

PRESS RELEASE

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Q3 AND FIRST 9M OF 2016 RESULTS KARDAN N.V.

Ariel Hasson, CEO of Kardan NV: "Kardan achieved a number of important milestones in the 3rd quarter of 2016 and the period thereafter.

First of all, we have completed the sale of our 100% subsidiary TBIF, which included our banking and retail lending activities. The total consideration from the sale amounted to €2 million and the sale contributed a gain of €15.2 million.

The backlog of our Water Infrastructure activities more than doubled since Tahal, together with its joint venture partner, won a 7 year large scale agricultural project in Angola. This project is an important milestone for Tahal as it adds \$ 370 million to its current backlog and allows Tahal to continue and strengthen its future profitability.

In our Real Estate activities, we saw a rather stable development both in sale and delivery of apartments and in our shopping mall Galleria Dalian. Unfortunately, high financing expense at the holding level and at our real estate operation dragged the quarterly result to a net loss of €3.4 million.

We have used the released funds from the sale of TBIF, to complete our 2017 principle repayment obligations, ahead of schedule, until the next repayment in February 2018. This has put us in the position to continue to strengthen our assets and divest assets in a manner that will allow us to maximize their value."

*Highlights Q3 + 9M 2016:*Kardan N.V.

- Q3 2016: €3.3 million net loss (Q3 2015: €4.3 million net profit);
- 9M 2016: €9.2 million net loss (9M 2015: €4.9 million net loss);

Real Estate Asia

- Q3 2016: €2.5 million net loss (Q3 2015: €3.9 million net loss);
- 9M 2016: €10.8 million net loss, impacted by finance expenses (9M 2015: €12.8 million net profit, including revaluation gain of Galleria Dalian);

Water Infrastructure

- Q3 2016: €0.3 million net profit (Q3 2015: €1.4 million net profit);
- 9M 2016: €2.0 million net profit to equity holders (9M 2015: €20.2 million profit, including €19.0 million gain on the sale of KWIG);

Other

- Q3 2016: The sale of TBIF (banking and retail lending activities) was completed in August 2016, generating a profit of €15.2 million.
- Q3 2016: Heavy finance expenses of €13.5 million on the debentures, including €6.7 million on NIS/EUR revaluation.

The Q3 + 9M 2016 condensed interim consolidated income statements split into the different segments of Kardan N.V. is shown in the table below.

Condensed Interim Consolidated Income Statement Kardan N.V.

For the three months ended September 30, 2016 (in € million)

	Real Estate Asia	Water Infrastructure	Other	Total Q3 - 2016	Total Q3 - 2015
	In € millions				
Total revenues	2.3	27.9	-	30.2	42.8
Total expenses	4.2	27.0	1.6	32.8	46.8
Profit (loss) from operation before fair value adjustments, disposal of assets and financial expenses	(1.9)	0.9	(1.6)	(2.6)	(4.0)
Profit (loss) from fair value adjustments and disposal of assets and investments	-	-	(1.7)	(1.7)	0.1
Result from operations before finance expenses	(1.9)	0.9	(3.3)	(4.3)	(3.9)
Financing income (expenses), net	(3.5)	0.2	(13.6)	(16.9)	0.9
Equity Earnings (losses)	1.7	(0.3)	0.8	2.2	1.8
Profit (Loss) before income tax	(3.7)	0.8	(16.1)	(19.0)	(1.2)
Income tax (expenses)/benefit	1.2	(0.5)	(0.2)	0.5	0.1
Profit (Loss) from continuing operations	(2.5)	0.3	(16.3)	(18.5)	(1.1)
Profit (Loss) from discontinued operations	-	-	15.2	15.2	5.4
Profit (Loss) for the period	(2.5)	0.3	(1.1)	(3.3)	4.3
Attributable to:					
Non-controlling interest	-	-	-	-	-
Net result for equity holders	(2.5)	0.3	(1.1)	(3.3)	4.3
Other comprehensive income (loss)				0.1	(12.6)
Total Comprehensive Income / (Loss) to Kardan equity holders				(3.2)	(8.3)

**) Given the sale, the results of TBIF are being reported as discontinued operations as part of 'Other' and 'banking and retail lending' is no longer presented as a reportable segment.*

For the nine months ended September 30, 2016:

	Real Estate Asia	Water Infrastructure	Other	Total 9M- 2016	Total 9M - 2015	Total 12M- 2015
	In € millions					
Total revenues	6.4	87.3	2.6	96.3	133.0	173.9
Total expenses	12.3	83.7	3.9	99.9	140.2	185.5
Profit (loss) from operation before fair value adjustments, disposal of assets and financial expenses	(5.9)	3.6	(1.3)	(3.6)	(7.2)	(11.6)
Profit (loss) from fair value adjustments and disposal of assets and investments	(0.4)	1.0	(1.6)	(1.0)	22.4	21.1
Result from operations before finance expenses	(6.3)	4.6	(2.9)	(4.6)	15.2	9.5
Financing income (expenses), net	(10.8)	0.5	(19.7)	(30.0)	(46.8)	(64.9)
Equity Earnings (losses)	1.4	(0.3)	1.1	2.2	0.2	2.7
Profit (Loss) before income tax	(15.7)	4.8	(21.5)	(32.4)	(31.4)	(52.7)
Income tax (expenses)/benefit	4.9	(2.7)	(0.5)	1.7	(6.2)	(6.5)
Profit (Loss) from continuing operations	(10.8)	2.1	(22.0)	(30.7)	(37.6)	(59.2)
Profit (Loss) from discontinued operations	-	(0.1)	21.6	21.5	32.7	36.3
Profit (Loss) for the period	(10.8)	2.0	(0.4)	(9.2)	(4.9)	(22.9)
Attributable to:						
Non-controlling interest	-	-	-	-	-	-
Net result for equity holders	(10.8)	2.0	(0.4)	(9.2)	(4.9)	(22.9)
Other comprehensive income (loss)				(11.2)	(5.6)	(2.0)
Total Comprehensive Income / (Loss) to Kardan equity holders				(20.4)	(10.5)	(24.9)

**) Given the sale, TBIF is being reported as discontinued operations as part of 'Other' and 'banking and retail lending' is no longer presented as a reportable segment.*

Overall summarized review of Q3 + 9M 2016 results

If developments are specifically attributable to Q3 2016, these are mentioned separately in all following analyses.

Kardan recognized a consolidated net loss of € 3.3 million for Q3 2016 (Q3 2015: € 4.3 million net profit), bringing the result for the first nine months of 2016 to a consolidated net loss of € 9.2 million (9M 2015: € 4.9 million net loss).

The segment Real Estate Asia showed a gradual improvement in revenues, mainly as a result of rental revenues from Galleria Dalian in China. The loss of € 10.8 million in 9M 2016 resulted among other from high finance expenses compared with finance income which contributed to a profit of € 12.8 million in 9M 2015, which included a significant fair value adjustment on the completion of the shopping mall in Dalian in Q2 2015.

The Water Infrastructure segment contributed a total profit of € 2.0 million in 9M 2016 compared with a profit of € 20.2 million in 9M 2015. The 9M 2015 results include a gain of € 19.0 million from the sale of KWIG. Despite lower revenues, the segment Water Infrastructure increased its profit from continuing operations from € 1.2 million in 9M 2015 to € 2.1 million in 9M 2016, due to lower financing costs (9M 2015 included a one off charge) and strict cost control. The level of marketing activities increased, demonstrated by a large number of new tenders and by obtaining a new large contract which has doubled the backlog in Q4.

'Other' showed a net loss of € 0.4 million (9M 2015: net loss of € 37.9 million), mainly due to corporate financing costs. In 9M 2015 the revaluation of the NIS versus the EUR resulted in negative impact of € 23 million in 9M 2015, compared to € 3.5 million in the 9M 2016. The financial services activities that were not sold in the TBIF transaction contributed positively to the results, following a positive one-off sale of a portfolio. The profit from discontinued operations of € 21.6 million relate to the contribution of the activities of TBIF (banking and retail lending) in Bulgaria and Romania that were sold in August 2016 and the profit on the sale of those activities amounted to € 15.2 million.

Taking into account the direct equity impact of foreign currency translation differences and changes in the hedge reserves combined with the net result, the total comprehensive loss to Kardan NV's shareholders amounted to € 20.4 million in 9M 2016 compared to a comprehensive loss of € 10.5 million in 9M 2015.

Equity

Kardan N.V. (company only, in € million)	September 30, 2016	December 31, 2015
Total Assets	424.1	574.3
Total Equity	50.9	71.5
Equity/Total assets (%)	12%	12%

The shareholders' equity of Kardan N.V. decreased from € 71.5 million as of December 31, 2015 to € 50.9 million as of September 30, 2016 mainly as the result of the substantial negative foreign exchange revaluation due to the weakening of the RMB versus the EUR and due to the loss in the period. For further details, reference is made to the statement of changes in equity in the 9M 2016 consolidated condensed interim financial statements.

Covenants

As at September 30, 2016, the Company and its subsidiaries were not in breach of any covenants.

Highlights per segment:

The result from operations before finance expenses of each segment is presented in note 4 of the condensed 9M 2016 interim consolidated financial statements called "Segment result". In this press release, additional segment information is provided for information purposes.

REAL ESTATE

Kardan is active in development and management of Real Estate through the segment Real Estate Asia, which comprises its 100% subsidiary Kardan Land China ("KLC") operating in China.

Results Real Estate Asia

	For the nine months ended September 30		For the three months ended September 30		Full year
	2016	2015	2016	2015	2015
	In € millions				
Delivery of units	0.6	0.5	0.3	-	0.8
Rental revenues	2.8	1.0	1.0	0.7	1.8
Management fee and other revenues	3.0	2.6	1.0	0.9	4.1
Total revenues	6.4	4.1	2.3	1.6	6.7
Cost of sales	0.6	0.4	0.3	-	0.9
Cost of rental revenues	1.3	0.9	0.5	0.3	1.5
Cost of management fee and other revenues	3.7	2.0	1.2	1.4	3.2
Gross profit	0.8	0.8	0.3	(0.1)	1.1
SG&A expenses	6.7	8.6	2.2	3.1	11.4
Adjustment to fair value (impairment) of investment property	(0.4)	21.7	-	(0.2)	20.9
Gain on disposal of assets and other income	-	0.3	-	0.1	0.4
Equity earnings (losses)	1.4	0.2	1.7	1.5	2.6
Result from operations before finance expenses	(4.9)	14.4	(0.2)	(1.8)	13.6
Financing income (expenses), net	(10.8)	1.4	(3.5)	(3.3)	(1.6)
Income tax (expenses) / benefit	4.9	(3.0)	1.2	1.2	(3.1)
Profit (loss) from continuing operations	(10.8)	12.8	(2.5)	(3.9)	8.9
Net profit (loss) for the period	-	-	-	-	8.9
Attributable to:					
Equity holders (Kardan N.V.)	(10.8)	12.8	(2.5)	(3.9)	8.9

Residential projects Kardan Land China					
Units sold in the period					
	9M/16	9M/15	Q3/16	Q3/15	2015
Joint Venture projects*					
Olympic Garden	437	417	131	176	563
Suzy	7	56	6	20	64
Palm Garden	68	53	17	18	70
City Dream	554	291	165	132	423
	1,066	817	319	346	1,120
100% owned					
Dalian	2	267	-	267	269
Total	1,068	1,084	319	613	1,389

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

Additional information Kardan Land China	2016 (30.09)	2015 (31.12)			
Balance sheet (in € millions)					
Share of investment in JVs	67.5	69.6			
Investment Property	236.8	250.3			
Inventory	96.0	99.7			
Cash & short term investments	24.1	43.0			
Total Assets	494.1	523.2			
Loans and Borrowings	108.5	100.7			
Advance payments from buyers	32.5	34.3			
Total Equity	300.8	324.5			
Operational Information Residential					
	9M/16	9M/15	Q3/16	Q3/15	FY 2015
Revenue Residential - JV (in € million)	46.1	39.4	24.8	7.1	69.6
Gross profit residential - JV (in € million)	9.6	11.9	4.2	3.2	16.0
Apartments sold in period (a)	1,068	1,084	319	613	1,389
Apartments delivered in period (b)	1,207	1,233	687	225	2,012
Total apartments sold, not yet delivered (c)	2,068	2,685	2,068	2,685	2,208

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

(b) Includes 3 apartments delivered in the Dalian project in 9M 2016 (9M 2015 – 2 apartments).

(c) Includes approximately €20 mn gross profit (Kardan Land China share) as of September 30, 2016.

Result analysis for the first nine months of 2016

If developments are specifically attributable to Q3 2016, these are mentioned separately in all following analysis.

The Real Estate Asia segment, fully comprising Kardan Land China, contributed a loss of € 10.8 million in 9M 2016 compared with a net profit of € 12.8 million in 9M 2015. This is largely explained by the significant fair value gain which was recognized upon completion of Galleria Dalian in Q2 2015, as well as a significant positive effect from exchange rate differences of € 6.4 million. In 9M 2016, exchange rate differences amounting to € 1.2 million negatively impacted the results on top of heavy finance expenses on a loan.

During 9M 2016 the total revenues increased to € 6.4 million compared with € 4.1 million in 9M 2015, reflecting the rental revenues of shopping mall Galleria Dalian gradually kicking in following the opening in August 2015. Therefore 9M 2015 only include a € 1.0 million of rental income from Galleria Dalian.

Delivery of units relates to the revenue resulting from the handover of apartments of the Europark Dalian project. Management fee and other revenues predominantly relates to the asset management activities of Galleria Chengdu and Galleria Dalian and the residential joint venture projects. The revenues show an increasing trend, but due to start-up costs related to the opening of the Dalian shopping mall in August 2015, the results of the asset management activities were negative in 9M 2016 compared with a positive result in the same period last year.

A decrease was recognized in SG&A expenses mainly due to decrease in staff costs and marketing expenses associated with residential apartments.

'Equity earnings', comprises the result of the residential activities from joint venture projects, which contributed a profit of € 1.4 million in 9M 2016 compared with a profit of €0.2 million in 9M 2015, despite stable deliveries of apartments but at higher prices per sqm. The improvement was mainly the result of foreign currency gains in 9M 2016 related to USD loans, offset by impairments in Q2 and Q3 2016, compared with foreign currency losses and impairments in 9M 2015. The gross margin on the residential apartments was flat at 21% (9M 2015- 22%).

'Financing income (expenses), net', which include the net exchange rate differences, was impacted by the devaluation of the RMB versus the Euro in 9M 2016 contributing a loss of €1.2 million compared with the substantial appreciation of the RMB during 9M 2015 which contributed a gain of € 6.4 million. Furthermore, the financing expenses were impacted by the interest expenses related to the Europark Dalian project loan.

Income tax (expenses) / benefit in 9M 2016 include a deferred tax benefit which relates to taxable losses. In 9M 2015 this mainly included deferred tax expenses related to the fair value gain of Galleria Dalian.

Additional Information

Investment property fully relates to the Galleria Dalian shopping mall, of which the value decreased by 5% (from December 31, 2015) mostly due to the depreciation of the RMB versus the Euro. The signing rate of the shopping mall was around 74% as of October 31, 2016. The planned food market will add an additional 6%. The opening rate of shops in the mall is gradually increasing and stood at 66% as of October 31, 2016 (December 31, 2015: 43%). A significant improvement in tenant proceeds was noted during Q3 2016, mainly as a result of strong performing anchor tenants. Also footfall significantly increased, mainly due to marketing events and the summer season.

The rate of unsold completed units in inventory (including the inventory of joint venture projects) increased to 18% compared with 10% on December 31, 2015 all related to one project. The sale of apartments slightly decreased (1,068 apartments) in 9M 2016 compared with 9M 2015 (1,084 apartments).

'Loans and borrowings', which predominantly relate to the use of a construction loan for Europark Dalian, increased by 8% as at September 30, 2016 compared to year end 2015, mainly as the result of an additional withdrawal in February 2016 amounting to RMB 100 million.

The decrease in equity in the reporting period by 7% (y-o-y) is attributable to foreign currency effect and the loss in the period combined.

WATER INFRASTRUCTURE

Tahal Group International B.V. ('TGI'), Kardan's water infrastructure company, focuses on executing water related projects worldwide through its subsidiary Tahal, which is active in Africa, Central and Eastern Europe, India and in other regions and countries, such as Israel.

Results Water Infrastructure

	For the nine months ended September 30,		For the three months ended September 30,		Full Year 2015
	2016	2015	2016	2015	
	In € millions				
Contract revenues	87.3	129.8	27.9	41.8	167.9
Contract cost	73.0	109.6	23.2	35.9	142.9
<i>Gross profit</i>	14.3	20.2	4.7	5.9	25.0
In %	16.4%	15.6%	16.8%	14.1%	14.9%
SG&A expenses	10.7	12.5	3.8	3.5	17.4
Equity earnings / (losses)	(0.3)	(1.5)	(0.3)	(0.4)	(1.5)
Gain on disposal of assets and other income	1.0	-	-	0.2	0.3
Result from operations before financing expenses	4.3	6.2	0.6	2.2	6.4
Financing income (expenses), net	0.5	(2.1)	0.2	0.4	(2.1)
Income tax (expenses) / benefits	(2.7)	(2.9)	(0.5)	(1.0)	(2.9)
Profit (loss) from continuing operations	2.1	1.2	0.3	1.6	1.4
Net profit (loss) from discontinued operations	(0.1)	19.0	-	(0.2)	20.1
Net profit (loss)	2.0	20.2	0.3	1.4	21.5
Attributable to:					
Non-controlling interest holders	-	-	-	-	-
Equity holders (Kardan N.V.)	2.0	20.2	0.3	1.4	21.5

Additional Information Water Infrastructure*	2016 (30.09)	2015 (31.12)
<i>Balance sheet (in € million)</i>		
Cash & short term investments	13.1	24.0
Total Assets	146.8	171.2
Net debt/(Net cash)	(2.2)	(21.9)
Equity	42.6	64.8
Equity / Assets	29%	37.9%
<i>Other (in USD million)</i>		
Backlog*	300	311

*subsequent to the balance sheet date a contract with overall expected proceeds amounting to USD 370 million was signed which is added to the existing backlog.

Result analysis first nine months of 2016

The Water Infrastructure segment contributed a total profit of €2.0 million in 9M 2016 compared with a profit of €20.2 million in 9M 2015. The 9M 2016 results include a loss of €0.1 million compared with a gain of €19.0 million on the sale of KWIG in the comparable period in 2015. The Water Infrastructure segment contributed a profit from continuing operations of €2.1 million compared with a profit of €1.2 million in 9M 2015.

Revenue decreased by 33% y-o-y in 9M 2016 compared to the same period of last year. This was mainly due to completion of two large projects as of September 30, 2016. Due to the phasing of these projects, 9M 2015 included USD 47.6 million more revenues from these projects compared with 9M 2016. Furthermore, revenue was impacted by delays in several projects' progress and by delays in receiving certain needed permits to carry out project work. As a result of projects mixture, the gross margin improved and stands at 16.4% in 9M 2016 compared with 15.6% in 9M 2015.

SG&A expenses in 9M 2016 decreased mainly as a result of improved operational efficiency. This reduction was slightly offset by an increase in S&M expenses as a result of a large number of new tenders compared with 9M 2015.

Gain on disposal of assets and other income relates mainly to the Q2 2016 sale of an asset in Bulgaria.

Financing income (expenses) amounted to an income of € 0.5 million compared with an expense of € 2.1 million in 9M 2015. This is mainly due to an early repayment of a loan during Q1 2015 which resulted in a one-off charge of € 3 million.

In 9M 2016, the small net loss from discontinued operations primarily relates to the weakening of the USD versus the Euro (as the consideration from the sale of the remaining 25% of KWIG was denominated in USD) and also due to additional tax expenses which are attributed to the sale.

Additional information

TGI's former subsidiary KWIG, which focuses on developing water assets (e.g. wastewater, water treatment and water supply plants) in China was sold at the beginning of 2015 and the first phase of the sale (75%) was completed in March 2015. The second phase (25%) was completed in June 2016. Results related to the remaining part of KWIG (25%) are presented as discontinued operations.

Subsequent to the balance sheet date Tahal won a 7 year large scale agricultural project in Angola, together with its joint venture partner. The project is expected to add \$370 million in Q4 2016 to the backlog and will allow Tahal to continue to improve its future profitability.

OTHER

	For the nine months ended September 30		For the three months ended September 30		Full Year
	2016	2015	2016	2015	2015
	In € millions				
<u>Corporate expenses:</u>					
General and administration expenses	(2.6)	(3.8)	(0.8)	(1.2)	(5.1)
Financing income (expense), net	(20.4)	(45.4)	(13.5)	4.2	(60.1)
Other expenses	-	-	-	-	(0.8)
Equity earnings (losses)	-	(0.1)	-	-	(0.1)
Income tax expenses	(0.5)	(0.3)	(0.2)	(0.1)	(0.5)
	(23.5)	(49.6)	(14.5)	2.9	(66.6)
<u>Continuing operations of the former 'banking and retail lending' segment:</u>					
Gain on disposal of assets and other income	(1.6)	0.4	(1.7)	-	(0.5)
Equity earnings (losses)	1.1	1.6	0.8	0.7	1.7
Other expenses, net	2.0	(4.0)	(0.9)	(2.4)	(4.1)
	1.5	(2.0)	(1.8)	(1.7)	(2.9)
Profit (loss) from continuing operations	(22.0)	(2.0)	(16.3)	1.2	(69.5)
Profit (loss) from discontinuing operations	21.6	13.7	15.2	5.4	16.2
Net profit (loss)	(0.4)	(37.9)	(1.1)	6.6	(53.3)
Attributable to:					
Equity holders (Kardan NV)	(0.4)	(37.9)	(1.1)	6.6	(53.3)

As a result of completing the sale of TBIF, its results and the profit from the sale were reclassified as discontinued operations and are now presented under `Other`.

Results under `Profit (loss) from continuing operations` relate to the corporate holding and finance expenses of Kardan N.V. and its direct subsidiary GTC Real Estate Holding BV (GTC RE) and the results of the assets which were part of the TBIF group, but were not sold as part of the sale of TBIF. These assets are mainly Avis Ukraine and the mortgage activities, which are reported under `Equity earnings (losses)`.

Corporate expenses

The decrease in `General and administration expenses` in 9M 2016 compared with 9M 2015 relates primarily to efficiency measures, the forfeiture of options and a reduction in expenses which were related to the debt settlement with the debenture holders in 2015.

`Financing income (expenses)` decreased significantly in 9M 2016 compared with in 9M 2015, mainly attributable to foreign exchange differences. The Company's debentures are denominated in NIS, which revaluated significantly versus the EUR, and are linked to the CPI. In 9M 2016 an expense of € 3.5 million (Q3 2016: € 6.7 million) was recognized from the strengthening of the NIS against the Euro while in 9M 2015 an expense of € 23 million was recognized (Q3 2015: €16 million income).

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

Continuing operations of the former 'banking and retail lending' segment realized a profit of € 1.5 million (9M 2015: loss of € 2.0 million), mainly as a result of the sale of a portfolio in Q2 2016. In Q3 2016 the company recognized a loss of €1.7 million due revaluation of the remaining mortgage activity in light of its disposal in Q4 2016.

Discontinued operations

Results under `Profit (loss) from discontinuing operations` relate to the contribution of the activities of TBIF (banking and retail lending) in Bulgaria and Romania, that were sold in August 2016 and the profit from the sale of these activities. The profit from the sale of TBIF amounted to € 15.2 million.

DISCLAIMER

This press release contains forward-looking statements and information, for example concerning the financial condition, results of operations, businesses and potential exposure to market risks of Kardan N.V. and its group companies (jointly "Kardan Group"). All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements (including "forward looking statements" as defined in the Israeli Securities Law). Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "objectives", "outlook", "probably", "project", "will", "seek", "target", "risks", "goals", "should" and similar terms and phrases. A variety of factors, many of which are beyond Kardan Group's control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of Kardan Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For Kardan Group, particular uncertainties arise, amongst others but not limited to and not in any order of importance, (i) from dependence on external financing with the risk that insufficient access to capital threatens its capacity to grow, execute its business model, and generate future financial returns (ii) from concentration of its business in Central Eastern Europe and China as a result of which Kardan Group is strongly exposed to these particular markets (iii) from risks related to the financial markets as a result of Kardan N.V.'s listings on Euronext Amsterdam and the Tel Aviv Stock Exchange and (iv) from it being a decentralized organization with a large number of separate entities spread over different geographic areas in emerging markets, so that Kardan Group is exposed to the risk of fraudulent activities or illegal acts perpetrated by managers, employees, customers, suppliers or third parties which expose the organization to fines, sanctions and loss of customers, profits and reputation etc. and may adversely impact Kardan Group's ability to achieve its objectives and (v) from any of the risk factors specified in Kardan N.V.'s Annual Report and in the related "Periodic Report" (published by Kardan N.V. in Israel) published in April, and which is also available at the Kardan website. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Kardan N.V. does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

About Kardan

Kardan identifies and develops assets in promising emerging markets, mainly in Asia (predominantly China), Africa and selected CEE and CIS countries.

Its activities are mainly focused on three sectors that benefit from the rising middle class: Real Estate, Water Infrastructure and Banking & Retail Lending. Company headquarters are in the Netherlands. Kardan aims at holding controlling interests in its investments and is actively involved in the definition and implementation of their strategy through its local business platforms. Total assets as of September 30, 2016 amounted to €649 million; revenues totaled €96 million in the first nine months of 2016.

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

The Directors' Report including the non-statutory consolidated financial statements, drawn up in line with the Dutch and Israeli regulations, are presented in a separate document and form an integral part of this release.

The investor relation presentation will be published on the corporate site, www.kardan.nl, close to the publication of this release.

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Director's Report and Financial Statements Kardan N.V. First Q3 and 9M 2016

Amsterdam/Tel Aviv, November 24, 2016

Number of pages: 21

FINANCIAL REPORTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

The Financial Reports contain the following sections:

PART 1 ADDITIONAL INFORMATION FOR 9M 2016

1. Main events in the period
2. Events subsequent to the balance sheet date
3. Book value of investments of Kardan as of September 30, 2016
4. Financial position (Net Debt) of Kardan Group as of September 30, 2016
5. Risk Management

PART 2 ADDITIONAL INFORMATION FOR 9M 2016

1. Financial analysis of consolidated balance sheet and cash-flow statement
2. Fair value disclosure
3. Debentures
4. Directors with accounting and financial expertise
5. Financial Statements Approval Procedure
6. Isox declarations
7. Barnea update

PART 3 FINANCIAL STATEMENTS INCLUDING INDEPENDENT AUDITOR'S REVIEW REPORT (PUBLISHED ON THE WEBSITE OF KARDAN N.V. (WWW.KARDAN.NL))

1. ADDITIONAL INFORMATION FOR NINE MONTHS 2016

1.1. Main events in the first nine months of 2016

Kardan

- In March 2016, Mr. Shouky Oren had informed the Board of Directors of Kardan N.V. of his intention to leave the Company, after four years as CEO and member of the Board of Directors. The Board has appointed Mr. Ariel Hasson, CEO of Kardan Financial Services, as the new CEO of Kardan N.V. to replace Mr. Oren who relinquished his duties on April 15, 2016. Mr. Hasson was nominated as an Executive Board Member at the Company's Annual General Meeting that took place on May 26, 2016.
- On August 4, 2016, S&P has ratified the rating (iilB with outlook Negative) of Kardan and its Debentures Series A and series B following the completion of the sale of KWIG at the end of June 2016 and the sale of TBIF.
- On July 24, 2016, the Company made an early repayment of accrued interest and principal of debentures series A and series B amounting to EUR 26 million, using the proceeds from the sale of the 25% of KWIG and existing funds.
On September 2, 2016, the Company made an early repayment of accrued interest and principal of debentures series A and series B amounting to EUR 62 million, using the net proceeds from the sale of TBIF.

Real estate (GTC Real Estate)

- In January 2016, Kardan received EUR 13.2 million (the 'Dalian Deposit'), following the release of the pledges which were registered to secure the previous Dalian project loan.
- In February 2016, the Company, GTC RE and Lone Star Real Estate Fund III ('the Buyer') signed a settlement agreement, according to which GTC RE would pay the Buyer an amount of EUR 4 million in exchange for a final and absolute waiver by the Buyer of all its existing and future claims and demands towards the Company and GTC RE in relation to the Buyer's demands according to the Claw Back mechanism, and of mutual cancellation and deletion of all proceedings taken in this matter. The settlement agreement did not impact the 9 months 2016 results.
- In February 2016, Kardan Land Dalian Ltd. withdrew an additional amount of RMB 100 million (EUR 14 million) from its RMB 1 billion credit facility from Ping An Trust, which was announced by the Company on October 27 and November 30, 2015.

Water Infrastructure (Tahal)

- In April 2016, Star Pumped Storage Ltd., in which Kardan's subsidiary Tahal Consulting Engineers Ltd. ('TCE') holds a 40.5% stake, has signed a principle construction agreement ('the Agreement') with a joint consortium, comprising Sinohydro Corporation (a subsidiary of Power China, one of the leading energy companies in China) and Alstom Hydro France (which was acquired by GE).

The Agreement encompasses a full EPC (engineering, construction and procurement) turn-key assignment for the Project, representing a total amount of NIS 1.7 billion (approximately EUR 394 million). In addition, an operating and maintenance agreement was signed with GE Renewable Energy Ltd., in the amount of NIS 16 million (approximately EUR 3.7 million) per year, for a period of up to 18 years, including possibilities to end earlier as stipulated in the agreement. The terms of the two agreements are subject to the approvals of the banks financing the Project. In addition, the completion of both agreements is subject to completion of the financial closing for the entire project (which is expected in the fourth quarter of 2016). In addition, the board of directors of TCE has decided that TCE should sell part of its holdings in the project.

- In June 2016, the Company announced that Tahal Group Assets B.V. ('Tahal Assets') completed the sale of the remaining 25% of the shares in the Chinese water infrastructure company Kardan Water International Group Ltd. ('KWIG') to China Gezhouba Group Investment Holding Co. Ltd.

('CGGC Investment') (the 'Transaction'). The total consideration for the 25% stake amounts to USD 27.7 million, including interest as detailed in the agreement. In addition, Tahal Assets has paid the taxes due on the sale of the 75% of KWIG shares. Therefore, according to the trust agreement that was signed, the amount of the tax deposit will be reduced to USD 1.7 million (from USD 10 million as previously announced), to cover the taxes due by Tahal Assets on the second phase of the transaction. This amount will be transferred from the funds already reserved by Tahal Assets from the proceeds of the first phase of the sale of KWIG. As a result no additional tax deposit is required from the consideration of the second phase of the Transaction. The net consideration for this second phase of the Transaction were used by Tahal Assets for dividend distribution to its shareholders. Kardan used the received funds for partial early repayment of its debentures, in accordance with the provisions of the Amended Deeds of Trust dated July 2, 2015. Refer to section 1.2 for additional information.

Financial Services

- On August 11, 2016, Kardan Financial Services B.V. ('KFS'), the Company's wholly owned subsidiary, completed the sale of its 100% holding in the subsidiary TBIF, comprising the banking and retail lending activities of the Kardan Group. The total consideration of the Transaction comprises two parts, a sum of circa EUR 69 million which was paid at the time of closing, plus an adjustment to take into account the reviewed result of the sold assets since January 1, 2016. The adjustment, amounting to EUR 13 million, was paid in October 2016. Following the completion of the transaction, the Company recognized a gain of EUR 15 million. Prior to the completion of the transaction TBIF had transferred to KFS all assets that are not part of TBIF's banking and retail lending activities. These assets, including Avis Ukraine, are not part of the Transaction. KFS undertakes to indemnify the buyer for costs and damages which might occur under circumstances which have been specifically detailed in the Agreement, including a breach of the customary representations and warranties given by KFS. Accordingly, KFS has deposited an amount of EUR 6 million for a period of two years and pledged this in favor of the buyer as collateral for the indemnification, which amount will be reduced to EUR 5 million after one year. In addition, Kardan will guarantee KFS's obligation in this respect. The buyer, 4finance Holding S.A., is one of Europe's largest and fastest growing online and mobile consumer lending groups with operations in 14 countries.

1.2. Subsequent Events

- In October 2016, Tahal signed together with its 50% partner (ZRB Consulting Finance & Development Limited ('ZRB')), an agreement with Gesterra – Gestao de Terras Araveis S.A., a company owned by the government of Angola regarding the operation and management of a large scale agricultural project in the Quiminha area in Angola (the 'Agreement' and the 'Project', respectively).

The Quiminha Project is a communal agricultural project, located 70km east of the capital Luanda over an area of 5,000 ha. In an earlier phase, Tahal was assigned by the government of Angola to provide a full range of services to make the land suitable for agricultural use and to build the infrastructure for full communal and commercial services for the farmers and inhabitants. After successfully handing-over this project in mid-2016, Tahal has now been assigned with its partner for the operation and management of the site. According to the Agreement, Tahal and ZRB will operate and manage this agricultural project of 5,000 ha which includes 300 private farms of 10 acres each, thousands of acres of crops, grains, vegetables and fruits in open areas and in green houses and chicken coops. The Project furthermore comprises water infrastructure and water treatment, irrigation, and various facilities in relation to crops, live-stock and the distribution of products. The extent of crops expected in the Project will reach approximately 60,000 tons of agricultural products per year to be sold in the domestic market. Tahal and ZRB will be entitled, in equal shares, to the entire proceeds arising from the sale of the agricultural products, estimated at an average of \$ 52 million annually for the duration of the Agreement. Under the Agreement, Tahal and ZRB undertook the responsibility to supply all equipment necessary for the operation of the Project, employing managerial and professional teams to operate the Project, and to pay a franchise fee to the government of Angola which has rights in the Project. The parties intend to commence

the Project immediately and first revenues will be recognized in the fourth quarter of 2016. The Agreement is for a period of 7 years, with an extension option for an additional 5 years. Accordingly, the gross proceeds to Tahal and ZRB during the initial period is estimated at \$ 370 million. In parallel, the parties have signed a memorandum of understanding with an International Fund with respect to financing the majority of the required equity for the Project, which will be nonrecourse to the parties. Signing a binding agreement is expected in the coming period. The expected revenues from the Project of \$ 370 million is in addition to the current backlog of Tahal Group of more than \$ 300 million. All the projects included in the backlog are for immediate execution, and do not require financing, financial closing and/or regulatory approvals.

- In October 2016, KFS signed an agreement to sell its 100% holding in the subsidiary TBIF Bulgaria. As a result, the Company recorded an impairment of EUR 1.7 million in the third quarter of 2016.
- On October 26, 2016, the Company announces that it is convening an Extraordinary General Meeting of Shareholders ('EGM') on December 12, 2016. The voting items on the agenda of this EGM are the appointment of Mr. Groen as independent non-executive member of the Board of Kardan N.V. and his remuneration.
- On November 14, 2016 the Company made an early repayment of accrued interest and principal of debentures series A and series B amounting to EUR 15 million, using the proceeds of the adjustment amount from the transaction to sell TBIF.

1.3. Book value of investments Kardan N.V.

The following table summarizes the book value of the companies held directly by Kardan as of September 30, 2016 and December 31, 2015 (amounts in EUR millions):

Holding Company	Name of subsidiary	Share in subsidiary	Consolidated equity	Share holders consolidated equity	Adjustments of Kardan NV	Book Value in Kardan NV	Share holders Loans*	Total Investment in books 30.09.16	Total Investment in books 31.12.15
Kardan NV	GTC RE (**)	100%	275.9	275.9	0.9	276.8	(15.8)	261.0	301.4
	KFS	100%	49.3	49.3	-	49.3	-	49.3	84.5
	TGI	98.43%	42.6	42.6	(4.3)	38.3	-	38.3	60.4
	Emerging Investments XII (***) (*)	100%	54.2	54.2	-	54.2	-	54.2	130.5

Holding Company	Name of subsidiary	Share in subsidiary	Consolidated equity	Share holders console dated equity	Adjustments of GTC RE	KLC Book Value	Shareholders Loans	Total Investment in books 30.09.16	Total Investment in books 31.12.15
GTC RE	Kardan Land China	100%	300.8	300.8	2.0	302.8	(50.2)	252.6	290.1

Holding Company	Name of subsidiary	Share in subsidiary	Consolidated equity	Share holders console dated equity	Adjustments of TGI	Book Value	Loans granted by TGI	Total Investment in books 30.09.16	Total Investment in books 31.12.15
TGI	Tahal Group Assets B.V.	100%	6.1	9.6	-	9.6	(3.3)	6.3	24.8
	Tahal Group B.V.	100%	42.9	39.4	-	39.4	0.5	39.9	41.4

(*) The shareholder's loans were granted through the Company's 100% subsidiary, Emerging Investments XII B.V. For convenience, the shareholder's loans are presented as part of the investments in subsidiaries.

(**) GTC RE held NIS 29,903,701 par value debentures (Series A) of the Company having a liability value of EUR 8.5 million as of 30.9.16.

(***) Emerging Investment XII held the following Kardan N.V Debentures as of September 30, 2016:

	Nominal Value In NIS	Liability Value including accrued interest In EUR millions
Series A	123,172,727	35.0
Series B	123,304,032	34.9

For additional information regarding early repayment subsequent to the balance sheet date refer to events in the period.

1.4. Financial Position of holding companies of the Kardan Group as of September 30, 2016

- **Net debt (*)**

The following table summarizes the net debt of Kardan N.V. and, if applicable and of its directly held subsidiaries (company only) as of September 30, 2016:

Company	Net Debt* (in EUR million)	
Kardan NV / GTC RE / Emerging Investments XII	Liabilities:	
	Debentures**	(295.9)
	LT Liability	(2.1)
	Assets:	
Cash and short term investments	4.5	
	Net debt	(293.5)
KFS	Assets:	
	Cash and short term investments	17.9
	Loans to related parties	6.6
	Receivables, net	14.0
	Net cash	38.5
TGI/TG/TGA	Liabilities:	
	LT Liability	(0.5)
	Assets:	
	Cash and short term investments	1.1
	Net cash	0.6

(*) Net debt includes interest bearing loans and borrowings, debentures, less cash and cash equivalents and interest bearing receivables.

(**) The balance is presented net of debentures held by subsidiaries, see section 1.3 above.

1.5. Risk Management

During 9M 2016, as a result of the sale of TBIF, the risks to which the Company is exposed to have changed. However the sale transaction did not impact the way the risks are being managed.

For an overview of the main risk categories which the Group is exposed to, reference is made to the 2015 Annual Report. With respect to the impact of the sale of TBIF on the risks to which the Group is exposed to, reference is made to note 6D to the financial statements as of September 30, 2016 (which can be found on the corporate site).

It should be noted that there may be other significant risks Kardan has not yet identified or that have not been assessed as having a significant potential impact on the business but which could materialize as such at a later stage.

In addition, reference is made to the 2015 consolidated financial statements as well as to the 2015 Israeli Annual Report (Barnea), which can also be found on the corporate site.

2. PART 2 ADDITIONAL INFORMATION

2.1. Financial analysis

2.1.1 Following is a summary of Kardan N.V.'s consolidated balance sheet (in EUR thousands)

	September 30, 2016	September 30, 2015	December 31, 2015	Notes
Total balance sheet	649,239	1,027,864	975,742	The decrease in total balance sheet compared to December 31, 2015 is mainly due to the sale of TBIF and early repayment of debentures.
Current assets	276,450	544,249	474,143	The decrease in current assets compared to December 31, 2015, is mainly due to the sale of TBIF.
Non-current assets	372,789	483,615	501,599	The decrease in non-current assets compared to December 31, 2015, is mainly due the sale of TBIF.
Current liabilities	247,327	508,100	482,490	The decrease in current liabilities compared to December 31, 2015, is mainly due to the sale of TBIF and repayment of debentures.
Debentures	271,963	339,267	356,272	The decrease in long term debentures compared to December 31, 2015, is mainly due to classification of current maturities relating to the February 2017 payment to short term.
Long term Interest-bearing loans and borrowings	61,544	69,061	40,550	Long term loan relates mainly to the Europark Dalian project loan.
Equity attributable to equity holders of the parent	50,893	85,570	71,461	The decrease in equity compared to December 31, 2015, is mainly due to negative currency impact as a result of the weakening of the RMB and the loss in the period.

2.1.2 Cash Flow Statement analysis (in EUR thousands)

	9M 2016	9M 2015	Q3 2016	Q3 2015	FY 2015	Notes
Net cash provided by (used in) operating activities	(56,711)	8,669	(24,290)	21,275	3,866	-
Net cash provided by (used in) investing activities	71,227	71,428	60,241	(13,849)	52,986	In 9M 2016 EUR 90.7 million were proceeds from sale of TBIF and the remaining share of KWIG. In 9M 2015, EUR 119 mn were provided from proceeds from the sale of a subsidiary; EUR 33.6 mn were used for the acquisition of tangible fixed assets and investment properties.
Net cash provided by (used in) financing activities	(58,913)	(10,193)	(66,204)	3,611	(69,223)	In 9M 2016 EUR 75.0 million were used for repayment of debentures. EUR 15.9 million were provided from long term loans. In 9M 2015, EUR 30.8 mn were used for repayment of loans; EUR 33.5 mn were provided from loans from bank customers.

2.1.3 Cash Flow Forecast and source of funding

The review opinion of the external auditors as of September 30, 2016, includes a voluntary emphasis of matter referring to the financial position of the Company as described in Note 2 to the 9M 2016 financial statements. In addition, the Company has a negative working capital in the stand-alone financial statements. These are "warning signs" as defined in Regulation 10 (b) (14) of the Israeli Securities Authority regulations.

Therefore, the Company provides a cash flow forecast for a period of two years as of September 30, 2016.

Forecast cash flow	October 1, 2016– December 31, 2016	January 1, 2017 - December 31, 2017	January 1, 2018 – September 30, 2018
	in €millions		
Cash and cash equivalents at the beginning of the period	4.6	9.5	118.0
<u>Company only resources</u>			
From operating activities			
General and administration expenses	(1.0)	(4.0)	(3.0)
From investing activities			
Sale of assets	26.2	111.4	108
<u>Resources from investee companies</u>			
From investing activities– collection of Loan to subsidiary	-	5	-
From operating activities in investments – Management fees	0.1	0.4	0.3
Total Resources	29.9	122.3	223.3
<u>Expected Uses</u>			
From investing activities			
Loan to subsidiary	5	-	-
From financing activities			
Interest payment of debentures – Series A	0.7	0.8	2.9
Interest payment of debentures – Series B	3.3	3.5	16.0
Principal payment of debentures – Series A	5.6	-	45.9
Principal payment of debentures – Series B	5.8	-	47.4
Total Uses	20.4	4.3	112.2
Cash and cash equivalents at the end of the period	9.5	118.0	111.1

Assumptions and Notes to the cash flow forecast

1. The cash flow forecast has been jointly prepared for Kardan NV (company-only) and its wholly owned subsidiaries GTC Real Estate Holding BV and Emerging Investments XII BV, as the treasury of these companies is centralized. With respect to limitations regarding the transfer of funds between Kardan NV and GTC RE please see under point 8 below.
2. The cash flow forecast was prepared based on the provisions of the Amended Deeds of Trust which became effective on July 3, 2015. However, for conservative reasons, it does not include mandatory early repayments according to the debt settlement upon sale of certain agreed assets. Unless such an early repayment was announced or executed subsequent to the balance sheet date. Details about such sale processes is described in 4 below.
3. The forecasted General and administration expenses are based on estimates of the Company according to its past experience.
4. With respect to sale of assets in 2016 and 2017, the Company is conducting processes through its subsidiaries to sell a part or its total holding of its significant assets. The proceeds to be received from sale of such assets, both as dividend as well as repayment of shareholder's loans, would be used for (early) repayment of the Company's Debentures in accordance with the provisions of the Amended Deeds of Trust. The main sources are as follows:
 - An adjustment amount was received in October 2016 from the sale of TBIF amounting to EUR 13 million, this was deducted with some transaction costs. The Company used these proceeds and early repaid an amount of EUR15 million to its debenture holders and thus completing the repayment of the February 2017 principal in full.
 - Additional funds from directly held subsidiaries which are available to the Company.
 - The completion of the transaction to sell TBIF left the Company a period of over a year to sell assets in order to repay its liabilities in 2018 and onwards. This funding is expected to be received from a full or partial sale of subsidiaries or real estate assets.
5. The amount of Management fees from investee companies is based on existing agreements between the Company and its subsidiaries as of the balance sheet date.
6. The interest calculations are based on Israeli CPI, exchange rates and interest rates which are applicable as of September 30, 2016. The principal and interest payments for the debentures are presented on the net outstanding balance, excluding the debentures held by GTC RE and Emerging Investment XII BV.
7. Payments of interest and principal of debentures in 2016 relate to an early repayment in the amount of approximately EUR15 million which was completed in November 2016. The subsequent repayment in February 2017 was reduced accordingly.
8. The cash flow forecast does not include any additional investments which the Company will make once those will be approved by the appropriate bodies in the Company. As of the date of approval of these financial statements, the Company did not resolve to make any new investments. In addition, according to the Amended Deeds of Trust there are limitations on new investments.
9. Restriction on transferring funds:
Transfer of funds between Kardan NV, GTC RE, Emerging Investments XII, TGI and KFS is mostly done through intercompany loans or distribution of dividend.
Breakdown of distributable reserves and intercompany loans:

Subsidiary	Distributable reserves (EUR million) as of 30.9.16	Intercompany loan (EUR million) as of 30.9.16
TGI	35.6	-
GTC RE	191.7	(15.8)
KFS	47.4	-
Emerging	54.2	-



10. This estimate is forward looking information based on management assumptions and expectations. The aforesaid may not materialize completely or part thereof, or materialize in a different manner, including materially different from what is expected as a result of changes in the state of the market, difficulties in raising credit, decrease in value of investments and change in cash amounts expected to be received from affiliated companies.

2.2 Fair Value Disclosure

Galleria Dalian

Country	City	Project name	Use of asset	KNV share of the asset	Right on the asset	Estimated NRV SQM	Value of the project in the Financial Statements (in €mn)	Valuation gain(loss) recorded in the period (in €mn)	Discount rate (%)	Exit rate (%)	Rent per SQM assumed in the valuation	Valuation Method	External value	Date of the last valuation
China	Dalian	Galleria Dalian	Investment Property	100%	Lease	65,584	236.8	(0.4)	10.5%	5.5%	EUR 23 per Sqm	Direct Comparison Approach and DCF for the retail portion;	external valuation – DTZ C&W	30.06.2016

2.3 Issuance of debentures

The following are details regarding the marketable debentures of Kardan NV as of September 30, 2016:

	Debenture series A	Debenture series B
Issuance date	20.2.2007, 13.8.2007, 16.2.2008	16.2.2008
Par value of issued debentures	EUR 283.1 million (NIS 1,190,000,000)	EUR 317.4 million (NIS 1,333,967,977)
Linkage basis	Principal and interest linked to Israeli CPI (CPI of January 2007)	Principal and interest linked to Israeli CPI (CPI of December 2006)
Par value of debentures as of September 30, 2016	EUR 79.4 million (NIS 333,613,169 par value)	EUR 232.2 million (NIS 975,966,987 par value)
Debentures held by subsidiaries	NIS 153,076,429 par value	NIS 123,304,032 par value
Interest rate (per annum)	6.325%	6.775%
Principal repayment (*)	Two installments one in February 2017 and the second in February 2018.	Four installments from February 2017 to February 2020.
Interest payment dates	3 annual installments from February 2016 to February 2018	5 annual installments from February 2016 to February 2020
Total debt up to the date of the balance sheet (including interest and Israeli CPI linkage) (**)	EUR 51.3 million (net of debentures held by subsidiaries)	EUR 239.9 million (net of debentures held by subsidiaries)
Market capitalization as of September 30, 2016(**)	EUR 45.7 million (net of debentures held by subsidiaries)	EUR 180.8 million (net of debentures held by subsidiaries)
The trustee	Aurora Fidelity Trust Co. Ltd (CPA Iris Shlevin)	Hermetic Trust (1975) (Adv. Dan Avnon)
Rated by	S&P Maalot	S&P Maalot
Rating at the time of issuance	AA - (February 2007)	AA - (February 2007)
Updated rating	B (August 2016)	B (August 2016)
Right of early repayment	In accordance with the amended deeds of trust, the Company is eligible to announce on a partial or full early repayment throughout the entire term of the debentures. Such early repayment will be carried out without any compensation and in accordance to the full liability value of the debentures.	
Pledged Assets as of September 30, 2016	According to the Amended Deeds of Trust, the Company committed to establish and register primary, exclusive pledges with no limitations of amounts over all of the Group's interests in GTC RE, KLC, KFS, TBIF, TGI, EMERGING (the 'Pledged Subsidiaries'), including all benefits which will emanate from these interests and all the rights of the Group in loans granted to the Pledged Subsidiaries. A primary exclusive pledges with no limitations of amounts over the bank accounts of the Company. Pledge on all the Company's debentures held by the Group. Additional negative pledges. As of September 30, 2016 not all pledges have been established.	
Guarantee to secure the obligations of Kardan NV	A limited guarantee in the amount of EUR 100 million by Kardan Land China.	

(*) for information regarding early repayments subsequent to the balance sheet date refer to subsequent events.

(**) Net of debentures which are held by subsidiaries;

Debentures (Series A and B) are material to the Company. During and at the end of 9M 2016 the Company met the terms of the Amended Deeds of Trust.

2.4 Directors with accounting and financial expertise

Kardan N.V. is a company incorporated in the Netherlands and consequently the Israeli Companies Law 5759-1999 does not apply to it, so that, among other things, it does not have to appoint external directors and is not required to appoint directors with accounting and financial expertise.

However, in accordance with Kardan's articles of association, there are decisions that the Board has to take according to a special approval procedure which requires, among other things, the consent of the independent directors who attend the Board meetings, as defined in Company's Articles of Association and Corporate Governance Code.

In addition, in accordance with the Netherlands Corporate Governance Code ("The Code"), Kardan N.V. has adopted the duty whereby at least one of the independent non-executive members of the Board, has knowledge of financial management and accounting.

The directors with financial and accounting knowledge currently serving on the Board are: Peter Sheldon, Cor van den Bos, Eytan Rechter and Bouke Marsman.

Members of management with accounting and finance experience who are members of the Executive Management are: Einat Oz-Gabber and Ariel Hasson.

For further information regarding education and experience, reference is made to the corporate site and to the part 4 of the IL Periodic report.

2.5 Financial Statement Approval Procedure

Kardan N.V.'s Board decided that the members of the Audit Committee (comprising 3 non-executive independent directors) also serve as the 'Financial Statements Review Committee'. In addition, the Company's CEO and CFO participate in those meetings on a regular basis. The external auditor (PwC) of Kardan N.V., as well as other financial functionaries at the Company, are invited and participate in the Company's Financial Statement Review Committee sessions as well as in the Board meetings in which financial statements are discussed.

The Board Members in the Financial Statement Review Committee, are:

Cor van den Bos - Chairman of the Audit Committee, holds university degrees in Economics and in Accounting and Business Administration and serves as a consultant and director of various companies. Cor van den Bos has management and financial experience through his positions in various Insurance corporations. Accordingly, Mr. van den Bos has the ability to read and understand financial statements.

Peter Sheldon – Chairman of the Board, Member of the Audit committee and of the Remuneration, Appointment and Selection committee. Peter Sheldon is an FCA and was a partner in an audit & accounting firm in England. Peter Sheldon has management and financial experience through the various positions he held as a member of Boards of Directors in a wide range of international listed and private companies, including Banking and High Tech companies. Based on his experience and positions, as detailed above, Mr. Sheldon has the ability to read and understand financial statements.

Bouke Marsman – Member of the Audit committee and of the Remuneration, Appointment and Selection committee, holds university degrees in chemical engineering and business administration, president of Spotzer media and an engagement manager in Mckinsey & Company. Accordingly, Mr Marsman has the ability to read and understand financial statements.

For additional information regarding the committee members reference is made to the corporate website.

The approval of the 9M 2016 financial statements included, inter-alia the following sessions:

A meeting of the Audit Committee (Financial Statement Review Committee) included a comprehensive principle discussion on the material accounting and auditing issues and a preliminary discussion in order to form its recommendations to the Board in relation to the approval of the 9M 2016 financial statements. All committee members attended this meeting of November 22, 2016, including the external auditors, the CEO and the CFO of the Company, the Controller and General Counsel of the Company as well as other relevant position holders in the Company. The committee examined, by means of a detailed presentation by the various financial bodies of the Company and by means of the external auditors' presentation, the 9M 2016 operational result as well as the material issues in the Financial Statements, critical estimations and assumptions that were implemented, reasonableness of information, transactions that are not in the ordinary course of business, proper disclosure and the valuations including the underlying assumptions. In addition, the meeting included a comprehensive discussion on the Company's financial position, considering the Company's results and liquidity analysis in light of the expected maturities of the debentures. The Company presented the cash flow forecast for the next two years and explained why the Company believes it would be able to repay its liabilities.

The recommendation of the Financial Statement Review Committee was presented to the Board after the aforesaid meeting on November 22, 2016. The date is consistent with the Board requirement.

On November 22, 2016 the Board discussed the recommendation of the 'Financial Statement Review Committee' with respect to the approval of the Financial Statements as of September 30, 2016. The Board members, Executive Management, the external auditors, the Company's Controller and General Counsel and various other relevant position holders at the Company attended the meeting. During the meeting the Financial Statements were presented to the Board, as well as a comprehensive review of the issues discussed at the prior meeting of the Financial Statement Review Committee.

Following an additional meeting which was held on November 23, 2016 the Board approved the 9M 2016 financial statements.

November 23, 2016

P. Sheldon (Chairman of the Board)

A. Hasson (CEO and Board Member)

DISCLAIMER

This press release contains forward-looking statements and information, for example concerning the financial condition, results of operations, businesses and potential exposure to market risks of Kardan N.V. and its group companies (jointly "Kardan Group"). All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements (including "forward looking statements" as defined in the Israeli Securities Law). Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "objectives", "outlook", "probably", "project", "will", "seek", "target", "risks", "goals", "should" and similar terms and phrases. A variety of factors, many of which are beyond Kardan Group's control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of Kardan Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For Kardan Group, particular uncertainties arise, amongst others but not limited to and not in any order of importance, (i) from dependence on external financing with the risk that insufficient access to capital threatens its capacity to grow, execute its business model, and generate future financial returns (ii) from concentration of its business in Central Eastern Europe and China as a result of which Kardan Group is strongly exposed to these particular markets (iii) from risks related to the financial markets as a result of Kardan N.V.'s listings on NYSE Euronext Amsterdam and the Tel Aviv Stock Exchange and (iv) from it being a decentralized organization with a large number of separate entities spread over different geographic areas in emerging markets, so that Kardan Group is exposed to the risk of fraudulent activities or illegal acts perpetrated by managers, employees, customers, suppliers or third parties which expose the organization to fines, sanctions and loss of customers, profits and reputation etc. and may adversely impact Kardan Group's ability to achieve its objectives and (v) from any of the risk factors specified in Kardan N.V.'s Annual Report and in the related "Periodic Report" (published by Kardan N.V. in Israel) published in April and which is also available at the Kardan website. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Kardan N.V. does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Interim report on effectiveness of internal control over financial reporting and disclosure

The management under the supervision of the Board of Directors of Kardan N.V. ("the Company") is responsible to determine and maintain proper internal control over financial reporting and disclosure by the Company.

For this matter, the Management consists of:

1. A. Hasson, CEO and Board member
2. E. Oz-Gabber, Chief Financial Officer

Internal control on financial reporting and disclosure comprises existing controls and procedures at the Company – determined by the CEO and most senior financial officer, or under their supervision, or by those acting in said capacities, under supervision of the Company's Board - which are designed to provide reasonable certainty with respect to the reliability of financial reporting and preparation of reports pursuant to statutory provisions, and to ensure that information which the Company is required to disclose in reports, issued pursuant to statutory provisions, is collected, processed, summarized and reported on schedule and in the format prescribed by law.

Internal control includes, inter alia, controls and procedures designed to ensure that information which the Company is required to disclose, is collected and submitted to the Company's management, including to the CEO and to the most senior financial officer, or to those acting in said capacities, so as to enable decisions to be made at the appropriate time with regard to the required disclosure.

Due to structural limitations, internal control over financial reporting and disclosure is not designed to provide absolute certainty that misrepresentation or omission of information on the reports would be avoided or discovered.

In the quarterly report on the effectiveness of the internal control over financial reporting and disclosure, which is attached to the Israeli periodic report for the period ended March 31, 2016 (hereinafter – the "latest interim report on internal control"), the internal control is effective.

As of the date of the report, no event or matter came to the attention of the Board of Directors, nor to the Management, that would change the assessment of the effectiveness of the internal control as presented as part of the latest annual report on internal control.

As of the reporting date, based on the assessment of the effectiveness of the internal control in the latest quarterly report on internal control and based on the information brought to the attention of the Board and the management, as above, the internal control is effective.

Certification by CEO pursuant to Regulation 38C (D)(1) of the regulations:

I, A. Hasson, certify that:

1. I have reviewed the periodic report of Kardan NV ("the corporation") for the third quarter of 2016 ("the report").
2. To the best of my knowledge, the report is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the financial statements and other financial information included in the report properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, Board and Audit Committee and the Financial Statement Review Committee of the corporation, based on my most current assessment of the internal control over financial reporting and disclosure:
 - a. All significant faults and material weaknesses in specification of operation of internal control over financial reporting and disclosure which may reasonably impact the corporation's capacity to collect, process, summarize or report financial information in a manner which may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and –
 - b. Any fraud, whether or not material, involving the Chief Executive Officer or any of the direct reports thereof, or involving any other employees having a significant capacity in internal control over financial reporting and disclosure;
5. I, on my own or with others at the corporation:
 - a. Have set controls and procedures and/or verified that controls and procedures have been specified and maintained under our supervision, designed to ensure that material information with regard to the corporation, including subsidiaries thereof, as defined in Securities Regulations (Annual financial statements), 2010, is brought to my attention by others at the corporation and its subsidiaries, specifically during preparation of the report; and –
 - b. Have set controls and procedures and/or verified that controls and procedures have been specified and maintained under my supervision, designed to reasonably ensure the reliability of financial reporting and preparation of the financial statements pursuant to statutory provisions, including pursuant to generally-accepted accounting principles;
 - c. No event or issue came to my attention in the period between the last periodic report and the date of this report that may change the conclusion of the Management or Board with respect to the effectiveness on the internal control over financial reporting and disclosure.

The foregoing shall not detract from my statutory responsibility, or that of any other person.

November 23, 2016

A. Hasson – CEO and Director

Certification by CFO pursuant to Regulation 38C(D)(2) of the regulations:

I, E.Oz-Gabber, certify that:

1. I have reviewed the financial statements and other financial information which is included in the report of Kardan NV ("the corporation") for the third quarter of 2016 ("the report").
2. To the best of my knowledge, the report is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the financial statements and other financial information included in the report properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, Board and Audit Committee and the Financial Statement Review Committee of the corporation, based on my most current assessment of the internal control over financial reporting and disclosure:
 - a. All significant faults and material weaknesses in specification of operation of internal control over financial reporting and disclosure as long as it relates to the financial statements and other financial information in the report, which may reasonably impact the corporation's capacity to collect, process, summarize or report financial information in a manner which may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and –
 - b. Any fraud, whether or not material, involving the Chief Executive Officer or any of the direct reports thereof, or involving any other employees having a significant capacity in internal control over financial reporting and disclosure;
5. I, on my own or with others at the corporation:
 - a. Have set controls and procedures and/or verified that controls and procedures have been specified and maintained under our supervision, designed to ensure that material information with regard to the corporation, including subsidiaries thereof, as defined in Securities Regulations (Annual financial statements), 2010, as long as it relates to the financial statements and other financial information in the report, is brought to my attention by others at the corporation and subsidiaries, specifically during preparation of the report; and –
 - b. Have set controls and procedures and/or verified that controls and procedures have been specified and maintained under our supervision, designed to reasonably ensure the reliability of financial reporting and preparation of the financial statements pursuant to statutory provisions, including pursuant to generally-accepted accounting principles;
 - c. No event or issue relating to the interim financial statements or any other financial information which is included in the interim financial reports came to my attention in the period between the last periodic report and the date of this report that may change the conclusion of the Management or Board with respect to the effectiveness on the internal control over financial reporting and disclosure.

The foregoing shall not detract from my statutory responsibility, or that of any other person.

November 23, 2016

E.Oz-Gabber, CFO

Kardan N.V.
(the “Company”)

Substantial events and developments

Filings pursuant to Israeli Law

November 23, 2016

In accordance with Regulation 39 (a) of the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970, all the Events and Developments as described in the 2015 annual financial statement published by the Company on March 24, 2016 are deemed included by reference.

For details regarding the material events that occurred in the first quarter 2016 up to March 24, 2016, reference is made to the annual report (subsequent events note). For details regarding the material events that occurred in the first quarter 2016 up to May 26, 2016, reference is made to the quarterly financial statements for the three months ended March 31, 2016 the Company published on May 26, 2016 (reference number: 2015-01-031449) (Condensed Interim Consolidated Financial Statements As of March 31, 2016) which is included in this report by way of reference.

For details regarding material events that occurred in the second quarter 2016 up to August 25, 2016, reference is made to the quarterly financial statements for the six and three months ended June 30, 2016 the Company published on August 25, 2016 (reference number: 2016-01-110053) (Condensed Interim Consolidated Financial Statements As of June 30, 2016) which is included in this report by way of reference.

Real Estate Asia segment

- In addition to the disclosure of the very material projects in the 2015 annual report, below is a disclosure table with respect to the Company's very material investment property as of September 30, 2016:

**Shopping mall – Galleria Dalian
(Dalian, China)**

(Data according to 100%; Kardan N.V. indirect share in the Property: 100%)	Third quarter 2016	Second quarter 2016	First quarter 2016	2015
Fair value at the end of the period (€ in millions) (*)	237	240	242	250
NOI (€ in millions)	(0.7)	(0.7)	(0.7)	(0.9)
Valuation gains for the period (€ in millions)	-	(0.4)	-	20.9
Average occupancy rate in in the period	73.36%	70.91%	70.3%	66.2%
Average rental rate per sqm. (in €) (**)	8.4	8.2	10.9	10.5
Part of the constructed area for which rental agreements were signed during the period, net (%)	1.24%	2.02%	(0.36)%	10.7%
Part of the constructed area for which rental agreements were signed accumulated (%)	73.40%	72.16%	70.14%	70.5%
Average rent per sqm in contracts signed during the Period, gross (per month) (RMB) (**)	168	78	84	74

(*) The asset functional currency is the RMB .

(**) Represents only basic rent, however, the rental agreements also include a turnover rent element.

(***) Total Income / total Opening Area.

It means that in case of opened shops (mainly anchor tenants) which have not started yet to pay rent and in the future will pay only based on turnover rent (no base rent) they have zero income in the period but their area is included.

Water Infrastructure segment

2. In addition to the disclosure of the very material water infrastructure projects in the 2015 annual report, on October 13, 2016, the Company announced that on October 11, 2016 Tahal Group B.V. ('Tahal'), the Company's (indirectly) wholly owned subsidiary and its partner, ZRB Consulting Finance & Development Limited ('ZRB'), signed the Agreement with Gesterra – Gestao de Terras Araveis S.A., a company owned by the government of Angola for operation and management of a large scale agricultural project in the Quiminha area in Angola. For additional information refer to immediate reports published on October 13, 2016.

Material Financing

3. The following are updates concerning the material credit agreements of the Company and its subsidiaries:

<i>Name of the Loan and the article in the annual report which refers to the loan</i>	<i>Update information</i>	<i>Calculation of financial covenants</i>
Debentures series A section 13.1.4.1a of the annual report	For additional information regarding the debenture holders meeting series A and series B see 6 below.	The coverage ratio of Kardan NV according to financial statements as of 30.9.2016 was 118%.
Debentures series B section 13.1.4.1b of the annual report	<p>On September 2, 2016 the Company early repaid 191,283,932 par value debentures series A and 122,529,093 par value debentures series B. For additional information refer to immediate reports published on August 17, 2016 and September 4, 2016.</p> <p>On November 14, 2016 the Company early repaid 36,113,168 par value debentures series A and 23,132,604 par value debentures series B. For additional information refer to immediate reports published on October 27, 2016 and November 15, 2016.</p>	
Credit facility amounting up to RMB 1 billion (approximately EUR142	-	Total debt to total assets ratio shall be no more than 50%.

million) taken by Kardan Land Dalian Ltd from the investment fund Shenzhen Ping An Da Hua Huitong Wealth Management Co., ('the Fund') in China, article 7.12.5 and 7.17.1.5 of the annual report		As of 30.9.2016 the ratio was 32%.
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General

4. Further to paragraph 6 of part A of the 2015 annual report and to the Substantial events and developments section of the Company's press release for the second quarter of 2016 regarding the Company obligation under the law to promote competition and reduce concentration (the 'Concentration Law') due to the Company being a third layer Company, and to the resignation of Mr. Albert May as a Director, on October 26, 2016, the Company announced it is convening an extraordinary general meeting of shareholders with a proposal to appoint Mr. Max Groen as an independent non-executive director of the Company. For additional information see immediate report published on October 26, 2016. Mr. Groen is expected to meet the definition of an independent director according to the Israeli Companies Law and the Dutch Corporate Governance Code. Therefore with the appointment of Mr. Groen as an independent director the Company will be able to apply the relief regulations¹

5. Further to paragraph 8.13.3 of part A of the 2015 annual report, in relation to the agreement signed by Kardan Financial Services B.V. ('KFS'), a wholly owned subsidiary of the Company, to sell all the shares of TBIF Financial Services B.V. ('TBIF'), to 4finance Holding S.A on October 26, 2016, the Company announced that the final stage of the sale of TBIF was completed after receiving the final adjustment amount from the buyer totaling to €13 million and as a result the removal of the lien in favor of KFS on the shares of TBIF . The total consideration from the sale amounted therefore to €82 million. For additional information refer immediate reports published on October 26, 2016.

6. On October 6, 2016, the general meeting of the debenture holders (series A and series B) of the company rejected the company request to provide a guarantee to its subsidiary Emerging Investments XII B.V. For additional information see immediate report published on September 22, October 5 and October 6 2016.

7. On November 7, 2016 the Company announced it is convening a general meeting of the holders of the debentures (Series A) and (Series B) of the Company. On its agenda is the provision of a guarantee under Section 2: 403 of the Dutch Civil Code to the obligations of its subsidiary Emerging Investments XII.

8. On November 7, 2016, the Securities Authority decided to extend the period for a securities offering under a shelf prospectus of the Company until November 25, 2017. For additional information see immediate report published on November 7, 2016.

¹ It should be clarify that the Company's estimation for being compliance with the Concentration law and the relief regulations is a forward looking information as defined in the Securities law, which depends on factors out of the Company's control, including no change in the composition of the Company's Board of Directors.