

2016 HALF-YEARLY REPORT



COMPARED TO RECORD FIRST HALF YEAR RESULT 2015 (+6,8%) **PORT OF ROTTERDAM THROUGHPUT DECREASED BY 3,0%**

- Oil and oil products maintain high level, with decreases mainly occurring in coal, ore and containers
- Market share increased by 0.3 percentage point
- Expected throughput for full year 2016 close to 2015 total
- Turnover Port of Rotterdam Authority virtually unchanged
- Net result €96.6 million; €26.0 million lower due to one-time interest rate swap cancellation

Compared to the exceptionally good first half of 2015 (when throughput increased by 6.8%), Rotterdam handled 3.0% less cargo in the first six months of 2016. The most pronounced decrease could be observed in the dry bulk segment (-9.9%). Although the port handled a slightly lower volume of liquid bulk (-1.1%), the volume of crude oil and oil products put through so far in 2016 is still at an historical high. The port's container throughput (in TEU) decreased by 2.3%. While Rotterdam's offshore sector realised a number of large-scale projects, this industry has been negatively affected by lower investments in oil and gas extraction.

Rotterdam's market share in the Hamburg-Le Havre range increased from 38.0% in the first quarter of 2015 to 38.3% in the first quarter of 2016. Overall this means that, given the current difficult macro-economic circumstances, Rotterdam's port business community is performing well compared to companies in competing ports.

Turnover in the first half of 2016 equalled €336.9 million, a €2.0 million decrease compared to the first six months of 2015. Sea port tariffs decreased by €5.8 million, which is mainly attributable to reduced throughput figures. Income from contracts increased by €4.5 million. Net result in the first six months of 2016 totalled €96.6 million, compared to €122.5 million in 2015. This difference can be attributed almost entirely to a one-time payment in connection with the partial cancellation of an interest rate swap. While this increased the Port Authority's financial expenses in 2016 by €29.3 million compared to 2015, it will result in lower interest charges in the years ahead. Investments for the full year 2016 are expected to be virtually equal to those made in 2015.

Rotterdam's port and industrial complex operates in a highly dynamic environment. A variety of factors lead to uncertainty, but definitely also present opportunities. These include: the Paris Agreement on climate change; a lack of clarity regarding the shape of the energy transition, both nationally and internationally; the consequences of a Brexit and increasing protectionism; ongoing pressure on oil prices; the digitisation of society; the establishment of new alliances by container shipping companies; etc., etc. Over the next few years, two developments will be particularly relevant to the port: the energy transition and digitisation. The port is favourably positioned to make major strides in both areas. It is precisely the sheer scale of Rotterdam's energy and chemical cluster – as well as the size of its logistics flows and the fact that a number of leading companies are located in the port area – that makes for such a good starting position, whether the plan is to tap into new options for increasing efficiency, to develop biobased production, take advantage of residual heat, capture and store CO₂ emissions or organise logistics processes more efficiently with the aid of smart IT applications. Innovation plays a key role in many of these processes. Over the past six months, the Port of Rotterdam Authority has taken a number of concrete steps in the field of energy transition and digitisation.

REPORT OF THE EXECUTIVE BOARD

THROUGHPUT AND TRENDS IN THE PORT OF ROTTERDAM

In the first six months of 2016, total throughput in the port of Rotterdam decreased by 3.0%. In most market segments, volumes handled were lower than in the exceptionally good first half of 2015.

DRY BULK

With the exception of agricultural bulk, volumes of all dry bulk types decreased. Throughput of ore and scrap fell by 8.8% – mainly due to a slowdown in European steel production in response to the influx of inexpensive Chinese steel. Coal imports for power stations also decreased, for reasons such as the increase of wind and solar energy, closure of two Dutch coal-fired power plants and a reduction in coal stocks. This was compensated, to a degree, by the increased use of coal by the two new Maasvlakte power stations compared to 2015. All in all, the volume of coal put through the port fell by 18.4%. Other dry bulk decreased by 7.0%. Among other things, this reduction concerns feedstock for the metal and chemical industries. The volume of agricultural bulk handled in the port of Rotterdam rose by 9.9%. The increase in this category was mainly driven by soy imports from Brazil.



Overall, the port of Rotterdam handled 39.3 million tonnes of dry bulk in the first two quarters of 2016. This volume represents 17% of the port's total throughput.

LIQUID BULK

Throughput of liquid bulk decreased by 1.1% while remaining at an historically very high level. The volume of crude oil entering the port fell by 2.6% but, at over 50 million tonnes, this is still in the upper section of the bandwidth for crude oil throughputs recorded over several decades. The oil price is low, resulting in favourable margins for the refineries – although these have declined slightly. It is remarkable that – just like last year – oil was transported from the Middle East to the Baltic via the port of Rotterdam. The volume of mineral oil products put through the port of Rotterdam remained virtually the same (-0.2%). Decreased transshipment of Russian heavy fuel oil – as a result of reduced production at various Russian refineries because of maintenance stops – was compensated by an

CARGO THROUGHPUT (GROOT ROTTERDAM) (X 1,000 METRIC TONS)	JAN-JUN 2016	JAN-JUN 2015	DIFFERENCE IN %
Iron ore and scrap	15,401	16,894	-8.8%
Coal	12,750	15,615	-18.4%
Agribulk	5,217	4,748	9.9%
Other dry bulk	5,913	6,332	-6.6%
SUBTOTAL DRY BULK	39,313	43,650	-9.9%
Crude oil	50,335	51,675	-2.6%
Mineral oil products	46,241	46,348	-0.2%
LNG	861	1,136	-24.2%
Other liquid bulk	15,583	15,115	3.1%
SUBTOTAL LIQUID BULK	113,020	114,273	-1.1%
CONTAINERS	63,026	64,847	-2.8%
Roll-on/Roll-off	11,118	10,718	3.7%
Other general cargo, lash	2,643	2,693	-1.9%
TOTAL BREAKBULK	13,760	13,411	2.6%
TOTAL THROUGHPUT (X 1,000 METRIC TONS)	229,120	236,182	-3.0%
CONTAINER THROUGHPUT (IN TEU x 1,000)	6,094	6,237	-2.3%

increased throughput of diesel, naphtha and kerosene. LNG throughput dropped by 24.2%, mainly due to less demand for re-exported LNG in the first quarter of the year. The other liquid bulk category showed a 3.1% rise, mainly caused by a slight increase in the throughput of biodiesel.

The total volume of liquid bulk put through the port was 113.0 million tonnes, equalling 49% of the grand total.

This spring, ExxonMobil started on the construction of a hydrocracker. This investment of some USD 1 billion will allow the company to produce cleaner fuel types in the region and is indicative of ExxonMobil's confidence in the quality of Rotterdam's port and industrial complex. Shell has announced that it will start a comparable project at its refinery in Pernis. Gunvor acquired Kuwait Petroleum's former refinery in Europoort. The parent company of the Abengoa biofuel plant has run into difficulties, which resulted in the acquisition of the Rotterdam facilities by Alco. Particularly BTT, LBC, Rubis and Koole invested in jetties and/or storage tanks for liquid bulk. GATE's LNG breakbulk terminal and the Neste biopropane plant are both scheduled to become operational in the second half of 2016.



CONTAINERS AND BREAKBULK

The volume of containers handled in the first six months of 2016 decreased by 2.3% in terms of TEU (cargo capacity unit for containers) and 2.8% in terms of mass. Container throughput saw a modest decline from the second quarter of 2015 on, but started to pick up again at the end of last year. Total volume of containers put through in the Hamburg-Le Havre range saw a slight decrease, mainly due to declining exports to China and Brazil. Feeder volumes to the UK, Spain and Portugal rose slightly, in contrast with similar exports to Russia. Short sea shipping showed a comparable trend: a decrease in exports to Russia in tandem with an increase in shipping to the UK. The growth of the British economy – coupled with the on-going refugee problems at Calais – was the key factor contributing to the 3.7% increase in roll-on/roll-off traffic. Throughput in the other breakbulk segment fell by 1.9%, mainly caused by a drop in project cargo.

In total, the port of Rotterdam put through 6.1 million TEU, with a combined mass of 63.0 million tonnes. This constitutes 28% of the

port's total throughput. The volume of breakbulk (roll-on/roll-off and other breakbulk) handled at the port equalled 13.8 million tonnes, i.e. 6% of Rotterdam's total throughput.

The volume of cargo put through the two new container terminals at Maasvlakte 2 rose considerably in the first half of 2016. Both terminals are now handling substantial volumes. Handling of inland shipping improved significantly: last year, this sector was still regularly affected by congestion. One of the most important developments in the most recent period was an agreement reached early July 2016 following negotiations between the container companies, the trade unions and the Port of Rotterdam Authority concerning job security for the more than 3,500 employees in this sector. The trade unions will now submit the negotiated result to their members with a positive advice, after which we expect it will be formally adopted in late August. This will provide clarity and will quiet things down in the sector, which is important because a number of new alliances are forming in the container shipping sector, drawing up new rotation schedules and negotiating with various terminals in the Hamburg-Le Havre range. In this respect, Rotterdam can expect to benefit from the ongoing increase in scale of the shipping sector (the number of 18,000+ TEU vessels is projected to increase from 37 today, to 72 in 2019). Taken together, these different developments mean that Rotterdam is favourably positioned when it comes to competing with the other Northwest-European container ports.

OFFSHORE

The offshore sector realised a number of large-scale projects – the most visible of which were the work on the Pioneering Spirit and the Balder. Nevertheless, the sector is going through tough times due to significantly reduced investments in oil and gas extraction in response to the ongoing pressure on the price of oil. The sector is also affected by the sudden change in inspection activities, which deviate from the accepted international approach. Prospects for realising offshore wind farms at sea are considerably better than those for the oil and gas sector. A large number of parties have jointly presented the 'Rotterdam coalition for the offshore wind industry', through which they intend to play a more prominent role in this growth market. Working together with Sif, we have made significant progress in the realisation of a new terminal at Maasvlakte 2. Here, Sif will start



producing foundations for offshore wind turbines and facilities for the oil and gas industry in the third quarter of 2016. The Port Authority will focus on facilitating both oil and gas extraction, the decommissioning of offshore platforms and the realisation of new wind farms.

ENERGY TRANSITION

Rotterdam's industrial cluster is expected to play a major role in the Netherlands' domestic energy transition. The scale of this cluster, the level of CO₂ emissions, the presence of different production chains and the fact that a number of globally leading corporations are located in the port, all ensure that Rotterdam has ample opportunity to make substantial contributions to the energy transition. It can do so via a variety of paths, e.g. increasing efficiency, biobased production, utilising residual heat produced by local industry, the capture and sequestration of CO₂, utilisation of clean fossil fuels like LNG, the application of power-to-liquids technology, etc. The Port Authority intends to play a pioneering role in these and other programmes – to ensure that, on the one hand, the ambitious global climate goals will be realised, and on the other hand that the port of Rotterdam will have a prosperous future also in the long term. In the past six months, we agreed that Shell Pernis will be supplying residual heat generated by its refinery complex to Rotterdam's district heating network. This heat will be delivered to some 16,000 households. This is a major step forward in the development of a regional network that transfers residual heat from industrial locations to various towns and cities in Zuid-Holland province and the Westland area. It will substantially reduce CO₂ emissions in the region. The idea is to initially utilise the heat generated by 'fossil-based' industrial facilities, and subsequently expand the network to include heat from renewable sources. The next major project that will be undertaken in this area is the construction of the so-called Western Pipeline. Unfortunately, due to the on-going political debate regarding the possible closure of coal-fired power plants – a relatively plentiful source of heat that is easy to connect to – we are making limited progress in this specific dossier.

DIGITISATION

Digitisation presents major opportunities to organise logistics processes more efficiently. While there is no shortage of ideas involving real-time data applications, in practice, logistics operations prove less amenable. In response, the Port of Rotterdam Authority has set up the Rotterdam Logistics Lab, which works in collaboration with clients and start-ups on the realisation of logistics applications that increase access to relevant data and that specifically help planners in the logistics sector to increase the efficiency of logistics chains. The main objectives are to ensure that logistics chains that run via Rotterdam become more efficient and to increase the ease of doing business in the region. This will enable a more effective use of existing infrastructure, reduce costs and increase the port of Rotterdam's appeal as a business environment. One concrete example is the Port Call Optimisation project, in which the Port Authority works together with various clients to develop a platform for the exchange of nautical information and vessel planning. Reliable, up-to-date information on e.g. current water depths can help improve capacity utilisation – and, as a result, efficiency.

INNOVATION

Innovation plays a crucial role in both energy transition and digitisation. That is why in the most recent period, the Port Authority has devoted a great deal of attention to strengthening the region's 'innovation ecosystem' – from dedicated awards for students, to a fund that provides promising companies with capital. Major results achieved in the past six months include the launch of a centre for 3D metal printing, which has been assigned the status of Field Lab, and the first edition of the PortXL accelerator programme. The latter initiative involved scouting twelve promising start-ups from all over the world, and inviting them to participate in the accelerator programme on location in Rotterdam for a period of three months. A number of these firms have since signed contracts with Rotterdam-based companies to organise a pilot project. And the twelve participating companies have all opted for Rotterdam as their new business location.



FINANCE

Turnover in the first half of 2016 decreased by €2.0 million compared to the first six months of the previous year. This is due, among other things, to a €5.8 million decrease in Rotterdam's sea port dues and a €4.5 million increase in the port's revenue from contracts. The lower income from sea port tariffs can mainly be attributed to reduced throughput. Revenue from contracts mainly increased as a result of new contracts and indexations.

Operating expenses in the first two quarters of 2016 were €1.7 million higher than in the first half of 2015, mainly due to an increase in labour costs (+5%) and operating expenses (+3%). Not including the impairment in 2015, depreciations in 2016 were equal to the figures recorded for the first half of 2015.

Our total financial income and expenses increased by €29.3 million compared to 2015, as a result of the partial cancellation of an interest rate swap. Based on the most recent liquidity prognosis, we have concluded that our financing requirement is lower than forecast at the time of the original interest rate swap in 2009. This lower financing requirement reduces our requirements in the area of interest rate hedging. For this reason, it was decided to cancel 10% of the interest rate swap of €1 billion in total. This cancellation involved a lump-sum payment of €59.4 million. Of this payment, €32.0 million was included in the results as interest charges, since

this part would have become ineffective if there had been no cancellation. In the first half of 2016, the above developments led to a €26.0 million decrease in the net result compared to the net result in the first six months of 2015.

Key investments in the first six months of 2016 related to the realisation of quay walls for Sif and Koole Terminals, renovation of the ironworks at the former site of the Rotterdamse Droogdok Maatschappij and the realisation of a second berth for Stena Line. Total investments for 2016 are expected to be at a similar level to those made in 2015 (€151.1 million). With scheduled projects including the expected realisation of the Container Exchange Route and the construction of the Theemsweg route, the Port of Rotterdam Authority expects its average annual investment level to range between €150 million and €200 million per year over the next few years.

The Port Authority requires a healthy cash flow to meet commitments and continue investing in the port's infrastructure. At €116.7 million, the port's operating cash flow in the first half of 2016 was €78.1 million lower than in the first six months of 2015 – which can primarily be attributed to the €59.4 million payment for the cancellation of the interest rate swap. Payments relating to investments (€55.6 million) and dividend (€91.0 million) constituted the largest part of the cash flow from investing activities and financing activities in the first half of 2016. On balance, total cash and cash equivalents decreased by €38.3 million compared to the start of the financial year. Cash flow is expected to improve in the second half of 2016 compared to the first two quarters of 2016.



2016 HALF-YEARLY FIGURES

CONDENSED BALANCE SHEET AS AT 30 JUNE 2016

(before result appropriation)

ASSETS	30-6-2016	31-12-2015
(AMOUNTS X € 1,000)		
Fixed assets		
Tangible fixed assets	3,645,753	3,657,822
Financial fixed assets	84,892	82,604
	3,730,645	3,740,426
Current assets		
Inventories	623	605
Accounts receivable	167,985	123,901
Money market funds	0	25,019
Cash and cash equivalents	63,667	76,966
	232,275	226,491
TOTAL ASSETS	3,962,920	3,966,917
LIABILITIES		
(AMOUNTS X € 1,000)		
Shareholders' equity	2,444,439	2,439,541
Provisions	64,258	54,780
Long-term debts	1,202,725	1,215,667
Short-term debts	251,498	256,929
TOTAL LIABILITIES	3,962,920	3,966,917

CONDENSED STATEMENT OF INCOME FIRST HALF OF 2016

STATEMENT OF INCOME	JAN-JUN 2016	JAN-JUN 2015
(AMOUNTS X € 1,000)		
Total operating income	336,896	338,910
Total operating expenses	-111,612	-109,869
EARNINGS BEFORE INTEREST, DEPRECIATION AND TAXES	225,284	229,041
Depreciation and impairment of tangible fixed assets	-68,447	-75,703
INCOME FROM NORMAL OPERATIONS	156,837	153,338
Financial income and expenses	-63,812	-34,464
Results from participating interests	3,550	3,657
NET INCOME	96,575	122,531

CONDENSED CASH FLOW STATEMENT FIRST HALF OF 2016

CASH FLOW STATEMENT	JAN-JUN 2016	JAN-JUN 2015
(AMOUNTS X € 1,000)		
INCOME FROM NORMAL OPERATIONS	156,837	153,338
Depreciation and amortisation and changes in provisions	69,678	61,248
Changes in working capital	-49,393	9,938
CASH FLOW FROM OPERATING ACTIVITIES	177,122	224,524
Interest received and interest paid	-60,360	-29,661
CASH FLOW FROM OPERATING ACTIVITIES	116,762	194,863
Cash flow from investing activities	-55,624	-76,985
CASH FLOW FROM INVESTING ACTIVITIES	-55,624	-76,985
CASH FLOW FROM FINANCING ACTIVITIES	-99,456	-113,874
NET CASH FLOW	-38,318	4,004
Balance of cash and cash equivalents as at 1 January	101,985	116,908
Balance of cash and cash equivalents as at 30 June	63,667	120,912
CHANGE IN CASH AND CASH EQUIVALENTS	-38,318	4,004

ACCOUNTING PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES AND THE DETERMINATION OF RESULTS

OPERATING ACTIVITIES

The Port of Rotterdam Authority bears responsibility for the management, operation and development of Rotterdam's port and industrial area. As a public company, the Port of Rotterdam Authority has two shareholders: the Municipality of Rotterdam (which holds 70.83%) and the State (29.17%).

The Port of Rotterdam Authority's core tasks under its articles of association are:

- The development, construction, management and operation of the port and industrial area in Rotterdam;
- The promotion of the safe, effective and efficient handling of shipping in the port of Rotterdam and the offshore approaches to the port.

The Port of Rotterdam Authority creates economic and social value by investing in new port sites, public infrastructure such as roads in the port area and client-specific infrastructure such as quay walls and jetties. To ensure the optimal handling of shipping traffic within the port area, the Port of Rotterdam Authority also invests in the local Traffic Guidance System (VBS), patrol boats and incident management.

The Port of Rotterdam Authority's main sources of income are ground lease payments and port dues. The Port of Rotterdam Authority leases out land under long-term contracts to a variety of companies in the port area, including storage companies, terminal operators and chemical companies. International shipping companies pay port dues when their vessels call on the port of Rotterdam.

ACCOUNTING PRINCIPLES APPLIED IN THE HALF-YEARLY REPORT

The half-yearly figures have been prepared in accordance with the financial reporting requirements of Part 9 Book 2 of the Dutch Civil Code and the statements in the Dutch Guideline for Annual Reporting on Interim Reports (RJ 394) issued by the Dutch Accounting Standards Board. As provided for in RJ 394, this interim half-yearly report does not contain all of the information required to be provided in the full financial statements and therefore must be read in conjunction with the 2015 Annual Report/Financial Statements. The same accounting policies used to prepare the 2015 Financial Statements were used to value the Port of Rotterdam Authority's assets and liabilities and determine the Port Authority's results for these half-yearly figures.



EXEMPTION FROM CONSOLIDATION OBLIGATION

The Port of Rotterdam Authority has made use of the exemption from the obligation to consolidate the details of participating interests, if the participating interests jointly have a financial significance in the consolidation which is negligible to the Port of Rotterdam Authority as a whole (RJ 217.304).

CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

In 2016, no changes were made in the adopted accounting policies or accounting estimates that have an impact on the Port of Rotterdam Authority's capital position or earnings.

OPINIONS AND ESTIMATES

When applying the policies and rules for drawing up the Half-yearly Report, the management of the Port of Rotterdam Authority will form certain opinions and estimates. In 2016, there were no significant changes in the method of forming these opinions and estimates.

SEASONAL INFLUENCES

To a limited degree, throughput volumes are subject to seasonal influences, such as an increase in coal throughput in the winter months and the impact of the Chinese New Year (February) on container throughput. The revenues from contracts and the operating costs are not or scarcely affected by seasonal influences.

CORPORATION TAX

Pursuant to Article 6c of the 1969 Corporation Tax Act (Wet op de vennootschapsbelasting), the Port of Rotterdam Authority is exempt from paying corporation tax until the end of 2016. In January 2016, the European Commission decided that the Dutch sea ports are subject to corporation tax as of 1 January 2017. In April 2016, the Netherlands' national government adopted this decision by the European Commission. At this point in time, it is not possible to reliably determine which financial impact this development will have.

NOTES TO THE CONDENSED BALANCE SHEET AND STATEMENT OF INCOME

TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS (AMOUNTS X € 1,000)	CARRYING AMOUNT 30 JUN 2016	COMMISSIONING 2016	DEPRECIATION IN 2016	DISPOSALS	CARRYING AMOUNT 31 DEC 2015
Lands and infraplus	1,347,459	311	-11,335	-	1,358,483
Public infrastructure, port basins, etc.	744,138	14,318	-19,773	-	749,593
Quay walls, stone slopes, etc.	1,129,179	33,037	-22,566	-	1,118,708
Property, plants and equipment and other	334,654	2,985	-14,773	-	346,442
FIXED ASSETS	3,555,430	50,651	-68,447	-	3,573,226
		COMMISSIONING	INVESTMENTS	CAPITALISED INTEREST DURING CONSTRUCTION	
Assets under construction	90,323	-50,651	55,492	886	84,596
TOTAL	3,645,753				3,657,822

In the first half of 2016, tangible fixed assets decreased by €12.1 million in connection with investments (totalling €56.4 million including capitalised interest during construction) and depreciations (approximately €68.5 million). The main investments made in 2016 so far were the construction of quay walls for Sif and Koole Terminals, renovation of the ironworks at the former site of the Rotterdamsche Droogdok Maatschappij and the realisation of a second berth for Stena Line.

A total of €2.3 million in labour costs was capitalised in the first six months of 2016 (compared to €2.2 million in the first half of 2015). This concerns a reasonable share of the personnel costs that can be directly attributed to the production of assets.

An impairment test was performed as at 30 June 2016. The results of this test were favourable, indicating that there are no impairments that need to be taken into account.

FINANCIAL FIXED ASSETS

The Port of Rotterdam Authority's financial fixed assets rose by €2.3 million in the first half of 2016 as a result of an increase in the value of its participating interests (€2.8 million) and a decrease in the regular repayments collected for long-term receivables (approximately €0.5 million).

SHORT-TERM RECEIVABLES

In the first six months of 2016, the Port Authority's short-term receivables increased by €44.1 million – mainly as a result of a payment for the cancellation of the effective portion of the interest rate swap (to the amount of €27.4 million). From this amount, €25.7 million is long-term in nature. The capitalised part will be amortised on a straight-line basis over the term of the underlying loan. For further details, we refer you to the section on Financial instruments and risk management.

MONEY MARKET FUNDS/CASH AND CASH EQUIVALENTS

We have recovered the assets placed in the Deposito Fund, meaning that the Port of Rotterdam Authority has terminated its balance at the Constant Net Asset Value funds. These cash and cash equivalents are presently at the Port Authority's disposal. For further details on the conversion of the cash and cash equivalents, we refer you to the cash flow statement.

SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY (AMOUNTS X € 1,000)	ORDINARY SHARE CAPITAL	SHARE PREMIUM RESERVES	STATUTORY RESERVES	OTHER RESERVES	RESULT FOR APPROPRIATION	TOTAL
31 DEC 2014	900,000	391,200	30,190	774,581	215,374	2,311,345
Earnings jan-jun 2015	-	-	-	-	122,531	122,531
Dividend paid 2014	-	-	-	-	-89,177	-89,177
2014 net income	-	-	-	126,197	-126,197	-
Exchange rate reserve	-	-	3,846	-	-	3,846
Reserve for participating interests	-	-	1,844	-1,844	-	-
TOTAL CHANGES JAN-JUN 2015	-	-	5,690	124,353	-92,843	37,200
30 JUN 2015	900,000	391,200	35,880	898,934	122,531	2,348,545
Earnings jul-dec 2015	-	-	-	-	89,045	211,576
Exchange rate reserve	-	-	1,951	-	-	5,797
Reserve for participating interests	-	-	4,778	-4,778	-	-
TOTAL CHANGES JUL-DEC 2015	-	-	6,729	-4,778	89,045	217,373
31 DEC 2015	900,000	391,200	42,609	894,156	211,576	2,439,541
Earnings jan-jun 2016	-	-	-	-	96,575	96,575
Dividend paid 2015	-	-	-	-	-90,959	-90,959
2015 net income	-	-	-	120,617	-120,617	-
Exchange rate reserve	-	-	-718	-	-	-718
Reserve for participating interests	-	-	986	-986	-	-
TOTAL CHANGES JAN-JUN 2016	-	-	268	119,631	-115,001	4,898
30 JUN 2016	900,000	391,200	42,877	1,013,787	96,575	2,444,439

PROVISIONS

The provisions entry relates to a provision for future soil remediation activities, to the amount of €43.3 million, and a provision for employee schemes, to the amount of €21.0 million. The €9.5 million increase in the provisions is the result of a transfer to the soil remediation facility in 2016.

LONG-TERM DEBTS

LONG-TERM DEBTS (AMOUNTS X € 1,000)	30 JUN 2016	31 DEC 2015
Loans from the Municipality of Rotterdam	58,883	62,132
Loans from credit institutions	992,876	998,124
LOAN PORTFOLIO	1,051,759	1,060,256
OTHER LONG-TERM DEBTS	150,966	155,411
TOTAL	1,202,725	1,215,667

Long-term debts in the first six months of 2016 decreased by €12.9 million, mainly as the result of regular repayments on the Port of Rotterdam Authority's existing loan portfolio (to the amount of €8.5 million) and regular cancellation payments for the operation, maintenance and servicing of bridges and locks (to the amount of €3.5 million). The short-term portion of the loan portfolio (with a term < 1 year) concerns a debt total of €21.5 million.

Annual interest rates on the loans issued by the Municipality of Rotterdam range between 4.81% and 5.99%. These loans were contracted in the period 1996-2003. Interest rates paid for loans from credit institutions are based on the 3-month Euribor reference rate plus a surcharge. This interest rate was capped to a fixed interest percentage by means of an interest rate swap (we refer you to the section on financial instruments and risk management). No collateral was issued for these facilities. The Port of Rotterdam Authority has agreed on specific ratios with the financiers in question. As was the case in 2015, the ratios arranged in 2016 amply satisfy the agreed-upon norms.

OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

The Port of Rotterdam Authority has agreed a number of contingent schemes and multi-year financial entitlements and commitments with municipal administrations, external parties and participating interests. These schemes and commitments mainly relate to the development, maintenance and servicing of the Rotterdam port and industrial complex, Dordrecht Seaport, Rotterdam's Stadshavens district and internal operational management. We refer you to the 2015 Annual Report for further details.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

With the exception of derivatives, the Port of Rotterdam Authority's financial instruments either serve to finance its operational activities or directly stem from these activities. In addition, the Port of Rotterdam Authority uses swaps to hedge possible currency, price and interest rate risks where required.

INTEREST RATE SWAPS

The Port of Rotterdam Authority has agreed an interest rate swap with a number of credit institutions. This interest rate swap is intended to hedge the Port Authority's risks in relation to variable loans as well as the long-term financing requirements associated with the strategic ambitions set out in the Port Authority's Business Strategy and Port Vision 2030.

It was concluded on the basis of the Port of Rotterdam Authority's financial plan and long-term liquidity prognosis that the Port Authority's financing requirements are presently lower than forecast when the interest rate swap was agreed in 2009. One of the consequences of this lower financing requirement is that fewer interest rate risks need to be hedged than previously assumed. It was consequently decided to cancel a notional sum of €100 million on the Port Authority's total hedged position of €1 billion on 16 June 2016. To this end, the Port Authority made a lump-sum payment of €59.4 million. Of this payment, €32.0 million concerned the portion of the interest rate swap that would have become ineffective if there had been no cancellation. This amount has been entered as interest charges on the Port Authority's profit and loss account. The remaining portion of €27.4 million relates to the effective part of the hedge, and was capitalised under receivables. Of this amount, €25.7 million is long-term in nature. The capitalised portion of the payment will be amortised on a straight-line basis over the term of the underlying loan.

The calculated market value of the interest rate swap as of 30 June 2016 totals -€543.2 million (as at 31 December 2015: -€497.4 million). This is the amount that the Port of Rotterdam Authority would be required to pay if it were to cancel the interest rate swap in its entirety. This increase is mainly attributable to the decrease in long-term variable interest rates. The negative market rate drops in tandem with the decreasing difference between the variable swap rate and fixed-rate interest. In addition, it decreases further as the term nears its expiration date. The Port of Rotterdam Authority does not intend to prematurely terminate this interest rate swap, since the purpose of the swap is to hedge its interest rate risks. The Port of Rotterdam Authority applies cost price hedge accounting. We refer you to the 2015 Annual Report for a more detailed explanation.

RISKS

The Port of Rotterdam Authority has adopted a risk management and control system for the identification, management and reporting of risks. Final responsibility for this system is borne by the Executive Board. The system is based on the internationally accepted standards formulated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is described in the Port Authority's 2015 Annual Report. Based on current insights, the main risks that are expected to apply to the second half of 2016 will not be significantly different to the main risks set out in the 2015 Annual Report. The main difference is a broader definition and a re-formulation of the risk 'Phasing out of coal-fired power plants' which now reads: 'Port of Rotterdam will not achieve its CO₂ reduction targets'. Regarding the risk 'More stringent legislation and regulations' and the related introduction of corporation tax for Dutch ports, we are unable at this point to definitely establish which financial impact this will have in the coming period. The Port Authority will continue to talk with parties to limit the financial impact of this development and keep its investment capacity at the desired level.

TOTAL OPERATING INCOME

TOTAL OPERATING INCOME	JAN-JUN 2016	JAN-JUN 2015
(AMOUNTS X € 1,000)		
Net turnover		
Sea port dues	146,587	152,395
Inland port dues	7,065	7,115
Revenues from contracts	174,502	169,956
TOTAL NET TURNOVER	328,154	329,466
Other operating income	8,742	9,444
TOTAL	336,896	338,910

Revenues from sea port dues mainly decreased due to a 3% reduction in cargo throughput compared to the first six months of 2015. Revenues from contracts (including rents, land lease payments and quay dues) increased as a result of new contracts and indexations. The other operating category mainly concerns contributions received in connection with the Traffic Guidance System (VBS).

TOTAL OPERATING EXPENSES

TOTAL OPERATING EXPENSES	JAN-JUN 2016	JAN-JUN 2015
(AMOUNTS X € 1,000)		
Wages, salaries and social insurance contributions	-52,549	-49,850
Operational costs	-60,185	-58,199
Other operating expenses	1,122	-1,820
TOTAL	-111,612	-109,869

A reasonable share of the personnel costs that can be directly attributed to the production of assets is capitalised. In the first six months of 2016, a total amount of €2.3 million in labour costs was capitalised in the shape of tangible fixed assets (compared to €2.2 million in the first six months of 2015). The 'other operating expenses' category mainly relates to incidental costs and returns.

FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME AND EXPENSES (AMOUNTS X € 1,000)	JAN-JUN 2016	JAN-JUN 2015
Income from long-term receivables	144	182
Other interest income	84	200
TOTAL FINANCIAL INCOME	228	382
Interest charges for financing	-60,655	-30,301
Calculated interest charges	-3,823	-4,966
Capitalised interest on tangible fixed assets under construction	886	783
Other financial expenses	-448	-362
TOTAL FINANCIAL EXPENSES	-64,040	-34,846
TOTAL	-63,812	-34,464

The capitalised interest on tangible fixed assets under construction is capitalised during the period of the asset's production. This capitalised interest is calculated on the basis of the weighted average interest rate of loan capital attracted by the Port of Rotterdam Authority. The percentage adopted for 2016 is 2.09% (2015: 2.23%).

Interest rate expenses have increased as a result of the partial cancellation of the interest rate swap agreed in 2009. Of the lump-sum payment of €59.4 million for the notional sum of €100 million, €32.0 million concerned the portion of the interest rate swap that would have become ineffective if there had been no cancellation. This amount has been entered as interest charges on the Port Authority's profit and loss account. The remaining portion of €27.4 million relates to the effective part of the hedge, and was capitalised under receivables. For further details, we refer you to the section on Financial instruments and risk management.

RELATED-PARTY TRANSACTIONS

The Port of Rotterdam Authority's group companies and other participating interests as well as the Municipality of Rotterdam and the State are all designated as related parties. All related-party transactions were conducted under normal market conditions.

The interest charges include an amount of €1.6 million for the Municipality of Rotterdam (first half of 2015: €1.7 million). In addition, the entry for long-term debts includes a period payment of €3.5 million to the Municipality of Rotterdam for the operation, maintenance and servicing of bridges and locks (first half of 2015: €8.2 million, of which €2.7 million was entered under operating expenses and €5.5 million under long-term debts).

The operating expenses include a contribution to Portbase B.V., to the amount of €3.5 million (first half of 2015: €3.7 million). Funding received from the State for maintaining the contours of the port area, to the amount of €5.5 million, has been included in the entry for tangible fixed assets under construction.

Port of Rotterdam Authority

19 July 2016

Executive Board

Drs. A.S. (Allard) Castelein	- Chief Executive Officer (CEO)
Ing. R. (Ronald) Paul	- Chief Operating Officer (COO)
Ir. P.R.J.M. (Paul) Smits CMA CTP	- Chief Financial Officer (CFO)

OTHER INFORMATION

APPROPRIATION OF THE RESULT

The net result for the first half of 2016 is €96.6 million. This has been entered in the 2016 half-yearly figures as 'Result for appropriation', as part of the shareholders' equity. Further to the resolution adopted by the Annual General Meeting of Shareholders in March 2016, the 2015 dividend (€91.0 million including dividend tax) was distributed in June 2016, with the remaining net result from 2015 (€120.6 million) being added to 'Other reserves'.

EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date that provide further information about the actual situation as at the balance sheet date or that are of importance to the users of the Half-yearly Report when it comes to forming an opinion.

REVIEW REPORT

To: the Executive Board, the Supervisory Board and the shareholders of the Port of Rotterdam Authority (Havenbedrijf Rotterdam N.V.)

INTRODUCTION

We have reviewed the accompanying condensed company interim financial information for the period 1 January 2016 to 30 June 2016 of the Port of Rotterdam Authority (Havenbedrijf Rotterdam N.V.), which comprises the condensed Balance Sheet, the condensed Income Statement and the notes. The Executive Board of the Company is responsible for the preparation and presentation of this interim financial information in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports. 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 the Dutch 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 directed to persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially narrower than that of an audit conducted in accordance with Dutch Standards on Auditing 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 interim financial information for the period 1 January 2016 to 30 June 2016 was not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports.

Breda, 19 July 2016

PricewaterhouseCoopers Accountants N.V.

Originally signed by drs. I. Bindels RA