Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Royal Schiphol Group N.V.

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

In our opinion:

— the consolidated financial statements included in this annual report give a true and fair view of the financial position of Royal Schiphol Group N.V. as at 31 December 2018 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

— the company financial statements included in this annual report give a true and fair view of the financial position of Royal Schiphol Group N.V. as at 31 December 2018 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2018 of Royal Schiphol Group N.V. ('Schiphol' or 'the company'), based in Schiphol, as set out on pages 157 to 235. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2018;

2 the following consolidated statements for 2018: the statements of income, comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the accounting policies and other explanatory information.

The company financial statements comprise:

1 the company balance sheet as at 31 December 2018;

2 the company income statement for 2018; and

3 the notes comprising a summary of the 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 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Royal Schiphol Group N.V. in accordance with the EU Regulation on specific requirements regarding statutory audits of public-interest entities, the Audit firms supervision act ('Wet toezicht accountantsorganisaties'), the Code of Ethics for Professional Accountants ('Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten') and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Dutch Code of Ethics ('Verordening gedrags- en beroepsregels accountants').

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality

- Materiality of EUR 13 million
- 4.8% of Profit before tax adjusted for fair value gains and losses

Group audit

- 93% of consolidated revenue
- 91% of consolidated total assets

Key audit matters

- Investments in operational assets and tendering and contracting related to the Capital Programme
- Investment property valued at fair value
- Revenue from airport charges

Unqualified opinion

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 13 million (2017: EUR 15 million). Materiality is determined with reference to profit before tax adjusted for fair value gains and losses, of which it represents 4.8% (2017:

4.9%). We consider profit before tax adjusted for fair value gains and losses as the most appropriate benchmark because we expect users of the financial statements to have a primary focus on the result of the company. We decreased Materiality compared to 2017 because operational results were forecasted to decrease. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that we would report misstatements with an impact on profit for the year in excess of EUR 0.65 million (2017: EUR 0.8 million), as well as smaller misstatements that in our view must be reported on qualitative grounds. We have not reported any uncorrected misstatements in excess of EUR 0.65 million.

Scope of the group audit

Royal Schiphol Group N.V. is at the head of a group of entities with activities in the business areas Aviation, Real Estate, Consumer Products & Services, and Alliances & Participations. The financial information of this group is included in the financial statements of Royal Schiphol Group N.V.

Our group audit was mainly focused on the location Amsterdam Airport Schiphol, with significant activities within the business areas Aviation, Real Estate, and Consumer Products & Services.

We have made use of the work of other auditors for the audit of selected foreign activities in the business area Alliances & Participations. This includes investments in associates Groupe ADP and Brisbane Airport Corporation Holdings Ltd. We have prepared instructions with procedures to be performed and evaluated the outcome of their procedures based on, amongst others, a site visit, and a review of the findings reported to us. For other group entities, including the activities at Terminal 4 of JFK IAT, Lelystad Airport and Rotterdam The Hague Airport, we performed specific audit procedures ourselves.

Our approach described above resulted in an audit coverage of 93% of consolidated revenue and 91% of consolidated total assets.

By performing the 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 group's financial information to provide an opinion about the financial statements.

Audit scope in relation to fraud and non-compliance with laws and regulations

In determining the audit procedures we make use of the evaluation of management in relation to fraud risk management (prevention, detections and response), including ethical standards to create a culture of honesty.

We assessed fraud risk factors and discussed the result of our risk assessment with management and the Supervisory Board. Fraud risk factors are events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Indications for suspected frauds from the past are included in this evaluation, amongst others from media reports and internal investigations. We also assessed factors related to the risk of non-compliance with laws and regulations which could have a direct or indirect impact on the financial statements.

In accordance with Dutch Standards on Auditing we presumed a fraud risk arising from management's ability to override controls. In addition, we have evaluated a specific fraud risk from potential conflicts of interest when awarding major contracts under the 'Capital Programme', the programme for the airport capacity expansion at Amsterdam Airport Schiphol. In relation to non-compliance with laws and regulations we did not identify risks which could have a material direct or indirect impact on the consolidated financial statements.

We have evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we have performed specific testing consisting of data analysis of high risk journal entries, evaluated key estimates and judgement by Schiphol (including retrospective reviews of prior years' estimates) and tested certain material contracts awarded in 2018 selected on the basis of quantitative and qualitative criteria.

Our audit procedures differ from a specific forensic fraud investigation, which often has a more in-depth character.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to 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.

Investments in operational assets and tendering and contracting related to the Capital Programme

Description

Schiphol is investing substantial amounts in operational capacity and quality through large-scale and complex renovations and new build. A separate programme organisation has been established for the governance and execution of the Capital Programme. In 2018 a number of large tenders have been awarded and long-term investment commitments were entered into under the Capital Programme. Investments in operational assets are a key audit matter due to the distinction between operating expenses that are an immediate charge to the statement of income and capital expenditures that are capitalised and depreciated over the useful life of the asset.

As disclosed in note 10 to the financial statements, EUR 517 million of capital expenditure was capitalised in 2018 as part of assets under construction for operating activities. Furthermore, as disclosed in note 28 of the financial statements, Schiphol has entered into long term agreements with construction companies for a total commitment of EUR 0.5 billion per 31 December 2018, of which EUR 351 million relates to the Capital Programme.

Our response

We have performed audit procedures aimed at the design and implementation of internal controls within the regular purchase and investment process and specifically within the Capital Programme.

For amounts capitalised as part of assets under construction for operating activities, we tested the accuracy of new investments through statistical sampling, among others based on the nature of the goods and services received, purchase invoices and accurate application of capitalisation criteria.

We have performed detailed audit procedures on a number of large long-term investment commitments contracted in 2018 under the Capital Programme. For the selected contracts we have tested whether the tender process and substantive evaluation of these tenders was performed based on predetermined and approved criteria. We have also tested whether all required perspectives (for example commercial, functional and technical) were sufficiently taken into account in the selection of suppliers.

Our observation

We concluded that the amounts capitalised under assets under construction qualify for capitalisation based on IAS16. We selected the A-Pier contract awarded in 2018, for which we observed that, although there were a limited number of offers received, a weighted substantive evaluation of offerings was made on the basis of predetermined criteria and substantiated by internal documentation.

Investment property valued at fair value

Description

Valuation of investment property is a key audit matter due to the high value of investment property and the extent of estimation uncertainty. Investment property is measured at fair value and comprises 22% of consolidated total assets. As disclosed in note 2 to the financial statements, the unrealised result from revaluation of investment property amounts to EUR 106 million positive.

The valuation of investment property is complex and involves significant management judgement. Schiphol engages independent external valuators for the determination of the value of investment property, as also explained in note 2 to the financial statements. In accordance with the internal valuation policy Schiphol appointed new external valuators for this year. Valuations significantly depend on estimates and assumptions with respect to future cash flows and the risks therein as disclosed in note 11 to the financial statements. For valuation of land, Schiphol uses an internally developed valuation model, in addition to engaging external valuators.

Our response

We have examined the design, implementation and operating effectiveness of internal controls within the valuation process. We have evaluated the capabilities, objectivity and professional competence of the newly appointed external valuators engaged by Schiphol. We have examined the engagement between Schiphol and the external valuators. Furthermore, we have tested the accuracy and completeness of information provided by Schiphol to the valuators. We have evaluated and analysed the valuation reports provided by the external valuators. We have involved our own valuation specialists to assess the appropriateness of the valuation models and key assumptions used. In addition, we have evaluated the methodology and proper working of the internal valuation model used for the valuation of land.

Our observation

Based on our procedures, we consider that the valuation of investment property as applied by Schiphol is balanced and appropriate for inclusion in the financial statements. The disclosures on the valuation of investment property, as included in note 11 to the financial statements, meet the requirements of IAS 40.

Revenue from airport charges

Description

Revenue from airport charges is a key audit matter because of the large amount of such revenue, and the use of information obtained from third parties. Revenue from airport charges amounts to 59 % of total revenue. The tariff-setting for airport charges of Amsterdam Airport Schiphol is regulated. Schiphol publishes the tariffs and conditions on its website annually after consultation of the aviation sector.

Next to accuracy, completeness of revenue recognised from airport charges is important in our audit. In order to determine passenger-related fees included in airport charges, Schiphol is partly dependent on information from third parties. In particular, this includes registrations of passenger numbers and their composition where the distinction between departing local passengers and transfer passengers affects the tariff to be used.

Our response

We have examined the design, implementation and operating effectiveness of internal controls related to the accuracy and completeness of registrations of passenger numbers and their composition, as obtained from third parties, and of the tariffs used.

In addition, we carried out substantive audit procedures consisting of analytical analysis of airport charges, including a trend analysis on the amount of passenger-related fees per period. We have performed a number of detailed tests on the source data used for this analysis, such as flight movements, passenger numbers per flight and the accuracy of the distinction between departing local passengers and transfer passengers.

In addition, we have used data analytics to determine that revenue from airport charges, via accounts receivable, leads to cash receipts. For accounts receivable at the balance sheet date, we have also assessed this based on subsequent cash receipts.

Our observation

Schiphol carries out various checks aimed at the accuracy and completeness of information provided by airlines, including ticket checks, passenger counts and ratio analyses. Schiphol relies on information from, amongst others, loading documents that are used in the aviation sector for safety and logistic purposes. Schiphol considers risk and materiality to determine the scope and extent of these checks. We concur with this consideration.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the Report by the Management Board, which contains the Message from the CEO of Schiphol and key events in 2018 (page 2 up to and including 8), facts and figures about Schiphol (page 9 up to and including 24), the strategy of Schiphol (page 25 up to and including 47), the results of Schiphol (page 48 up to and including 112), and the governance report, which includes the report from the Supervisory Board and information on remuneration (page 113 up to and including 140);
- the socio-economic reporting (page 141 up to and including 152);
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code; and
- the historical summary (page 246 up to and including 247).

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

On 10 February 2014 we were appointed as independent auditor of Schiphol for the audit of the 2014, 2015, and 2016 financial statements and have been the independent auditor since that date. On 21 December 2016 we were reappointed as independent auditor for a second term of three years starting from the audit of the 2017 financial statements.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management 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 Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management 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 engagement 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 not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of the NBA, the Royal Netherlands Institute of Chartered Accountants (de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants') at: http://www.nba.nl/ENG_algemeen_01. This description forms part of our auditor's report.

Amstelveen, 14 February 2019

KPMG Accountants N.V.

E. Eeftink RA

Historical summary

(in millions of euros, unless otherwise indicated)	2018	2017	2016	2015	2014
Profit and loss account					
Revenue	1,509	1,458	1,435	1,423	1,438
Other income and results from investment property	107	80	71	117	35
Total operating revenue	**1,616**	**1,538**	**1,506**	**1,540**	**1,473**
Total operating expenses before depreciation, amortisation and impairment	-981	-916	-848	-804	-838
EBITDA	**635**	**622**	**658**	**735**	**635**
Depreciation, amortisation and impairment	-267	-264	-238	-230	-232
Operating result	**368**	**359**	**420**	**505**	**403**
Financial income and expenses	-90	-86	-91	-89	-86
Taxation, share in operating result of associates and minority interests	7	12	-18	-38	-43
Result on ordinary activities after tax	**285**	**286**	**311**	**378**	**274**
Minority interests	7	6	5	4	2
Net result	**278**	**280**	**306**	**374**	**272**
Balance sheet					
Non-current assets	6,493	6,040	5,818	5,646	5,413
Current assets	861	615	608	759	415
Total assets	**7,354**	**6,655**	**6,426**	**6,405**	**5,829**
Equity	4,117	3,978	3,860	3,716	3,453
Provisions	106	79	57	56	57
Non-current liabilities	2,474	2,225	2,172	2,021	1,987
Current liabilities	656	373	337	612	334
Total equity and liabilities	**7,354**	**6,655**	**6,426**	**6,405**	**5,830**
Operating cash flow[2]	526	267	438	508	508
Ratios					
Operating result as % of revenue	24.4	24.6	29.3	35.5	27.3
Return on average equity in % (ROE)	7.0	7.2	8.2	10.4	8.0
Return on Average Capital Employed in %[3]	7.2	7.2	8.2	10.1	8.4
FFO/Total debt in %[4]	18.7	21.6	22.8	22.0	26.5
FFO interest coverage ratio[5]	6.6	6.9	6.8	6.7	6.4
Leverage[6]	38.9	35.2	34.9	37.0	35.0
Figures per share					
Earnings per share	1,496	1,503	1,645	2,010	1,461
Operating cash flow per share	2,827	1,435	2,354	2,728	2,730
Dividend per share	631	807	797	1,006	744
Personnel					
Average effective full-time equivalent employees	2,324	2,180	2,063	2,000	2,039