

PRESS RELEASE

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FOURTH QUARTER AND 2017 RESULTS KARDAN N.V.
Highlights Q4 and 2017:

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)	12M 2017	12M 2016	Q4 2017	Q4 2016
Real Estate (development and investment property)	(14.6)	(15.2)	(5.1)	(4.4)
Water Infrastructure (discontinued operations)	13.1	0.9	9.2	(1.1)
Banking and Retail lending (discontinued operations)	-	21.6	-	-
Other	1.7	1.4	(0.3)	(0.1)
Total Operations	0.2	8.7	3.8	(5.6)
Holding (Corporate Finance and G&A)	(17.3)	(40.0)	(6.6)	(16.5)
Total	(17.1)	(31.3)	(2.8)	(22.1)

Highlights Q4 and FY 2017
Kardan N.V.

- Q4 2017: €2.8 million net loss to equity holders (Q4 2016: loss of € 22.1 million), including gain on the sale of Pumped Storage partly off-set by a negative fair value adjustment of investment property. The results also include a minor negative currency impact on the Company's debentures of € 0.6 million (2016: negative €10.3 million).
- 12M 2017: The consolidated net loss decreased to € 17.1 million compared to a loss of € 31.3 million in 2016, as a result of the gain on the sale of Star Pumped Storage (€ 7.1 million, net) and positive currency impact of € 7.2 million (2016: € 13.9 million negative) on the Company's debentures.

Real Estate

- Q4 2017: net loss of € 5.1 million (Q4 2016: net loss of €4.4 million). Strong delivery of residential apartments in Q4 2017.
- 12M 2017: net loss of € 14.6 million (2016: €15.2 million) mainly due to high financing expenses, revaluation losses of the investment property and release of deferred tax assets, partly offset by the strong results of the joint ventures.

Water Infrastructure

- Q4 2017: € 9.2 million net profit as a result of the gain from the sale of the Star Pumped Storage project (2016: loss of € 1.1 million).
- 12M 2017: Net profit of € 13.1 million attributable to equity holders compared with € 0.9 million in 2016

Other

- Avis Ukraine continued to show good results and contributed equity earnings of € 2.4 million in 2017.

Ariel Hasson, CEO of Kardan NV:

“Both our real estate activities and water infrastructure activities both operationally performed positive in 2017. Our real estate activities in China, through our subsidiary KLC, is continuing to improve the performance of our mall in Dalian together with advancing the sale of the luxury residential units Europark Dalian. Also our water infrastructure activities, through our subsidiary Tahal, performed very well. Tahal won again many new multi-year projects, expanding its presence in Africa, Asia and Eastern Europe.

Monetizing assets to meet our debt repayment obligations was and is our highest priority. We managed to sell our 40.5% stake in Star Pumped Storage at the end of 2017 well above book value, resulting in a gain of € 7.1 million. We initiated the sale process of Tahal at the beginning of 2017. We did the utmost to close a transaction at the right conditions in time to repay our Feb 2018 obligation. However, early 2018 it became evident that we would not be able to complete the sale of Tahal in time to meet our payment date. Therefore in January 2018 we approached the debenture holders in order to negotiate the repayment schedule. In February 2018 we did not repay the scheduled payments to debenture holders. These negotiations are still ongoing and we are hopeful to come to an agreement soon. In parallel we continue our efforts to advance the transaction for the sale of Tahal.

The future is likely to continue to be challenging for Kardan. We continue to face the task of repaying a substantial amount of outstanding debentures. We also have to deal with the forex exposure risk they pose. Also our equity position was severely impacted by foreign currencies and turned, in combination with the loss in the period, negative as per year-end 2017. To meet our obligations, we will continue to do the utmost to divest assets in a manner that will allow us to maximize value and proceeds and will strengthen our equity.”

Condensed Interim Consolidated Income Statement Kardan N.V.

By quarter (in € millions)

	Q1 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	12M - 2017	12M - 2016
Total revenues	1.6	2.7	2.8	7.9	15.0	11.1
Total expenses	4.5	6.1	6.0	11.4	28.0	21.9
Loss from operations before fair value adjustments, disposal of assets and financial expenses	(2.9)	(3.4)	(3.2)	(3.5)	(13.0)	(4.2)
Gain (loss) from fair value adjustments and disposal of assets and investments, net	-	-	-	(3.3)	(3.3)	-
Result from operations before finance expenses	(2.9)	(3.4)	(3.2)	(6.8)	(16.3)	(15.0)
Financing income (expenses), net	(19.9)	(4.7)	5.3	(8.2)	(27.5)	(47.4)
Equity earnings, net	5.3	4.6	2.5	6.5	18.9	4.0
Profit (loss) before income tax	(17.5)	(3.5)	4.6	(8.5)	(24.9)	(58.4)
Income tax expenses / (benefit)	1.2	-	0.5	3.5	5.2	(4.5)
Profit (loss) from continuing operations	(18.7)	(3.5)	4.1	(12.0)	(30.1)	(53.9)
Profit from discontinued operations	1.1	1.4	1.0	9.2	12.7	22.6
Profit (Loss) for the period	(17.6)	(2.1)	5.1	(2.8)	(17.4)	(31.3)
Attributable to:						
Non-controlling interests	(0.3)	(0.4)	0.4	-	(0.3)	-
Net result for equity holders	(17.3)	(1.7)	4.7	(2.8)	(17.1)	(31.3)
	(17.6)	(2.1)	5.1	(2.8)	(17.4)	(31.3)
Other Comprehensive loss	(1.9)	(14.5)	(4.3)	(3.9)	(24.6)	(2.5)
Total Comprehensive loss attributable to Kardan equity holders	(19.2)	(16.2)	0.4	(6.7)	(41.7)	(33.8)

Overall summarized review of Q4 and yearly 2017 results

Kardan recognized a consolidated net loss attributable to equity holders of € 17.1 million in 2017 compared to a net loss of € 31.3 million in 2016. The 2017 result includes a gain of € 7.1 million on the sale of TGI's holding in Star Pumped Storage, while in 2016 the result included a € 15.2 million gain on the sale of TBIF.

The net loss in the fourth quarter of 2017 amounted to € 2.8 million (Q4 2016: € 22.1 million net loss, mainly due to foreign currency losses).

The financing expenses in 2017 include a positive impact of € 7.2 million net due to the strengthening of the EUR versus the NIS and the change in Israeli CPI on the Company's debentures (2016: € 13.9 million negative).

The Real Estate activities showed an improvement in revenue from the delivery of units in Europark Dalian project to € 8.6 million in 2017 (2016: € 0.8 million). Galleria Dalian gradually further improved its rental revenues. This resulted in total revenues of the Real Estate activities of € 15.0 million in 2017, an increase compared to revenues of € 8.5 million in 2016.

Equity earnings from joint venture residential projects increased substantially to € 16.4 million (€ 2.4 million in 2016) as a result of the delivery of residential units and a significant increase in gross profitability.

The interest expenses primarily related to the Europark Dalian loan which heavily impacted the net results. Together with the revaluation losses of the investment property and high tax expenses as a result of release of a deferred tax asset, this resulted in a net loss of € 14.6 million for the Real Estate activities. The net loss in 2016 (€ 15.2 million) included a deferred tax benefit of € 4.9 million.

In the Water Infrastructure activities, the acceleration of new projects and the progress in existing projects were the key drivers of the 27% increase in revenue compared to 2016. Water Infrastructure contributed a net profit of € 13.1 million in 2017 (2016: € 0.9 million). In 2017 the Company signed approximately USD 600 million worth of contracts out of which USD 467 million will be added to the existing order backlog of USD 672.1 million upon fulfillment of conditions precedent, mainly related to financial closing.

As of Q1 2017, as a result of the process to sell the Company's holdings in TGI (Kardan NV's water infrastructure subsidiary), this subsidiary is presented as Held-For-Sale, and its results as discontinued operations. Therefore the Company does not present the water infrastructure activities as a segment in its consolidated financial statements.

Avis Ukraine continued to show strong results and accordingly contributed a net profit of approximately € 2.4 million in 2017 (2016: €1.5 million).

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 € 41.7 million in 2017 compared to a comprehensive loss of € 33.8 million in 2016. The other comprehensive loss was primarily a result of the impact of changes in foreign exchange rates, mainly the strengthening of the EUR vs the RMB.

Equity

Kardan N.V. (company only, in € million)	December 31, 2017	December 31, 2016
Total Assets	380.0	409.7
Total Equity	(4.4)	37.3
Equity/Total assets (%)	(1.2%)	9.1%

The shareholders' equity of Kardan N.V. decreased from € 37.3 million as of December 31, 2016 to € 4.4 million negative as of December 31, 2017 mainly due to the loss of € 17.1 million in 2017 and the strengthening of the EUR versus the RMB, which resulted in a decrease in equity of € 23.6 million in the period.

The equity position will be discussed in the upcoming AGM in May 2018.

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 December 31, 2017, the Company does not meet the debt coverage ratio for the first time. Accordingly, as of December 31, 2017, the Company is not in breach of the aforesaid financial covenant. For additional information regarding the covenants see Note 25 to the consolidated financial statements.

As at December 31, 2017, all of the Company's subsidiaries met their financial covenants.

Financial position and going concern

In their audit opinion as of December 31, 2017, the auditors draw the attention to the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, due to - among others - the uncertainty that transactions will be completed at all or that the discussions with the Debenture Holders will result in rescheduling of payments. For additional information regarding the Company's financial position, see Note 1 to the consolidated financial statements.

Outlook

The Company intends to continue the negotiations with the Debenture holders with the aim to come to an agreement soon, while continuing its efforts to advance the transaction for the sale of Tahal at the same time.

Kardan will fully focus on generating liquidity through asset transactions required to repay its outstanding debentures. In parallel, Kardan's Executive Management works on further improving its business operations, in order to optimise their value.

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

A cash flow forecast for the coming two years, including accompanying assumptions and notes, can be found in the Directors' Report.

Highlights per activity:

The following is an analysis of the results of the different activities for the year 2017. A separate analysis of the fourth quarter 2017 results is presented if there are significant differences between developments between that quarter and overall 2017.

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 decided to present the results of the Real Estate activity as two operational segments: Real Estate - Development and Real Estate - Investment Property. As of December 31, 2017, 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 year ended December 31,		For the 3 months ended December 31,	
	2017	2016	2017	2016
Real Estate - Development				
Sale of apartments	9.2	1.7	6.4	0.4
Cost of sales	(8.1)	(1.0)	(6.1)	(0.1)
Gross Profit	1.1	0.7	0.3	0.3
SG&A expenses	(3.1)	(1.6)	(0.8)	(0.3)
Gain from sale of fixed assets	0.8	-	-	-
Equity earnings	16.4	2.4	6.2	1.0
Operational profit - Real Estate Development segment	15.2	1.5	5.7	1.0
Real Estate - investment Property				
Rental revenues	5.8	6.8	1.5	1.7
Cost of rental revenues	(4.1)	(6.3)	(1.3)	(1.6)
Gross Profit	1.7	0.5	0.2	0.1
SG&A expenses	(4.9)	(4.1)	(1.0)	(1.2)
Adjustment to fair value (impairment) of investment property	(4.1)	(2.6)	(3.4)	(2.2)
Operational loss - Real Estate Investment Property segment	(7.3)	(6.2)	(4.2)	(3.3)
Total operational profit (loss) - Real Estate	7.9	(4.7)	1.5	(2.3)
Other unallocated expense	(2.7)	(3.2)	(0.6)	(0.7)
Profit (loss) before finance expenses and income tax	5.2	(7.9)	0.9	(3.0)
Finance expenses, net	(14.9)	(12.4)	(2.6)	(1.6)
Tax benefits (expenses)	(4.9)	5.1	(3.4)	0.2
Loss for the period – attributed to Company's shareholders	(14.6)	(15.2)	(5.1)	(4.4)

	For the year ended December 31		For the three months ended December 31	
	2017	2016	2017	2016
Operational Information				
Revenue Residential - JV (in € million) *	80.0	57.5	29	11.4
Gross profit residential - JV (in € million) *	25	15.7	9	6.1
Apartments sold in period (a)	1,232	1,323	240	255
Apartments delivered in period (b)	1,397	1,417	340	210
Total apartments sold, not yet delivered (c)	1,703	2,114	1,703	2,114

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

(b) In 2017 42 apartments were delivered in the Dalian project compared to 4 apartments in 2016.

(c) KLC part in the gross profit from apartments sold is € 25.2 million as of 31 December 2017.

Units sold in the period	For the year ended December 31,		For the three months ended, December 31	
	2017	2016	2017	2016
100% owned				
Europark Dalian	114	14	42	12
Joint Venture projects*				
Olympic Garden	688	593	(4)	156
Suzy	332	10	195	3
Palm Garden	47	88	7	20
City Dream	51	618	-	64
	1,118	1,309	198	243
Total	1,232	1,323	240	255

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

Real Estate – Development

Real Estate Development relates to the residential projects of Europark Dalian and the joint venture residential projects. The Real Estate Development segment increased its result from operations significantly to € 15.2 million profit in 2017 compared with € 1.5 million profit in 2016 mainly due to the contribution of the joint venture activities.

Revenue from sale of apartments relates to the handover of apartments of the Europark Dalian project and management fees from joint ventures. During 2017 37 units were sold in Europark Dalian project building A, compared with 14 units in 2016. The sold units also include 8 units that were previously recorded as fixed assets and which were sold and delivered in Q2 2017, contributing a gain of € 0.8 million. As of December 31, 2017 only 17 unsold units remain in building A.

In the second half of the year, KLC started the sales of the new C tower of the Europark Dalian project. In 2017 77 apartments were sold.

SG&A showed an increase compared to the corresponding period in 2016, primarily due to marketing activities of the new C towers in Europark Dalian project.

‘Equity earnings’, comprises the result of the residential activities from joint venture projects, which contributed a profit of € 16.4 million in 2017 compared with a profit of € 2.4 million in 2016, as a result of an increase in revenues from delivery of apartments amounting to €63.2 million in 2017 compared to €57.5 million in 2016, and an improved gross margin.

Real Estate – Investment Property

Total revenues of the Investment Property segment decreased from € 6.8 million in 2016 to € 5.8 million in 2017, mainly due to the decrease in revenues from management fees that reflects the expiry of the management contract of Galleria Chengdu on January 1, 2017. Rental revenues which were generated from Galleria Dalian shopping mall, remained stable in 2017 compared with 2016.

The gross profit of the Investment Property segment increased to 29% compared to 7% in 2016 mostly due to high start-up costs in 2016 related to the Galleria Dalian shopping mall which opened in August 2015.

SG&A showed an increase compared to the corresponding period in 2016, due to marketing activities of the food market in Galleria Dalian shopping mall.

The adjustment to fair value (impairment) of investment property relates to a negative revaluation of Galleria Dalian of € 4.1 million (2016: € 2.6 million negative) following a valuation report. This resulted in an operational loss of € 7.3 million for this segment

Real Estate - Total

The above resulted in an operational profit of the Real Estate operations of € 7.9 million in 2017 compared to € 4.7 million operational loss for the full year 2016.

'Financing expenses, net', amounted to € 14.9 million, compared with € 12.4 million in 2016. The financing expenses mainly include interest expenses related to the Europark Dalian project loan. Financing expenses also included a negative impact of € 3.6 million due to the devaluation of the RMB and the USD versus the EUR, compared with a positive foreign exchange impact of € 0.4 million in 2016.

Income tax expenses of € 4.9 million in 2017 are mostly related to the release of deferred tax assets. In 2016 a deferred tax benefit of € 5.1 million was recognized on taxable losses.

Net loss of € 14.6 million in 2017 is mainly due to high financing expenses, the devaluation of the investment property and the tax expenses. The loss in 2016 (€ 15.2 million) included a deferred tax benefit of € 5.1 million.

Additional balance sheet information - Kardan Land China

	2017	2016
	(31.12)	(31.12)
<i>(in € millions)</i>		
Real Estate – Development		
Share of investment in JVs	56.4	69.2
Inventory	116.4	101.5
Real Estate – Investment Property		
Investment Property	221.1	240.5
Cash & short term investments	37.0	33.5
Total Assets	502.6	518.2
Loans and Borrowings	115.1	111.2
Advance payments from buyers (Real Estate – Development)	61.2	50.0
Total Equity	270.1	302.5

In 2017 total 1,232 units were sold, compared with 1,323 units sold in 2016. 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 77 units in H2 2017.

Inventory

The number of unsold units in inventory (including the inventory of joint venture projects) increased to 1,478 (vs 494 end of 2016), as a result of new units the construction of which started during the period. The percentage of unsold units for which construction was completed decreased to 9% compared with 17% at 31 December, 2016.

Investment property solely represents Galleria Dalian shopping mall, the value of which decreased by approximately 8% compared to December 31, 2016, mainly due to the depreciation of the RMB versus the EUR and a negative fair value adjustment of € 4.1 million. 2016 was the first full year of operation of Galleria Dalian shopping mall.

The occupancy level rose to approximately 81% as of 31 December 2017 (31 December 2016 – 78%).

'Loans and borrowings', predominantly relate to the use of a construction loan for Europark Dalian, for an amount of € 112.6 million as at 31 December, 2017. In October 2017 Kardan Land Dalian signed a credit facility of RMB 900 million (€ 115 million). The credit facility was primarily used to refinance the outstanding debt of the Ping An loan and to finance the additional funding requirement of Europark Dalian project. During Q4 KLC received the entire facility amount and the Ping An Loan was fully repaid.

The decrease in equity in the reporting year by 11% is attributable to foreign currency effect and the loss for the year.

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.

	For the year ended December 31,		For the three months ended December 31,	
	2017	2016	2017	2016
Contract revenues	176.4	138.5*	59.9	44.9*
Contract cost	152.8	117.4*	52.7	38.1*
Gross profit	23.6	21.1	7.2	6.8
SG&A expenses	(12.9)	(14.2)	(4.1)	(3.5)
Equity losses	(1.1)	(1.1)	(0.3)	(0.8)
Gain (loss) on disposal of assets and other income	7.8	0.5	7.8	(0.5)
Result from operations before financing expenses	17.4	6.3	10.6	2.0
Financing income (expenses), net	0.4	(1.9)	(0.1)	(2.4)
Income tax expenses	(5.0)	(3.4)	(1.3)	(0.7)
Profit from continuing operations	12.8	1.0	9.2	(1.1)
Loss from discontinued operations - KWIG	-	(0.1)	-	-
Net profit	12.8	0.9	9.2	(1.1)
Attributable to:				
Non-controlling interest holders	(0.3)	-	-	-
Equity holders (Kardan N.V.)	13.1	0.9	9.2	(1.1)
	12.8	0.9	9.2	(1.1)

* TGI reclassified its 2016 contract revenue and cost in relation to accounting treatment of landfill levies. The reclassification did not impact the reported net results.

Additional Information Water Infrastructure	2017 (31.12)	2016 (31.12)
<i>Balance sheet (in € million)</i>		
Cash & short term investments	9.3	19.2
Total Assets	183.4	159.7
Net debt	(13.2)	(3.1)
Equity	50.9	43.7
Equity / Assets	27.7%	27.4%
<i>Other (in USD million)</i>		
Backlog	672	606

TGI operations contributed a total profit of € 13.1 million attributable to equity holders in 2017, including a net gain of € 7.1 million on the sale of Star Pumped Storage, compared with € 0.9 million in 2016. During 2017 water infrastructure activities reported a net profit of € 12.8 million compared to a net profit of € 1.0 in 2016.

Revenues increased to € 176.4 million in 2017 compared to € 138.5 million in 2016 as a result of the start of new projects as well as progress in the execution of existing projects.

The gross margin decreased from 15.2% in 2016 to 13.4% in 2017 due to high costs of the new agricultural project Quiminha in Angola, a long-term large scale agricultural project which commenced at the end of 2016. This was partially offset by a ramp-up in other projects.

Financing income (expenses) amounted to €0.4 million positive in 2017 compared to €1.9 million negative in 2016 mostly due to exchange rates.

The increase in income tax expenses from € 3.4 million in 2016 to € 5.0 million in 2017 is mainly related to a tax provision recognized due to a tax assessment in respect of prior years and tax expenses related to the sale of Star Pumped Storage offset by a deferred tax in Angola.

In December 2017 the sale of the holding of TGI (40.5%) in Star Pumped Storage to Noy Fund was completed. Proceeds from the sale amounted to NIS 81 million (€ 19 million) and TGI recognized a profit of approximately € 8.4 million (before tax).

New projects awarded

In August 2017 TGI has signed, together with its 50% partner in Angola and Zambia, a USD 176 million contract for a multipurpose agricultural and water project in Zambia and three agricultural projects in Angola, totaling USD 291 million. According to these contracts, the companies that engaged in the execution of the projects will commence the works once (and if) the conditions precedent are fulfilled. These new large agricultural projects clearly strengthen the international positioning of TGI in this sector.

Upon fulfillment of the conditions precedent, mainly related to financial closing, this pipeline of USD 467 million signed contracts will be added to the existing order backlog of USD 672.1 million as of December 31, 2017 (December 31 2016: USD 606 million).

In September 2017 TGI was awarded two turn-key water infrastructure design-build projects in the city of Nirsa in India. The two projects consist of survey and planning services, as well as the construction of water supply and treatment systems for a total amount of approximately USD 80 million.

In November 2017 TGI was awarded another turn-key water infrastructure design-build project in the Indian city Nagercoil. The project consists of the construction of water supply and treatment systems, water pumping stations and various operational facilities for a total amount of approximately USD 29 million.

In November 28, 2017 TGI was awarded its first water infrastructure project in Georgia for a total amount of approximately USD 26.3 million (€22.2 million). The project consists of the construction of sewerage systems in Poti, Georgia.

CORPORATE HOLDING AND OTHER

	For the year ended December 31,		For the three months ended December 31,	
	2017	2016	2017	2016
Corporate expenses:				
General and administration expenses	(4.0)	(3.7)	(1.0)	(1.1)
Financing income (expense), net	(12.6)	(35.7)	(5.6)	(15.3)
Fair value loss on derivatives	(0.4)	-	-	-
Income tax expenses	(0.3)	(0.6)	-	(0.1)
	(17.3)	(40.0)	(6.6)	(16.5)
Other activities:				
Gain (loss) on disposal of assets and other income	-	(1.6)	-	-
Financing income (expense), net	0.1	-	0.1	-
Equity earnings (Avis Ukraine)	2.4	1.5	0.2	0.4
Other income (expenses), net	(0.8)	1.5	(0.6)	(0.5)
	1.7	1.4	(0.3)	(0.1)

Corporate expenses:

Financing expenses decreased significantly in the full year 2017 compared to the corresponding period in 2016, 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 € 7.2 million in 2017 (2016: € 13.9 million negative). As a result of the appreciation of the NIS versus the EUR in Q4 2017, there was a limited negative impact of € 0.6 million in Q4 2017 (Q4 2016: € 10.3 million negative).

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

Other activities consisted in 2017 mainly of equity earnings from the Company's holding in Avis Ukraine joint venture, which continued to show strong results and contributed a net profit of € 2.4 million as part of the Company's equity earnings in 2017.

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 repay its debts, grow, execute its business model, and generate future financial returns (ii) from concentration of its business in Central Eastern Europe, Africa, India 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 to be published in April and in the related "Periodic Report" (published by Kardan N.V. in Israel), 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, 2017 amounted to € 669 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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"This press release contains regulated information (gereguleerde informatie) as defined in the Dutch Act on Financial Supervision (Wet op het financieel toezicht)"