	2.5%	2.5%
Future pension increases	1.1%	0.4%

Assumptions with regard to future mortality figures are based on published statistical data and mortality probabilities. The mortality table used is the 2014 forecast table of the Netherlands Actuarial Association with a correction factor dependent on age and gender. For the valuation of partner's pensions the age difference between men and women has been set at three years. The total expected long-term return on the investments is 2.1% (2013: 3.5%). The weighted average duration of the liabilities was 19.0 years on 31 December 2014 (17.1 years on 31 December 2013). A 0.1% change in the discount rate would result in a change of approximately € 0.3 million in the annual expenses (2013: € 0.4 million). A 0.1% change in the discount rate would cause the liability to rise or fall by approximately € 7.4 million (2013: € 6.0 million).

## › Notes to the consolidated balance sheet

Historical information	2010	2011	2012	2013	2014
Present value of defined benefit obligations	295.8	332.5	370.2	363.4	414.3
Fair value of plan assets	316.7	321.0	340.6	353.6	401.0
Present value of net liabilities	- 20.9	11.5	29.6	9.8	13.3
Experience adjustments arising on obligations of the scheme	9.4	5.3	- 8.9	8.5	2.9
Experience adjustments arising on plan assets	8.1	- 6.0	12.8	8.3	41.6

The Group expects to contribute € 7.1 million of employer's contributions to defined benefit pension schemes in 2015 (2014: € 6.3 million). This amount includes an expected one-off contribution of approximately € 2.5 million in respect of the abolition of the early retirement and life-course savings scheme. The pension expense in respect of 2015 is estimated at € 5.8 million (2014: € 5.0 million).

52 PROVISIONS	Guarantee / claims	Restructuring	Other personnel liabilities	Environmental	Other	Total
Balance as at 1 January 2014	6.1	0.3	5.5	2.0	0.3	14.2
Provisions made during the year	2.6	0.8	0.9	-	0.1	4.4
Released to result	- 2.8	-	-	-	-	- 2.8
Expenditure in current year	- 2.5	- 0.5	- 0.5	-	-	- 3.5
Exchange rate differences	0.3	-	-	-	-	0.3
<b>Balance as at 31 December 2014</b>	<b>3.7</b>	<b>0.6</b>	<b>5.9</b>	<b>2.0</b>	<b>0.4</b>	<b>12.6</b>
Of which short-term						
as at 31-12-2013	3.9	0.2	0.2	-	-	4.3
as at 31-12-2014	1.5	0.5	0.1	0.1	-	2.2

The amount released to the result has been included in the profit and loss account as follows:

	2013	2014
Cost of sales	0.2	0.3
General management costs	1.5	2.5
<b>Total</b>	<b>1.7</b>	<b>2.8</b>

The guarantee provision relates to goods and services supplied and the provision for claims relates to claims for damages and possible legal costs. The release of € 2.8 million relates mainly to the lower-than-expected figure for claims.

The restructuring provision relates to a number of reorganisations which are expected to be completed in the course of 2015.

The provision for other personnel liabilities has been formed for long-service awards and other benefits, such as anniversaries.

The environmental provision has been formed for expected costs of decontamination of industrial sites, on the basis of functional decontamination (maintenance of business use).

# Other information

## 53 FINANCIAL INSTRUMENTS

As part of its normal business operations, the Group incurs liquidity, credit, interest and currency risks. The risk of fluctuations, mainly in exchange rates and interest rates, is hedged using derivatives.

The fair value and carrying value of financial assets and liabilities stated in the balance sheet are as follows:

	2013		2014	
	Carrying value	Fair value	Carrying value	Fair value
<b>Assets carried at fair value</b>				
Interest rate derivatives for which hedge accounting is used	0.1	0.1	–	–
Long-term receivables and investments	12.9	12.9	12.3	12.3
Other interest rate derivatives	0.1	0.1	–	–
Currency derivatives	0.9	0.9	2.0	2.0
	14.0	14.0	14.3	14.3
<b>Assets carried at amortised cost</b>				
Trade debtors and other receivables	142.6	142.6	175.0	175.0
Cash and cash equivalents	21.6	21.6	36.4	36.4
	164.2	164.2	211.4	211.4
<b>Liabilities carried at fair value</b>				
Interest rate swaps for which hedge accounting is used	2.1	2.1	1.0	1.0
Other interest rate derivatives	0.4	0.4	0.4	0.4
Currency derivatives	0.5	0.5	0.5	0.5
	3.0	3.0	1.9	1.9
<b>Liabilities carried at amortised cost</b>				
Syndicated loan	190.3	190.3	212.1	212.1
Financial lease liabilities	2.1	2.1	1.4	1.4
Other loans	3.7	3.7	0.7	0.7
Trade creditors and other payables	134.8	134.8	136.6	136.6
Cash loans and overdrafts	13.8	13.8	37.7	37.7
	344.7	344.7	388.5	388.5

## › Other information

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The fair value of the syndicated loan is the same as the carrying value, because it has a variable interest rate and a margin consistent with market conditions. The changes in the value of the above assets and liabilities carried at fair value are stated in the profit and loss account under net financial expenses if no hedge accounting is applied. The financial instruments valued on the basis of fair value fall into category 2 as in 2013; no quoted market price in an active market, with the fair value being determined indirectly.

Details are given below of the main methods and assumptions used in estimating the fair value of financial instruments.

The fair value of foreign exchange forward contracts is estimated using an in-house calculation model or is based on statements supplied by the bank. The fair value of currency options is determined on the basis of the company's own calculation based on the Black & Scholes option valuation model or on the basis of statements supplied by banks.

The fair value of interest rate swaps and interest rate caps is determined on the basis of the company's own calculation model and is periodically tested against statements supplied by banks. In determining the fair value of financial instruments, account is taken of the creditworthiness of counterparties (banks) and the creditworthiness of the Group.

The fair value of long-term debts is calculated on the basis of the present value of expected future cash flows from repayments and interest payments.

The fair value of financial lease liabilities is estimated on the basis of the present value of future cash flows, discounted at the interest rate for similar lease agreements.

In the case of trade debtors, other receivables, trade creditors and other short-term debts due within one year, the nominal value is deemed to reflect the fair value.

### 53.2 Liquidity risk

The liquidity risk is the risk of the Group being unable to meet its liabilities when they fall due. The Group's policy on control of the liquidity risk is to guarantee to the best of its ability that sufficient liquidities are available to meet its liabilities on time, in both normal and exceptional situations. A syndicated loan was arranged in October 2014 with a principal amount of € 350.0 million and a term of five years. € 136.0 million of this facility was undrawn as at 31 December 2014 (2013: € 209.0 million). The conditions of the syndicated loan can be found in note 50 in the notes to the consolidated balance sheet.

The term of the gross financial liabilities as at 31 December 2013 is as follows:

	Carrying value	Expected cash flow (including interest)	2014 < 1 year	2015 1 – 2 years	2016/18 2 – 5 years	2019 and later > 5 years
<b>Financial liabilities (excl. derivatives)</b>						
Total long-term debts	196.1	– 203.3	– 4.0	– 195.3	– 4.0	–
Cash loans, overdrafts	13.8	– 13.8	– 13.8	–	–	–
Trade creditors and other payables	134.8	– 134.8	– 134.8	–	–	–
<b>Derivatives</b>						
Interest rate swaps	2.5	– 2.5	– 2.0	– 0.3	– 0.2	–
FX forward contracts	0.5	– 0.5	– 0.5	–	–	–
<b>Total</b>	<b>347.7</b>	<b>– 354.9</b>	<b>– 155.1</b>	<b>– 195.6</b>	<b>– 4.2</b>	<b>–</b>

The term of the gross financial liabilities as at 31 December 2014 is as follows:

	Carrying value	Expected cash flow (including interest)	2015 < 1 year	2016 1 – 2 years	2017/19 2 – 5 years	2020 and later > 5 years
<b>Financial liabilities (excl. derivatives)</b>						
Total long-term debts	214.2	– 241.6	– 4.1	– 5.6	– 231.9	–
Cash loans, overdrafts	37.7	– 37.7	– 37.7	–	–	–
Trade creditors and other payables	136.6	– 136.6	– 136.6	–	–	–
<b>Derivatives</b>						
Interest rate swaps	1.4	– 1.4	– 0.7	– 0.5	– 0.2	–
FX forward contracts	0.5	– 0.5	– 0.5	–	–	–
<b>Total</b>	<b>390.4</b>	<b>– 417.8</b>	<b>– 179.6</b>	<b>– 6.1</b>	<b>– 232.1</b>	<b>–</b>

## › Other information

### 53.3 Credit risk

Credit risk is the risk of a financial loss for the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risks result in particular from trade debtors and, to a more limited extent, investments in securities and derivatives.

The Group's exposure to credit risk is mainly determined by the specific characteristics of the individual customers.

Credit risk is limited by internal research into the creditworthiness of new and existing customers based on sources such as external reports, annual reports and payment history or by insuring the credit risk. The internal credit limits specified on the basis of internal research are reviewed at least once a year.

Customers for which no credit limit has been issued (internally or by the insurer) can only do business with the Group on the basis of guaranteed payment.

Goods are subject to reservation of ownership. In the event of non-payment, the Group in most cases has a preferential claim to the extent that the goods have not been processed and are still present. The Group does not demand collateral for trade and other receivables.

Impairments are stated in the profit and loss account as cost of sales.

The Group has no particular concentration risks in respect of trade debtors. Cash and cash equivalents are mainly held at banks with which the Group has a financing relationship.

The carrying value of the financial assets reflects the maximum exposure to credit risk. The maximum exposure is as follows:

	2013	2014
Trade debtors	126.4	142.0
Other (long-term) receivables (note 42, 46)	29.1	32.4
Cash and cash equivalents	21.6	36.4
FX forward contracts and options	0.9	2.0
Interest rate caps	0.2	–
<b>Total</b>	<b>178.2</b>	<b>212.8</b>

The age of the trade debtors and the related impairments is as follows:

	2013		2014	
	Gross	Provision	Gross	Provision
Not due – 60 days overdue	118.9	0.6	134.7	0.5
60 – 120 days overdue	4.7	0.4	3.5	0.1
120 – 360 days overdue	2.6	0.7	4.0	0.6
Over 360 days overdue	7.3	5.4	5.3	4.3
<b>Balance as at 31 December</b>	<b>133.5</b>	<b>7.1</b>	<b>147.5</b>	<b>5.5</b>

The movements in the provision for trade debtors are as follows:

	2013	2014
Balance as at 1 January	6.1	7.1
Charged to profit and loss account	2.5	0.2
Released to profit and loss account	– 0.6	– 0.5
Written off during the year account	– 0.7	– 0.2
Reclassification to Assets held for sale	–	– 1.4
Exchange rate differences	– 0.2	0.3
<b>Balance as at 31 December</b>	<b>7.1</b>	<b>5.5</b>

The Group believes that, with the exception of the foregoing, no provision for impairment is required in respect of trade receivables which are not yet due or which are up to 60 days overdue.

### 53.4 Interest rate risk

100% of the interest-bearing debts have a variable interest rate (2013: 99%). The risk of a rise in interest rates is in principle hedged 90% for the subsequent year and 75%, 50% and 25% respectively for the years thereafter. Both interest rate swaps and caps are used for this purpose. The impact of changes in the value of these derivatives on the Group's result is limited as far as possible by the use of hedge accounting. The conditions applying to the interest-bearing debt are set out in note 50.

At the end of 2014 the outstanding interest rate instruments are as follows:

<b>Instrument</b>	<b>Maturity</b>	<b>Principal</b>	<b>Interest rate conditions</b>
interest rate swap	02-01-18	\$ 4 million	received variable, payment 4.47% fixed
interest rate swap	31-12-15	\$ 60 million	received variable, payment 1.19% fixed
interest rate swap	31-12-15	€ 30 million	received variable, payment 0.47% fixed
interest rate swap	31-12-15	\$ 30 million	received variable, payment 0.45% fixed
interest rate cap	31-12-16	\$ 50 million	exercise price 3%
interest rate swap	31-12-17	\$ 50 million	received variable, payment 2.02% fixed (commencing 31-12-2015)

The Group values the interest rate derivatives at fair value (see section 53.7). Of the fair value of the interest rate derivatives as at 31 December 2014, € 1.4 million has been included in trade creditors and other payables (2013: € 2.5 million in trade creditors and other payables and € 0.2 million in other receivables).

The table below shows the periods in which the cash flows relating to interest rate derivatives that are the subject of cash flow hedge accounting are expected to take place and in which they will affect the result.

<b>2013</b>	<b>Carrying value</b>	<b>Expected cash flow</b>	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>2 – 5 years</b>
<b>Interest rate swaps</b>					
Assets	–	–	–	–	–
Liabilities	2.1	– 2.1	– 1.9	– 0.2	–
<b>Interest rate caps</b>					
Assets	0.1	–	–	–	–
<b>2014</b>	<b>Carrying value</b>	<b>Expected cash flow</b>	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>2 – 5 years</b>
<b>Interest rate swaps</b>					
Assets	–	–	–	–	–
Liabilities	1.0	– 1.0	– 0.5	– 0.4	– 0.1
<b>Interest rate caps</b>					
Assets	–	–	–	–	–

## › Other information

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### **53.5 Currency risk**

The Group has currency risk resulting from trade and financing transactions in foreign currencies and from the conversion of balance sheets and profit and loss accounts of subsidiaries which do not report in euros. The principal risk positions are in the US dollar and the euro (trading transactions of subsidiaries outside the eurozone).

#### **Transaction risk**

The Group hedges the risk associated with orders, trade receivables and payables denominated in foreign currencies, to the extent that these may have a material effect on the result.

The Group uses principal amounts of loans drawn in foreign currencies as far as possible to hedge intercompany loans in foreign currencies. These are intercompany loans granted to subsidiaries reporting in the respective currency.

#### **Competition risk**

The Group hedges the risk associated with expected purchases and sales, to the extent that these may have a material effect on the result. The risk is hedged for at least the current calendar year.

#### **Translation risk**

The Group hedges translation risks on expected results in foreign currencies, to the extent that these may have a material effect on the consolidated result. The risk is hedged for at least the current calendar year.

#### **Natural hedge**

The Group uses a natural hedge as far as possible between the competition risk and the translation risk, with opposing positions being hedged internally.

### **Hedging with derivatives**

Residual transaction risks are hedged using foreign exchange forward contracts (forwards and currency swaps). The forwards and currency swaps have a term of less than one year after the reporting date and are extended if necessary. The forwards and currency swaps are stated at fair value.

The residual competition and translation risks are hedged using currency options. The currency options have a maximum term of the forthcoming calendar year. The currency options are carried at fair value.

## Exposure

The exposure to currency risks in respect of trading transactions of Group entities on the reporting date is as follows:

	2013			2014		
	USD	GBP	EUR	USD	GBP	EUR
Transaction risk	6.7	0.8	1.1	9.5	0.6	6.5
Competition risk	-5.1	2.0	29.7	4.1	0.8	33.9
<b>Risk before hedging</b>	<b>1.6</b>	<b>2.8</b>	<b>30.8</b>	<b>13.6</b>	<b>1.4</b>	<b>40.4</b>
Forward contracts	-3.4	-0.8	-0.9	-3.5	-0.6	-5.4
Option contracts	10.2	-1.5	-28.8	-2.1	-0.8	-31.6
<b>Risk after hedging</b>	<b>8.4</b>	<b>0.5</b>	<b>1.1</b>	<b>8.0</b>	<b>-</b>	<b>3.4</b>

The foreign currencies have been converted into euros at the closing rate.

The USD risk relates mainly to the expected revenues in USD of Asian subsidiaries and expected purchases and revenues in USD of European subsidiaries. Due to financial market restrictions, the risk relating to Asian subsidiaries is not hedged.

The GBP risk relates mainly to trade receivables and expected revenues of European subsidiaries.

The EUR risk relates mainly to trade receivables and expected revenues in euros of Ten Cate Thiolon Middle East.

The Group carries options and foreign exchange forward contracts at fair value. The net fair value of the forward foreign exchange forward contracts was € 1.5 million (2013: € 0.4 million). € 2.0 million of this amount has been included in other receivables and € 0.5 million in other debts (2013: € 0.9 million and € 0.5 million respectively). The fair value of the options is zero.

### 53.6 Sensitivity analyses

In managing interest rate and currency risks, the Group's aim is to limit the effect of short-term fluctuations on the Group result. In the longer term, however, sustained changes in exchange rates and interest rates will have an effect on the consolidated result.

The effect of a general interest rate rise of one percentage point on the pre-tax result in 2014 is estimated at -€ 1.1 million (2013: -€ 1.0 million). The effect of a general interest rate rise of one percentage point on equity is estimated at € 1.6 million before profit tax (2013: € 1.2 million) due to the use of hedge accounting.

The effect of a general rise of one per cent in the value of the euro against other currencies on the result after profit tax in 2014 is zero

(2013: zero). The effect of a general rise of one per cent in the value of the euro against other currencies on equity at the end of 2014 is estimated at € 3.5 million (2013: € 2.8 million).

### 53.7 ISDA master agreements

The Group has entered into derivatives on the basis of International Swaps and Derivatives Association (ISDA) master agreements. Under these master agreements, for each derivative and each currency, the net amount payable by a party to the counterparty on a particular date is settled. In certain circumstances, such as bankruptcy, all transactions under the master agreement are cancelled and the net value of all transactions is settled in a single amount.

The ISDA master agreements do not fulfil the criteria for the netting of balance sheet positions, because the Group currently has no legally enforceable right to set off the outstanding amounts.

## › Other information

The netting of the derivatives on the basis of ISDA master agreements is as follows:

	2013			2014		
	Gross	Set-off	Net	Gross	Set-off	Net
<b>Financial assets</b>						
Interest rate caps	0.2	–	0.2	–	–	–
Interest rate swaps	–	–	–	–	–	–
Currency options	–	–	–	–	–	–
FX forward contracts	0.9	–0.3	0.6	2.0	–0.6	1.4
	1.1	–0.3	0.8	2.0	–0.6	1.4
<b>Financial liabilities</b>						
Interest rate swaps	2.5	–	2.5	1.4	–0.5	0.9
FX forward contracts	0.5	–0.3	0.2	0.5	–0.1	0.4
	3.0	–0.3	2.7	1.9	–0.6	1.3

### 54 LIABILITIES NOT SHOWN IN THE BALANCE SHEET

#### Operating lease as lessee

The expected cash flows under non-cancellable operating leases are as follows:

	2013	2014
Less than one year	7.6	8.5
Between one and five years	20.0	24.5
More than five years	21.5	28.3
<b>Net result</b>	49.1	61.3

The Group leases buildings, plant, vehicles and office equipment under operating leases. The term of the operating leases of buildings is 10 to 15 years. Lease payments are indexed annually. None of the leases include conditional lease payments. In principle the Group does not act as a lessor. The term of the other leases is a maximum of five years.

The costs relating to operating leases included in the profit and loss account amounted to € 9.3 million in 2014 (2013: € 9.0 million).

### 55 INVESTMENT LIABILITIES

In 2014 the Group entered into contractual liabilities for the purchase of tangible fixed assets. The amount of the liabilities as at 31 December 2014, after deduction of advance payments already made during the financial year, is € 1.5 million (2013: € 2.0 million).

### 56 CONTINGENT LIABILITIES

The Group has received claims for damages arising from the conduct of business. With the exception of those stated below, the claims are not deemed to be substantial and provisions have been recognised to the extent necessary.

A claim for damages has been made against Royal Ten Cate by United Fabrics NV, a company registered in the Netherlands Antilles (majority shareholder in Textielgroep Twente NV). The claim is based on an outsourcing and management agreement from 1998 and originally amounted to € 56 million. The claim in respect of the outsourcing agreement has lapsed permanently as a result of a judgement by the Supreme Court in 2006. The plaintiff was ordered to demonstrate the damage suffered in respect of the management agreement. TenCate is confident with regard to the remainder of the proceedings.

Guarantees have been issued by banks as part of normal business operations. These guarantees may be called upon if contractual obligations are not fulfilled. As at 31 December 2014 the guarantees issued by banks amount to € 22.3 million.

### 57 RELATED PARTIES

#### 57.1 Identity of related parties

The Group's related parties are its subsidiaries, associated companies and other participating interests, joint ventures, the TenCate pension fund and the members of the Executive and Supervisory Boards.

## 57.2 Directors' remuneration

The remuneration of the members of the Executive Board is as follows:

In thousands of euros	L. de Vries		E. Bos <sup>1</sup>	B. Cornelese <sup>2</sup>
	2013	2014	2014	2013
Periodic remuneration	675	675	199	240
Pension costs	226	229	53	56
Option costs	424	399	23	–
	1,325	1,303	275	296

<sup>1</sup> From 18 April 2014.

<sup>2</sup> Up to 31 August 2013.

The fixed remuneration paid to Mr De Vries is the same as in 2013. Mr De Vries has a final-salary pension plan. Mr De Vries' results-related pay amounts to a maximum of 50% of the fixed salary. Mr De Vries received no variable salary component in 2014 in respect of 2013. The pension costs for Mr De Vries included compensation of € 51,000 in connection with an adjustment to the pension scheme. The variable component paid to Mr Bos is a maximum of 40% of the fixed salary.

As at 31 December 2014 Mr De Vries held 208,726 shares in the Company (31 December 2013: 208,726 shares) and 480,000 options (31 December 2013: 480,000 options). In 2014 Mr De Vries was granted 60,000 options (2013: 60,000) with an exercise price of € 23.42. Mr De Vries exercised 60,000 options in 2014 and the Company purchased 60,000 shares from Mr. De Vries at market price.

In 2014 Mr Bos was granted 10,000 options with an exercise price of € 23.42. Previous options lapsed in 2013 as a result of Mr Cornelese's departure from the company.

On 2013 salaries above € 150,000, a once-only crisis levy (employer's charge) of 16% is payable to the Dutch Government. The crisis levy for the executive directors amounts to € 98,000 in 2013, comprising € 84,000 for the CEO and € 14,000 for the former CFO. The total remuneration in 2013 amounted to € 1.4 million for the CEO and € 0.3 million for the former CFO.

Mr De Vries and Mr Bos are participating in the Group's share option plan. The costs of the options are charged to the result in at least three years. Further information can be found in note 68.

The remuneration of the members of the Supervisory Board is as follows:

In thousands of euros	2013	2014
J.C.M. Hovers – Chairman <sup>1,2</sup>	50	50
P.F. Hartman – Vice-Chairman <sup>2*</sup>	18	37
E. ten Cate <sup>1*</sup>	35	35
Ms M.J. Oudeman <sup>2,3</sup>	–	24
P.P.A.I. Deiters <sup>2,4</sup>	35	12
R. van Gelder <sup>1,5</sup>	8	–
	146	158

<sup>1</sup> Member of the Finance Committee.

<sup>2</sup> Member of the combined Remuneration, Selection and Appointments Committee.

<sup>3</sup> 2014: From 18 April 2014.

<sup>4</sup> 2014: Up to 18 April 2014.

<sup>5</sup> 2013: Up to 31 March 2013.

\* Committee Chairman.

Mr Deiters received additional remuneration amounting to USD 15,000 in 2013 and 2014 in respect of his supervisory directorship in Ten Cate Thiolon Middle East in Dubai. The members of the Supervisory Board held no shares or option rights of Royal Ten Cate at the end of 2014.

## 57.3 Transactions with associated companies, other participating interests and joint ventures

During the 2014 financial year, associated companies, other (non-consolidated) participating interests and joint ventures purchased goods from the Group amounting to € 17.4 million (2013: € 14.4 million). As at 31 December 2013 the outstanding trade receivables due to the Group from associated companies amounted to € 3.6 million (2013: € 3.1 million) and from joint ventures € 1.1 million (2013: € 1.0 million). As at 31 December 2014 outstanding trade liabilities to associated companies and joint ventures amounted to € 0.6 million (2013: € 0.5 million).

Transactions with associated companies, other participating interests and joint ventures take place on an objective, business basis.

## 57.4 Subsidiaries

A list of (significant) subsidiaries and participating interests can be found inside the back cover of this report.

## › Other information

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### **58 ESTIMATES AND JUDGEMENTS MADE BY THE MANAGEMENT**

The Executive Board has conducted discussions with the Financial Committee of the Supervisory Board on the critical principles for financial reporting and estimates, as well as the application of such principles and estimates. Information on assumptions and uncertainties regarding estimates which entail a substantial risk of a material adjustment in the subsequent financial year is included in the following notes:

- With regard to the pensions, the main actuarial assumptions are stated in note 51.
- With regard to guarantees and claims, provisions have been formed whenever there is an actual liability or it is likely that an outflow of funds will be necessary. The result of this is stated in note 52.
- With regard to impairments, an examination has been carried out in loss-making companies and units with goodwill to determine whether the realisable value of any cash generating unit is lower than the carrying value. Changed assumptions may lead to the realisable value being lower than the carrying value. See note 39.
- Estimates with regard to the use of tax losses are included in note 43.

# Company financial statements

## 59 COMPANY PROFIT AND LOSS ACCOUNT

In millions of euros	Note	2013	2014
Result from participating interests after profit tax	61	10.2	- 55.3
Other results after profit tax		8.8	9.6
<b>Net result</b>		<b>19.0</b>	<b>- 45.7</b>

## 60 COMPANY BALANCE SHEET (BEFORE APPROPRIATION OF THE RESULT)

In millions of euros	Note	31 December 2013	31 December 2014
<b>FINANCIAL FIXED ASSETS</b>	<b>61</b>		
Participating interests in subsidiaries		606.1	591.0
Loans to subsidiaries		181.5	184.5
Deferred profit tax assets		18.9	16.6
<b>Total non-current assets</b>		<b>806.5</b>	<b>792.1</b>
<b>CURRENT ASSETS</b>			
Due from subsidiaries		1.5	1.2
Other receivables		0.2	2.9
Cash and cash equivalents		1.4	1.2
<b>Total current assets</b>		<b>3.1</b>	<b>5.3</b>
<b>Total assets</b>		<b>809.6</b>	<b>797.4</b>
<b>EQUITY</b>			
Share capital	63	67.0	67.7
Share premium reserve	65	42.6	41.9
Legal reserve	66	- 5.7	29.2
Other reserves	67	351.4	355.1
Undistributed result		19.0	- 45.7
		474.3	448.2
<b>Provisions</b>	<b>69</b>	<b>0.9</b>	<b>0.9</b>
<b>Non-current liabilities</b>	<b>70</b>	<b>190.3</b>	<b>212.1</b>
<b>Short-term liabilities</b>	<b>71</b>	<b>144.1</b>	<b>136.2</b>
<b>Total equity and liabilities</b>		<b>809.6</b>	<b>797.4</b>

# Notes to the company financial statements

## GENERAL INFORMATION

### ACCOUNTING POLICIES

The parent company financial statements of Royal Ten Cate form an inseparable whole with the 2014 financial statements of Royal Ten Cate and have been prepared in accordance with the statutory requirements of Part 9 of Book 2 of the Netherlands Civil Code. In determining the accounting policies for its parent company financial statements, Royal Ten Cate uses the option available under article 2.362 paragraph 8 of the Netherlands Civil Code. This means that the accounting principles for the parent company financial statements of Royal Ten Cate are the same as those applying to the consolidated financial statements. Participating interests over which significant influence is exercised are valued in accordance with the equity method. The consolidated financial statements have been prepared in accordance with the standards set by the International Accounting Standards Board and adopted by the European Union. A description of these standards can be found in the accounting policies applicable to the consolidated financial statements.

The share in the results of associated companies includes the share of Royal Ten Cate in the results of these companies. Results from transactions involving a transfer of assets and liabilities between Royal Ten Cate and its participating interests and between individual participating interests are not included to the extent that they can be considered to be unrealised.

	Interest in subsidiaries	Loans to subsidiaries	Deferred profit tax assets	Total
<b>61 FINANCIAL FIXED ASSETS</b>				
Balance as at 1 January	606.1	181.5	18.9	806.5
Investments/capital contributions	19.6	–	–	19.6
Acquisitions/divestments	– 1.1	–	–	– 1.1
Actuarial gains and losses of pensions	– 13.0	–	–	– 13.0
Translation differences	34.7	4.2	–	38.9
Loans granted	–	50.6	–	50.6
Repayment of loans	–	– 51.8	–	– 51.8
Results of participating interests	– 55.3	–	–	– 55.3
Dividend of participating interests	–	–	–	–
Change in deferred tax	–	–	– 2.3	– 2.3
<b>Balance as at 31 December</b>	<b>591.0</b>	<b>184.5</b>	<b>16.6</b>	<b>792.1</b>

Royal Ten Cate is at the head of the Group and has capital interests in the subsidiaries stated on the cover.

## 62 EQUITY

The equity in the parent company financial statements corresponds to the equity in the consolidated financial statements. A statement of changes in equity can be found on page 106.

<b>63 CALLED AND PAID-UP CAPITAL</b>	2013	2014
Authorised share capital	200.0	200.0
Of which not issued	133.0	132.3
<b>Balance as at 31 December</b>	67.0	67.7

<b>64 ORDINARY SHARES</b>	2013	2014
The authorised share capital consists of: 80,000,000 ordinary shares of €2.50	200.0	200.0

	2013	2014
Balance as at 1 January		
Ordinary shares 26,497,666 and 26,791,367	66.2	67.0
Issued stock dividend 293,701 and 297,411	0.8	0.7
<b>Balance as at 31 December</b>	67.0	67.7

<b>65 SHARE PREMIUM RESERVE</b>	2013	2014
Balance as at 1 January	43.4	42.6
Issued stock dividend	-0.8	-0.7
<b>Balance as at 31 December</b>	42.6	41.9

The share premium reserve is available for distribution to shareholders.

## 66 LEGAL RESERVE

<b>66.1 Translation differences</b>	2013	2014
Balance as at 1 January	3.1	-8.6
Change	-11.7	34.7
<b>Balance as at 31 December</b>	-8.6	26.1

<b>66.2 Hedging reserve</b>	2013	2014
Balance as at 1 January	-3.9	-1.6
Change	2.3	0.9
<b>Balance as at 31 December</b>	-1.6	-0.7

<b>66.3 Other legal reserves</b>	2013	2014
Balance as at 1 January	2.7	4.5
Change	1.8	-0.7
<b>Balance as at 31 December</b>	4.5	3.8

The other legal reserves concern capitalised development costs, undistributable reserves of subsidiaries and the hedging reserve.

Balance of legal reserves as at 31 December	-5.7	29.2
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<b>67 OTHER RESERVES</b>	2013	2014
Balance as at 1 January	324.8	351.4
Actuarial gains and losses of pensions	13.6	-9.5
Transferred to Other legal reserves	-1.8	0.7
Added from 2012 / 2013 result	13.3	12.2
Share and option plans	1.6	1.7
Issue of repurchased shares for share savings plan/option plan	1.0	-0.3
Acquisition of non-controlling interest	-1.1	-1.1
<b>Balance as at 31 December</b>	351.4	355.1

## 68 OPTION PLAN

Royal Ten Cate operates a stock option plan for the management, established by the Supervisory Board. Those eligible for options are members of the Executive Board, the corporate and group directors and a number of officers of critical importance to the company. The implementation of the share option plan is supervised by the compliance officer.

The options are granted on a conditional basis. During the vesting period of three to five years, a performance condition must be fulfilled. This condition is that the earnings per share, adjusted to take account of exceptional items, over the past three, four or five years must have increased on average by at least a percentage equal to inflation plus 3% per year. If this performance condition has been fulfilled, the options become unconditional and may be exercised, unless restrictions have been imposed by the Netherlands Authority for the Financial Markets.

## › Notes to the company financial statements

The term of the options totals eight years for the option series to 2007 and ten to twelve years for the option series from 2007 onward. The exercise period is five years for the option series to 2007 and seven years for the option series from 2007. No options vested in 2014.

The option exercise price is equivalent to the average price of the Royal Ten Cate share on Euronext Amsterdam nv on the five stock exchange trading days following publication of the annual figures. Each granted option right lapses on termination of employment other than as a result of retirement.

In principle, options amounting to approximately 1.5% of the total number of shares in issue will be granted in any one year. The exercise of options is subject to the restrictions laid down in the Securities Transactions Supervision Act.

### 68.1 Granting of options in 2015

On 19 February 2015 it was intended to grant 353,000 conditional options at the average market price during the five stock exchange trading days following publication of the annual results on 20 February 2015. The distribution is as follows:

	01-03-2014**	20-02-2015*
Members of the Executive Board	70,000	100,000
Management and management support staff	232,500	253,000
	302,500	353,000

\* Provisional.

\*\* Final.

## 68.2 Statement of movements in options of the Executive Board in 2014

### L. de Vries

Issued on	Term until	Number of options	Exercise price	Exercised/ lapsed to 2013	Exercised in 2014	Lapsed in 2014	Outstanding 31-12-2014	Exercisable 31-12-2014
01-03-06	01-03-14	60,000	23.63	–	60,000	–	–	–
28-02-07	28-02-17	60,000	25.77	–	–	–	60,000	60,000
05-03-08	05-03-18	60,000	22.50	–	–	–	60,000	60,000
03-03-09	03-03-19	60,000	11.70	–	–	–	60,000	60,000
03-03-10	03-03-20	60,000	18.96	–	–	–	60,000	60,000
01-03-11	01-03-21	60,000	27.38	–	–	–	60,000	–
28-02-12	28-02-22	60,000	24.67	–	–	–	60,000	–
01-03-13	01-03-23	60,000	17.73	–	–	–	60,000	–
27-02-14	27-02-24	60,000	23.42	–	–	–	60,000	–
		540,000		–	60,000	–	480,000	240,000
20-02-15	20-02-25	60,000						

### E. Bos

Issued on	Term until	Number of options	Exercise price	Exercised/ lapsed to 2013	Exercised in 2014	Lapsed in 2014	Outstanding 31-12-2014	Exercisable 31-12-2014
27-02-14	27-02-24	10,000	23.42	–	–	–	10,000	–
		10,000		–	–	–	10,000	–
20-02-15	20-02-25	40,000						

60,000 options were exercised by the Executive Board in 2014 (2013: no options). The weighted average share price on the exercise date for was € 24.01.

In February 2015 it was intended to grant 100,000 options. 40,000 options in the 2009 series are reserved for outstanding performance, a decision on which will be taken in due course. These options are not included in the above statements.

## › Notes to the company financial statements

### 68.3 Statement of movements in options of management and management support staff in 2014

Issued on	Term until	Number of options	Exercise price	Exercised/ lapsed to 2013	Exercised in 2014	Lapsed in 2014	Outstanding 31-12-2014	Exercisable 31-12-2014
01-03-06	01-03-14	141,200	23.63	52,400	82,800	–	6,000	6,000
28-02-07	28-02-17	145,000	25.77	52,500	–	–	92,500	92,500
05-03-08	05-03-18	207,000	22.50	81,000	32,000	–	94,000	94,000
03-03-09	03-03-19	176,250	11.70	68,500	37,000	–	70,750	70,750
03-03-10	03-03-20	226,500	18.96	37,500	46,500	–	142,500	142,500
01-03-11	01-03-21	246,000	27.38	24,000	–	2,000	220,000	–
28-02-12	28-02-22	249,500	24.67	39,000	–	1,500	209,000	–
01-03-13	01-03-23	264,500	17.73	40,000	–	1,000	223,500	–
27-02-14	27-02-24	232,500	23.42	–	–	–	232,500	–
		1,888,450		394,900	198,300	4,500	1,290,750	405,750
20-02-15	20-02-25	253,000						

### 68.4 Complete statement of movements in options in 2014

Issued on	Term until	Number of options	Exercise price	Exercised/ lapsed to 2013	Exercised in 2014	Lapsed in 2014	Outstanding 31-12-2014	Exercisable 31-12-2014
01-03-06	01-03-14	201,200	23.63	52,400	142,800	–	6,000	6,000
28-02-07	28-02-17	205,000	25.77	52,500	–	–	152,500	152,500
05-03-08	05-03-18	267,000	22.50	81,000	32,000	–	154,000	154,000
03-03-09	03-03-19	276,250	11.70	68,500	37,000	–	170,750	170,750
03-03-10	03-03-20	286,500	18.96	37,500	46,500	–	202,500	202,500
01-03-11	01-03-21	306,000	27.38	24,000	–	2,000	280,000	–
28-02-12	28-02-22	309,500	24.67	39,000	–	1,500	269,000	–
01-03-13	01-03-23	324,500	17.73	40,000	–	1,000	283,500	–
27-02-14	27-02-24	302,500	23.42	–	–	–	302,500	–
		2,478,450		394,900	258,300	4,500	1,820,750	685,750
20-02-15	20-02-25	353,000						

258,300 options were exercised in 2014 (2013: 66,500). The weighted average share price on the exercise date for share options exercised in 2014 was € 23.57 (2013: € 21.35).

The fair value of the granted options on the grant date has been determined on the following basis:

	2013	2014
Price on grant date (15-day average)	€ 17.36	€ 24.01
Exercise price	€ 17.73	€ 23.42
Expected volatility	40.1%	36.6%
Expected option term	10 years	10 years
Expected dividend yield	3.86%	2.79%
Risk-free interest rate	1.05%	1.26%

### 68.5 Repurchased shares

In principle the Group will repurchase shares in order to prevent any dilution of earnings per share caused by the granting of options.

number of shares	2013	2014
Balance as at 1 January	584,287	517,787
Repurchase of own shares	–	238,200
Exercise of options	– 66,500	– 258,300
<b>In issue and fully paid as at 31 December</b>	<b>517,787</b>	<b>497,687</b>

### 69 PROVISIONS

	2013	2014
Guarantee and claims	0.9	0.9
Other	–	–
<b>Balance as at 31 December</b>	<b>0.9</b>	<b>0.9</b>

The term of the provisions exceeds one year.

### 70 LONG-TERM LIABILITIES

	2013	2014
Syndicated loan	190.3	212.1
Other items	–	–
<b>Balance as at 31 December</b>	<b>190.3</b>	<b>212.1</b>

The conditions of the syndicated loan can be found in note 50 in the notes to the consolidated balance sheet.

### 71 SHORT-TERM LIABILITIES

	2013	2014
Cash loans, overdrafts	98.5	82.0
Owed to consolidated subsidiaries	42.3	50.5
Trade creditors and other payables	3.3	3.7
<b>Balance as at 31 December</b>	<b>144.1</b>	<b>136.2</b>

The short-term liabilities are due in less than one year.

### 72 AUDITOR'S FEES

The following fees of KPMG Accountants N.V. and the other entities affiliated with the KPMG network have been charged to the Group's result, in accordance with article 382a Part 9 of Book 2 of the Netherlands Civil Code.

#### Fees

in thousands of euros	2013	2014
Examination of the financial statements	755	759
Other audit assignments	189	241
Other non-audit services	146	133
<b>Total</b>	<b>1,090</b>	<b>1,133</b>

### 73 LIABILITIES NOT SHOWN IN THE BALANCE SHEET

The Company has issued a declaration of liability in accordance with article 403 of Book 2 of the Netherlands Civil Code for the Dutch subsidiaries in which the interest amounts to 100%.

The Company forms a tax group together with the majority of the Dutch subsidiaries for corporation and sales tax. Each of these subsidiaries is severally liable for the tax payable by all the companies included in the tax group.

We also refer to the notes in section 56 concerning contingent liabilities. Guarantees have also been issued for a Dutch subsidiary and a number of foreign subsidiaries.

Almelo, the Netherlands, Thursday 19 February 2015

#### Executive Board

L. de Vries, President and CEO

E.J.F. Bos, member of the Executive Board and CFO

#### Supervisory Board

J.C.M. Hovers, Chairman

P.F. Hartman, Vice-Chairman

E. ten Cate

M.J. Oudeman MBA

# Other information

## INDEPENDENT AUDITOR'S REPORT

To: Annual General Meeting of Shareholders of Ten Cate N.V.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2014

#### Our opinion

We have audited the accompanying Financial statements 2014 of Ten Cate N.V. (the Company), based in Almelo. The Financial statements include the Consolidated financial statements and Company financial statements.

In our opinion:

- the Consolidated financial statements as set out on pages 100 – 144 give a true and fair view of the financial position of Ten Cate N.V. as at 31 December 2014, its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code;
- the Company financial statements as set out on pages 145 – 151 give a true and fair view of the financial position of Ten Cate N.V. as at 31 December 2014 and of its result for 2014 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The Consolidated financial statements comprise:

- the following Consolidated statements for 2014: the Consolidated profit and loss account, the Consolidated statement of comprehensive income;
- the Consolidated balance sheet as at 31 December 2014;
- the Consolidated cash flow statement for 2014;
- the Consolidated statement of changes in group equity as at 31 December 2014; and
- notes, comprising a summary of the significant accounting policies and other explanatory information.

The Company financial statements comprise:

- the Company profit and loss account for 2014;
- the Company balance sheet as at 31 December 2014; and
- notes, comprising a summary of the significant accounting policies and other explanatory information.

#### 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 this report.

We are independent of Ten Cate N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence regulations 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.

#### Materiality

Misstatements can arise from fraud or errors and will be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the Financial statements as a whole at € 1.5 million, which is 5% of consolidated result before taxation, excluding impairment losses on intangible and tangible fixed assets and the pension gain from the plan amendment for 2014. We consider this benchmark to be the most relevant benchmark given the nature and business of the Company. We have also taken into account misstatements and/or possible misstatements that are in our opinion material for qualitative reasons for the users of the Financial statements.

Audits of group entities (components) were performed using materiality levels determined by the judgment of the group audit team, having regard to the materiality of the Consolidated financial statements as a whole and the reporting structure within the group. Component materiality did not exceed € 1.4 million. For the components, except for the components in the United States and one in the Netherlands, materiality is less than this threshold, because a statutory audit materiality was applied.

We communicated with the Supervisory Board that misstatements in excess of € 75,000, that are identified during the audit, would be reported to them, as well as misstatements below this threshold that in our view must be reported on qualitative grounds.

#### **Scope of the group audit**

Ten Cate N.V. is the head of a group of entities. The financial information of this group is included in the Financial statements of Ten Cate N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for the components. Decisive were the size and/or risk profile of the components or operations. On this basis, we selected components for which an audit had to be carried out on the complete set of financial statements or on specific items.

Based on these scoping criteria we selected 21 components located in the following countries: the USA (5), the United Kingdom (4), the Netherlands (3), France (2), Austria, Germany, Denmark, United Arab Emirates, Australia, New Zealand and Malaysia. Furthermore, we performed specified audit procedures at group level on significant areas, such as the profit tax position, intangible assets, the Dutch pension plan, bank covenants and assets held for sale. This resulted in a coverage of 79% of total revenue and 79% of total assets. The remaining 21% of total revenue and 21% of total assets results from a number of smaller reporting components, none of which individually represented more than 3% of total revenue or total assets. For these remaining components, where considered necessary, we performed amongst others analytical procedures to corroborate our assessment that there are no significant risks of material misstatements.

The group audit team sent detailed instructions to all component auditors, that covered significant areas including the relevant risks of material misstatement, and set out the information required to be reported back to the group audit team. The group audit team visited the USA and audited the Dutch components. For the majority of the components in scope – physically visited or not – telephone meetings were held with the auditors of these components and if deemed necessary with local management. During these visits and calls, our audit planning, risk assessment, audit approach and significant findings and objectives were discussed and file reviews were performed in the USA. Any further work deemed necessary by the group audit team was subsequently performed.

By performing the scoping procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the consolidated financial information to provide an opinion about the Financial statements.

#### **Our key audit matters**

Key audit matters are matters that, in our professional judgment, were of most significance in our audit of the Financial statements. We have discussed the key audit matters with the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the Financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Valuation of goodwill and other intangibles**

Goodwill and other intangibles represents 23% of the balance sheet total and 46% of total equity. Procedures over management's annual impairment test were significant to our audit because the assessment process is complex and judgmental. Ten Cate N.V.'s goodwill and other intangibles are allocated to Cash Generating Units (CGUs) and groups of CGUs mainly in Grass, Armour, Composites and Xennia. The Company uses assumptions in respect of future market- and economic conditions. For our audit we assessed and tested the assumptions, the Weighted Average Cost of Capital, methodologies and data used by the Company, for example by comparing them to external data such as expected inflation rates, specific market growth rates and by analyzing sensitivities in the Company's valuation model. We included in our team a valuation specialist to assist us in these

## › Other information

audit activities. We specifically focused on the sensitivity in the available headroom of the (groups of) CGUs where a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount, and on the impairment for Armour and Xennia recognized in the year. We also assessed the historical accuracy of management's estimates. We assessed the accuracy and adequacy of the Company's disclosure in note 39 of the Financial statements about those assumptions to which the outcome of the impairment test is most sensitive.

### Profit tax position

Profit tax was significant to our audit because the assessment process is judgmental. Ten Cate N.V.'s operations are subject to profit taxes in various jurisdictions. We have tested the completeness and accuracy of the amounts recognized as current and deferred profit tax, including the assessment of uncertain profit tax positions. In this area our audit procedures included, among others, assessment of correspondence with the relevant tax authorities. In addition, in respect of deferred profit tax assets we tested management's assumptions to determine the probability that deferred profit tax assets recognized in the Financial statements will be recovered through taxable profit in future years and available tax planning strategies. During our procedures, we used amongst others, management's budgets and forecasts and profit tax laws. In addition we assessed the historical accuracy of management's assumptions. We also assessed the accuracy and adequacy of the Company's disclosure in notes 37 and 43 of the Financial statements in respect of the profit tax positions.

### Accounting for defined benefit schemes

The company's post-retirement benefit provisions relate to defined benefit pension schemes and other post-retirement benefit schemes and amount to a total of € 30.7 million net liability. The largest pension schemes are in the Netherlands and the USA. As part of our audit we have evaluated and challenged management's actuarial assumptions such as discount rates, indexation percentages, and future salary increases. In addition we tested the valuation of plan assets. We also performed substantive audit procedures on the underlying census data of the post-retirement benefit provisions. In performing our audit we have used dedicated pension specialists including our own actuaries. We further focused on the plan amendment in 2014 of the Dutch defined benefit pension plan and the accuracy and adequacy of the Company's pension disclosures on key assumptions in note 51 of the financial statements.

### Responsibilities of the Executive Board and the Supervisory Board for the Financial statements

The Executive Board is responsible for the preparation and fair presentation of the Financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the Report of the Executive Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the Financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the Financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the Financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board 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 objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may have not detected all errors and fraud.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the Financial statements, whether due to errors or fraud, 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 errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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 the Executive Board.
- Concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events 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. However, future events or conditions may cause the Company ceasing 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.

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 findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the Financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

## › Other information

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### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

#### **Report on the Report of the Executive Board and the other information**

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Report of the Executive Board and other information):

- we have no deficiencies to report as a result of our examination whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed;
- we report that the Report of the Executive Board, to the extent we can assess, is consistent with the Financial statements.

#### **Engagement**

We were appointed before 2008 for the first time as auditor of Ten Cate N.V. and have operated as auditor since then. We were re-appointed by the Annual General Meeting of Shareholders on 17 April 2014 as auditor of Ten Cate N.V. for the year 2014.

Amstelveen, 19 February 2015

KPMG Accountants N.V.

T. van der Heijden RA

## **SUBSEQUENT EVENTS**

On 7 January 2015 it was announced that the Group had reached agreement with Platinum Equity, an American private equity fund, on the sale of TenCate Enbi. The transaction is expected to be completed in the first half of 2015.

## **SUMMARY OF THE PROVISIONS OF THE ARTICLES OF ASSOCIATION**

### **Provisions of the articles of association relating to appropriation of profit**

(Article 30)

1. Distributions on shares may not exceed the amount of the distributable equity.
2. Subject to the approval of the supervisory board, the executive board is authorized to determine the part of the profit that will be reserved.
3. The profit remaining after reservation pursuant to paragraph 2 is at the disposal of the general meeting.
4. Profits will be distributed after adoption of the financial statements showing that this is justified.
5. Subject to the approval of the supervisory board, the executive board may decide to make interim distributions of dividends on shares, provided that the requirements of article 1 have been complied with as shown by an interim financial statement of assets and liabilities in accordance with applicable legal provisions.
6. Shares held by the company in its own capital shall be disregarded when calculating the amount of any distribution.
7. Sections 2:104 and 2:105 of the Dutch Civil Code apply to distributions to shareholders.

### **Provisions of the articles of association concerning distributions chargeable to distributable shareholders' equity and distributions in shares**

(Article 31)

1. The General Meeting may, on the proposal of the Executive Board approved by the Supervisory Board, resolve to make distributions to shareholders charged to the distributable shareholders' equity.
2. The General Meeting may, on the proposal of the Executive Board approved by the Supervisory Board, resolve that a distribution in respect of shares be made wholly or partly not in cash but in shares in the capital of the company or by other means.

## **PROPOSED APPROPRIATION OF RESULTS AND DISTRIBUTIONS**

In accordance with Dutch law and the articles of association the net result of – € 45.7 million has been charged to other reserves. On the basis of article 31 paragraph 1 of the articles of association of Royal TenCate, the Executive Board proposes, with the approval of the Supervisory Board, to make a distribution of € 13.3 million charged to the freely distributable reserves. This amounts to € 0.50 per share for holders of ordinary shares, payable at their discretion in cash or in the form of shares in the capital of Royal TenCate.