

UPDATE ON NEGOTIATIONS WITH DEBENTURE HOLDERS

Amsterdam, October 23, 2018 - Kardan N.V. ('Kardan' or 'the Company'), active in Real Estate and Infrastructure in emerging markets hereby announces an update on the negotiations of a debt settlement with the trustee and representatives of debenture holders series B.

The negotiations entail changes to the terms of the debentures series A and series B according to the principles outlined below. It should be noted that the negotiations with the trustee to debenture holders series B ('the Debentures' or 'Debentures B') have not yet been completed, and the negotiations with the trustee to debenture holders series A ('Debentures A') have not yet commenced. In addition, the Board of Directors of the Company has not approved the principles as stated below. Therefore, this press release does not entail that the Company or its governing bodies have taken a resolution to amend the deeds of trust. To ensure equal information dissemination, the principles are however disclosed as Debentures B will be discussing them in a meeting that will be held today.

The principles¹

1. The principal amount of the Debentures and the interest rate will remain unchanged.
2. The final repayment date of the Debentures will be postponed to December 2021. In parallel the Company will commit to sell assets – and in relation to one asset, according to an agreed upon timetable – and to use the funds received from such disposals for early repayment of Debentures A and B, and other uses according to terms agreed with the representatives of the Debentures.
3. The interest that should have been paid on 1.2.2018 will be payable at Completion Date. In addition, the Company will pay each year interest at a rate of 4% p.a. The remaining interest will be payable at each date the Company repays (part of) the principal of the Debentures.
4. The Company shall issue to Debenture Holders A and B shares of the Company. The shares will be issued in 3 tranches each of 15% of the issued and paid-in capital of the Company at the date of issuing each tranche of shares. The shares will be issued to the Debentures A and B which will hold debentures at the date the amended deeds of trust will come into force ('the Completion Date').
5. The funds to be used for repayment will be used first to make the balance payments (as defined in the existing deeds of trust) to Debenture Holders B, and each subsequent amount will be repaid pro-rata to the two debenture series.
6. To secure the Company's obligations, the existing securities and pledges will remain.
7. The Company, Kardan Financial Services, Kardan Land China, Tahal Group International and their subsidiaries will operate according to limitations to be agreed between the parties, which will include, mainly, the limitations as stipulated in the existing deeds of trust, and additional limitations to be agreed between the parties. In addition, the Company will commit to meet certain financial covenants in relation to its equity, debt coverage ratio, and operational performance of Galleria Dalian.
8. Each material transaction of the Company and its subsidiaries will be subject to approval of a joint meeting of the debenture holders A and B.
9. The Board of Directors of the Company will consist of no more than 9 directors, out of which the trustees will have the right to recommend the identity of 2-3 directors, who shall also serve in committees of the Board.

¹ It should be emphasized that this press release includes a general and non-exhaustive description of the principles of the debt settlement agreed upon for the time being with the Debenture Holders. These principles are not final, have not yet been discussed at the meetings of the Debenture Holders and / or the authorized bodies of the Company, and approval of the meetings of the Debenture Holders and / or the authorized bodies of the Company has not yet been received for the changes specified in this press release.



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10. The Company will appoint an observer on behalf of the trustees of the Debenture holders A and B.
11. The law applicable to the amended deeds of trust shall be Israeli law, and the sole jurisdiction in respect of the dispute relating to the deeds of trust shall be to the Court in Tel Aviv.
12. A mutual exemption from claims shall be determined at a form to be agreed between the parties.

Again, there is no certainty as to the terms of the amended deeds of trust that will be agreed and will be put for vote. The final terms may be significantly different than the understandings listed above.

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 June 30, 2018 amounted to € 646.7 million.

Kardan is listed on Euronext Amsterdam and the Tel Aviv Stock Exchange.

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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.

"This press release contains regulated information (gereguleerde informatie) as defined in the Dutch Act on Financial Supervision (Wet op het financieel toezicht)"