

PRESS RELEASE

Amsterdam/Tel Aviv, March 23, 2017

Number of pages: 12

2016 RESULTS KARDAN N.V.

Ariel Hasson, CEO of Kardan NV: "2016 has been a transition year for Kardan, in which we met important milestones. The Company was able to complete two important transactions. In the first half of the year we completed the sale of the remaining 25% of KWIG for a net consideration of approximately \$ 27.7 million. In the third quarter we successfully completed the sale of our 100% subsidiary TBIF, the holding company of our banking and retail lending activities, for a total consideration of € 82 million.

With these transactions, we generated a substantial cash flow enabling us to early repay the next repayment of debentures. We have completed our 2017 principle repayment obligations already in 2016, ahead of schedule, allowing us time to further optimize assets and maximize proceeds from selling assets which will be used for the next repayment in February 2018,.

We have witnessed considerable operational improvements in both our Real Estate Asia business and our Water Infrastructure business. We see positive developments in Galleria Dalian shopping mall, with an increased opening rate of 67% and a clear increase in footfall. Following the completion of several large projects, Tahal saw lower sales in 2016, however the continued drive for efficiency resulted in a further reduction of overhead costs. Moreover, the win of a 7 year large scale agricultural project in Angola in the third quarter more than doubled the backlog of Tahal, allowing Tahal to continue and strengthen its future profitability.

On the other hand, the high interest expense, both in our real estate division and on the holding level, and the volatility in exchange rates contributed negatively to the net result. Overall this resulted in a € 31.3 million net loss for the full year 2016.

Our focus remains on generating liquidity to meet our repayment obligation, while strengthening the performance of our operating subsidiaries. The early repayments of the debentures have put us in the position to continue to strengthen our assets. We believe that our actions are placing us on track for securing the repayment of our February 2018 obligations. Nevertheless, our ongoing efforts to secure the required funds take further time to materialize. As a consequence, the Company financial statements include an emphasis of matter regarding a going concern. We will continue to do the utmost to divest assets in a manner that will allow us to maximize value and proceeds, in the interest of all of Kardan's stakeholders."

*Highlights Q4 + FY 2016:*Kardan N.V.

- Q4 2016: € 22.1 mn net loss to equity holders (Q4 2015: net loss of € 18.1 mn)
- 12M 2016: € 31.3 mn net loss to equity holders (2015: net loss of € 22.9 mn)
- Both Q4 2016 and 12M 2016 were heavily impacted by high financing expenses and foreign exchange effects

Real Estate

- Q4 2016: € 4.4 mn net loss, impacted by the negative fair value adjustment (€ 2.6 mn) of Galleria Dalian (Q4 2015: € 4.0 mn loss)
- 12M 2016: € 15.2 mn net loss, mainly due to increased financing expenses (2015: € 8.9 mn profit, including a € 20.9 mn revaluation gain of Galleria Dalian)

Water Infrastructure

- Q4 2016: € 1.1 mn loss (Q4 2015: € 1.3 mn net profit)
- 12M 2016: € 0.9 mn net profit (2015: € 21.5 mn net profit including € 20.1 mn gain on the sale of KWIG)

Other

- Heavy financing expenses of €35.7 million on the debentures, including €13.9 million, mainly resulting from the NIS/EURO revaluation
- The sale of TBIF (banking and retail lending activities) was completed in August 2016, generating a profit of € 15.2 million

The quarterly results 2016 of Kardan N.V. are shown in the table below:

Condensed Consolidated Income Statement Kardan N.V.

Condensed consolidated income statement 2016 Kardan NV by Quarter

	Q1/2016	Q2/2016	Q3/2016	Q4/2016	2016
	In € millions				
Total revenues	31.6	34.3	30.2	44.7	140.8
Total expenses	33.9	33.2	32.8	44.7	144.6
Profit (loss) from operation before fair value adjustments, disposal of assets and financial expenses	(2.3)	1.1	(2.6)	-	(3.8)
Profit (loss) from fair value adjustment and disposal of assets and investments	-	0.7	(1.7)	(2.7)	(3.7)
Result from operations before finance expenses	(2.3)	1.8	(4.3)	(2.7)	(7.5)
Financing expenses, net	(2.6)	(10.4)	(16.9)	(19.3)	(49.2)
Share of profit (loss) of associates and joint ventures according to equity method	3.3	(3.3)	2.2	0.6	2.8
Loss before income tax	(1.6)	(11.9)	(19.0)	(21.4)	(53.9)
Income tax (expenses)/ benefit	0.8	0.4	0.5	(0.6)	1.1
Loss from continuing operations	(0.8)	(11.5)	(18.5)	(22.0)	(52.8)
Profit from discontinued operations	2.4	3.9	15.2	-	21.5
Profit (Loss) for the period	1.6	(7.6)	(3.3)	(22.0)	(31.3)
Attributable to:					
Non-controlling interests	(0.3)	0.2	-	0.1	-
Net result for equity holders	1.9	(7.8)	(3.3)	(22.1)	(31.3)
Other Comprehensive income (loss)	(9.9)	(1.4)	0.1	8.7	(2.5)
Total Comprehensive income (loss) to equity holders	(8.0)	(9.2)	(3.2)	(13.4)	(33.8)

*) Given the sale, the results of TBIF are being reported as discontinued operations.

Condensed consolidated income statement Kardan N.V.

For the **full year** ended December 31, 2016:

	Real Estate	Water Infrastructure	Other	Total 12M - 2016	Total 12M - 2015	Total 12M- 2014
In € millions						
Total revenues	8.5	129.7	2.6	140.8	173.9	194.4
Total expenses	16.2	122.8	5.6	144.6	185.5	197.9
Profit (loss) from operation before fair value adjustments, disposal of assets and financial expenses	(7.7)	6.9	(3.0)	(3.8)	(11.6)	(3.5)
Profit (loss) from fair value adjustments and disposal of assets and investments	(2.6)	0.5	(1.6)	(3.7)	21.1	26.1
Result from operations before finance expenses	(10.3)	7.4	(4.6)	(7.5)	9.5	22.6
Financing expenses, net	(12.4)	(1.9)	(34.9)	(49.2)	(64.9)	(19.7)
Share of profits (losses) of associates and joint ventures according to equity method	2.4	(1.1)	1.5	2.8	2.7	6.7
Profit (loss) before income tax	(20.3)	4.4	(38.0)	(53.9)	(52.7)	9.6
Income tax (expenses)/ benefit	5.1	(3.4)	(0.6)	1.1	(6.5)	(13.0)
Profit (loss) from continuing operations	(15.2)	1.0	(38.6)	(52.8)	(59.2)	(3.4)
Profit (loss) from discontinued operations	-	(0.1)	21.6	21.5	36.3	8.5
Profit (loss) for the period	(15.2)	0.9	(17.0)	(31.3)	(22.9)	5.1
Attributable to:						
Non-controlling interest	-	-	-	-	-	-
Net result for equity	(15.2)	0.9	(17.0)	(31.3)	(22.9)	5.1
Other comprehensive income/(loss)				(2.5)	(2.0)	26.9
Total Comprehensive Income / (loss) to Kardan equity holders				(33.8)	(24.9)	32.0

*) Given the sale, the results of TBIF are being reported as discontinued operations as part of 'Other' and 'banking and retail lending' is no longer presented as a reportable segment.

Overall summarized review of 2016 results

If developments are specifically attributable to Q4 2016, these are mentioned separately in all following analyses.

Kardan recognized a consolidated net loss for equity holders of €22.1 million for Q4 2016 (Q4 2015: €18.1 million net loss), bringing the result for the full year 2016 to a consolidated net loss for equity holders of €31.3 million (2015: €22.9 million net loss).

The segment Real Estate Asia showed a gradual improvement in revenues, mainly as a result of rental revenues from Galleria Dalian in China. The loss of €15.2 million in 2016 resulted primarily from significantly increased finance expenses and negative revaluations of inventories and investment property, while the 2015 net profit of €8.9 million included a significant fair value gain on Galleria Dalian.

The Water Infrastructure segment contributed a total profit of €0.9 million in 2016 compared with a profit of €21.5 million in 2015, which included a gain of €20.1 million from the sale of KWIG. Despite lower revenues, the profit from continuing operations before financing expenses and income taxes remained stable in 2016 at €6.4 million, due to strict cost control. The level of marketing activities increased, demonstrated by a large number of new tenders and by obtaining a 7 year large scale agricultural project in Angola which has doubled the backlog in Q4.

'Other' showed a net loss of €17.0 million (2015: net loss of €53.3 million), mainly due to financing costs on the debentures. In 2016 the strengthening of the NIS versus the Euro and the decrease in the Israeli CPI resulted in negative impact of €13.9 million, compared to €36 million in 2015. The financial services activities that were not sold in the TBIF transaction contributed positively to the results, following a positive one-off sale of a portfolio.

The profit from discontinued operations of €21.5 million relate to the contribution of the activities of TBIF (banking and retail lending) in Bulgaria and Romania until these activities were sold in August 2016 and a profit of €15.2 million on the sale of those activities.

Taking into account the direct equity impact of foreign currency translation differences and changes in the hedge reserves combined with the net result, the total comprehensive loss to Kardan NV's shareholders amounted to €33.8 million in 2016 compared to a comprehensive loss of €24.9 million in 2015.

Equity

Kardan N.V. (company only, in € millions)	December 31, 2016	December 31, 2015
Total Assets	409.7	574.3
Total Equity	37.3	71.5
Equity/Total assets (%)	9%	12%

The shareholder's equity of Kardan N.V. decreased from €71.5 million as of December 31, 2015 to €37.3 million as of December 31, 2016, mainly as a result of the loss of €31.3 million for 2016.

Covenants

As at December 31, 2016, the Company and its subsidiaries met all their covenants.

Financial position

For additional information regarding the Company's financial position, see Note 1 to the financial statements.

Highlights per segment:

The result from operations before finance expenses of each segment is presented in note 26 of the 2016 consolidated IFRS financial statements called "Segment result". In this press release, additional details are provided for information purposes.

REAL ESTATE

Kardan is active in development and management of Real Estate through the segment Real Estate, which comprises its 100% subsidiary Kardan Land China Ltd. ('KLC') operating in China.

Results Real Estate Asia

	For the year ended December 31,	For the three months ended December 31,		
	In € millions			
	2016	2015	2016	2015
Delivery of units	0.8	0.8	0.2	0.3
Rental income	3.7	1.8	0.9	0.8
Management fee and other revenues	4.0	4.1	1.0	1.4
Total revenues	8.5	6.7	2.1	2.5
Cost of delivery of units	0.7	0.9	0.1	0.4
Cost of rental income	1.5	1.5	0.2	0.6
Other expenses and management & service recharge expenses, net	5.1	3.2	1.4	1.2
Gross profit	1.2	1.1	0.4	0.3
SG&A expenses	8.9	11.4	2.2	2.8
Adjustment to fair value (impairment) of investment property	(2.6)	20.9	(2.2)	(0.7)
Gain on disposal of assets and other income	-	0.4	-	-
Equity earnings	2.4	2.6	1.0	2.4
Result from operations before finance expenses	(7.9)	13.6	(3.0)	(0.8)
Financing expenses, net	(12.4)	(1.6)	(1.6)	(3.1)
Income tax (expenses) / benefit	5.1	(3.1)	0.2	(0.1)
Net profit (loss) to Equity holders	(15.2)	8.9	(4.4)	(4.0)

Residential projects Kardan Land China				
Units sold in the period				
	2016	2015	Q4/16	Q4/15
Joint Venture projects*				
Olympic Garden	593	563	156	146
Suzy	10	64	3	8
Palm Garden	88	70	20	17
City Dream	618	423	64	132
	1,309	1,120	243	303
100% owned				
Dalian	14	269	12	2
Total	1,323	1,389	255	305

* 100% number presented; KLC holds approx. 50%

Additional information Kardan Land China

Balance sheet	For the year ended December 31,	
	2016	2015
	In € millions	
Share of investment in JVs	69.2	69.6
Investment Property	240.5	250.3
Inventory	101.5	99.7
Cash & short term investments	33.5	43.0
Total Assets	518.2	523.2
Loans and Borrowings	111.2	100.7
Advance payments from buyers	50.0	34.3
Total Equity	302.5	324.5

Operational Information Residential	2016	2015	Q4/16	Q4/15
Revenue Residential - JV (in € millions)	57.5	69.6	11.4	30.4
Gross profit residential - JV (in € millions)	15.7	16.0	6.1	8.1
Apartments sold in period (a)	1,323	1,389	255	305
Apartments delivered in period (b)	1,417	2,012	210	779
Total apartments sold, not yet delivered (c)	2,114	2,208	2,114	2,208

(a) All residential apartments, incl. Dalian (100%).

(b) Includes 4 apartments delivered in the Dalian project in 2016 (2015 – 2 apartments).

(c) Includes approximately €23.8 mn gross profit (Kardan Land China share) as of December 31, 2016.

Result analysis for the full year 2016

If developments are specifically attributable to Q4 2016, these are mentioned separately in all following analysis.

The Real Estate Asia segment, fully comprising Kardan Land China, contributed a loss of €15.2 million in 2016 compared with a net profit of €8.9 million in 2015. The 2015 net profit included a fair value gain of €20.9 which was recognized upon completion of Galleria Dalian in Q2 2015, while 2016 net loss includes a negative revaluation of €2.6 related to Galleria Dalian.

In 2016 the total revenues increased to €8.5 million compared with €6.7 million in 2015, reflecting the growing rental revenues of Galleria Dalian shopping mall, which opened in August 2015. Therefore 2015 only included €1.8 million of rental income from Galleria Dalian, versus €3.7 million in 2016.

Delivery of units relates to the revenue resulting from the handover of apartments of the Europark Dalian project, which remained stable at €0.8 million in 2016.

Management fee and other revenues predominantly relates to the asset management activities of Galleria Chengdu and Galleria Dalian and the residential joint venture projects. These revenues remained stable at €4.0 million. Due to start-up costs related to the opening of the Dalian shopping mall in August 2015, the results of the asset management activities were negative compared with a positive result in 2015.

A decrease was recognized in SG&A expenses mainly due to decrease in staff costs and marketing expenses associated with residential activities.

The above resulted in a decrease of the loss from operations before fair value adjustments, disposal of assets and financial expenses of €10.3 million in 2015 to €7.7 million for the full year 2016.

'Equity earnings', comprises the result of the residential activities from joint venture projects, which contributed a profit of €2.4 million in 2016 compared with a profit of €2.6 million in 2015. The gross margin on the residential apartments was increased to 27% compared to 23% in 2015 as a result of enhanced cost control and budgetary planning. The impact of the higher gross margin in 2016 was offset by inventory impairments taken by the joint ventures in 2016.

'Financing expenses, net', amounted €12.4 million, compared with €1.6 million in 2015. The financing expenses mainly include interest expenses related to the Europark Dalian project loan. A small negative impact of €0.4 million was due to the devaluation of the RMB versus the Euro, compared with the substantial appreciation of the RMB during 2015 which contributed a gain of €7.2 million.

Income tax (expenses) / benefit in 2016 include a deferred tax benefit which was created on tax losses. In 2015 this mainly included deferred tax expenses related to the fair value gain of Galleria Dalian.

Additional Information

Investment property fully relates to Galleria Dalian shopping mall, of which the value decreased by 4% (from December 31, 2015) due to the depreciation of the RMB versus the Euro and a decrease in its valuation. 2016 was the first full year in operation for Galleria Dalian. All operational indicators show a gradually increasing trend. The opening rate of shops grew from 43% at 31 December 2015 to 67% at 31 December 2016. The food market, which opening is planned for April 2017, will add an additional 6% and is expected to increase footfall. Also marketing events contributed to a significant increase in footfall. These positive indicators translated into increased tenant proceeds.

The rate of unsold completed units in inventory (including the inventory of joint venture projects) increased to 17% compared with 10% on December 31, 2015 while the number of unsold apartments inventory decreased significantly to 477 (vs 1,327 end of last year).

'Loans and borrowings', which predominantly relate to the use of a construction loan for Europark Dalian, increased to €111.2 million as at December 31, 2016 compared to year end 2015 (€100.7 million), mainly as the result of an additional withdrawal of RMB 100 million in February 2016. KLC works diligently on its refinancing requirements and is in constructive negotiations with its financing partners to extend the €111.2 million loan, which is due in November 2017. The management of KLC is confident regarding its ability to reach agreement on this refinancing.

The decrease in equity in the reporting period by 7% (y-o-y) is attributable to foreign currency effect and the loss for the year.

WATER INFRASTRUCTURE

Tahal Group International B.V. ('TGI'), Kardan's water infrastructure company, focuses on executing water related projects worldwide through its subsidiary Tahal, which is active in Africa, Central and Eastern Europe, India and in other regions and countries, such as Israel.

Results Water Infrastructure

TGI's former subsidiary KWIG, which focuses on developing water assets (e.g. wastewater, water treatment and water supply plants) in China was sold at the beginning of 2015 and the first phase of the sale (75%) was completed in March 2015. The second phase (25%) was completed in June 2016. Results related to sale of KWIG are presented as discontinued operations.

	For the year ended December 31,	For the three months ended December 31,		
	In € millions			
	2016	2015	2016	2015
Contract revenues	129.7	167.9	42.4	38.1
Contract cost	108.6	142.9	35.6	33.2
Gross profit	21.1	25.0	6.8	4.9
In %	16.2%	14.9%	16.0%	12.9%
SG&A expenses	14.2	17.4	3.5	5.0
Equity earnings / (losses)	(1.1)	(1.5)	(0.8)	-
Gain on disposal of assets and other income	0.5	0.3	(0.5)	0.2
Result from operations before financing expenses	6.3	6.4	2.0	0.1
Financing income (expenses), net	(1.9)	(2.1)	(2.4)	0.1
Income tax expenses	(3.4)	(2.9)	(0.7)	-
Profit (loss) from continuing operations	1.0	1.4	(1.1)	0.2
Net profit (loss) from discontinued operations	(0.1)	20.1	-	1.1
Net profit (loss)	0.9	21.5	(1.1)	1.3
Attributable to:				
Equity holders (Kardan N.V.)	0.9	21.5	(1.1)	1.3

Additional Information Water Infrastructure*	2016 (31.12)	2015 (31.12)
<i>Balance sheet (in € millions)</i>		
Cash & short term investments	19.2	24.0
Total Assets	159.7	171.2
Net debt / (cash)	(3.1)	(21.9)
Equity	43.8	64.8
Equity / Assets	27.4%	37.9%
<i>Other (in USD million)</i>		
Backlog	606	311

Result analysis for the full year 2016

The Water Infrastructure segment contributed a total profit of €0.9 million for the full year 2016 compared with a profit of €21.5 million in FY 2015. The full year results 2015 included a gain of €20.1 million on the sale of KWIG. The Water Infrastructure segment contributed a profit from continuing operations of €1.0 million compared with a profit of €1.4 million in FY 2015. In Q4 2016, Tahal won a 7 year large scale agricultural project in Angola, together with its partner. The project added \$370 million to the backlog at Q4 2016.

Revenue for the full year decreased from €167.9 million in 2015 to €129.7 million. This was mainly due to completion of two large projects. Revenue in the fourth quarter 2016 however showed an increase compared to Q4 2015, mainly due to significant progress achieved in a number of new projects.

As a result of projects mixture, the gross margin improved and stands at 16.2% in FY 2016 (FY 2015: 14.9%).

In 2016 SG&A expenses decreased mainly as a result of improved operational efficiency, which was especially notable in the fourth quarter of 2016.

For the full year, the gain on disposal of assets and other income amounts to €0.5 million. This relates mainly to the sale of an asset in Bulgaria in Q2 2016, off-set by a provision for doubtful debts taken in Q4.

Financing expenses amounted to €1.9 million for the full year 2016 (2015: €2.1 million). This is due to the devaluation of the Euro, which resulted in financing expenses of €2.4 million in the fourth quarter 2016. In 2015 financing expenses were impacted by a one-off charge of €3 million following the early repayment of a loan during Q1 2015.

The small net loss from discontinued operations primarily relates to the weakening of the USD versus the Euro (as the consideration from the sale of the remaining 25% of KWIG was denominated in USD) and also due to additional tax expenses which are attributed to the sale.

Other

	For the year ended December 31,		For the three months ended December 31,	
	2016	2015	2016	2015
	In € millions			
<u>Corporate expenses:</u>				
General and administrative expenses	(3.7)	(5.1)	(1.1)	(1.3)
Financing expense, net	(35.7)	(60.1)	(15.3)	(14.7)
Other expenses	-	(0.8)	-	(0.8)
Equity losses	-	(0.1)	-	-
Income tax expenses	(0.6)	(0.5)	(0.1)	(0.2)
	(40.0)	(66.6)	(16.5)	(17.0)
<u>Continuing operations of the former 'banking and retail lending' segment:</u>				
Loss on disposal of assets and other income	(1.6)	(0.5)	-	(0.9)
Equity earnings	1.5	1.7	0.4	0.1
Other income (expenses), net	1.5	(4.1)	(0.5)	(0.1)
	1.4	(2.9)	(0.1)	(0.9)
Loss from continuing operations	(38.6)	(69.5)	(16.6)	(17.9)
Profit from discontinuing operations	21.6	16.2	-	2.5
Net loss	(17.0)	(53.3)	(16.6)	(15.4)
Attributable to:				
Equity holders (Kardan NV)	(17.0)	(53.3)	(16.6)	(15.4)

As a result of completing the sale of TBIF, its results and the profit from the sale were reclassified as discontinued operations and are now presented under 'Other'.

Results under 'Profit (loss) from continuing operations' relate to the corporate holding and finance expenses of Kardan N.V. and its direct subsidiary GTC Real Estate Holding B.V. (GTC RE), as well as the results of the assets which were part of the banking and retail lending segment, but were not sold as part of the sale of TBIF. As of December 31, 2016 this primarily relates to Avis Ukraine which results are reported under 'Equity earnings (losses)'.

Corporate expenses

Efficiency measures, the forfeiture of options and a reduction in expenses related to the debt settlement have substantially decreased the 'General and administrative expenses' in 2016 compared with 2015.

'Financing expenses, net' decreased significantly in 2016 compared with 2015, mainly attributable to foreign exchange differences. The Company's debentures are denominated in NIS, which revaluated significantly versus the Euro, and are linked to the CPI. In 2016 a net expense of € 13.9 million (Q4 2016: € 11.1 million) was recognized from the strengthening of the NIS and the decrease in the Israeli CPI against the Euro while in 2015 a net expense of € 36 million was recognized.

It is noted that the Company's equity is mostly exposed to the Chinese RMB on its assets side and to NIS on its liabilities side. Changes in the NIS exchange rate mostly impact the income statement while changes in RMB mostly impact the equity directly.

Continuing operations of the former 'banking and retail lending' segment realized a profit of € 1.4 million (2015: loss of € 2.9 million), mainly as a result of the sale of a portfolio in Q2 2016. In Q3 2016 the Company recognized a loss of € 1.7 million due to a revaluation of the remaining mortgage activity in light of its disposal in Q4 2016, and AVIS Ukraine continued contributing positively.

Discontinued operations

Results under `Profit (loss) from discontinuing operations` relate to the contribution of the activities of TBIF (banking and retail lending) in Bulgaria and Romania, that were sold in August 2016 and the profit of € 15.2 million from the sale of these activities recognized in Q3.

OUTLOOK 2017

In 2017, Kardan's focus remains on generating liquidity, amongst others, through asset transactions required to meet its repayment obligation in February 2018, while strengthening the performance of the operating subsidiaries. Kardan's Executive management in parallel continues to work with its business segments to improve their results and their value to Kardan.

Given that Kardan is exposed to the currency movements of the NIS and the RMB versus the Euro – as its liabilities are in NIS, its assets are predominantly in RMB and it reports in Euro - the Company's results are dependent to a large extent on these currency movements and therefore the Company cannot give guidance on its results.

A cash flow forecast for the coming two years can be found in the Directors' Report on page 12, and the accompanying Assumptions and Notes to the Cash Flow forecast.

DISCLAIMER

This press release contains forward-looking statements and information, for example concerning the financial condition, results of operations, businesses and potential exposure to market risks of Kardan N.V. and its group companies (jointly "Kardan Group"). All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements (including "forward looking statements" as defined in the Israeli Securities Law). Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "objectives", "outlook", "probably", "project", "will", "seek", "target", "risks", "goals", "should" and similar terms and phrases. A variety of factors, many of which are beyond Kardan Group's control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of Kardan Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For Kardan Group, particular uncertainties arise, amongst others but not limited to and not in any order of importance, (i) from dependence on external financing with the risk that insufficient access to capital threatens its capacity to grow, execute its business model, and generate future financial returns (ii) from concentration of its business in Central Eastern Europe and China as a result of which Kardan Group is strongly exposed to these particular markets (iii) from risks related to the financial markets as a result of Kardan N.V.'s listings on Euronext Amsterdam and the Tel Aviv Stock Exchange and (iv) from it being a decentralized organization with a large number of separate entities spread over different geographic areas in emerging markets, so that Kardan Group is exposed to the risk of fraudulent activities or illegal acts perpetrated by managers, employees, customers, suppliers or third parties which expose the organization to fines, sanctions and loss of customers, profits and reputation etc. and may adversely impact Kardan Group's ability to achieve its objectives and (v) from any of the risk factors specified in Kardan N.V.'s Annual Report and in the related "Periodic Report" (published by Kardan N.V. in Israel) published in April, and which is also available at the Kardan website. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Kardan N.V. does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

About Kardan

Kardan identifies and develops assets in promising emerging markets, mainly in Asia (predominantly China), Africa and selected CEE and CIS countries. Its activities are mainly focused on two sectors that benefit from the rising middle class: Real Estate and Water Infrastructure. Company headquarters are in the Netherlands. Kardan aims at holding controlling interests in its investments and is actively involved in the definition and implementation of their strategy through its local business platforms. Total assets as of December 31, 2016 amounted to €665 mn; revenues totaled €141 mn in 2016. Kardan is listed on Euronext Amsterdam and the Tel Aviv Stock Exchange.

The Directors' Report including the non-statutory consolidated financial statements, drawn up in line with the Dutch and Israeli regulations, are presented in a separate document and form an integral part of this release.

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