

Remuneration Report

The Remuneration, Appointment and Selection Committee (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

At the AGM of May 28, 2015 a new remuneration policy was adopted. This policy came into effect on June 1, 2015 and is as follows: each non-executive Board Member continues to receive a basic fee of € 26,000 per year. The Chairman of the Board receives a total fee of € 58,000 per year, including all committee fees. A committee chairman receives an additional fee of € 10,000 and committee members receive an additional € 8,000. In 2017 no changes were made to the remuneration policy.

The remuneration for non-executive Board Members consists of fixed remuneration only. A breakdown of the total remuneration as paid in 2017 is presented in the table below.

Mutations in Board positions during 2017 and 2018

Mrs. Seinstra (non-executive Board Member and Chairwoman of the RAS Committee) was not available for re-election at the AGM 2017, and subsequently resigned from the Board after the AGM 2017. Messrs. Van den Bos, Grunfeld and Rechter were reappointed to the Board during the AGM 2017 for an additional term of 4 years. In the EGM held on September 12, 2017, Mrs. Tall was appointed as non-executive Board Member. Mr. Marsman resigned from his position of non-executive Board member effective 1 January 2018, and Mr. Groen resigned effective 1 February 2018. Finally, Mr. Schnur stepped

down from his position of non-executive Board member effective 21 March 2018.

Mutations in Committee positions during 2017

Mr. Marsman was appointed as Chairman of the RAS Committee effective May 24, 2017, upon the resignation of Mrs. Seinstra from this position on the same date. When Mr. Marsman resigned from the Board, he also resigned as Chairman of the RAS Committee effectively 1 January 2018.

Mrs. Tall will replace Mr. Marsman as Chairwoman of the RAS Committee.

Non-executive Board Member ^{1,2}		Gross Remuneration in 2017 in €
Mr. P. Sheldon	Chairman of the Board; member of the Audit Committee and of the RAS Committee	58,000
Mr. C. van den Bos	Vice-Chairman of the Board and Chairman of the Audit Committee	36,000
Mr. M. Groen		26,000
Mr. Y. Grunfeld ²		26,000
Mr. B. Marsman	Chairman of the RAS Committee (from 24 May 2017) Member of the Audit Committee	43,203
Mr. E. Rechter ²		26,000
Mr. A. Schnur ²		26,000
Mrs. M. Seinstra	Chairwoman of the RAS Committee (until 24 May 2017)	14,340
Mrs. C. Tall		7,772

1 Until the date of the 2017 annual report.

2 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 2017.

Remuneration of the CEO in 2017

The remuneration of Mr. Hasson, CEO of Kardan, was approved by the shareholders during the AGM of 2016. The remuneration package entails an annual fixed remuneration, including allowances, a variable remuneration consisting of a discretionary bonus and a severance payment as further detailed below.

Fixed remuneration of the CEO

The CEO is 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 Kardan Group, related to its non-Dutch operations. In addition the CEO was entitled to customary social benefits in the Netherlands, car, cellular telephone, etc. The total annual fixed remuneration for 2017 is estimated at € 355,000.

Variable remuneration – short term

The Board 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 his bonuses for 2016 and 2017, were submitted to the General Meeting for approval during the 2016 AGM. For the year 2017 the Board proposed a bonus of € 200,000 conditional upon the achievement of specific targets, principally in relation to the repayment of the maturities of existing outstanding debt due in February 2018. On 20 March, 2018, the Board concluded that since the Company was not able to make the contractual repayments in February 2018, the CEO would not be entitled to a bonus for the year 2017.

Severance Payment

The agreement between Kardan and the CEO can be terminated by either party. Each party has to give a 6 months' notice (the 'Notice Period') of an intention to terminate the agreement. If the CEO 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 decide that the CEO's services are not required during the entire Notice Period, he would still be entitled to receive the full six months' payment. If the Company initiates the termination, the CEO 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.

No severance payment will be due in the event that the Company terminates the CEO's engagement for cause.

Total remuneration

A breakdown of the total costs of the remuneration for the current CEO in 2017 is presented in the following table:

Element	Remuneration in 2017
Base Remuneration (including social benefits and allowances)	€ 355,000
Allowances in kind	company car, cell phone
Annual Bonus	€ 0
Pension	included in Base Fee
Total	€ 355,000

It is noted that the CEO has an incentive plan granted to him by TBIF in 2012 which was not affected by his appointment as CEO of the Company.

Pay-ratio

In line with the revised Dutch Corporate Governance Code, the internal ratio of the remuneration of directors of the Company and that of a representative reference group needs to be determined. For this ratio, Kardan deems most relevant the total remuneration³ of the executive Board member compared to the total average remuneration of all the employees of Kardan in the Netherlands. For the CEO a ratio of 4 applies.

Employee Options

In 2017 no additional options to acquire shares in Kardan were granted and no existing options were exercised by employees. However, 150,000 options expired and the total number of options granted to senior employees is therefore 100,000 as at December 31, 2017.

For further details regarding share-based payments see Note 18 of the consolidated financial statements.

Remuneration 2018

During the 2016 Annual General Meeting of Shareholders, the shareholders approved the proposed remuneration for the CEO for the years 2016 and 2017. At the 2018 Annual General Meeting of Shareholders, it is the intention of the Board to propose an amendment to the remuneration package for Mr. A. Hasson for the years 2018.

The remuneration package for Mr. Hasson entails a yearly fixed remuneration and a variable remuneration, consisting of a discretionary bonus and a severance payment. The fixed remuneration of Mr. A. Hasson consists 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 Kardan Group, with respect to its non-Dutch operation and certain allowances

³ The total remuneration is the Base Remuneration as specified in the table above.

('Base Remuneration'). The amount of the Base Remuneration remains unchanged. The total annual cost for the Base Remuneration for 2018 is therefore estimated at € 355,000.

With respect to the variable remuneration, the Board is proposing a bonus for Mr. Hasson for 2018 of maximum € 200,000, conditional upon the realization of specific targets, in relation to the outcome of negotiations relating to the debt obligations of the company as well as the progress of Kardan's property activities in China. Mr. Hasson has shared his view on his own remuneration with the RAS Committee, which view was considered in the evaluation of Mr. Hasson's remuneration package.

The Board believes that the proposal for the remuneration of Mr. Hasson for 2018 is appropriate, given the performance of Mr. Hasson during his years of service and his valuable contribution to the realization of the long term value creation objectives of Kardan. Moreover, the Board is of the opinion that the proposed remuneration package is aligned with the position of all stakeholders of Kardan.