

Chapter D – Additional Details about the Corporation

<u>Company:</u>	Kardan NV, a company registered in the Netherlands (hereinafter: "Kardan NV" or the "Company ")
<u>Company number with the Dutch Commercial Register at the Chamber of Commerce:</u>	34189974
<u>Date of Statement of Financial Position:</u>	December 31 2019
<u>Reporting period:</u>	January 1 2019 to December 31 2019
<u>Reporting date:</u>	April 20 2020

1. **Regulation 25A:**

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2. **Regulation 8B - Evaluation**

For more information regarding the valuation, please see Section 7.6.8.8 in the chapter entitled Additional Details about the Corporation and Section 9 in the Report of the Board of Directors and Management - Part B to the 2019 Periodic Report.

3. **Regulation 9B - Report on Effectiveness of Control over Financial Reporting and Disclosure**

Chapter E to the 2019 Periodic Report includes the Annual Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure in accordance with Regulation 9B(a), as well as the Statement of the Chief Executive Officer and Statement of the Company's Highest Ranking Financial Officer, in accordance with Regulation 9B(d).

4. **Regulation 9C - The Corporation's Standalone Financial Statements**

Attached to Chapter C to the Periodic Report are the Company's standalone financial statements with an auditor's report of the Company's independent auditor.

5. **Regulation 9D - Report Regarding the Status of the Corporation's Liabilities by Maturity Dates**

Please see Form T-126, which is published close to the publication date of the Periodic Report; the information included in this form is incorporated into this report by way of reference.

6. **Regulation 10 – Report of the Board of Directors and Management on the State of the Corporation's Affairs**

Attached, as Chapter B to the Periodic Report, is the Report of the Board of Directors and Management about the Status of the Corporation's Affairs for 2019.

7. Regulation 10A: Condensed Statements of Comprehensive Income

Set forth below is a table presenting the condensed statement of comprehensive income of Kardan NV for each of the quarters in the Reporting Year, in EUR thousands:

	Q1	Q2	Q3	Q4	Total for 2019
Revenues , from sale of apartments	1,115	3,448	30,562	19,580	54,705
Rent and maintenance	2,091	2,213	2,397	2,354	9,055
Other income	201	198	196	196	791
Expenses , cost of sale of apartments	1,011	3,184	26,500	16,270	46,965
Maintenance of buildings to rent	996	885	858	743	3,482
Other expenses, net	10	(10)	(102)	237	135
Gross profit	1,390	1,800	5,899	4,880	13,969
Selling and marketing expenses	484	700	934	991	3,109
General and administrative expenses	2,247	1,925	985	1,548	6,705
Operating income (loss) before adjustments, fair value and disposal of assets	(1,341)	(825)	3,980	2,341	4,155
Increase (decrease) in value of investment property, net	-	(112)	(19)	131	-
Income (loss) from disposal of assets and other income	-	-	-	(1,555)	(1,555)
Income (loss) before financing expenses and taxes on income	(1,341)	(937)	3,961	917	2,600
Finance income (expenses), net	(23,519)	(15,910)	(27,933)	(2,129)	(69,491)
Income (loss) before Company's share in profits or associates, net	(24,860)	(16,847)	(23,972)	(1,212)	(66,891)
Company's share in profits (losses) of associates, net	2,872	2,759	773	8,263	14,667
Income (loss) before taxes on income	(21,988)	(14,088)	(23,199)	7,051	(52,224)
Taxes on income (tax benefits)	67	46	440	174	727
Net income (loss) from continuing operations	(22,055)	(14,134)	(23,639)	6,877	(52,951)
Profit (loss) from discontinued operations	(1,216)	(11,310)	(22,324)	(627)	(35,477)
Net income (loss)	(23,271)	(25,444)	(45,963)	6,250	(88,428)
Attributable to: Company's shareholders	(23,505)	(23,070)	(46,150)	9,013	(83,712)
Minority interest	234	(2,374)	187	(2,763)	(4,716)
Statement of comprehensive income, net income (loss)					
Other comprehensive income (loss): Adjustments arising from translation of financial statements of foreign operations	6,940	(8,085)	(1,034)	(7,955)	(10,134)
Profit (loss) in respect of cash flow hedges, net of tax effect	(114)	(78)	(80)	(132)	(404)
Other comprehensive income (loss), net	6,826	(8,163)	(1,114)	(8,087)	(10,538)
Total comprehensive profit (loss)	(16,445)	(33,607)	(47,077)	(1,837)	(98,966)
Attributable to: Company's shareholders	(16,756)	(30,474)	(46,773)	2,898	(91,105)
Non-controlling interests	311	(3,133)	(304)	(4,735)	(7,861)

8. Regulation 10C: Using Consideration for Securities in Reference to the Consideration's Goals as per the Prospectus

N/A

9. **Regulation 11 (1)-(3): List of Investments in Subsidiaries and Material Associates as at the Financial Statements Date¹**

No.	Company	Share type	No. of shares ²	Total p.v. ³	Value in the standalone financial statements (in EUR thousands)	Outstanding loans (in EUR thousands)	Holding rate		
							% of equity ⁴	% of voting ⁵	% authorized to appoint directors ⁶
1.	GTC Real Estate Holding BV ⁷ (The Netherlands)	Ordinary	18,000	EUR 18,000	206,392	---	100	100	100
2.	Kardan Land China Limited (Hong Kong)	Ordinary	48,250	HKD 48,250	--- ⁸	---	100	100	100
3.	Kardan Land Dalian (HK) Limited (Hong Kong)	Ordinary	99	HKD 100	--- ⁸	---	100	100	100
4.	Kardan Land Dalian Ltd. (China)	Ordinary	990,000,000	RMB 990,000,000	--- ⁸	---	100	100	100
5.	Kardan Financial Services BV (The Netherlands)	Ordinary	42,010,038	15,123,614 EUR	15,135 ⁹	12,803	100	100	100
6.	Tahal Group International BV (The Netherlands)	Ordinary	24,700	EUR 24,700	2,265 ¹⁰	---	98.43	98.43	100
7.	Tahal Group BV (The Netherlands)	Ordinary	18,160	EUR 18,160	--- ¹¹	---	98.43	98.43	100
8.	Tahal Consulting Engineers Ltd. (Israel)	Ordinary	1,101	NIS 110	--- ⁹	---	98.43	98.43	100
9.	Tahal Group Assets BV (The Netherlands)	Ordinary	18,000	EUR 18,000	--- ⁹	---	98.43	98.43	100
10.	Emerging Investments XII BV (The Netherlands)	Ordinary	18,000	EUR 18,000	79,352	---	100	100	100

¹ All the companies included in the table are private companies.

² The number of shares presented in this column is in respect of the holding company.

³ Total p.v. presented in this column is in respect of the holding company.

⁴ The equity holding rates presented in this column are through other companies and do not include possible dilution of convertible securities.

⁵ The percentage of voting rights presented in this column are through other companies.

⁶ The percentage of voting rights for the purpose of appointing directors presented in this column refers to the authority to appoint directors conferred upon the holding company.

⁷ GTC RE granted Emerging Investments XII BV a loan, the outstanding amount of which as at December 31 2019 is approx. EUR 5,411 thousand.

⁸ Held by GTC RE and is therefore included in the value of GTC RE in the Financial Statements.

⁹ The holding is presented in the Company's books net of the loan granted by KFS to Kardan, i.e. at a net value of EUR 2,332 thousand.

¹⁰ Following the deterioration in Tahal's financial position, the Company wrote down its entire investment in Tahal, so that after deducting a liability in connection with Tahal in Kardan's books, the balance of the investment has been offset. For more information, please see Note 5 to the Company's Financial Statements.

¹¹ Held by Tahal Group International BV and is therefore included in the value of Tahal Group International BV in the Financial Statements.

10. Regulation 12: Changes in Investments in Material Subsidiaries and Associates in the Reporting Year

No changes have taken place in investment in subsidiaries and material associates during the Reporting Year.

On January 14 2019, Kardan Financial Services BV entered into an agreement to sell all of its holdings in TBIF DAN Leasing Limited¹² (hereinafter: "TDLL") and shareholders' loans granted to TDLL for a total of USD 14.2 million. **The transaction was completed on March 14 2019. Following the completion of a transaction, the Company recorded in its 2019 financial statements a gain of EUR 1,473 thousand, mainly for the release of capital reserves.** For more information, please see Section 11.2 of Chapter A of the 2018 Periodic Report.

¹² AVIS Ukraine was wholly owned by TDLL.

11. Regulation 13: Income of Subsidiaries and Material Associates and Income Therefrom (in EUR thousands)

Company	Net income (loss) for the year		Other income (loss)		Comprehensive income (loss) for the year		Dividend		Finance income (expenses)		Management fees	
	Attributable to Company's shareholders	Attributable to non-controlling interests	Attributable to Company's shareholders	Attributable to non-controlling interests	Attributable to Company's shareholders	Attributable to non-controlling interests	received in 2019	received or the right of receipt thereof was established subsequent to the Date of the Statement of Financial Position through the Report Publication Date	received in 2019	received or the right of receipt thereof was established subsequent to the Date of Statement of Financial Position through the Report Publication Date	received in 2019	received or the right of receipt thereof was established subsequent to the Date of the Statement of Financial Position through the Report Publication Date
GTC Real Estate Holding BV	2,624	-	(1,109)	-	1,495	-	-	-	-	-	404	101
Tahal Group International BV	(39,711)	(4,092)	(6,382)	(3,058)	(46,092)	(7,150)	-	-	-	-	99	25
Kardan Financial Services BV	1,427	-	(1,299)	-	128	-	7,000	-	-	-	100	25
Emerging Investments XII BV	25,158	-	-	-	25,158	-	11,224	-	-	-	10	2.5

12. **Regulation 14: List of Loans**

The provision of loans is not the principal field in which the Company is engaged.

13. **Regulation 20: Trading on the Tel Aviv Stock Exchange Ltd.**

No securities issued by the Company were listed on the stock exchange in the Reporting Year. Furthermore, except for temporary suspensions, the trade of the Company's securities was not suspended during the reported period.

14. Regulation 21 - Compensation¹³ of Interested Parties and Senior Officers

The top highest-paid five senior officers in the Company and the companies under its control and the three highest paid officers in the Company:

Details of compensation recipients				Compensation for services* (In EUR thousands)							Other compensation*			Total (including share-based payment) (In EUR thou- sands)	Total (Exclud- ing share- based pay- ment) (In EUR thou- sands)	
Name	Title	Full or part- time position	Percen- tage of holding in corpo- ration's share capital	Salaries ¹⁴	Bonus	Share- based pay- ment	Manag- ement fees	Consul- ting fees	Commis- sion	Other	Interest	Rent	Other			
1	Ariel Hasson	CEO and Director of Kardan NV	100%	---	366 ⁽¹⁾	---	---	---	---	---	---	---	---	---	366	366
2	Saar Bracha	Member of the management board and CEO Tahal Group International BV CEO of Tahal Consulting Engineers Ltd. (former)	100% (50%-TGI and 50% Tahal)	---	253 ⁽²⁾	---	---	247 ⁽²⁾	---	---	---	---	---	---	550	550
3	Naama Zeldis	CFO of Tahal Consulting Engineers Ltd.	100%	---	306 ⁽³⁾	---	---	---	---	---	---	---	---	---	306	306
4	Shmuel Hibel	CEO of Kardan Land China Ltd.	100%	---	345 ⁽⁴⁾	116 ⁽⁴⁾	---	---	---	---	---	---	---	---	461	461
5	Einat Oz-Gabber	CFO, Kardan NV	100%	0.02%	247 ⁽⁵⁾	33	---	---	---	---	---	---	---	---	280	280
6	Ron Comer	Interim CEO Tahal Group International BV Interim CEO of Tahal Consulting Engineers Ltd.	100%	---	212 ⁽⁶⁾	---	---	---	---	---	---	---	---	---	212	212
7	Daniel Berger	Controller of Kardan NV	100%	---	117 ⁽⁷⁾	8	---	---	---	---	---	---	---	---	125	125

* In terms of cost

¹³ Including obligation for compensation, whether directly or indirectly, and including an amount of money or money-equivalent, wages, bonus, management fees, consulting fees, rents, commission, interest, share-based payment, non-pension retirement payment, benefit and any other benefit, all except dividends.

¹⁴ Including related benefits, such as car leasing, telephone, social benefits, severance pay, and any income credited to the salary due to a component awarded to the employee.

Notes to table:

(1) Ariel Hasson

Pursuant to his employment agreement, in exchange for Mr. Ariel Hasson's service (hereinafter: "**Mr. Hasson**") as CEO of the Company as of April 15 2016 and as an executive director therein,¹⁵ the Company pays Mr. Hasson fixed monthly compensation at a total annual cost of EUR 353,000 for services he provides to the Company. The said monthly compensation includes social benefits and customary related benefits, including a car, mobile phone, etc. The agreement is for a period of five years. During the term of the agreement, each party may terminate the engagement by giving a six (6)-month advance notice (hereinafter in this paragraph: the "**Advance Notice Period**"). Should Mr. Hasson decide to discontinue the engagement, he will be entitled to compensation in respect of the Advance Notice Period so long as he will continue to render services to the Company, unless the Company's Board of Directors decides that Mr. Hasson's services are not needed during the Advance Notice Period, in which case he will be entitled to full compensation in respect of the Advance Notice Period. Should the Company terminate the engagement, Mr. Hasson shall be entitled to full compensation in respect of the Advance Notice Period even if he is asked by the Company not to render his services during this period. If Mr. Hasson terminates his term with the Company "for cause", as the term is defined in the agreements with him, he will not be eligible for the terms set forth above with respect to the payments due to him during the Advance Notice Period.¹⁶

Pursuant to Mr. Hasson's employment terms, the Company's Board of Directors may suggest the award of a bonus to Mr. Hasson in respect of each calendar year, based on his performance during that year and taking into account his overall compensation package. Such suggestion by the Board of Directors is subject to approval of the Company's general meeting. Pursuant to the approval of the general meeting of the Company on May 29 2019, for 2019, Mr. Hasson will be eligible for a variable bonus of up to EUR 330,000 (gross). The bonus amount will be calculated in consultation with the Trustees for the Debenture Holders, subject to meeting specific targets, according to the Company's progress in the disposal of its assets and debt service of the Debenture Holders as well as in improving the financial performance of the Company's subsidiaries in accordance with the Company's work plans and budget, which were approved by the Company's Board of Directors.¹⁷ As of the Report Publication Date, the entitlement to receive the bonus has not yet been established.

Mr. Hasson's compensation is in accordance with the Company's compensation policy (as specified in Section 9.2, Chapter A of the 2019 Annual Report).

(2) Saar Bracha

In 2012, Tahal Group International BV (hereinafter: "**TGI**") entered into agreements with Mr. Saar Bracha (hereinafter: "**Mr. Bracha**") and a foreign company he owns (hereinafter, in this paragraph: the "**Service Provider**"), which were updated in 2015 and 2018, according which, beginning on September 1 2011 (in this paragraph: the "**Effective Date**"), Mr. Bracha serves as a member of the management board of TGI and the Service Provider renders TGI (through Mr. Bracha) consulting and management services. In return for the services rendered by Mr. Bracha as aforesaid, he was eligible for wages and

¹⁵ On May 26 2016, the Company's general meeting appointed Mr. Hasson executive director of the Company.

¹⁶ For more information regarding the approval of Mr. Hasson's annual compensation by the Company's general meeting, please see the immediate reports issued by the Company on April 14 2016 and May 26 2016 (Ref. Nos. 2016-01-049327 and 2016-01-035538, respectively); the information contained therein is presented in the Report by way of reference.

¹⁷ For more information, please see Section 11 of immediate report dated April 17 2019 (Ref. No. 2019-01-035199); the information contained therein is presented in the Report by way of reference.

management fees linked to the Dutch Consumer Price Index (CPI), and was also entitled to related expenses incurred in the course of his duties.

On February 9 2020, Mr. Bracha announced his desire to terminate the agreements. Upon termination of the engagement, the Service Provider is also eligible for an adaptation bonus equivalent to four months of management fee.

Furthermore, according to Mr. Bracha's employment agreement with Tahal Consulting Engineers Ltd. (hereinafter "TCE"), as signed in February 2012 and revised in 2015 and 2018, as from the Effective Date (as defined above) Mr. Bracha works part time (50% position) as TCE's CEO in consideration for a monthly salary, generally acceptable social benefits and other related benefits, including a mobile phone and vehicle (fully grossed-up for tax purposes).

On February 9 2020, Mr. Bracha announced his desire to terminate the agreements. Upon termination of the engagement, Mr. Bracha is also eligible for an adaptation bonus equivalent to three monthly salaries.

The Service Provider is eligible for an annual bonus equal to 3% of TGI's annual pre-tax net income, according to its audited consolidated financial statements of each year. The said bonus will be paid to the service provider within 30 days of the approval of TGI's annual financial statements. Should Mr. Bracha's employment be terminated during the Reporting Year, he will be entitled to the proportionate portion of the said bonus. Mr. Bracha is not eligible for a bonus in respect of 2019.

In August and September 2012, Mr. Bracha and the Service Provider (hereinafter: the "Offerees") were awarded 797 TGI options (half of which in accordance with the provisions of Section 102 to the Income Tax Ordinance [New Version], 1961 (hereinafter: "Section 102 to the Income Tax Ordinance")), which are exercisable to TGI shares and constitute 3% of TGI's issued and paid up share capital (hereinafter in this note: the "First Options"). As of the Report Date, all of the First Options were vested and are exercisable at an exercise price of EUR 1,456 (after adjustments) per option against payment of the exercise price or under the cashless mechanism. Following the notice of termination of the engagement between the parties, the offerees are entitled to exercise the First Options within a period of up to one year from the termination of the engagement and are also entitled to convert the shares that shall be received as a result of the First Options being exercised into Kardan NV shares, under the terms and condition of the agreement.

In March 2016, Mr. Bracha and the Service Provider (hereinafter: the "Offerees") were awarded 560 TGI options (half of which - in accordance with the provisions of Section 102 to the Income Tax Ordinance, equity track), which are exercisable into shares and constitute approx. 2% of TGI's issued and paid up share capital (fully diluted) (hereinafter in this note: the "First Options"). As of the Report Date, all of the First Options were vested and are exercisable at an exercise price of USD 2,590 against payment of the exercise price or under the cashless mechanism. The Offerees are entitled to exercise the options as from the vesting date until May 31 2021 or up to one year after the engagement between the parties was terminated, whichever the earlier. In case of termination of the engagement between the parties as aforesaid, the offerees are entitled to exercise the First Options within a period of up to one year from the termination of the engagement.

In conjunction with signing the option agreements, the Company and the Offerees signed put option agreements, which - during a period of up to one year from the date of termination of the engagement and under the circumstances stipulated in the agreement - will enable the Offerees to demand that Kardan NV purchase the shares they will receive as a result of exercising the options in return for cash under the terms and conditions and at a price to be determined as specified in the agreement. In March 2018, an agreement was signed cancelling the put option for half of the options.

(3) **Naama Zeldis**

Ms. Zeldis served as CFO of Tahal from December 1 2013 to August 15 2020. For her service, Ms. Zeldis was eligible for a salary (hereinafter in this section: The "**Relevant Salary**"), to customary social benefits and related benefits such as a car, reimbursement of cell phone expenses, and reimbursement of expenses abroad, as outlined in the above table.

Ms. Zeldis is eligible for an annual bonus equal to 0.75% of TGI's annual pre-tax net income. Ms. Zeldis is not eligible for a bonus in respect of 2019. In November 2014, Ms. Zeldis was granted, retroactively for August 18 2014 (the grant date) 197 TGI options (in accordance with the provisions of Section 102 of the Income Tax Ordinance) (hereinafter: the "**Options**"). As of the Report Date, all of the Options were vested and are exercisable at an exercise price of EUR 1,567 (after adjustments) against payment of the exercise price or under the cashless mechanism. Ms. Zeldis may exercise the options from their vesting date until December 31 2020 or up to three months from the termination of her service. The terms and condition of the options include a right of first refusal for Kardan NV and a drag-along clause for Kardan NV in the event of the sale of the control of TGI.

(4) **Shmuel Hibel**

As of August 2018, Mr. Shmuel Hibel serves as CEO of KLC.

Pursuant to the employment agreement between KLC and Mr. Hibel in exchange for Mr. Shmuel Hibel's (hereinafter: "**Mr. Hibel**") service as CEO of KLC, KLC paid Mr. Hibel a monthly salary, which includes social benefits and related benefits as customary in KLC, as outlined in the table (including a mobile phone, reimbursement of car expenses, health insurance, children's tuition fees as well as annual leave in Israel).

In addition, Mr. Hibel is eligible for an annual bonus, in accordance with KLC's financial performance, set targets and the discretion of KLC's Board of Directors. For 2019, Mr. Hibel was paid a bonus of approx. EUR 116 thousand.

The agreements are in effect until August 31 2022. During this period, each party to said agreements may terminate the engagement by giving a six-month advance notice.

(5) **Einat Oz-Gabber**

Ms. Einat Oz-Gabber serves as CFO of the Company. For her said service, Ms. Oz-Gabber is entitled to monthly wages, customary social benefits and related benefits as is customary in the Company, including a mobile telephone, car expenses, etc., as outlined in the table. Under the employment agreement signed with Ms. Oz-Gabber, each party may terminate the engagement at any time, at its discretion, by written notice to the other party, in accordance with the law applicable in the Netherlands on that date.

On January 21 2014, the Company granted Ms. Oz-Gabber 100,000 options exercisable into the Company's ordinary shares, at no charge, which vested on June 30 2019.

(6) **Ron Comer**

Mr. Ron Comer has been serving as TGI's interim CEO as of February 15 2020. Prior to serving as TGI's CEO, Mr. Comer was responsible for environmental issues and the activity in Africa.

On June 1 2019, Tahal Consulting Engineers Ltd. (hereinafter: "**TCE**") entered into an agreement with a company owned by Mr. Comer (hereinafter: The "**Service Provider**"), whereby as of May 1 2019, the Service Provider shall provide TCE (through Mr. Comer) with consulting and management services. In return for the services provided by Mr. Comer as aforesaid, he is entitled to monthly consulting fees of NIS 66,000 as well as to a monthly amount of NIS 4,000 for expenses in providing the services (such

as car, telephone, and travel expenses, etc.) A payment of NIS 10,500 that Mr. Comer receives for his service as Chairman of the Board of Directors of Palgei Maim Ltd. on behalf of Tahal is deducted from the abovementioned amount.

Furthermore, in accordance with the provisions of the June 2012 agreement, which was amended from time to time, including on March 1 2016, between a company under Mr. Ron Comer's control (hereinafter: the "**Comer Company**") and Sitahal-Hagal (Talia) General Partnership (hereinafter: "**Sitahal**"), the Comer Company is eligible for annual success fees equal to 10.5% of Sitahal's pre-tax profit for landfill exceeding 450,000 tons and pre-tax profit from sales of the biogas and power systems at Sitahal's site (hereinafter in this section: the "**Annual Bonus**"). An advance towards the Annual Bonus, in the amount of NIS 20,000 per month, is paid monthly. The outstanding annual bonus amount is paid 45 days from the date of signing Sitahal's annual financial statements. In the event of the sale of Sitahal or its interests to a third party, the Service Provider would be entitled to a one-time payment of 10.5% of the (pre-tax) capital gain, which will be generated by the Tahal Group following such sale (hereinafter in this section: the "**One-Time Bonus**").

It should be clarified that the entitlement to receive the Annual Bonus and One-Time Bonus is in respect of services rendered by Comer to Sitahal from 2012 until the completion of the services, and that the commitment to pay them is indefinite, even after the services are no longer being rendered by the service provider or Comer Company and is unrelated to Mr. Comer's tenure with TGI, Tahal or Sitahal in 2019 and onwards. In respect of 2019, Comer Company was paid an advance on the Annual Bonus in the amount of NIS 240,000; the remaining amount shall be established and paid after the approval of Sitahal's financial statements.

(7) Daniel Berger

Mr. Daniel Berger serves as the Company's financial controller. In respect of his service Mr. Berger was paid a salary as set out in the above table, including generally acceptable social benefits and other related benefits as normally practiced in the company, including mobile phone, travel expenses, etc.

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Interested parties in the corporation who have been granted compensation by Kardan NV or by a company under its control¹⁸

Following are details about the compensation paid by the Company or a company under its control to the Company's interested parties during the Reporting Year:¹⁹

Details of compensation recipients				Compensation for services (in EUR thousands)*							Other compensation*			Total (Including share-based payment) (In EUR thousands)
Name	Title	Full or part-time position	% of ownership in equity and the corporation as at the Report Date	Salary	Bonus	Share-based payment	Management fees	Advisory fees	Commission	Other	Interest	Rent	Other	
Peter Sheldon	Chairman of the Company's Board	---	---	58	---	---	---	---	---	---	---	---	---	58
Eytan Rechter ^{20***}	Company director	---	0.54%	26	---	---	---	---	---	---	---	---	---	26
Yosef Grunfeld ^{21***}	Company director	---	13.96%	26	---	---	---	---	---	---	---	---	---	26
Cornelis Hendrik van den Bos ²²	Company director	---	---	36	---	---	---	---	---	---	---	---	---	36
Cecile Tall ²³	Company director	---	---	36	---	---	---	---	---	---	---	---	---	36
Ferry Houterman ²⁴	Company director	---	---	26	---	---	---	---	---	---	---	---	---	26

¹⁸ Interested parties not listed in Sections 15.1-15.2 above.

¹⁹ On May 28 2015, based on the recommendation of the Compensation, Appointment and Election Committee and after approval by the Board of Directors, the Company's general meeting resolved to approve that the compensation paid to members of the Board who are not members of the Company's management but who serve on the Board committees shall be as follows: Each non-executive director shall be paid a total of EUR 26 thousand per year and an additional total of EUR 10 thousand per year for serving as committee chairperson. An additional amount of EUR 8 thousand per annum will be paid for membership in any of the Board of Directors' committees. For more information, please see the immediate reports of the Company dated April 15 2015 (Ref. No. 2015-01-079801), May 28 2015 (Ref. No. 2015-01-104631) and Section 3 and Appendix A to the immediate report dated April 17 2019 (Ref. No. 2019-01-035199); the information contained therein is presented in the Report by way of reference.

²⁰ On May 24 2017, the general meeting reappointed Mr. Eytan Rechter as a non-executive director and approved to pay him a total of EUR 26 thousand per year, in accordance with the Company's compensation policy. For more information, please see the immediate reports issued by the Company on April 12 2017 (Ref. No. 2017-01-040092) and May 24 2017 (Ref. No. 2017-01-043780).

²¹ On May 24 2017, the general meeting reappointed Mr. Yosef Grunfeld as a non-executive director and approved to pay him a total of EUR 26 thousand per year, in accordance with the Company's compensation policy. For more information, please see the immediate reports issued by the Company on April 12 2017 (Ref. No. 2017-01-040092) and May 24 2017 (Ref. No. 2017-01-043780).

²² On May 24 2017, the general meeting reappointed Mr. van den Bos a non-executive director and approved to pay him a total of EUR 26 thousand per year as well as an additional compensation of EUR 10 thousand per year for serving as Chairman of the Audit Committees, in accordance with the Company's compensation policy. For more information, please see the immediate reports issued by the Company on April 12 2017 (Ref. No. 2017-01-040092) and May 24 2017 (Ref. No. 2017-01-043780).

²³ On September 12 2017, the general meeting approved the appointment of Ms. Cecile Tall as an independent non-executive director and approved to grant her a total of EUR 26 thousand per year, in accordance with the Company's Compensation Policy. For more information, please see the immediate reports issued by the Company on August 1 2017 (Ref. No. 2017-01-066277) and September 12 2017 (Ref. No. 2017-01-092103), which are included in the Report by way of reference.

²⁴ On May 30 2018, the general meeting approved the appointment of Mr. Ferry Houterman as an independent non-executive director and approved to pay him a total of EUR 26 thousand per year, in accordance with the Company's compensation policy. For more information, please see the immediate reports issued by the Company on April 17 2018 (Ref. No. 2018-01-031980) and May 30 2018 (Ref. No. 2018-01-053623), which are included in the Report by way of reference.

* In terms of cost

*** Messrs. Yosef Grunfeld and Eytan Rechter are among the Company's controlling shareholders, as the term is defined in the Securities Law, 1968. For more information, please see Regulation 21A below.

15. Regulation 21A: Company's Controlling Shareholders

To the best of the Company's knowledge, as of the Report Date, the Company's controlling shareholders are Messrs. Yosef Grunfeld,²⁵ Avner Avraham Schnur,²⁶ and Eytan Rechter,²⁷ who hold directly, and through companies under their control, 13.96%, 14.36% and 0.54% of the Company's share capital and voting rights, respectively. Messrs. Grunfeld, Schnur and Rechter and private companies under their control have in place an agreement in connection with their holdings in Company's shares and they are therefore considered as "joint holders" as defined in the Securities Law, as described below.

Furthermore, Kardan Israel Ltd. is controlled, inter alia, by Messrs. Schnur and Grunfeld and therefore it may be deemed as "joint holder" of Company's shares, together with Messrs. Schur, Grunfeld and Rechter, and as one of the Company's controlling shareholders.

In April 2006, the Company's controlling shareholders (Talromit Financial Holdings (1999) Ltd., Yosef Grunfeld, Raitalon Ltd., Mr. Avi Schnur, Shamait Ltd. and Mr. Eytan Rechter) entered into a shareholders' agreement in connection with part of their holdings in Company's shares (hereinafter: the "**Shareholders' Agreement**" and the "**Company's Control Core**", respectively), which include, inter alia, restrictions regarding share transfers, provisions regarding the appointment of company directors and the manner of voting by the Company's general meeting.

With respect to the transfer or sale of Company shares (or of a corporation holding them) by either party to the shareholder agreement to a third party or to another party to the Shareholders' Agreement, it was determined that the transfer or sale of shares from the Control Core is conditional upon the sale not constituting a "breach event" as defined by the shareholder agreement, as well as being subject to the right of first offer and the tag along right to be awarded to the parties to the Shareholders Agreement, under the terms set forth by the Shareholders' Agreement. On the date of completion of Mr. Grunfeld's debt settlement, as set out below, a mutual waiver by the parties to the Shareholders' Agreement - Messrs. Grunfeld, Schnur, Rechter and the relevant companies under their control - entered into force with respect to the existing mutual restrictions on the Company's shares in connection with the right of first refusal, tag-along right and/or right to impose another restriction on the sale of shares owned by any of the controlling shareholders.

As to the manner of voting in the Company's general meeting, the Shareholders' Agreement stipulates that a preliminary meeting will be convened prior to the convening of each general meeting and the manner of voting will be determined in such preliminary meeting according to the

²⁵ It should be noted that, to the best of the Company's knowledge, Mr. Grunfeld's holding of 17,169,512 Company shares, which constitute 13.96% of the Company's share capital, is held directly by Mr. Grunfeld and indirectly through Talromit Financial Holdings (1999) Ltd., a private company wholly-owned by Mr. Grunfeld. To the best of the Company's knowledge, all of Mr. Grunfeld's shares in the Company (whether held directly and indirectly) are pledged: 11,591,189 of Mr. Grunfeld's shares are pledged to Bank Hapoalim, 5,353,323 of his shares are pledged to Bank Leumi and the remaining shares are pledged to three other entities. It should be noted that Mr. Grunfeld is one of the controlling shareholders of Kardan Israel Ltd. and serves as Chairman of the Board of Kardan Israel Ltd.

For more information regarding Mr. Grunfeld's ownership interest in the Company, please see Regulation 21A below.

²⁶ Indirect holding through Raitalon Ltd., Company No. 512597303, a private company incorporated in Israel and wholly-owned by Mr. Schnur. It should be noted that Mr. Schnur also serves as director in Kardan Israel Ltd. and is one of Kardan Israel's controlling shareholders.

²⁷ The shares are held as follows: 150,884.59 shares are held directly by Mr. Eytan Rechter and 516,790.04 shares are held through Aloterra (Company No. 513701805), held 90% through Shamait Ltd. (Company No. 512826611), a private company wholly owned by Mr. Eytan Rechter and his wife and 10% through Alon Nathan Rechter (Mr. Eytan Rechter's son).

position of holders of the majority of the shares constituting the Controlling Interest, who attend such meeting.

In connection with Mr. Yosef Grunfeld's interest in the Company, it should be noted that on August 12 2015, the Tel Aviv District Court granted the petition of Bank Leumi of Israel Ltd. (hereinafter: "**Bank Leumi**") and issued a receiving order for the assets of Mr. Yosef Grunfeld. The Official Receiver was appointed as receiver of Mr. Grunfeld's assets, all execution proceedings against him were suspended and Bank Leumi's representative was appointed as permanent special administrator of Mr. Grunfeld's assets (hereinafter: the "**Special Administrator**"). On August 27 2015, the Tel Aviv District Court issued a resolution approving a procedural arrangement whereby an attorney on behalf of Bank Hapoalim Ltd. (hereinafter: "**Bank Hapoalim**") will be appointed as receiver to enforce the specific charge registered in favor of Bank Hapoalim in connection with Company shares held by Mr. Grunfeld and pledged in favor of Bank Hapoalim.

On December 14 2015, the District Court decided to grant the Special Administrator's request to extend the Special Administrator's powers so as to allow the Special Administrator to take any action to maintain the value of the holdings of the privately-held companies wholly owned by Mr. Grunfeld (through one of which Mr. Grunfeld holds most of his shares).

On January 2 2019, the Court approved the debt arrangement between Mr. Grunfeld and his creditors (hereinafter: the "**Grunfeld Arrangement**"). According to information provided to the Company, the Grunfeld Arrangement was completed on March 3 2019. According to information provided to the Company, as at the Report Publication Date, all Company shares held by Mr. Grunfeld are pledged: 11,591,189 of his shares are pledged to Bank Hapoalim Ltd. ("**Bank Hapoalim**"), 5,353,323 of his shares are pledged to Bank Leumi Le-Israel B.M. ("**Bank Leumi**") and the remaining shares are pledged to three other entities. According to information provided to the Company, as part of the Grunfeld Arrangement, the pledges and receivership procedures made in respect of the pledges to Bank Leumi and Bank Hapoalim remain in effect, with each bank entitled to realize the pledges registered in its favor and sell the Company shares pledged to it, at its sole discretion, either by itself or through its own receiver. Furthermore, as part of the Grunfeld Arrangement, Mr. Grunfeld (or anyone on his behalf) committed towards Bank Leumi and Bank Hapoalim to purchase from the banks, at their demand, a total (for the two banks) of 2,500,000 Company shares out of the shares pledged to them, in consideration for a total of NIS 8 million, for a period stipulated in the Grunfeld Arrangement. Additionally, to complete the Grunfeld Arrangement, the parties to the shareholders' agreement signed a mutual waiver for any mutual restriction in place between the parties with respect to the realization of the Company shares as aforementioned. For more information, please see the Company's immediate reports dated January 3 2019 (Ref. No. 2019-01-001231) and March 4 2019 (Ref. No. 2019-01-018699); the information contained therein is presented by way of reference.

16. Regulation 22: Transactions with Controlling Shareholders

16.1 Transactions not included in Section 270(4) to the Companies Law, 1999²⁸

²⁸ Kardan NV was incorporated in the Netherlands and as such the Companies Law, 1999 (hereinafter: the "**Companies Law**"), including Chapter 5 of Part Six is not applicable to it. The transactions referred to in this Chapter meet the criteria set in Section 270(4) of the Companies Law, although, as aforesaid, the Company is not subject to the said Section and to other Sections of the Companies Law, which stipulate the manner of approval of transactions that fall within its scope. It should be noted that the Company adopted, in its Articles of Association, similar (but not identical) provisions to those of the Companies Law in connection with the manner of approving transactions with controlling shareholders.

- (a) On May 24 2017 the Company's general meeting approved the reappointment of Messrs. Yosef Grunfeld and Eytan Rechter, two of the Company's controlling shareholders, as Company directors for a four-year period ending on the date of the Company's 2021 annual general meeting. In addition, the general meeting approved an annual compensation of EUR 26 thousand each for Messrs. Yosef Grunfeld and Eytan Rechter for their service as members of the Company's Board of Directors.²⁹ For more information regarding the compensation payable to Messrs. Grunfeld and Rechter, please see Section 15.3 above.
- (b) The Company and Kardan Israel Ltd., a company controlled by some of the controlling shareholders, entered in May 2005 into an agreement, which was revised from time to time, under which Kardan Israel granted the Company various services, in the manner and volume required by the Company.³⁰

On May 30 2018, the Company's general meeting approved, by a special majority³¹(after obtaining the approval of the Company's Board of Directors on September 4 2017 and April 17 2018, and the approval of the competent organs of Kardan Israel) the Company's entry into a revised service agreement with Kardan Israel, for a period of three years from September 1 2017 (retroactively) - i.e., until August 31 2020 (hereinafter: **the "Revised Services Agreement"**).³² On April 10 2019, Kardan Israel informed the Company, pursuant to the provisions of the service agreement, that it would cease to render services in connection with the economic services component, and on January 16 2020, the Company informed Kardan Israel that it is terminating the Revised Services Agreement as of March 16 2020.³³

According to the Revised Services Agreement, Kardan Israel has granted the Company the following services, so as to include the following three components (hereinafter:

²⁹ The annual compensation to Messrs. Grunfeld and Rechter was approved, as aforesaid, by the Company's general meeting, by a simple majority, since the annual compensation approved for them as directors does not exceed the lowest compensation paid to another director of the Company. Under these circumstances, according to a relief (exemption) set in the Company's Articles of Association, whereby such compensation does not require approval by a simple majority of members of Company's general meeting; rather, it should be approved by a simple majority. The controlling shareholders who have a vested interest in the engagement are Messrs. Grunfeld and Rechter, who are parties to the engagement, and Mr. Schnur, since he is a party to the Shareholders' Agreement in the company, to which Messrs. Grunfeld and Rechter are parties.

³⁰ For more information regarding the services provided under the original service agreement, please see Regulation 22 to Part D of the Company's 2017 Periodic Report (published on March 28 2018 (Ref. No. 2018-01-032242)), the information contained therein is presented in the Report by way of reference.

³¹ As defined by the Company's Articles of Association: It means an absolute majority of the votes, with i) The majority including supporting votes of more than half of all votes of shareholders present at the meeting who, according to the information available to the Board of Directors, have no vested interest, providing that the number of votes [of the shareholders] does not include abstaining votes or ii) That the shareholders present at the meeting with no vested interest who vote against shall not, according to the information available to the Board of Directors, constitute more than two percent (2%) of the total votes that may be cast in the shareholders' general meeting.

³² The engagement in the Revised Services Agreement as from September 1 2017 through August 31 2020 was approved by a special majority of the general meeting of the Company's shareholders on May 30 2018, after approval thereof by the Company's Board of Directors on April 17 2018 and by the competent organs of Kardan Israel, as required by law. The controlling shareholders who have a vested interest in the engagement described above in this Section are Messrs. Yosef Grunfeld, Avi Schnur and Eytan Rechter, since they are the controlling shareholders of Kardan Israel. For more information, please see the immediate reports published by the Company on April 17 2018 (Ref. No. 2018-01-031980) and on May 30 2018 (Ref. No. 2018-01-053623), which are incorporated in this report by way of reference.

³³ For more information, please see the immediate report published by the Company on January 16 2020 (Ref. No. 2020-01-006178); the information contained therein is presented in this report by way of reference.

the “Service Components”): (a) Economic services and relations with the local capital market; (b) Accounting and bookkeeping services; and (c) Secretarial services, for reduced consulting fees totaling NIS 200,000 per year (i.e., NIS 50,000 per quarter), linked to the Consumer Price Index of July 2017. The services were provided by employees who are employed and/or provide services to Kardan Israel and/or companies under the Kardan Israel Group’s control.

All services described above were rendered by Kardan Israel according to instructions issued from time to time by the Company.

Kardan Israel has undertaken to indemnify the Company in respect of any taxes levied on the Company (such as national insurance, job seekers allowance and similar taxes) in connection with amounts paid to Kardan Israel or to Kardan Israel’s employees who render the services.

For the said services provided by Kardan Israel to the Company during the reporting period, the Company paid Kardan Israel a total of NIS 163 thousand and, in respect of the services provided by Kardan Israel to the Company after the Date of Statement of Financial Position date and until the Report Publication Date, the Company paid Kardan Israel a total of NIS 27 thousand.

16.2 Insurance and indemnification of the Kardan NV Group

- (a) Company’s directors and officeholders are covered by directors and officeholders’ professional liability insurance policy taken out by the Company. The limit of liability, as at the Report Date, is EUR 12.5 million per case, cumulatively and for the period, and the policy is valid worldwide. The insurance policy applies retroactively as from establishment date of the relevant company (hereinafter in this Section: **the “Policy”**).

In August 2018, the Company's Board of Directors approved, by a special majority, the extension of the policy for a 12-month period beginning on September 15 2018, with liability limits of EUR 12.5 million per case, per period (for all insured companies), for a premium of approximately EUR 329 thousand (before tax). In August 2019, the Company's Board of Directors approved, by a special majority, the extension of the policy for another 6-month period beginning on September 15 2019, with liability limits of EUR 12.5 million for a premium of approximately EUR 165 thousand (before tax). All other terms of the policy have not changed.

In March 2020, the Company's Board of Directors approved, by a special majority, the extension of the policy for a 12-month period beginning on March 15 2020, with liability limits of EUR 7.5 million per case, per period (for all insured companies), for a premium of approximately EUR 426 thousand (before tax).

- (b) The company granted letters of indemnity to the directors.³⁴ In the letters of indemnity, the Company undertook to indemnify its directors in respect of legal

³⁴ On March 25 2014, the Company's Board of Directors approved the wording of a letter of indemnity to be given to the members of the Board of Directors and officers of the Company, which prescribes the implementation of the Articles of Association in connection with indemnity. With regard to indemnification of directors who are controlling shareholders, the letter of indemnity stipulates that it will be valid subject to obtaining the required approvals, i.e., approval by a special majority of members of the Board of Director and members of the general meeting. As of the date of this report, the Company’s controlling shareholders were not given indemnity letters. It should be noted that on May 30 2018, the general meeting of the Company’s shareholders approved the discharge of the directors from their liability in connection with the performance of their role in fiscal year 2017. The said discharge will only apply to the performance of roles that were reflected in the Company’s 2017 annual

proceedings (including administrative proceedings, investigation proceedings, warnings, etc.) and expenses of any kind arising from a claim or proceedings relating to the performance of their duties as members of the Board of Directors, except in the case of an intentional breach, fraud, bad faith or in case a member of the Board should have reasonably assumed an action was not in favor of the company.

No indemnification shall be granted if, according to a ruling handed down by a court in the Netherlands, a member of the Board has acted intentionally, fraudulently, in bad faith or should have reasonably assumed that an action was not in favor of the company, in which case the Board member shall not be entitled to indemnification by the company, or in case indemnification was granted by a third party. In such a case, all payments made by the Company under the indemnity letter shall be regarded as advances and the director shall repay these advances to the Company with the addition of statutory interest as from the date that should be deemed as the payment date of each such advance payment.

16.3 Transactions not included in Section 270(4) to the Companies Law³⁵

In February 2010, Water Planning for Israel Ltd., a privately held company indirectly wholly owned by the Company (hereinafter: **“Tahal”**) with Kardan Real Estate Enterprise and Development Ltd., a subsidiary under the control of Kardan Israel (hereinafter: **“Kardan Real Estate”**) entered into a rental agreement (hereinafter: **the “Lease”**) under which Tahal leases from Kardan Real Estate office space over a total area of 5.5 thousand m² and parking spaces, in the Kardan House.³⁶ The first lease period was set at sixty months from September 1 2010 through August 30 2015 and Tahal exercised an option to extend the lease term for a further sixty-month period from September 1 2015 through August 30 2020 (hereinafter: **the “Option Period”**), under the same lease terms as those agreed for the first lease period, except for a 10% increase in lease fees compared with the lease fees paid for the last month of the first lease term.

In 2013, Tahal sub-leased the leased property, pursuant to its rights to do so. Under the terms of the Lease, Kardan Real Estate approved the sub-lease. The terms and conditions of the agreement with Tahal have not changed.

financial statements or which were brought to the attention of the general meeting prior to approval of the 2017 financial statements. The discharge does not apply to third parties and it does not condition the provisions of securities laws applicable in Israel; the discharge constitutes a standard and generally acceptable procedure in annual general meetings of shareholders in the Netherlands, the country in which the Company incorporated, as described in footnote 28 above. For more information, please see the Company’s immediate report of May 30 2018 (Ref. No. 2018-01-031980), which is incorporated into this report by way of reference.

³⁵ Please see Footnote 28 above.

³⁶ As of the date of the Lease’s approval, Kardan Israel was the controlling shareholder of Kardan Israel, Kardan Real Estate and Tahal. Therefore, entering into the Lease did not require special approvals from Kardan NV’s standpoint. The Lease between Kardan Real Estate and Tahal was approved as a controlling shareholder transaction in accordance with Section 270(4) to the Companies Law, by a general meeting of Kardan Israel held on April 8 2010, following approval by the Board of Directors and Audit Committee of Kardan Israel, due to the fact that the transaction was also related to a real estate combination agreement.

As of the report date, Kardan NV is no longer Kardan Israel’s controlling shareholder, but rather Kardan Israel’s sister company and both companies are controlled by the same controlling shareholders. Furthermore, as described in Regulation 21 above, Kardan Israel may be deemed as one of the Company’s controlling shareholders. Therefore, the Lease constitutes a transaction in which controlling shareholders of Kardan NV have an interest (since a company they control – Kardan Real Estate – is a party to this transaction).

In 2019, Tahal paid for the office lease a total of NIS 5,868 thousand.³⁷ From January 1 2020 to March 2020, Tahal paid for the office lease a total of NIS 1,478 thousand.³⁸ In addition, Tahal signed a management agreement with the building's management company, Mikdan Management and Maintenance Ltd., 40% of which is held by Kardan Real Estate, according to which Tahal pays management fees of 15% plus cost for the leased space.

As aforementioned, as from May 1 2013, Tahal leases out the office space to a third party, back-to-back, such that, in effect, the amounts paid by TCE to Kardan Real Estate are identical to the amounts paid to Tahal by the lessee.

16.4 Negligible transactions

In November 2009 and March 2010, the Company's management board (at the time) decided to adopt guidelines and rules for classifying a transaction of the Company or of its consolidated subsidiary with an interested party as a negligible transaction as provided for in Regulation 41(a)(6) of the Securities (Annual Financial Statements) Regulations, 2000 (hereinafter: "**Financial Statements Regulations**"), and in March 2019 and April 2020 the Company's Audit Committee approved the rules set out below for the classification of transactions as negligible transactions. These rules and guidelines will serve to assess the scope of disclosure in the financial statements regarding a transaction between the Company, a corporation under its control and a related company thereof and a controlling shareholder, or a transaction in which the controlling shareholder has a vested interest as set out in Regulation 22 to the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter: "**Periodic Reports Regulations**") (the types of transactions listed in the Financial Statements Regulations and in the Periodic Report Regulations, hereinafter: "**Interested Party Transactions**").

The revised guidelines are as follows:

- (a) The Company and its subsidiaries perform or may perform interested party transactions during the ordinary course of business and have or may have commitments to perform such transactions. The Company's Board of Directors has established that a transaction shall be deemed negligible if the following cumulative terms and conditions are met:
- (1) It is not an exceptional transaction (as the term "extraordinary transaction" is defined in the Company's Articles of Incorporation.
 - (2) The transaction is under market conditions - for which purpose two bids have been received from parties which are not related to the Company or its controlling shareholders to render services under similar terms and conditions and volume, the consideration for which does not exceed the consideration offered by the interested party.
 - (3) There are no special qualitative considerations which preclude the inclusion of the transaction as negligible.
 - (4) The transaction amount, in relation to the relevant criterion, shall be less than 0.3%. Notwithstanding the aforesaid, a transaction whose amount exceeds NIS 2.5 million shall not be deemed a negligible transaction.

³⁷ Kardan Real Estate's share in the lease fees for 2019, less the share of Migdal Insurance Company Ltd., which holds half of the interests in Kardan House (hereinafter: "**Migdal**") is NIS 2,859 thousand.

³⁸ Kardan Real Estate's share, less the share of Migdal in the building, is NIS 742 thousand.

- (5) In multi-year transactions (for example: an agreement for several years), the transaction's negligibility shall be assessed on an annual basis (i.e., whether the annual amount stemming from the agreement exceeds the amounts set out in this procedure).
- (6) Each transaction shall be examined separately, but the negligibility of combined or contingent transactions shall be examined in the aggregate.
- (7) The relevant criterion for examining the relative amount of the transaction shall be determined according to the nature of the transaction. The criterion may and shall be: total Company's assets, income/loss, total liabilities, equity attributable to Company's shareholders, total revenues and total expenses as described below.

One [or more] criterion relevant to calculating the transaction percentage shall be established according to the nature of the transaction, as follows:

Criterion	Calculation of negligibility
Assets ratio	The scope of the assets which are the subject matter of the transaction (purchased or sold assets) divided by total assets as presented in the most recent consolidated financial statements.
Contribution to profit/loss	Income/loss from the transaction divided by annual income attributable to Company's shareholders according to the average consolidated annual income for the last three years (not calendar years, but rather the most recent 12 quarters), for which financial statements were published.
Liabilities ratio	The liability of the transaction divided by total liabilities according to the most recent consolidated financial statements.
Equity ratio	Increase or decrease in equity as a result of the transaction divided by the equity attributable to the company's shareholders according to the most recent financial statements.
Revenues ratio	The revenues which are the subject matter of the transaction divided by total annual consolidated revenues, calculated based on the most recent four quarters for which financial statements were published.
Expenses ratio	The expenses which are the subject matter of the transaction divided by total annual consolidated revenues, calculated based on the most recent four quarters for which financial statements were published.

Without prejudice to the Company's discretion regarding the relevant criterion for the aforementioned calculation, the following criteria shall be considered relevant to the following transactions:

- Asset purchase: assets ratio
- Asset sale: contribution to profit/loss and also equity ratio.
- Assuming liabilities (loans): liabilities ratio.
- Provision of services (including office lease): revenues ratio.
- Receipt of services (including office lease): expenses ratio.

The guidelines described above have been determined and implemented, inter alia, after taking into account the scope of the Company's assets, the scope of its business, including in the activity relevant to the classification of the transaction and the frequency of such transactions, and may, from time to time, be reviewed by the Company's Board of Directors, inter alia, in view of changes in the Company's business policies and/or market conditions, and the Company's Board of Directors may change them from time to time and/or add additional guidelines and/or types of transactions.

In cases where the Company believes that the said criteria are irrelevant to examining a transaction, the Company shall establish an alternative relevant criterion. In

calculating the alternative criteria, the relative scope of the transaction will also be less than 0.3% (in words: three tenths of one percent). The Company shall set the relevant criterion (one or more) for the calculation as described above after taking the advice of Company's professionals and/or external professionals.

During the reporting period, no transactions classified as negligible were entered into between companies under the Company's control and the Company's controlling shareholders.

17. Regulation 24: Interested Parties and Senior Officeholders' Holdings

A. Holdings of Company's Interested Parties

For more information regarding the shares and other securities held by each interested party of the Company as at December 31 2019, to the best of the Company's knowledge, please see the immediate report issued by the Company on January 7 2020 (Ref. No.: 2020-01-002815), included by way of reference.

Set forth below is a breakdown of interested parties' holding in Company's securities immediately prior to the date of the report:

Shareholder's name	Holdings in Company's shares	Holding rate	Holding of warrants	Holding rate on a fully diluted basis	Holding of debentures	Rate of debenture holding
Avraham Avner Schnur ³⁹	17,662,860.34	14.36%	---	14.35%	---	---
Eytan Rechter ⁴⁰	667,674.63	0.54%	---	0.54%	14,930.26 Debentures B	0.01%
Yosef Grunfeld ⁴¹	17,169,512	13.96%	---	13.95%	---	---
Kardan Israel Ltd.	11,178,179.1	9.09%	---	9.08%	---	---
GTC Real Estate Holding BV ⁴²	---	---	---	---	26,666,666.76 Series A Debentures	8.96%
Emerging Investments XII BV ⁴³	---	---	---	---	109,839,448.46 Series A Debentures 114,555,778 Debentures B	Series A Debentures - 36.92% Series B Debentures - 12.63%
Einat Oz-Gabber	27,945	0.02%	100,000 employee options	0.08%	---	---

³⁹ Indirect holding through Ritalon Ltd., a private company incorporated in Israel and wholly-owned by Mr. Schnur. It should be noted that Mr. Schnur also serves as director in Kardan Israel Ltd. and is one of Kardan Israel's controlling shareholders.

⁴⁰ The shares are held as follows: 150,884.59 shares are held directly by Mr. Eytan Rechter and 516,790.04 shares are held through Aloterra Ltd., a company held 90% through Shamait Ltd., a private company wholly owned by Mr. Eytan Rechter and his wife and 10% through Alon Nathan Rechter (Mr. Eytan Rechter's son).

⁴¹ The shares are held directly by Mr. Grunfeld's wife and indirectly through Talromit Financial Holdings (1999) Ltd., a private company fully owned by Mr. Grunfeld. All of the Company shares held by Mr. Grunfeld are pledged. 11,591,189 of his shares are pledged to Bank Hapoalim, 5,353,323 of his shares are pledged to Bank Leumi and the remaining shares are pledged to three other entities. For more information regarding Mr. Grunfeld's receivership procedures and debt arrangement, please see Regulation 21 above.

⁴² GTC Real Estate Holding BV Is a subsidiary of the Company.

⁴³ Emerging Investments XII BV Is a subsidiary of the Company.

B. Agreements between Company's interested parties regarding their holding of Company's shares

Please see Regulation 21A above.

C. Company's interested parties' holding of shares or other securities of Company's investees, if their activity is material to the Company

Interested party's name	I.D. Number	Subsidiary/related company held by the interested party	Security type	Number of securities	Holding rate in % (non-diluted)		Holding rate in % (fully diluted)	
					Of equity	Of voting rights	Of equity	Of voting rights
Saar Bracha	027779180	Tahal Group International BV	Warrants	1,357	0%	0%	3%	3%
Naama Zeldis	057783771	Tahal Group International BV	Warrants	197	0%	0%	0.78%	0.78%

18. Regulation 24A: Authorized Capital, Issued Capital and Convertible Securities

For more information regarding registered, issued share capital and convertible securities, please see Note 15 to the Financial Statements.

19. Regulation 24B: Shareholders' Register

For a register of shareholders, employee options, the Debenture Holders (Series A) and Debenture Holders (Series B) of the Company, please see the immediate report issued by the Company on June 6 2019 (Ref. No.: 2019-01-048888), which is included in the Report by way of reference.

20. Regulation 26: The Company's Directors⁴⁴

Name	Peter Sheldon (Chairman of the Board, non-executive director)	Ariel Hasson (CEO and Executive Director of the Company) ⁴⁵	Cornelis Hendrik van den Bos (Non-Executive Director)	Cecile Tall (Non-Executive Director)	Yosef Grunfeld (Non-Executive Director) ⁴⁶	Eytan Rechter (non-executive director) ⁴⁷	Ferry Houterman (non-executive director)
ID No/ Passport No.:	341221471	NT6800DJ8	NXB21D8R8	15CP46838	004399960	47355342	NUR26F607
Date of birth	June 11 1941	June 6 1973	September 22 1952	August 12 1967	November 13 1942	October 26 1949	September 30 1949
Address	13 Jabotinsky St., Jerusalem	Trompenburg 20, 1181 NN, Amstelveen, The Netherlands.	Erasmusweg 2, 2202CC Noordwijk aan Zee, The Netherlands.	24 rue d'Aumale, 75009 Paris, France	62 Pinkas St., Tel Aviv	12 HaRakafot St., Kfar Shmaryahu	Van Eeghenstraat 131, Amsterdam, The Netherlands.
Citizenship	British and Israeli	Dutch	Dutch	French	Israeli	Israeli	Dutch
Member of Board of Directors' committees	Member of the Audit Committee and the Compensation, Appointments and Elections Committee.	No	Chairman of the Audit Committee	Chairman of the Compensation, Appointments and Elections Committee.	No	No	No
Is he/she an Independent Director as defined in the Company's Rules and Regulations?	Yes	No	Yes	Yes	No	No	Yes

⁴⁵ It should be noted that, in addition to serving as a director of the Company, Mr. Hasson serves as CEO of the Company as from April 15 2016. For more information, please see the immediate reports issued by the Company on March 16 2016 and April 15 2016, Ref. Nos. 2016-01-007413 and 2016-01-049423, respectively, which are included in the Report by way of reference.

⁴⁶ For more information, please see Regulation 21A above.

⁴⁷ For more information, please see Regulation 21A above.

Name	Peter Sheldon (Chairman of the Board, non-executive director)	Ariel Hasson (CEO and Executive Director of the Company) ⁴⁵	Cornelis Hendrik van den Bos (Non-Executive Director)	Cecile Tall (Non-Executive Director)	Yosef Grunfeld (Non-Executive Director) ⁴⁶	Eytan Rechter (non-executive director) ⁴⁷	Ferry Houterman (non-executive director)
Is he/she versed in financial management and accounting	Yes	Yes	Yes	No	No	Yes	Yes
An employee of the Company, a subsidiary, related company or an interested party and his/her position	No	CEO of the Company and director in various companies in the Kardan Group.	No	No	Serves as active chairman and director of several companies in the Kardan NV Group and Kardan Israel Ltd. Group, as outlined below.	No. However, Mr. Rechter serves as a director in several companies in the Kardan NV Group, as outlined below.	No. However, Mr. Houterman is a member of the supervisory board of Tahal Group International BV, a subsidiary under the Company's control.
Date of commencement of term of office	May 31 2012; reappointed on May 26 2016	May 26 2016	February 6 2013; reappointed on May 24 2017	September 12 2017	February 6 2013; reappointed on May 24 2017	February 6 2013; reappointed on May 24 2017	30.5.2018
Education and the institution in which education, degree or professional certificate were acquired	Chartered Accountant from The Institute of Chartered Accountants in England and Wales	BA in Management and Economics from Tel Aviv University, MBA from Northwestern University.	Master's in business of Economics, Erasmus University Rotterdam; Master in Auditing Accountancy, Erasmus University Rotterdam.	Master's degrees in corporate law, international and European law, and public and private law at the University of Paris Sorbonne and University of Paris II-Assas. In addition, she graduated with a master's degree in tax and finance from the ESCP Business School	High school	BA in Psychology and Economics, the Hebrew University of Jerusalem.	Teaching degree business administration and the NIMA marketing certificates A and B

Name	Peter Sheldon (Chairman of the Board, non-executive director)	Ariel Hasson (CEO and Executive Director of the Company) ⁴⁵	Cornelis Hendrik van den Bos (Non-Executive Director)	Cecile Tall (Non-Executive Director)	Yosef Grunfeld (Non-Executive Director) ⁴⁶	Eytan Rechter (non-executive director) ⁴⁷	Ferry Houterman (non-executive director)
Employment during the past five years:	Non-executive board member of BATM Advanced Communications Ltd.	Director of various companies in the Kardan NV Group as outlined below, senior officer of a controlled corporation with significant influence: CEO of TBIF and KFS.	Vice Chairman of the Supervisory Board and Chairman of the Audit Committee of ASR NEDERLAND N.V.; Chairman of the Supervisory Board of ASR Bank B.V;	Consultant, Poseidon Consulting, Paris. CEO of Mygreenbrands SAS, Paris	Chairman of the Board of Directors of Kardan Israel, Kardan Yazamut (2011) Ltd., Universal Motors Israel Ltd. and Kardan Real Estate Enterprise and Development Ltd., director in various companies as described below.	CEO and director in Kardan Israel Ltd., CEO and Chairman of the Board of Directors of Kardan Technologies Ltd.; Chairman of the Board of Directors of UTS – Universal Transportation Solutions Ltd. (formerly: Kardan Vehicle Ltd.), CEO and director in Kardan Yazamut (2011) Ltd.; provides advisory services to Kardan Communications through a company under his ownership; director in various companies as described below.	Member of various supervisory boards: Rabobank Amsterdam, Eden Hotel Group, Tahal Group International B.V., RAI Holding Amsterdam, CNV Trade Union, Jongeren Cultuurfonds Amsterdam, PC Uitvaart, BNNVARA

Name	Peter Sheldon (Chairman of the Board, non-executive director)	Ariel Hasson (CEO and Executive Director of the Company) ⁴⁵	Cornelis Hendrik van den Bos (Non-Executive Director)	Cecile Tall (Non-Executive Director)	Yosef Grunfeld (Non-Executive Director) ⁴⁶	Eytan Rechter (non-executive director) ⁴⁷	Ferry Houterman (non-executive director)
Additional corporations in which he/she serves as a director:	-	Executive director in the following companies: Kardan Financial Services BV, GTC Real Estate Holding BV, Chairman of the supervisory board of Tahal Group International BV and Chairman of the Board of Directors of Kardan Land China Ltd.	As detailed above	-	Kardan Land China, Kardan Israel Ltd., Kardan Real Estate Enterprise and Development Ltd., Kardan Communications Ltd., several private companies wholly owned by him, as well as several inactive companies.	Supervisory Board member of Tahal Group International BV, Rechter Bros. (1995) Ltd., Shamait Ltd., Aloterra Ltd., Water Planning for Israel Ltd., Tahal Consulting Engineers Ltd., BFTV EL Ltd., BFTV LLC, as well as several inactive companies.	As detailed above.
Is he/she a relative of another interested party in the corporation?	No	No	No	No	No	No	No

21. **Regulation 26A: Senior Officers of the Company**⁴⁸

Name	Einat Oz-Gabber	Daniel Berger	Ron Comer	Naama Zeldis	Shmuel Hibel
Title	CFO	Controller	Senior officer in a controlled corporation with significant influence over the Company; Interim CEO of Tahal Consulting Engineers and Tahal Group International BV.	Senior officer in a controlled corporation with significant influence over the Company; CFO of the Tahal Group.	Senior officeholder in a controlled corporation with significant influence on the Company; serves as CEO of subsidiary Kardan Land China Ltd.
ID No/ Passport No.:	NM5B3J065	043498856	056692452	057783771	022016265
Date of birth	January 27 1971	January 6 1982	December 4 1960	April 16 1963	September 5 1965
Date of commencement of term of office	June 19 2008	January 1 2018	February 15 2020	December 1 2013	August 1 2018
His position in the Company, subsidiary, related company or interested party thereof.	CFO of Kardan NV and director in various Kardan NV Group companies.	Controller and director in various Kardan NV Group companies.	Interim CEO of Tahal Consulting Engineers Ltd. and Tahal Group International BV.	CFO of Tahal Group and Director in various Kardan NV Group companies.	CEO of subsidiary Kardan Land China Ltd. and director in various Kardan NV companies.
Is he an interested party in the company or a relative of another Company senior officeholder or of an interested party in the Company?	No	No	No	No	No
Education	BA in Economics and Accounting, Tel Aviv University.	BA in Accounting Tel Aviv University.	BA in Law and Political Science, and MBA from Tel Aviv University.	BA in Economics, the Hebrew University of Jerusalem, MBA, the Hebrew University of Jerusalem and BA in Accounting Tel Aviv University.	BA in Accounting and Finance, The College of Management.
Employment during the past five years	CFO of Kardan NV	Assistant Controller in the Company; Assistant Controller in Microsoft Israel	Responsible for environmental issues and Tahal's activity in Africa; owner and CEO of Ecotradors Ltd.	CFO of the Tahal Group	CFO of subsidiary - Kardan Land China Ltd.

⁴⁸ The list of senior officers is as of the Report Date. It should be noted that on February 9 2020, Mr. Saar Bracha ceased to serve as CEO of Tahal Consulting Engineers and Tahal Group International BV. For more information regarding Mr. Bracha, please see Regulation 26A in Part D to the 2018 Periodic Report, which is included in the Report by way of reference.

22. **Regulation 26B: Independent Authorized Signatories on Behalf of the Corporation**

None⁴⁹.

23. **Regulation 27: The Company's Independent Auditors**

In the Netherlands: PricewaterhouseCoopers Accountants N.V

Thomas R. Malthusstraat 5, 1066JR Amsterdam

In Israel: Accountancy firm PricewaterhouseCoopers Accountants Israel PwC Israel

Trade Tower, 25 Hamered Street, Tel Aviv

24. **Regulation 28: Changes to Memorandum of Association or Regulations**

None.

25. **Regulation 29 – Board of Directors' Recommendations and Resolutions**

(a) **Board of Directors' recommendations to the general meeting and resolutions not requiring the approval of the general meeting**

- (1) Dividend payment or distribution, as defined by the Companies Law, otherwise or distribution of bonus shares

For more information regarding the resolution of the general meeting on the subject, please see the resolutions of the general meeting below.

- (2) Changes to the Company's authorized or issued share capital

For more information regarding the resolution of the general meeting on the subject, please see the resolutions of the general meeting below.

- (3) Changes in the Company's Memorandum of Association or Articles of Association

None.

- (4) Redemption of redeemable securities, as defined in Section 312 to the Companies Law

None.

- (5) Early redemption of debentures

None.

- (6) A transaction not in accordance with market conditions between the Company and an interested party thereof

None.

⁴⁹ The Company has no authorized signatory who may bind the corporation or a controlled corporation thereof by an amount exceeding 5% of the corporation's total assets.

For the sake of caution alone, please see description of the above in Regulation 22 above.

(b) **Company's general meeting resolutions passed contrary to the recommendations of the Board of Directors**

None.

(c) **General meeting resolutions**

(1) At the annual general meeting held on May 29 2019, the following resolutions were adopted:

- (a) To adopt the Company's 2018 statutory financial statements.
- (b) To reappoint CPA firm PricewaterhouseCoopers Accountants NV, Amsterdam and PricewaterhouseCoopers Accountants, Israel as the Company's joint independent auditors, responsible for its 2019 Financial Statements.
- (c) To approve the discharge of the members of the Board of Directors from liability for fulfilling their duties in the 2018 fiscal year, pursuant to the terms and conditions outlined in the Meeting Summons Report published on April 17 2019 (Ref. No.: 2019-01-035199), which is included in the Report by way of reference.⁵⁰
- (d) To authorize the Company's Board of Directors to continue the negotiations with the Debenture Holders and reach final agreements with the Debenture Holders regarding the terms and conditions of the arrangement with them.
- (e) To authorize the Company's Board of Directors to issue shares and/or warrants convertible into shares for the Debenture Holders, and to limit or revoke the pre-emptive for a period of five years as of May 29 2019.
- (f) To approve the variable bonus for 2019 for the Company's CEO.
- (g) To authorize the Company's Board of Directors (subject to the provisions of the law and the Company's Articles of Incorporation for a period of 18 months beginning on May 30 2018, to buy back the Company's shares during trading on or off the stock exchange, such that it will not constitute (together with the Company's shares held by its subsidiaries) more than 10% of the issued and paid-up share capital of the Company, at a price ranging from the par value of the shares to 110% of the shares' market price,⁵¹ and to revoke the authorization granted to the Company's Board of Directors by the 2018 annual general meeting regarding the share buyback.

For more information regarding the resolutions passed by the annual general meeting held in May 2019, please see the immediate reports dated April 17 2019 (Ref. No. 2019-01-035199) and May 29 2019 (Ref. No. 2019-01-046029); the information contained therein is presented in the Report by way of reference.

26. **Regulation 29A: Company's Resolutions**

(a) **Approval of officeholders' actions pursuant to Section 255 to the Companies Law**

⁵⁰ It should be noted that this is a standard topic which is prevalent in annual shareholders' meetings in the Netherlands.

⁵¹ The highest average price of the Company's share in each of the last 5 trading days on Amsterdam Euronext prior to the purchase date, as published on the Daily Official List of Euronext Amsterdam.

N/A - The Company is a Dutch company and therefore it is not subject to the provisions of the Companies Law.

(b) Approval of officeholders' actions pursuant to Section 254(a) to the Companies Law

N/A The Company is a Dutch company and therefore it is not subject to the provisions of the Companies Law.

(c) Extraordinary transactions that require special approvals pursuant to Section 270(1) of the Companies Law

N/A The Company is a Dutch company and therefore it is not subject to the provisions of the Companies Law.

For the sake of caution, for more information about transactions in which officers of the Company may have a vested interest, please see Regulations 21 and 22 above as well as Section (c)(f) of Regulation 29 above.

(d) Exemption, insurance and indemnification to Company's officeholders as of the Report Date

For more information regarding the Company's undertakings regarding indemnification, exemption and professional liability insurance in respect of directors and officeholders, please see Regulation 22 above. For more information regarding the resolution of the general meeting regarding the discharge of the directors from their liability in connection with the performance of their duties in the 2018 fiscal year, please see Section (C)(1)(c) under Regulation 29 above.

April 20 2020

Date

Kardan NV

Names of signatories:

Ariel Hasson, CEO and Director

Einat Oz-Gabber, CFO

Peter Sheldon, Chairman of the Board of Directors