



## **Notes to the agenda for the annual general meeting of shareholders (“General Meeting”) of Kardan N.V. (“Company”) on May 26, 2016**

### **Agenda item 1**

#### **Opening**

### **Agenda item 2**

#### **Presentation by the CEO on the Kardan Group activities for the financial year 2015 and discussion of the report of the Board on the financial year 2015**

### **Agenda item 3**

#### **Remuneration Report**

Pursuant to the provisions of section 2:135 of the Dutch Civil Code, the items mentioned in section 2:383 (c to e inclusive) of the Dutch Civil Code, as included in the Remuneration Report (attached hereto as Annex 1) which forms part of the annual report 2015 are placed on the agenda for consideration and discussion by the shareholders. The items are: (i) remuneration of each member of the Board; (ii) options to acquire shares in the capital of the Company granted to members of the Board and/or employees; (iii) loans, advance payments and guarantees provided to members of the Board.

### **Agenda item 4**

#### **Adoption of the annual financial statements for the financial year 2015 (*decision*)**

It is proposed to adopt the annual financial statements for the financial year 2015. The IFRS financial statements for the year 2015 were approved by the Board and published on March 24, 2016.

### **Agenda item 5**

#### **Dividend Policy**

The Company’s dividend policy takes into consideration the level of net profit, liquidity and the capital position, future financing requirements, and financial covenants of the Company, all within the limitations of the law. If circumstances allow, the dividend policy recommends an annual distribution of between 20% and 30% of net profit. The Company reported a net loss over 2015 of EUR 22.9 million. Considering the result of the financial year 2015 the Board does not propose a distribution of dividend for the financial year 2015.

It should be noted that according to the Amended Deeds of Trust of the debentures (series A and B) of the Company, the Company shall not distribute dividends until certain relief conditions have been met and 75% of the par value of the debentures (Series A and B) have been repaid.

### **Agenda item 6**

#### **Corporate Governance**

The General Meeting is, in accordance with the Dutch Corporate Governance Code (“**Code**”), invited to discuss the Company’s approach towards the implementation of



the Code as specified in the corporate governance statement 2015, which is placed on the Company's website and deemed an integral part of the annual report of 2015 of the Company. In 2015, no material changes were made to the Company's governance framework.

## **Agenda item 7**

### **Appointment of the external auditor for the financial year 2016 (*decision*)**

It is proposed to reappoint PricewaterhouseCoopers Accountants N.V., Amsterdam, the Netherlands and PricewaterhouseCoopers, Israel (jointly "PwC"), as the external auditor responsible for auditing the annual accounts for the financial year 2016.

## **Agenda item 8**

### **Discharge from liability of the members of the Board in respect of the exercise of their duties during the financial year 2015 (*decision*)**

This agenda item is a standard item in an annual general meeting of shareholders in the Netherlands. A discharge ("*décharge*") granted to the members of the Board means a release from actual or potential liability. However, a discharge does not affect the liability of the members of the Board towards third parties. It is proposed to grant discharge to the members of the Board in respect of the exercise of their respective duties throughout the year 2015, *only* to the extent that such exercise is apparent from the annual report of 2015 or has been otherwise disclosed to the General Meeting prior to the adoption of the financial statements of 2015. The discharge does thus not cover facts that were not disclosed to the General Meeting prior to the adoption of the financial statements of 2015. In addition, the principles of reasonableness and fairness ("*redelijkheid and billijkheid*") may prevent reliance on a discharge under certain circumstances.

## **Agenda item 9**

### **Reappointment of Messrs. P. Sheldon and A. Schnur as non-executive members of the Board**

The proposal, in accordance with the nominations of the Board, is to reappoint Messrs. Peter Sheldon and Avner Avraham Schnur as members of the Board. The Board has nominated Messrs. P. Sheldon and A. Schnur for reappointment as members of the Board based on their performance on the Board of the Company over the past four years.

The relevant personal details of Messrs. P. Sheldon and A. Schnur are available for inspection at the offices of the Company and are included in the 2015 annual report.

## **Agenda item 9a**

### **Reappointment of Mr. P. Sheldon (*decision*)**

Mr. P. Sheldon presently serves as a non-executive director, Chairman of the Board of the Company, member of the Audit Committee, and member of the Remuneration, Appointment and Selection Committee.

The proposal is to re-appoint Mr. P. Sheldon as a non-executive Board member for a period of four years ending at the end of the annual general meeting of shareholders to be held in 2020.



## **Agenda item 9b**

### **Reappointment of Mr. A. Schnur (*decision*)**

Mr. A. Schnur presently serves as non-executive member of the Board. Mr. A. Schnur holds 19,818,465 shares of the Company representing approximately 16.11% of the voting rights. Furthermore Mr. A. Schnur is party to a voting agreement between him, Mr. Y. Grunfeld and Mr. E. Rechter and therefore is considered as a controlling shareholder of the Company.

The proposal is to re-appoint Mr. A. Schnur as a non-executive Board member for a period of four years ending at the end of the annual general meeting of shareholders to be held in 2020.

## **Agenda item 10**

### **Appointment of Mr. A. Hasson as executive member of the Board (*decision*)**

Mr. Ariel Hasson has been appointed CEO to the Company as per April 15, 2016.

The proposal is, in accordance with the nomination of the Board, to appoint Mr. A. Hasson as executive member of the Board for a term of 5 years ending at the end of the annual general meeting of shareholders to be held in 2021.

The Board has nominated Mr. A. Hasson for appointment because of his extensive knowledge of Kardán and the markets in which it operates; his exceptional performance in an executive capacity and his success in dealing with leadership and financial challenges.

Mr. A. Hasson holds a BA in management and economics from the Tel Aviv University as well as an MBA from the Kellogg School of Management of the Northwestern University (Illinois, US). He worked for the Boston Consulting Group and subsequently joined Bank Hapoalim, Israel's largest bank, in 2005 as chief advisor to the CEO. He left Bank Hapoalim as Executive Vice President, Head of Emerging Markets Banking in 2010 to become CEO of TBIF Financial Services, a wholly-owned subsidiary of Kardán N.V.

## **Agenda item 11**

### **Remuneration**

#### **Agenda item 11a**

##### **Remuneration of the non-executive members of the Board (*decision*):**

Subject to the approval of agenda items 9a and 9b it is proposed to determine the remuneration of the reappointed non-executive members of the Board, Mr. Peter Sheldon and Mr. Avner Avraham Schnur, in accordance with the Company's remuneration policy for non-executive Board members as adopted by the AGM on May 28, 2015



## **11a(1) Remuneration of Mr. P. Sheldon (decision)**

It is proposed that Mr. P. Sheldon will receive remuneration as chairman of the Board, member of the Audit Committee and member of the Remuneration, Appointment and Selection Committee of EUR 58,000 per year.

## **11a(2) Remuneration of Mr. A. Schnur (decision)**

It is proposed that Mr. A. Schnur will receive remuneration as a non-executive Board member of EUR 26,000 per year. It is noted that the said decision from 2015 in relation to the remuneration paid to Mr. A. Schnur for his Board membership did not change the remuneration paid to him or to any of the Board members which are controlling shareholders of the Company<sup>1</sup>.

## **Agenda item 11b**

### **The new remuneration policy and determination of the remuneration for the executive member/CEO of the Board (decision)**

Subject to the approval of agenda item 10, the proposal is to adopt a new remuneration policy of the executive member of the Board and to determine the remuneration of Mr. A. Hasson, the executive member of the Board and the CEO of the Company. The proposal is, to approve the remuneration package of Mr. A. Hasson in its entirety, the main items of which are described below. The package for Mr. Hasson entails a yearly fixed remuneration, a variable remuneration consisting of a discretionary bonus and a severance payment.

It is proposed that Mr. A. Hasson will be entitled to receive a fixed monthly remuneration consisting of a salary for management services provided by him in the Netherlands, and a fee for consultancy services primarily in respect of the activities and investments of the Kardán Group, with respect to its non-Dutch operations. In addition Mr. A. Hasson will be entitled to customary social benefits in the Netherlands, car, cellular telephone, etc. The total annual cost is estimated at EUR 355,000.

The Board of the Company may decide, upon its sole discretion, to propose to grant the CEO a variable remuneration in the form of a bonus for each calendar year, based on his achievements during the relevant year and taking into account his total remuneration package. Proposals for the bonuses, if applicable, will be submitted to the General Meeting for approval. For the years 2016 and 2017 the Board is now proposing a bonus of EUR 100,000 and EUR 200,000, respectively, conditional upon the achievement of specific targets, principally in relation to the repayment of the

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<sup>1</sup> The Board, in its decision dated March 22, 2016, decided to re-approve the remuneration granted to re-appointed Board members as described above. With respect to the remuneration of Mr. A. Schnur, one of the controlling shareholders of the Company, the decision was made with a special majority of independent directors, as required according to the articles of association of the Company. Since the remuneration for Mr. A. Schnur as a non-executive Board member is not higher than the lowest remuneration paid to any other Board member, the decision in this annual general meeting of shareholders shall be made with a regular majority. It is clarified that Mr. A. Schnur's remuneration hasn't changed since its initial appointment in 2012.



maturities of existing outstanding debt due in February 2017 of approximately EUR 107 million and in February 2018 of approximately EUR 109 million, respectively.

Furthermore, it should be noted that Mr. A. Hasson has existing phantom options granted to him by TBIF in 2012 which will not be affected by his appointment by the Company. The details of these TBIF related phantom options are as follows:

1. Phantom options in TBI Bank EAD ("TBI Bank") constituting 4% of TBI Bank's share capital, subject to various provisions regarding future investments in TBI Bank. The options vested in four equal tranches, from June 30, 2012 through June 30, 2015. The value of the exercise price will be determined on the exercise date according to a mechanism deriving from profit multipliers and capital multipliers customarily used for banks trading in the region on that date.
2. Phantom options in TBIF's other operations: operational leasing in the Ukraine, and operations in Bulgaria that are not conducted through TBI Bank, etc., ranging between 2%-4% of TBIF's holdings in these operations, subject to various provisions relating to future investments in these operations. The options vested in four equal tranches, from June 30, 2012 through June 30, 2015.
3. If TBIF invests in a new venture which is not part of the above operations, Mr. A. Hasson will be entitled to receive phantom options totaling 4% of said venture under an agreement between the parties and pursuant to the principles set out in the remuneration agreement with TBIF. This agreement also states that if any of the companies in respect of which phantom options have been granted is a listed company on the date of exercise of the options, TBIF will be entitled to convert the exercise of the options into a grant of shares in the listed company.

Following the agreement for the sale of TBIF, it was agreed with Mr. A. Hasson that the value of these phantom options would reflect the value of the transaction.

Mr. A. Hasson is also entitled to certain bonus on successful recoveries of certain past investments of TBIF.

The proposed severance package is as follows:

Each party has to give a 6 months' notice (the 'Notice Period') of an intention to terminate the agreement.

If Mr. A. Hasson gives notice at any time until December 31, 2016, he will be entitled to receive full payment during the Notice Period, not depending on the actual period he provided services to the Company during the Notice Period. If Mr. A. Hasson gives such notice, at any time after December 31, 2016, he will only be entitled to receive payment during the period in which he rendered services to the Company during the Notice Period. Should the Board decided that Mr. A. Hasson's services are not required during the entire Notice Period, he would still be entitled to receive the full 6 months' payment.

If the Company initiates the termination, Mr. A. Hasson will be entitled to receive a full payment during the Notice Period, even if he was requested not to render any services to the Company during the Notice Period.

The conditions above will not apply in the event that the Company terminates Mr. A. Hasson's engagement for cause.



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**Agenda item 12**

***Authorization of the Board to resolve for the Company to acquire its own shares (decision)***

The proposal is to authorize the Board for a period of eighteen months as of 26 May 2016 to resolve for the Company to acquire, on the stock exchange or otherwise in return for payment, shares in the capital of the Company, within the limits of the law and the Articles of Association, which acquisition may not result in the Company (and/or one of its subsidiaries) holding (jointly) more than 10% of the shares in the Company's capital and at a price lying between the par value of such shares and 110% of the market value, whereby market value has the following meaning: the average of the highest price per share on each of the last five trading days on the NYSE Euronext Stock Exchange in Amsterdam prior to the date of acquisition, as published in the Daily Official List of Euronext Amsterdam.

**Agenda item 13**

**Any other business**

**Agenda item 14**

**Closing**

Amsterdam, April 14, 2016

The Board



KARDAN N.V.

**Annex 1  
Remuneration Report**

# Remuneration Report

The RAS Committee makes, among others, proposals to the Board regarding the fixed and variable remuneration (as applicable) of the individual Board Members. In accordance with the Articles, the final determination of the Board Members' remuneration (amount and composition) lies with the Company's General Meeting of Shareholders.

## Remuneration policy for the non-executive Board Members

The AGM 2012 adopted a remuneration policy for the Board, which stipulated that each non-executive Board Member received a fixed remuneration of EUR 26,000 per year. In 2014 these levels were reviewed in light of the increased workload of the non-executive Board members of Kardan, a situation that was expected to continue. The RAS Committee therefore proposed an increase of the remuneration, as of June 1, 2015, exclusively for non-executive Board Members serving

on Board committees. This proposal was adopted in the AGM of May 28, 2015 and is as follows: each non-executive Board Member continues to receive a basic fee of EUR 26,000 per year. The Chairman of the Board receives a total fee of EUR 58,000 per year, including all committee fees (2014: EUR 43,000). A committee chairman receives an additional fee of EUR 10,000 (2014: EUR 6,000) and committee members receive an additional EUR 8,000 (2014: EUR 4,000).

The remuneration for non-executive Board Members consists of fixed remuneration only. A breakdown of the total remuneration as paid in 2015 is presented in the table below. In the EGM held on August 25, 2015, Mr. B. Marsman was appointed as a Board Member and subsequently appointed by the Board as member of the RAS Committee pursuant to the agreed terms of the Amended Deeds of Trust. During the same meeting Mr. M. Groen voluntarily resigned from the Board and therefore also from the Audit Committee.

Non-executive Board Member <sup>1</sup>		Gross Annual remuneration as of 01.06.2015 in €	Gross Remuneration in 2015 in €
Mr. P. Sheldon	Chairman of the Board; member of the Audit Committee and of the RAS Committee	58,000	51,750
Mr. C. van den Bos	Vice-Chairman of the Board and Chairman of the Audit Committee	36,000	34,333
Mr. M. Groen *	Member of the Audit Committee	34,000	21,000
Mr. Y. Grunfeld		26,000	26,000
Mr. B. Marsman **	Member of the RAS Committee	34,000	11,333
Mr. A. May	Chairman of the RAS Committee and member of the Audit Committee	44,000	40,667
Mr. E. Rechter		26,000	26,000
Mr. A. Schnur		26,000	26,000
Mrs. M. Seinstra	Member of the RAS Committee	34,000	32,333

\* The actual remuneration of Mr. Groen is lower than the annual remuneration due to the fact that he resigned from the Board on August 25, 2015.

\*\* The actual remuneration of Mr. Marsman is lower than the annual remuneration due to the fact that he was appointed to the Board and the RAS Committee on August 25, 2015.

<sup>1</sup> Pursuant to the Amended Deeds of Trust, the remuneration of the non-executive Board Members who are Holders of Control (Messrs. Grunfeld, Rechter and Schnur), shall not be paid if certain conditions as defined in the Amended Deeds of Trust are not met.

Pursuant to the Articles, Board Members receive indemnification for losses, damages and costs which they may incur as a result of a claim or proceedings related to the fulfillment of their duties as Board Members (willful misconduct and gross negligence excluded). The Company accordingly has entered into indemnity agreements with the Board Members and the members of the Executive Management. It is noted that any agreement with a Board Member who is also Holder of Control is only effective upon approval of the General Meeting of Shareholders. No indemnification was granted in 2015.

### Remuneration of the CEO

During the AGM of 2012, the shareholders approved the remuneration package of the CEO, which entails an annual fixed remuneration of approximately EUR 437,000, an option package constituting 2% of the outstanding share capital at the time, ('the Option Plan 2012') and the possibility for the Board to propose, upon its sole discretion, the granting of an annual bonus to the CEO for each calendar year, based on his achievements during the relevant year and taking into account his total remuneration package (a proposal, if applicable, will be submitted to the General Meeting of Shareholders for approval). In 2015, the Option Plan 2012 was replaced by a new option grant to the CEO as described below under Variable remuneration – long term. Insofar as the remuneration package deviates from the Code, this is explained in the Company's [Corporate Governance Statement 2015](#).

It is noted that the General Meeting of Shareholders is ultimately the corporate body to approve the remuneration package of the CEO and that in the event that the CEO leaves the Company he is entitled to a severance fee equal to six months' fixed remuneration.

### Fixed remuneration

The CEO is entitled to receive a fixed remuneration, based on an amount of EUR 437,000 per year including customary social benefits and allowances such as a car, cellular telephone, etc. and inflation correction. The remuneration is split between services provided by the CEO to the Company in the Netherlands and services provided by him to companies abroad within the Kardan Group. The fixed remuneration did not change for the year 2015.

### Variable remuneration – short term<sup>2</sup>

The Board – after having assessed the possible effect of the variable remuneration components of the CEO's remuneration package – proposed a short-term bonus for the year 2015 for the CEO amounting to the Euro equivalent of USD 300,000 (gross) as at the date of payment, conditional upon the successful opening of the Galleria Dalian, the shopping mall of the Europark Dalian project in China. This proposal was adopted by the EGM on August 25, 2015.

On January 19, 2016, the Board concluded that the CEO had met the specified target and consequently proposed the payment of the bonus in the full amount<sup>3</sup>.

### Variable remuneration – long term

In 2015 the notional value of the options granted under the Option Plan 2012 were effectively of no value and therefore formed no incentive for the CEO for the long term. Considering the rationale of the Option Plan 2012 as adopted by the AGM 2012, the Board proposed to replace the Option Plan 2012 by a new grant of options to the CEO, 'the Option Plan 2015'. During the EGM of August 25, 2015 the Option Plan 2015 was adopted by the shareholders.

<sup>2</sup> Pursuant to the Amended Deeds of Trust, the CEO's bonus, if applicable in any year, shall be reduced by 20% if certain conditions as defined in the Amended Deeds of Trust are not met.

<sup>3</sup> The bonus has been paid to the CEO.

Prior to proposing the Option Plan 2015 to the EGM, the RAS Committee and the Board assessed the full remuneration package for the CEO including the variable remuneration, taking into account various Company-specific aspects including the challenges ahead and market developments.

Under the Option Plan 2015, the CEO is granted 2,282,624 options representing 2% of the outstanding issued share capital in the Company prior to any issuance of shares to the Debenture Holders pursuant to the Amended Deeds of Trust according to the following main terms and conditions:

- The CEO waives all rights received under the Option Plan 2012 (no options were exercised).
- The exercise price is the average closing price of the Company's share at the Tel Aviv Stock Exchange during three months prior to June 30, 2015 (the 'Effective Date') or the average closing price of the Company's share at the Euronext Amsterdam during the three months ended on the Effective Date (the 'Exercise Price') depending on the place of grant of the options, which is at the discretion of the CEO. Accordingly, the Exercise Price amounts to NIS 1.191 per option or EUR 0.2807.
- The vesting schedule will run from the Effective Date. The CEO will be entitled to exercise: 50% per December 31, 2016 (the 'First Portion') and 50% per June 30, 2018 (the 'Second Portion').

Each vested option may be exercised as of its vesting date for a period of four years from the Effective Date (the 'Exercise Period').

The following conditions shall apply:

- Mr. Oren is the CEO of the Company at the time of vesting.
- Upon termination of employment or consultancy agreements of the CEO, during the first year as of the Effective Date, the options shall expire, without any further right to compensation.
- Upon termination of employment or consultancy, following a year after the Effective Date and until December 31, 2016, the CEO will be entitled to exercise a relative part of the First Portion in relation

to the period from the Effective Date and until the termination date.

- On March 15, 2016, the Board was notified of Mr. Oren's resignation as CEO and executive Board Member of Kardan N.V. The Board resolved to accept this resignation with effect from April 15, 2016.

#### Total remuneration

A breakdown of the total costs of the remuneration for the CEO in 2015 is presented in the following table:

Element	Remuneration in 2015
Base Remuneration <sup>4</sup> (including social benefits)	€ 492,000
Allowances company car, cell phone	
Annual Bonus <sup>5</sup>	€ 275,000
Share-based payment <sup>6</sup>	€ 165,000
Option plan 2015:	0
Pension	included in Base Fee
<b>Total</b>	<b>€ 932,000</b>

<sup>4</sup> Actual costs are higher than the approximate EUR 437,000 as indicated in the notes to the Annual General Meeting 2012, due to exchange rate differences and CPI adjustments.

<sup>5</sup> See section 'Variable remuneration – short term' above.

<sup>6</sup> According to IFRS 2.

#### Employee Options

In order to continue incentivizing relevant senior employees, the Board approved to amend their existing employee option plan and adjust the terms of the options by linking them to the terms of the new long-term remuneration package for the CEO.

During 2015, an additional 100,000 options were granted to a senior employee and 50,000 options were cancelled. The total number of options granted to senior employees is therefore currently 300,000. As at December 31, 2015, no options were exercised.

For further details regarding share based payments see Note 19 of the consolidated financial statements.