

Vereniging VEB
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Dear Mr. Koster,

Thank you for your letter dated 1 November 2016 and your questions regarding the departure of Arcadis CEO Neil McArthur and the company's Q3 trading update.

As we said in our press release on 27 October 2016, Mr. McArthur provided Arcadis with excellent leadership over the past five years and he leaves the company with our thanks and best wishes. As you point out Mr. McArthur was re-elected CEO in May 2015, as proposed by the Supervisory Board and supported by the General Meeting of Shareholders. Now, eighteen months into his second term, Arcadis is facing new and challenging market realities. The difference of opinion about Arcadis' path forward, which developed in the course of 2016, was the reason that the Supervisory Board and Mr McArthur agreed that Arcadis should have new leadership. Mr. McArthur stepped down with immediate effect, and he officially leaves Arcadis in early 2017.

Following the decision, the Arcadis Supervisory Board immediately started an internal and external search for a new CEO. Meanwhile, the Executive Board, under the interim leadership of CFO Renier Vree, has already started an accelerated process of aligning our cost structure to the new market realities, and simplifying the organization. Client Focus is one of our core values and will be at the heart of Arcadis' path forward. In the short term, this means orientating the organization to win more work, and ensuring outstanding invoices are paid appropriately.

Regarding our contractual obligations to Mr. McArthur, our Annual Report contains an overview of our remuneration policy, including fixed remuneration, as well as short and long-term variable elements for the entire Executive Board. At Arcadis, granted options and 'restricted shares' vest after a three years period. For options there will be a period during which they can be exercised. In the remuneration policy you can see that all Executive Board members are entitled to a payment of one-year base salary in the case of early termination of their (4-year) terms. Accordingly, Mr. McArthur will receive a

payment of EUR 630,000. Other relevant contractual obligations are common and will be disclosed as required in our annual report 2016.

Regarding Arcadis' third quarter trading update, and specifically working capital development, the issues the company is facing are a reflection of market realities we have consistently disclosed throughout 2016. Low oil prices have impacted our clients, particularly in the Middle East, leading to lower revenues for government, delayed or reduced investment for new projects, and deferral of payments. In addition, Arcadis has large milestone driven contracts in the Middle-East that will continue to impact the working capital until mid-2017. We shared this already in the presentation of the full-year 2015 results.

Arcadis has taken a comprehensive set of measures to manage and improve working capital, including improved systems and processes for more structured identification and resolution of issues, enhanced training for project managers and account leaders for invoicing and collection, and intensive ongoing monitoring and analysis. You are correct that working capital partly depends on external factors that we cannot control. For the part that we can control, we believe we are doing everything to manage and improve working capital.

Thank you again for reaching out to Arcadis.

Yours sincerely,
Arcadis N.V.


Renier Vree
Interim CEO Arcadis N.V.
Niek Hoek
Chairman Supervisory Board