

PRESS RELEASE

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FIRST QUARTER OF 2018 RESULTS KARDAN N.V.
Highlights Q1 2018:

Following is a summary of net profit (loss) by activity. Management evaluates performance of main segments by their operational result. Further information that includes detailed segment analysis can be found further in this report.

Net profit (loss) (In €millions)	3M 2018	3M 2017
Real Estate (development and investment property)	(3.2)	(1.9)
Water Infrastructure (discontinued operations)	(0.3)	0.9
Other	0.5	0.7
Total Operations	(3.0)	(0.3)
Holding (Corporate Finance and G&A)	7.3	(17.5)
Total attributed to the equity holders	4.3	(17.8)

Kardan N.V.

- Q1 2018: €4.3 million net profit to equity holders (Q1 2017: loss of €17.8 million), mostly due to a positive currency impact on the Company's debentures of €12.7 million (2017: €11.5 million negative).

Real Estate

- Q1 2018: net loss of €3.2 million (Q1 2017: net loss of €1.9 million).

Water Infrastructure

- Q1 2018: loss of €0.3 million attributable to equity holders compared with a profit of €0.9 million in Q1 2017, mainly due to higher financing expenses and a provision. (Q1 2017 included a tax benefit).

Other

- Avis Ukraine continued to show good results and contributed equity earnings of €0.5 million in Q1 2018.
- The February 2018 scheduled payment of principal and interest to the Company's debenture holders (series A and B) amounting to approximately €110 million were not repaid up to and including today. The Company is currently negotiating with the debenture holders.

Ariel Hasson, CEO of Kardan NV: "The operational performance of our real estate and water infrastructure activities continued positively in the 1st quarter of 2018. Our real estate activities in China, through our subsidiary KLC, was especially successful in selling and delivering residential units. Our water infrastructure activities, through our subsidiary Tahal, again won new projects, expanding its activities in Russia and India.

In January 2018 we commenced negotiations with our debenture holders in order to come to a new debt settlement. As of today, these negotiations are still ongoing, and although there is no certainty about the outcome of these negotiations, we are fully committed to reach an agreed settlement in the interests of all stakeholders. In parallel, we will continue to advance asset divestments in a manner that will allow us to maximize proceeds in order to meet our repayment obligations and to restore our equity position."

Condensed Interim Consolidated Income Statement Kardan N.V.

For the first three months ended March 31, 2018 (in € million)

	Q1 - 2018	Q1 - 2017	12M - 2017
Total revenues	63.1	1.6	15.0
Total expenses	64.9	4.5	28.0
Loss from operations before fair value adjustments, disposal of assets and financial expenses	(1.8)	(2.9)	(13.0)
Gain (loss) from fair value adjustments and disposal of assets and investments, net	-	-	(3.3)
Result from operations before finance expenses	(1.8)	(2.9)	(16.3)
Financing income (expenses), net	6.3	(19.9)	(27.5)
Equity earnings, net	1.7	5.3	18.9
Profit (loss) before income tax	6.2	(17.5)	(24.9)
Income tax expenses / (benefit)	1.6	1.2	5.2
Profit (loss) from continuing operations	4.6	(18.7)	(30.1)
Profit from discontinued operations	0.2	0.6	12.7
Profit (loss) for the period	4.8	(18.1)	(17.4)
Attributable to:			
Non-controlling interests	0.5	(0.3)	(0.3)
Profit (loss) for the period attributable to Kardan equity holder	4.3	(17.8)	(17.1)
Other comprehensive income (expense)	(6.1)	(1.8)	(24.6)
Total comprehensive expense attributable to Kardan equity holders	(1.8)	(19.6)	(41.7)

Overall summarized review of Q1 2018 results

Kardan recognized a consolidated net profit of € 4.3 million attributable to equity holders in the first three months of 2018 compared to a net loss of € 17.8 million in the first three months of 2017.

The financing income included a significant positive impact of € 12.7 million due to the strengthening of the EUR versus the NIS and the change in Israeli CPI on the Company's debentures in Q1 2018, compared with the significant net negative foreign exchange and Israeli CPI impact of € 11.5 million in Q1 2017.

The Real Estate activities showed an improvement in revenue from the delivery of units in Europark Dalian project, mainly due to the delivery of building B and additional apartments in building A, totaling €61.8 million in Q1 2018 (Q1 2017: €0.2 million). Galleria Dalian rental revenues remained rather stable in Q1 2018 compare to Q1 2017.

Equity earnings from joint venture residential projects decreased as a result of delivering lower number of residential units and amounted to € 1.2 million (€ 4.6 million in Q1 2017). Finance expenses were high and included mostly interest expenses related to the Europark Dalian loan. The net loss contributed by the Real Estate activities amounted to € 3.2 million in Q1 2018 compared to a loss of € 1.9 million in Q1 2017.

Revenue of the water infrastructure activities remained stable in Q1 2018 at €31.6 million compared to Q1 2017 (€ 31.2 million). In Q1 2018 a net loss of €0.3 million was reported, including a relatively higher provision for doubtful debts and a one-time recognition of tender expenses in the amount of €0.7 million.

Avis Ukraine continued to show strong results and contributed a net profit of approximately € 0.5 million in the first three months of 2018.

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 expense to Kardan NV's shareholders amounted to € 1.8 million in Q1 2018 compared to a comprehensive expense of € 19.6 million in Q1 2017. The other comprehensive expense was mainly a result of changes in foreign exchange rates.

Equity

Kardan N.V. (company only, in € million)	March 31, 2018	December 31, 2017
Total Assets	369.1	380.0
Total Equity (deficit)	(12.7)	(4.4)
Equity/Total assets (%)	(3.4%)	(1.2%)

The shareholders' equity of Kardan N.V. decreased from €4.4 million negative as of December 31, 2017 to a deficit €12.7 million as of March 31, 2018, mainly due to first implementation of two new accounting standards (IFRS 9 and IFRS 15 –see also note 3 to the interim consolidated financial statements) which was reflected in a retrospective adjustment of €6.6 million, net to the opening balance of shareholders' equity. Equity was also negatively affected by a foreign exchange net impact of €5.8 million, mainly due to the erosion of the Angolan currency against the Euro, with respect to TGI's investment in a subsidiary in Angola.

Covenants

The Company's financial covenants as defined in the Deeds of Trust relate to the debt coverage ratio of the Company. A breach of this covenant was defined as non-compliance with the debt coverage ratio for two consecutive quarters. As at March 31, 2018 and December 31, 2017 the Company does not meet the debt coverage ratio financial covenant. Accordingly, the debenture holders have the right to call the debentures for immediate repayment.

As at March 31, 2018, the Company's subsidiaries met their financial covenants.
For additional information see section 12.1 of chapter A to the annual report.

Financial position and going concern

In their review report as of March 31, 2018, the auditors draw the attention to the existence of a material uncertainty which may cast significant doubts about the Company's ability to continue as a going concern, due to - among others - the Company inability to meet the February 2018 payment to the debenture holders. As at the date of this report, the Company is in discussion with the debenture holders to reschedule the payments. However, there is no certainty as to the results of these discussions. For additional information see section 3 below regarding the cash flow forecast and note 2 to the interim consolidated financial statements.

Highlights per activity:

REAL ESTATE

Kardan is active in development and management of Real Estate in China through its 100% subsidiary Kardan Land China Ltd. ('KLC'). In order to better reflect the underlying activities, the Company presents the results of the Real Estate activity as two operational segments: Real Estate - Development and Real Estate - Investment Property. As of March 31, 2018, the Real Estate - Investment Property segment only includes the results of operation of the Galleria Dalian shopping mall; the Real Estate - Development segment includes the results of the residential development of the Europark Dalian project as well as the results of residential real estate projects under joint control.

Results

In millions of Euro	For the three months ended March 31,		For the year ended December 31,
	2018	2017	2017
Real Estate - Development			
Sale of apartments	61.8	0.2	9.2
Cost of sales	(60.5)	-	(8.1)
Gross Profit	1.3	0.2	1.1
SG&A expenses	(0.6)	(0.4)	(3.1)
Gain from sale of fixed assets	-	-	0.8
Equity earnings	1.2	4.6	16.4
Operational profit - Real Estate Development segment	1.9	4.4	15.2
Real Estate - Investment Property			
Rental revenues	1.3	1.5	5.8
Cost of rental revenues	(0.9)	(1.0)	(4.1)
Gross Profit	0.4	0.5	1.7
SG&A expenses	(1.0)	(1.3)	(4.9)
Adjustment to fair value (impairment) of investment property	-	-	(4.1)
Operational loss - Real Estate Investment Property segment	(0.6)	(0.8)	(7.3)
Total operational profit (loss) - Real Estate	1.3	3.6	7.9
Other unallocated expense	(0.6)	(0.8)	(2.7)
Profit (loss) before finance expenses and income tax	0.7	2.8	5.2
Finance expenses, net	(2.4)	(3.6)	(14.9)
Tax benefits (expenses)	(1.5)	(1.1)	(4.9)
Loss for the period – attributed to Company's shareholders	(3.2)	(1.9)	(14.6)

Additional information - Kardan Land China

	For the three months ended March 31,		For the year ended December 31
	2018	2017	2017
Operational Information			
Revenue Residential - JV (in € million) *	5.1	27.6	80.0
Gross profit residential - JV (in € million) *	2.1	8.2	25
Apartments sold in period (a)	247	455	1,232
Apartments delivered in period (b)	313	616	1,397
Total apartments sold, not yet delivered (c)	1,647	1,918	1,703

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

(b) In Q1 2018 278 apartments were delivered in the Dalian project compared to nil in Q1 2017.

(c) KLC's share in the estimated gross profit from apartments sold is €18.9 million as of 31 March 2018.

Units sold in the period	For the three months ended March 31,		For the year ended, December 31
	2018	2017	2017
100% owned			
Europark Dalian	22	12	124
Joint Venture projects*			
Olympic Garden	127	387	688
Suzy	91	-	332
Palm Garden	7	16	47
City Dream	-	40	51
	225	443	1,118
Total	247	455	1,242

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

Real Estate – Development

The Real Estate Development segment relates to the residential projects of Europark Dalian and the joint venture residential projects. The result from operations of this segment decreased to € 1.9 million profit in Q1 2018 compared with € 4.4 million profit in Q1 2017 mainly due to the decrease in the contribution of the joint ventures, due to the delivery of a small number of apartments, since as of reporting date, most of the inventory is under construction.

Revenue from sale of apartments relates to the handover of apartments in the Europark Dalian project. During Q1 2018 building B in Europark Dalian project, which was sold as one unit to a client and will serve as an apartment hotel, was delivered, as well as 16 units in project building A, compared to no deliveries in Q1 2017. As of March 31, 2018 only 12 unsold units remain in building A.

In the second half of 2017, KLC started the sales of the new C2 tower of the Europark Dalian project. In Q1 2018 15 apartments were sold which accumulated to 131 apartments sold till May 2018.

SG&A showed an increase compared to the corresponding period in 2017, primarily due to marketing activities of the new C towers in Europark Dalian project and sales commissions paid relating to the Europark Dalian.

'Equity earnings', comprises the result of the residential activities from joint venture projects, which contributed a profit of € 1.2 million in Q1 2018 compared with a profit of € 4.6 million in Q1 2017, as a result of a decrease in revenues from delivery of apartments. Revenue from the residential joint venture projects amounted to € 5.1 million in Q1 2018 compared to € 27.6 million in Q1 2017.

Real Estate – Investment Property

Total revenues of the Investment Property segment decreased from € 1.5 million in Q1 2017 to € 1.3 million in Q1 2018, mainly due to a onetime adjustment of a rental contract in Galleria Dalian shopping mall, while the positive trend (in increasing footfall and occupancy) continues.

Accordingly, the gross profit of the Investment Property segment slightly decreased to 31% compared to 33% in Q1 2017.

SG&A showed a decrease compared to the corresponding period in 2017, mostly due to savings and a decrease in marketing costs.

Real Estate - Total

The above resulted in an operational profit of the Real Estate operations of €1.3 million in Q1 2018 compared to €3.6 million operational profit for Q1 2017.

Financing expenses, net, amounted to €2.4 million, compared with €3.6 million in Q1 2017. The financing expenses mainly include interest expenses related to the Europark Dalian project loan. Financing expenses also included a positive impact of €0.3 million due to the appreciation of the RMB and the USD versus the EUR, compared with a negative foreign exchange impact of €0.4 million in Q1 2017.

Tax expenses in Q1 2018 amounted to €1.5 million and mostly related to land value added tax for building B (Q1 2017 €1.1 million tax expense).

Net loss of €3.2 million in Q1 2018 is mainly due to lower deliveries in the JV's, high financing expenses, and the tax expenses.

Additional balance sheet information - Kardan Land China

	2018	2017
	(31.3)	(31.12)
<i>(in € millions)</i>		
Real Estate – Development		
Share of investment in JVs	53.7	56.4
Inventory	60.4	116.4
Real Estate – Investment Property		
Investment Property	222.9	221.1
Cash & short term investments	48.8	37.0
Total Assets	459.1	502.6
Loans and Borrowings	116.8	115.1
Advance payments from buyers (Real Estate – Development)	18.1	61.2
Total Equity	269.0	270.1

In Q1 2018 total 247 units were sold, compared with 455 units sold in Q1 2017. The sale of apartments in the new C tower in the Dalian project commenced in July 2017 and started off strongly with the sale of 102 units till March 31 2018.

Inventory

Total number of units in the inventory decreased from 3,412 at December 31, 2017 to 2,882 as at March 31, 2018 mostly due to the delivery of building B. The number of unsold units in inventory (including the inventory of joint venture projects) decrease to 1,225 as at March 31, 2018 (vs 1,478 as of December 31, 2017). The rate of unsold units for which construction was completed slightly increased to 11% compared with 9% at 31 December, 2017.

Investment property solely represents Galleria Dalian shopping mall, the value of which decreased by approximately 1% compared to December 31, 2017, mainly due to the depreciation of the RMB versus the EUR.

The occupancy level rose to approximately 84% as of 31 March 2018 (31 December 2017: 81%).

Loans and borrowings, predominantly relate to the use of a construction loan for Europark Dalian, for an amount of €114.3 million as at 31 March, 2018.

The decrease in equity in the reporting year is attributable to the loss for the period.

WATER INFRASTRUCTURE (TGI) - Discontinued operations

Results under `Profit (loss) from discontinued operations - TGI` relate to Tahal Group International B.V. ('TGI'), Kardan's water infrastructure company.

TGI focuses on executing water related projects worldwide in Africa, Central and Eastern Europe, India and in other regions and other countries, such as Israel.

In millions of Euro	For the three months ended March 31,		Full Year
	2018	2017	2017
Contract revenues	31.6	31.2	176.4
Contract cost	26.2	27.0	152.8
Gross profit	5.4	4.2	23.6
SG&A expenses	(4.7)	(3.4)	(12.9)
Equity losses	(0.1)	(0.3)	(1.1)
Gain on disposal of assets and other income	-	-	7.8
Result from operations before financing expenses	0.6	0.5	17.4
Financing income (expenses), net	(0.5)	(0.2)	0.4
Income tax (expenses) benefit	0.1	0.3	(5.0)
Net Profit from continuing operations	0.2	0.6	12.8
Attributable to:			
Non-controlling interest holders	0.5	(0.3)	(0.3)
Equity holders (Kardan N.V.)	(0.3)	0.9	13.1

Additional Information Water Infrastructure	2018 (31.3)	2017 (31.12)
<i>Balance sheet (in € million)</i>		
Cash & short term investments	20.9	9.3
Total Assets	188.6	183.4
Net debt	(14.8)	(13.2)
Equity	43.9	50.9
Equity / Assets	23.3%	27.7%
<i>Other (in USD million)</i>		
Backlog	763	672

During Q1 2018 water infrastructure activities reported a loss of €0.3 million, compared to a net profit of €0.9 million in Q1 2017. The loss for the period including a relatively higher provision for doubtful debts and a one-time recognition of €0.7 million tender expenses.

Revenue remained stable in Q1 2018 at €31.6 million compared to Q1 2017 (€31.2 million).

The gross margin increased from 13.4% in Q1 2017 to 17% in Q1 2018 due to improved profitability in number of projects.

Financing expenses amounted to €0.5 million in Q1 2018 compared to €0.2 million in Q1 2017 mostly due to interest expenses on utilization of credit line.

The income tax benefit €0.1 million in Q1 2018 (compared to €0.3 million expense in Q1 2017) is mainly related to deferred tax assets on carry forward losses.

Equity of TGI decreased mainly due to negative impact of foreign exchange on TGI's subsidiary in Angola.

In February 2018, Tahal India was awarded a project in the city of Bangalore for a total amount of approximately USD 28 million (€22.8 million). The project consists of the renewal, expansion, upgrading and operation of a water supply network, to which 42,000 households will be connected. Furthermore, Tahal was awarded another project in the city of Ivanovo, Russia, which is a continuation of the project executed and successfully completed by Tahal. The project consists of the renovation of biological facility of waste water treatment.

In total, new orders of US\$ 127 million were recorded in the first quarter of 2018, bringing the order backlog to US\$ 763.1 million (December 31, 2017 US\$ 672.1 million).

It should be noted that in addition, companies in the TGI group have received notices regarding the winning of additional projects in the amount of US\$ 473 million. Upon fulfillment of conditions related mainly to financial closing, signed contracts amounting to US\$ 473 million will be added to the existing backlog.

CORPORATE HOLDING AND OTHER

	For the three months ended March 31,		For the year ended December 31,
	2018	2017	2017
Corporate expenses:			
General and administration expenses	(1.3)	(1.0)	(4.0)
Financing income (expense), net	8.7	(16.4)	(12.6)
Fair value loss on derivatives	-	-	(0.4)
Income tax expenses	(0.1)	(0.1)	(0.3)
	7.3	(17.5)	(17.3)
Other activities:			
Financing income (expense), net	-	-	0.1
Equity earnings (Avis Ukraine)	0.5	0.8	2.4
Other income (expenses), net	-	(0.1)	(0.8)
	0.5	0.7	1.7

Corporate expenses:

Financing expenses decreased significantly in Q1 2018 compared to the corresponding period in 2017, mainly due to the positive impact of foreign currency exchange differences. The net positive impact of foreign exchange differences and the Israeli CPI on the Company's debentures, which are denominated in NIS, was € 12.7 million in Q1 2018 (Q1 2017: € 11.5 million negative).

The `Income tax expenses` relates to tax on hedge instruments.

Other activities consisted in 2018 of equity earnings from the Company's holding in Avis Ukraine joint venture, which continued to show good results and contributed a net profit of €0.5 million as part of the Company's equity earnings in Q1 2018.

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 March 31, 2018 amounted to € 628.0 million.

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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