

ANNOUNCEMENT

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THIRD QUARTER AND FIRST 9M 2020 RESULTS KARDAN N.V.

Kardan N.V. ('Kardan' or 'the Company') was incorporated in the Netherlands and listed for trading on the Tel Aviv Stock Exchange Ltd. Kardan is engaged, through subsidiaries, in development of real estate and investment real estate activities in China and in water infrastructure activities.

On June 23, 2020, Euronext Amsterdam ('Euronext') approved the Company's request to delist its ordinary shares from trading on Euronext. The delisting took place on August 31, 2020. The Company's shares and debentures remain listed for trade on the Tel Aviv Stock Exchange Ltd.

In addition, the Company will continue publishing material information in English for a period of 6 months from the delisting.

COVID-19

Further to the 2019 annual financial statements, during the reporting period the COVID-19 crisis continued to impact the Company's results. Galleria Dalian's operations, the real estate development segment and the water infrastructure activities (discontinued operations) were all affected and the fair value of Galleria Dalian has accordingly been reduced. For additional information see Note 1C to the interim consolidated financial statements and the result analysis below.

Highlights 9M and Q3 2020:

Following is a summary of net loss attributable to equity holders, by activity. Further information that includes detailed segment analysis can be found further in this report.

Net profit (loss) (In € thousands)	9M 2020	9M 2019	Q3 2020	Q3 2019
Real Estate (development and investment property)	(15,210)	4,483	(11,202)	3,024
Water Infrastructure (discontinued operation)	(26,577)	(34,369)	(13,759)	(22,511)
Other (Avis Ukraine, discontinued operation)	-	1,472	-	-
Total Operations	(41,787)	(28,414)	(24,961)	(19,487)
Holding (Corporate Finance and G&A)	(10,641)	(64,311)	3,765	(26,663)
Total	(52,428)	(92,725)	(21,196)	(46,150)

Kardan N.V.

- 9M 2020: €52.4 million net loss to equity holders (9M 2019: net loss of €92.7 million), is mostly due to the loss of the discontinued operations (Water Infrastructure) as a result of provisions for losses on projects and doubtful debts, impairment of the investment property and interest expenses on the debentures.
- Q3 2020: € 21.2 million net loss to equity holders (Q3 2019: net loss of € 46.2 million).

Real Estate

- 9M 2020: the net loss to equity holders amounted to €15.2 million (9M 2019: net profit of €4.5 million), mainly as a result of a decrease of €19.6 million in the value of the Galleria Dalian shopping mall. The loss was partially mitigated by the profit from deliveries of apartments in the Dalian project and the joint venture projects.
- The COVID-19 pandemic had some impact on the development activities and a more significant impact on the investment property activities. As well as the aforesaid marking down of the value of the mall, a rental discount of €0.8 million in total was granted to tenants, as shops in Galleria Dalian had to be temporarily closed during the lockdown periods in 2020.

Water infrastructure (discontinued operation)

- 9M 2020: the net loss attributable to equity holders amounted to €26.6 million mostly due to provisions for doubtful debts, forfeited guarantees and impairment losses mainly in relation to terminated projects (9M 2019: net loss of €34.4 million which included an impairment of Kardan's investment in TGI of €16 million).
- In September 2020, TGI reached an agreement with its financing banks regarding their continued support of TGI's operations.

- The outbreak of the COVID-19 virus has also impacted the water infrastructure activities. Whilst in a significant number of countries in which it operates, the projects in which TGI is involved continued in full or in part; in some countries the projects stopped completely for a limited period. In addition, the economic crisis following the COVID-19 outbreak impacts the economic activity in some of the countries where TGI is operating. However, TGI's assessment is that its projects in these affected countries will continue albeit at a slower pace than previously estimated. Without derogating from the aforesaid, it should be noted that most of the loss of TGI during the period is due to the termination of projects and delays in the execution of projects due to the financial position of Tahal, which did not allow them to continue.

Other

- The Company did not repay the February 2018, 2019 and 2020 scheduled payments of principal and interest to the Company's Debenture Holders (series A and B). As a result, since February 2018 the Company is in default. Subsequent to the balance sheet date, the Company paid interest to debenture holders series B in the amount of approximately €7.5 million (NIS 29.5 million).

Condensed Consolidated Income Statement Kardan N.V.

(in € thousands)	9M2020	9M 2019	Q3 2020	Q3 2019	12M - 2019
Total revenues	23,150	42,421	7,903	33,155	64,551
Total expenses	(24,239)	(40,607)	(9,794)	(29,175)	(60,396)
Profit (loss) from operations before fair value adjustments and disposal of assets	(1,089)	1,814	(1,891)	3,980	4,155
Loss from fair value adjustments	(19,614)	(131)	(11,903)	(19)	-
Profit (loss) from disposal of assets and investments and other income (expense), net	1,049	-	-	-	(1,555)
Result from operations before finance expenses	(19,654)	1,683	(13,794)	3,961	2,600
Financing expenses, net	(17,394)	(67,362)	1,011	(27,933)	(69,491)
Equity earnings, net	7,130	6,404	2,748	773	14,667
Loss before income tax	(29,918)	(59,275)	(10,035)	(23,199)	(52,224)
Income tax expenses / (benefit)	(4,067)	553	(2,598)	440	727
Loss from continuing operations	(25,851)	(59,828)	(7,437)	(23,639)	(52,951)
Loss from discontinued operations	(26,795)	(34,850)	(14,147)	(22,324)	(35,477)
Loss for the period	(52,646)	(94,678)	(21,584)	(45,963)	(88,428)
Attributable to:					
Net result for equity holders	(52,428)	(92,725)	(21,196)	(46,150)	(83,712)
Non-controlling interests	(218)	(1,953)	(388)	187	(4,716)
	(52,646)	(94,678)	(21,584)	(45,963)	(88,428)
Other Comprehensive income (expense)	(6,130)	(1,278)	(2,095)	(623)	(7,393)
Total Comprehensive expense attributable to Kardan equity holders	(58,558)	(94,003)	(23,291)	(46,773)	(91,105)

Overall summarized review of Q3 and 9M 2020 results

Q3 2020 resulted in a consolidated net loss attributable to equity holders of €21.2 million (Q3 2019: €46.2 million loss), bringing the result for the first nine months of 2020 to a consolidated net loss attributable to equity holders of €52.4 million (9M 2019: €92.7 million net loss).

The loss in 9M 2020 decreased compared to 9M 2019, mainly as a result of lower financing expenses, due to the appreciation of the EUR versus the NIS, and the impact of the Israeli CPI on the Company's debentures. This had a positive impact of €15.2 million in 9M 2020, as opposed to a negative impact of €42.4 million in 9M 2019.

The rental revenues of Galleria Dalian remained stable at €6.7 million in 9M 2020 (9M 2019: €6.7 million), despite rental discounts granted to tenants following the COVID-19 crisis. Combined with lower operating costs, the gross profit of the shopping mall improved to €4.9 million in 9M 2020 (9M 2019: €3.9 million). On the other hand, as a result of COVID-19, an impairment of the value of the shopping mall amounting to €19.6 million was recognized in 9M 2020.

Revenues from the development segment decreased in the 9M 2020 and amounted to €16.4 million (9M 2019 €35.7 million), due to lower handover of apartments in the Dalian project. Despite a lower handover of apartments in the joint venture residential projects compared to 9M 2019, the equity earnings from joint ventures amounted to €7.1 million (9M 2019: €6.4 million), mainly due to a mix of apartments with higher profitability in the period.

Overall, the Real Estate activities reported revenues of €23.2 million in 9M 2020 (9M 2019: €42.4 million), and an operational loss of €8.6 million in 9M 2020, (9M 2019: €12 million). The net result of the Real Estate activities came in at a loss of €15.2 million in 9M 2020 compared to a profit of €4.5 million in 9M 2019, impacted by the impairment of the shopping mall and high financing expenses on the Dalian loan.

Revenues of the water infrastructure activities decreased to €64.8 million in 9M 2020, compared to €117.9 million in 9M 2019, mainly due to delays in projects, resulting from Tahal's financial position. The gross profit decreased significantly compared to 9M 2019 mainly due to provisions for project losses, delays of projects, forfeiture of guarantees as a result of terminated projects, and a mix of projects with relatively lower profitability. SG&A expenses were lower compared to 9M 2019.

In addition, Tahal recorded other operational expense of €20.5 million in 9M 2020, due to provisions for doubtful debts in several projects which were terminated. As noted, due to delays in the execution of projects by TGI (which resulted from the lack of funding sources), this trend may continue in the coming quarters.

Financing income/expenses decreased compared to 9M 2019 and amounted to income of €0.1 million compare to expenses of €6.4 million in 9M 2019, due to the positive exchange rate impact of Euro/USD. The result of the Water Infrastructure activities attributable to equity holders came in at a net loss of €26.6 million in 9M 2020 compared to a net loss of €34.4 million in 9M 2019, which included an impairment on the investment in TGI of €16 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 expense to Kardan N.V.'s shareholders amounted to €58.6 million in 9M 2020 compared to a total comprehensive expense of €94 million in 9M 2019. The other comprehensive expense was mainly a result of the loss in the period.

Equity

Kardan N.V. (company only, in €thousands)	September 30, 2020	December 31, 2019
Total Assets	163,074	294,209
Total Equity	(209,160)	(150,602)
Equity/Total assets (%)	(128.3%)	(51.1%)

The deficit in shareholders' equity of Kardan N.V. increased from a deficit of €150.6 million as of December 31, 2019 to a deficit of €209.2 million as of September 30, 2020, primarily due to the loss in the period.

Negotiations with debenture holders

Since the Company did not repay the principal and interest payments which were due in February 2018, 2019 and 2020, the Company is in default according to the Deeds of Trust as of February 2018. Accordingly, as of March 31, 2018 and until the repayments to the Debenture Holders are rescheduled, the debentures are presented as current liabilities and bear interest in arrears.

Management continues to advance the negotiations with the representatives of the debenture holders and hopes to reach a debt settlement in the coming months. The framework of the debt settlement is based on conversion of a portion of the debt into the Company's shares which will grant the control over the Company to the Debenture Holders. Such settlement is not final and is subject to various approvals, including the approval of Kardan's shareholders in a general meeting and the approval of the Debenture Holders. The Company intends to convene a general meeting of shareholders in the coming weeks and to present the proposed settlement and seek approval on the various actions the Company will need to take, that require the approval of the shareholders. However, as of the date of this report, there is no certainty regarding reaching such agreement, its terms, and/or the date of its approval.

As part of the understanding reached between the Company and the Debenture holders (series A and Series B), in November 2020, as part of the balance payment to debentures series B, the Company made a partial payment of the accrued interest of approximately €7.5 million (NIS 29.5 million).

Covenants

The Company did not meet the debt coverage ratio financial covenant as defined in the Deeds of Trust for the twelfth consecutive quarter.

In addition, as at September 30, 2020 some Group companies (included in the discontinued operation) did not meet certain financial covenants for which waivers have not yet been received from the lending banks. However, in September 2020 these companies reached understandings with the financing banks regarding their continued support.

Financial position and going concern

In their review report as of September 30, 2020, the auditors draw the attention to the existence of a material uncertainty which may cast significant doubts about the Company's ability to continue as a going concern, due to - among others - the Company's inability to meet the February 2018, 2019 and 2020 payments to the Debenture Holders. As mentioned, as at the date of this report, the Company is in negotiations with the Debenture Holders (series A and B) regarding a debt settlement, which will include, amongst others, conversion of debt to equity and transfer of the control of the Company to the Debenture Holders. However, there is no certainty as to the results of these discussions.

For additional information regarding the financial position of the Company, see section 3 of the Report of the Board of Directors regarding the cash flow forecast and Note 1 to the condensed interim consolidated financial statements. In addition, please refer to Notes 1 and 8 to the condensed interim consolidated financial statements of the Company in relation to the financial position of Tahal.

Highlights per activity:

The following is an analysis of the results of the different activities for 9M 2020.

REAL ESTATE

Kardan is active in development and management of Real Estate in China through its 100% indirect subsidiary Kardan Land China Ltd. ('KLC'). In order to better reflect the underlying activities, the Company presents the results of the Real Estate activity as two operational segments: Real Estate - Development and Real Estate - Investment Property. The Real Estate - Investment Property segment only includes the results of operation of the Galleria Dalian shopping mall; the Real Estate - Development segment includes the results of the residential development of the Europark Dalian project as well as the results of residential real estate projects under joint control.

Results

In thousands of Euro	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2020	2019	2020	2019	2019
Real Estate - Development					
Sale of apartments	16,393	35,720	5,681	30,758	55,496
Cost of sales	(15,307)	(30,501)	(6,960)	(26,314)	(47,053)
Gross Profit (loss)	1,086	5,219	(1,279)	4,444	8,443
SG&A expenses	(1,660)	(2,002)	(587)	(893)	(2,889)
Gain (loss) from disposal of fixed assets and investments, net	-	-	-	-	(1,555)
Equity earnings (losses)	7,130	6,404	2,748	773	14,667
Operational profit - Real Estate Development segment	6,556	9,621	882	4,324	18,666
Real Estate - Investment Property					
Rental revenues	6,757	6,701	2,222	2,397	9,055
Cost of rental revenues	(1,863)	(2,831)	(548)	(942)	(3,529)
Gross Profit	4,894	3,870	1,674	1,455	5,526
SG&A expenses	(1,496)	(1,372)	(424)	(391)	(1,497)
Loss from fair value adjustments	(19,614)	(131)	(11,903)	(19)	-
Profit from other income (expense), net	1,049	-	-	-	-
Operational profit (loss) - Real Estate Investment Property segment	(15,167)	2,367	(10,653)	1,045	4,029
Total operational profit (loss) - Real Estate	(8,611)	11,988	(9,771)	5,369	22,695
Other unallocated expense	(1,412)	(1,646)	(437)	(544)	(2,217)
Profit (loss) before finance expenses and income tax	(10,023)	10,342	(10,208)	4,825	20,478
Finance expenses, net	(9,258)	(5,403)	(3,594)	(1,389)	(8,287)
Tax benefits (expenses)	4,071	(456)	2,600	(412)	(653)
Profit (Loss) for the period – attributed to Company's shareholders	(15,210)	4,483	(11,202)	3,024	11,538

Additional information - Kardan Land China

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2020	2019	2020	2019	2019
Operational Information					
Revenue Residential - JV (in €thousands) *	28,441	34,506	8,219	9,923	62,861
Gross profit residential - JV (in €thousands) *	17,259	12,860	4,825	2,560	29,276
Apartments sold in period (a)	626	481	120	165	678
Apartments delivered in period (b)	477	1,084	126	544	1,679
Total apartments sold, not yet delivered (c)	1,024	1,268	1,024	1,268	875

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

(b) In 9M 2020 61 apartments were delivered in the Dalian project compared to 141 apartments in 9M 2019.

(c) KLC's part in the gross profit from apartments sold, not yet delivered is estimated at €23.2 million as of 30 September 2020.

Units sold in the period	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2020	2019	2020	2019	2019
100% owned					
Europark Dalian	51	60	16	38	91
Joint Venture projects*					
Olympic Garden	158	116	58	32	135
Suzy	341	184	16	92	297
Palm Garden	8	1	1	1	2
City Dream	68	120	29	2	153
	575	421	104	127	587
Total	626	481	120	165	678

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

Real Estate – Development

The Real Estate Development segment relates to the residential projects of Europark Dalian and the joint venture residential projects.

In 9M 2020 revenue from the sale of apartments (the handover of apartments in the Europark Dalian project) amounted to €16.4 million (9M 2019: €35.7 million) and was impacted by some decrease in selling prices of the apartments following the COVID-19 crisis. In 9M 2020, 61 units in the C towers of the Europark Dalian project were delivered, a decrease compared to 141 units in 9M 2019.

In Q3 2020, as a result of an impairment to the value of car parks inventory of €1.7 million, a gross loss was recorded in the period, compared with a gross profit in Q3 2019. In 9M 2020, a gross profit was recorded in the development segment.

SG&A expenses decreased to €1.7 million compare to €2 million in 9M 2019 which included activities mainly relate to the C towers in the Europark Dalian project.

‘Equity earnings’ (the result of the residential activities from joint venture projects) increased and contributed a profit of €7.1 million in 9M 2020 compared with a profit of €6.4 million in 9M 2019, despite the lower number of apartments delivered in the period. The increase is mostly due to deliveries of apartments with a relatively higher profitability rate. Revenue of the residential joint venture projects in 9M 2020 amounted to €28.4 million (9M 2019: €34.5 million). Despite the COVID-19 crisis, during the first nine months of 2020 interest remained strong and materialized in a relatively high number of apartments sold in most of the Group’s residential joint venture projects.

The gross profit from operations of the Real Estate development segment decrease from €5.2 million in 9M 2019 to €1.1 million in 9M 2020, as a result of, among other things, the impairment of car parks in the residential project in the third quarter of 2020, referred to above.

The total number of units in inventory increased from 1,794 as at December 31, 2019 to 1,844 as at September 30, 2020.

The number of unsold units in inventory (including the inventory of joint venture projects) decreased to 820 as at September 30, 2020 (919 as at December 31, 2019). The percentage of unsold units for which construction was completed as at September 30, 2020, slightly decreased to 27% (34% as at December 31, 2019).

Following the COVID-19 crisis, management estimated, taking into account sales after balance sheet date, that no impairment of the value of the apartment inventory in any of the residential projects was required except for the abovementioned impairment of car parks in the amount of €1.7 million.

Real Estate – Investment Property

The Real Estate Investment Property segment relates to the results of operation of the Galleria Dalian shopping mall.

Revenues of the Investment Property segment increased slightly to €6.8 million in 9M 2020 (9M 2019: €6.7 million), despite rental discounts in a total amount of €0.8 million, granted to tenants in 9M 2020 following the COVID-19 crisis. The discounts, amounting to €0.8 million, are spread over the term of the relevant lease.

The gross profit increased significantly from 58% in 9M 2019 to 72% in 9M 2020 due to actions taken by the management to reduce operating expenses.

SG&A increased slightly from €1.4 million in 9M 2019 to €1.5 million in 9M 2020, mainly due to additions to the bad debts provision, as a result of the impact of the COVID-19 crisis.

Due to the restrictions imposed by the authorities in China following the outbreak of COVID-19, shops had to be temporarily closed during the lockdown periods, which resulted in a sharp decrease in the footfall and sales mostly in Q1 2020, after which the operation of the mall was gradually resumed. As of the date of this report, there are no closed shops as a result of the COVID-19 outbreak. In October and November 2020 (until the date of this report), the number of visitors and the sales turnover of the shopping mall exceeded their rates in the comparable periods in 2019.

In light of the COVID-19 crisis, the Company gradually updated the valuation of the shopping mall compared to December 31, 2019. This resulted in an accumulated impairment of €19.6 million in 9M 2020. The impairment is mainly reflecting a higher weight to the DCF method over the comparison method, due to the lack of sufficient comparable transactions due to COVID-19, as well as changes in relevant input parameters such as estimated rental income, expected renewal rate of agreements with existing tenants, the expected growth rate and the exit capitalization rate.

Following the above, the result of operations of the Investment Property segment came in at a loss of €15.2 million in 9M 2020 (9M 2019 €2.4 million profit).

The value of the investment property amounted to €190.3 million as per 30 September 2020 compared to €214.6 million at year-end 2019. The decrease in value included a negative impact of €4.8 million as a result of the depreciation of the RMB versus the EUR (9M 2019: positive impact of €2.6 million), in addition to the abovementioned impairment.

Real Estate - Total

Overall, the Real Estate activities reported an operational loss of €8.6 million in 9M 2020 compared to a profit of €12 million in 9M 2019.

'Financing expenses, net, amounted to €9.3 million, compared to €5.4 million in 9M 2019. The financing expenses mainly include interest expenses related to the Europark Dalian project loan (which was partially early repaid in the third quarter of 2019 and the end of the second quarter of 2020), as well as a negative foreign exchange impact of €1.5 million, compared with a positive foreign exchange impact of €0.5 million in 9M 2019.

Tax expenses / benefit in 9M 2020 amounted to a benefit of €4.1 million as a result of the change in deferred tax liabilities related to the value of the investment property (9M 2019: €0.5 million tax benefit).

Net profit / loss in 9M 2020 amounted to €15.2 million loss (9M 2019: €4.5 million profit).

Loans – The project loan amounted to €95 million as of December 31, 2019 and was presented at that date as a current liability, since its contractual repayment date was set to November 2020. In June 2020, KLC made a partial early repayment of the Dalian loan in the amount of RMB 90 million (€11.5 million). Following this repayment, the outstanding loan balance amounts to RMB 651 million (approximately €82 million).

In September 2020, KLC signed an agreement for the extension of the loan period for one year. During 2021, KLC is obliged to make gradual repayments amounting to approximately RMB 132 million (€17 million). The remaining balance of the loan is set to be repaid on November 5, 2021.

Additional balance sheet information - Kardan Land China

	2020 (30.9)	2019 (31.12)
<i>(in €thousands)</i>		
Real Estate – Development		
Share of investment in JVs	40,613	47,168
Inventory	27,388	41,728
Real Estate – Investment Property		
Investment Property	190,265	214,577
Cash & short-term investments	33,176	36,619
Total Assets	340,237	386,677
Loans and Borrowings	81,734	95,029
Advance payments from buyers (Real Estate – Development)	1,660	4,657
Total Equity	208,137	226,221

WATER INFRASTRUCTURE (TGI) - Discontinued operation

The results of Tahal Group International B.V. ('TGI' or 'Tahal'), Kardan's water infrastructure company, are presented under 'Profit (loss) from discontinued operation - TGI'.

TGI focuses on executing water related, agricultural and environmental projects worldwide in Africa, Central and Eastern Europe, Asia and in other regions.

In thousands of Euro

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2020	2019	2020	2019	2019
Contract revenues	64,771	117,936	16,528	39,122	152,844
Contract cost	(62,930)	(110,459)	(14,639)	(40,075)	(145,524)
Gross profit (loss)	(1,841)	7,477	1,889	(953)	7,320
SG&A expenses	(6,998)	(9,044)	(922)	(3,494)	(11,627)
Share of profit (loss) of investments accounted for using the equity method	(447)	935	(243)	3,320	1,028
Other operational expenses	(20,535)	(13,891)	(15,998)	(3,738)	(21,877)
Result from operations before financing expenses	(26,139)	(14,523)	(15,274)	(4,865)	(25,156)
Financing expenses, net	70	(6,356)	3,404	(3,072)	(5,476)
Income tax (expenses) / benefit	(1,904)	541	(1,063)	(402)	(5,139)
Net result of water infrastructure activities	(27,973)	(20,338)	(12,933)	(8,339)	(35,771)
Adjustments to investment in TGI	1,178	(15,985)	-	(13,985)	(1,178)
Net result	(26,795)	(36,323)	(14,147)	(22,324)	(36,949)
Attributable to:					
Equity holders (Kardan N.V.)	(26,577)	(34,369)	(13,759)	(22,511)	(32,233)
Non-controlling interest holders	(218)	(1,954)	(388)	187	(4,716)
	(26,795)	(36,323)	(14,147)	(22,324)	(36,949)

Additional Information Water Infrastructure	2020	2019
	(30.9)	(31.12)
<i>Balance sheet (in €thousands)</i>		
Cash & short-term investments	7,050	11,653
Total Assets	120,228	183,523
Net debt	(49,031)	(49,363)
Equity attributable to equity holders (Kardan N.V.)	(29,151)	0
Equity/Assets	(24%)	0%

In 9M 2020, TGI presents a loss attributable to equity holders in the amount of €26.6 million compared to a loss of €34.4 in 9M 2019 mainly due to its financial position. In order to finance its operations, TGI has utilized short term credit lines amounting to approximately US\$ 63 million from banks and performance guarantees for projects of US\$ 85 million. Due to its financial position, TGI had to extend those credit lines until December 2020. As of the date of this report, one credit line of US\$ 25.6 million was extended until 31 December 2020. The remaining credit lines exceeded their credit limits. This situation imposes difficulties for TGI to make payments to various suppliers - which caused delays in the execution of projects and an exposure to forfeiture of guarantees.

During 2020 TGI conducted ongoing negotiations with its financing banks regarding a restructuring of its debt in parallel with its efforts to reorganize and improve its operations, allowing TGI to return to a solid financial performance. This plan includes support in the form of a facility consisting of guarantees required to advance projects and cash credit line to support TGI's working capital.

In September 2020, the banks approved a framework, according to which the Tahal Group will operate within the credit lines existing as of the date of the framework. According to the said framework, TGI received a total of approximately €3.8 million from the proceeds of the sale of the subsidiary Palgey Maim and a performance guarantee in the amount of €4.8 million for a new project. The agreements with the banks do not include providing support for TGI's operations in India. There were no further changes to the terms of the credit lines.

In light of its financial position, TGI sold its subsidiary Palgey Maim in September 2020 as well as its projects in Zambia. For additional information regarding TGI's financial position refer to Note 8 to the Q3 condensed interim consolidated financial statements of the Company.

Revenues of the water infrastructure activities decreased in the first nine months of 2020 to €64.8 million compared to €117.9 million in 9M 2019, mainly due to delays in projects in India and Europe due to the financial position of Tahal.

The gross margin decreased from 11% in 9M 2019 to 3% in 9M 2020 following delays in projects and provisions for losses mainly on terminated projects.

Other operational expense amounted to €20.5 million in 9M 2020, compared to an expense of €13.9 million in 9M 2019. These expenses included a provision for doubtful debts and impairments. As a result, the operational loss amounted to €26.1 million in 9M 2020 compared to an operational loss of €14.5 million in 9M 2019.

Financing income/expenses amounted to an income of €0.1 million in 9M 2020 compare to an expense of €6.4 million in 9M 2019, due to a positive impact of exchange rate Euro/USD in the period. Finance expenses are mostly due to interest expenses on utilization of credit lines.

Over the first nine months of 2020 the water infrastructure activities generated a negative cash flow from operating activities of €7.6 million.

As of September 30, 2020, TGI presented a shareholders' deficit mainly due to the result in the period.

CORPORATE HOLDING AND OTHER

In thousands of Euro

	For the nine month ended September 30,		For the three month ended Septemebr 30,		For the year ended December 31,
	2020	2019	2020	2019	2019
Corporate expenses:					
General and administration expenses	(2,501)	(2,255)	(838)	(91)	(3,211)
Financing income (expense), net	(8,140)	(61,960)	4,603	(26,545)	(61,204)
Income tax expenses	-	(97)	-	(28)	(74)
	(10,641)	(64,312)	3,765	(22,664)	(64,489)
Other activities:					
Equity earnings (Avis Ukraine - discontinued operations)	-	1,473	-	-	1,473
	-	1,473	-	-	1,473

Corporate expenses:

G&A expenses in 9M 2020 increased to €2.5 million compared to €2.3 million in 9M 2019. Excluding a one-time income from a reversal of a provision amounting to €0.7 million in 2019, a decrease in G&A expenses was recorded in 9M 2020, mainly due to the decrease in consulting expenses and saving in other expenses due to the COVID-19 crisis.

Financing expenses decreased to €8.1 million in 9M 2020, compared to €62 million in 9M 2019 mainly due to net positive impact of foreign currency exchange differences and Israeli CPI in 9M 2020 compared to 9M 2019. The net positive impact of foreign exchange differences and the Israeli CPI on the Company's debentures, which are denominated in NIS, was €15.2 million in 9M 2020 (9M 2019: €42.4 million negative).

Other activities

Other activities consisted of equity earnings from the Company's holding in Avis Ukraine joint venture. Following the completion of the sale transaction of the Company's holding in Avis Ukraine in Q1 2019, a gain of €1.4 million was recorded.

DISCLAIMER

This report contains forward-looking statements and information, for example concerning the financial condition, results of operations, businesses and potential exposure to market risks of Kardan N.V. and its group companies (jointly “Kardan Group”). All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements (including “forward looking statements” as defined in the Israeli Securities Law). Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. These forward-looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “objectives”, “outlook”, “probably”, “project”, “will”, “seek”, “target”, “risks”, “goals”, “should” and similar terms and phrases. A variety of factors, many of which are beyond Kardan Group’s control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of Kardan Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For Kardan Group, particular uncertainties arise, amongst others but not limited to and not in any order of importance, (i) from dependence on external financing with the risk that insufficient access to capital threatens its capacity to repay its debts, grow, execute its business model, and generate future financial returns (ii) from concentration of its business in Central Eastern Europe, Africa, India and China as a result of which Kardan Group is strongly exposed to these particular markets (iii) from risks related to the financial markets as a result of Kardan N.V.’s listings on the Tel Aviv Stock Exchange (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 (v) from the impact of the COVID-19 crisis (vi) from the inability to finalize the negotiations TGI is conducting with its financing banks and (vii) from any of the risk factors specified in Kardan N.V.’s Annual Report published in April and in the related “Periodic Report” (published by Kardan N.V. in Israel), and which is also available at the Kardan website. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Kardan N.V. does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

About Kardan

Kardan identifies and develops assets in promising emerging markets, mainly in Asia (predominantly China), Africa and selected CEE and CIS countries. Its activities are mainly focused on two sectors that benefit from the rising middle class: Real Estate and Water Infrastructure. Company headquarters are in the Netherlands. Kardan aims at holding controlling interests in its investments and is actively involved in the definition and implementation of their strategy through its local business platforms. Total consolidated assets as of September 30, 2020 amounted to €430.8 million.

Kardan is listed on the Tel Aviv Stock Exchange.

The Directors’ Report including the condensed interim consolidated financial statements, drawn up in line with IFRS and Israeli regulations, are presented in a separate document and form an integral part of this announcement.

Part B – Report of the Board of Directors
Financial position
**1. Following is a summary of Kardan N.V.'s consolidated balance sheet
(in EUR thousands)**

	September 30, 2020	September 30, 2019	December 31, 2019	Notes
Current assets	197,524	308,891	279,369	The decrease as of September 30, 2020 compared to December 31, 2019, is mainly due to: (1) decrease in assets Held-For-Sale in light of the results of the water infrastructure operations and the decrease in the volume of its operations; (2) decrease in cash and short term investments mainly in China (mostly due to partial early repayment of a loan) offset by dividends received from joint venture companies; (3) decrease in apartments inventory due to delivery of apartments in Europark Dalian project.
Non-current assets	233,278	261,427	264,006	The decrease in non-current assets as of September 30, 2020 compared to December 31, 2019 is mainly due to the devaluation of the investment property in the period and the decrease of the investment in joint venture companies in light of the distribution of dividends in the period.
Total Assets	430,802	570,318	543,375	
Debentures (principal only)	286,098	305,702	298,913	The decrease as of September 30, 2020 in current maturities of debentures compared to December 31, 2019 is due to positive FX and CPI impact.
Short-term interest bearing loans and borrowings	28,863	10,780	95,029	The decrease as of September 30, 2020 compared to December 31, 2019 is due to classification of part of the loan as long-term following the extension of the loan agreement in China.
Other current liabilities	278,447	313,809	295,319	The decrease as of September 30, 2020 compared to December 31, 2019 is mainly due to decrease in advances from apartment buyers due to deliveries of apartments in the period and the decrease of advances from costumers, trade payables and contract work liabilities in the water infrastructure activity (presented as Held-For-Sale), partially offset by the increase in other payables.
Total current liabilities	593,408	630,291	689,261	
Long term Interest-bearing loans and borrowings	52,871	84,919	-	The increase as of September 30, 2020 compared to December 31, 2019 is due to classification of part of the loan as long-term following the extension of the loan agreement in China.
Other non-current liabilities	2,006	5,994	6,837	The decrease as of September 30, 2020 compared to December 31, 2019 is mainly due to the decrease in deferred taxes in light of the devaluation of the investment property in the period.
Total non-current liabilities	54,877	90,913	6,837	
Equity (deficit) attributable to equity holders of the parent	(209,160)	(153,500)	(150,602)	The increase of the deficit compared to December 31, 2019, is due to the result for the period, which is mostly due to interest expenses (including interest in arrears) on the Company's debentures, devaluation of the investment property and the loss of the water infrastructure activity.

2. Cash Flow Statement analysis (in EUR thousands)

	9M 2020	9M 2019	Q3 2020	Q3 2019	FY 2019	Notes
Net cash provided by (used in) operating activities	(630)	(40,062)	8,993	8,821	(41,514)	<p>Cash flow from operating activities includes the following:</p> <p>In 9M 2020, €4.9 million were generated from changes in operating assets and liabilities, net. Finance expenses and impairment loss of the investment property were partially offset by the profit for the period from companies accounted for using the equity method; €7.6 million is negative cash flow from operating activities used in discontinued operations. In addition, during the period, €8.1 million were used for interest payments in China and dividends in the amount of €12.7 million were received in China.</p> <p>In 9M 2019, €79 million were generated from changes in operating assets and liabilities, partially off-set by financial expenses and exchange differences and the Company's share of profit of joint ventures in China. In addition, €33 million were used for interest payments and €10 million is negative cash flow from operating activities used in the discontinued operations.</p> <p>In 2019, changes in receivables and payables, net, generated €1 million, and finance expenses and exchange differences were partially offset by the Company's share of profit of joint ventures in China; €13 million is negative cash flow from operating activities used in the discontinued operation. In addition, during the period, €36 million were used for interest payments.</p> <p>For details regarding the Company's plan, see Section 3 (Cash Flow Forecast) below.</p>
Net cash provided by (used in) investing activities	4,146	21,988	1,950	(3,494)	25,863	<p>In 9M 2020 €4 million were generated from investment activity of the discontinued operation, mainly including proceeds from sale of an associate in the amount of €1.8 million and proceeds from sale of a subsidiary in the amount of €2.4 million.</p> <p>In 9M 2019 €12.6 million were mainly generated by the proceeds from the sale of the investment in Avis and €7 million were generated from changes in short term deposit.</p> <p>In 2019, €12.6 million were mainly generated by the proceeds from the sale of the investment in Avis Ukraine, €9 million were generated from changes in short term deposit, €1.1 generated from collection of loan, and €3 million were generated from investment activity of the discontinued operation.</p>
Net cash provided by (used in) financing activities	(12,136)	(12,487)	(3,143)	(6,348)	(10,845)	<p>In 9M 2020 €11.5 million were used for a partial early repayment of a loan in China and €0.6 million were used in the water infrastructure activity (discontinued operation).</p> <p>In 9M 2019 €4 million were generated from changes in short term credits in the water infrastructure activity, €12 million were used for the partial repayment to the Debenture Holders, and €6 million were used to repay loans in the real estate activities.</p> <p>In 2019, €5 million were generated from changes in short term credits in the water infrastructure activity, €12 million were used for the partial repayment to the Debenture Holders, €6 million were used to repay loans in the real estate activities, and €3 million were generated from the release of a pledged deposit.</p>

Kardan finances its operations by the Company's debentures, the sale of assets and receipt of dividends from subsidiaries (for details, see also section 3 below regarding cash flow forecast). The subsidiaries' activities are being financed by equity, credit provided by banks and other financial institutions, loans from the parent company, and proceeds from the sale of apartments in the Real Estate activities. For details regarding credit balances as of the balance sheet date refer to Section 1 above.

The average balance of short-term and long-term loans as at September 30, 2020 amounted to €355 million and €26 million, respectively, compared to €306 million and €86 million, respectively, as at September 30, 2019. It is noted that the balance of short-term loans refers to current maturities of long-term loans and debentures classified as current liabilities. The balances do not include outstanding loan balances of the discontinued operations.

The average balance of trade receivables and trade payables in 9M 2020 is €6 million and €1.9 million, respectively, compared to €7.5 million and €2.9 million, respectively, in 9M 2019. The balances do not include outstanding trade receivables and payables of the discontinued operations.

3. Cash Flow Forecast

The audit opinion of the external auditors as of June 30, 2020, includes a mandatory emphasis of matter regarding the ability of the Company to continue as a going concern (see also Note 1B to the consolidated IFRS financial statements). In addition, the Company presents in its financial statements as at June 30, 2020 an equity deficit, a negative working capital on a consolidated and stand-alone basis and a continuing negative cash flow from operating activity. These are considered "warning signs" as defined in Regulation 10 (b) (14) of the Israeli Securities Authority regulations. Therefore, the Company provides a cash-flow forecast (stand-alone) for a period of two years as starting October 1, 2020.

As announced by the Company, payments to the Debenture Holders that were scheduled for February 2018, 2019 and 2020 were not paid on time and were not paid by the date of this report. In 2018 and beginning of 2019, the Company was conducting negotiations with the Debenture Holders rescheduling of the repayments, and reached principle agreement with the trustees of Debenture Holders (series A and B) (as announced by the Company in October 2018). However, the trustees later announced they wish to place a hold on the negotiations on a final debt settlement until Tahal's financial situation and the transaction for sale of and/or investment in Tahal were clarified.

On April 30, 2019 the meetings of Debenture Holders series A and B approved balance payment principles according to which, Debenture Holders (series B) will be entitled to the full amounts paid by the Company until the repayment of the balance payments is completed. Accordingly, the Company transferred NIS 145 million to Debenture Holders B trustee for the purpose of making partial balance payments to Debenture Holders series B. The payment was made on June 3, 2019. On November 10, 2020 the Company made another payment in the amount of NIS 29.5 million.

On September 24, 2019, the Company approached the Debenture Holders with a proposal to negotiate the terms of a new debt settlement which would be based on the conversion of a portion of the Company's debt into shares which, after the issuance, would constitute the majority of the Company's shares. According to the Company's proposal, the Company will continue to realize its assets under the management of the Company's Board of Directors, which may include new Directors appointed on the recommendation of the Debenture Holders. For additional information, see announcement issued by the Company on September 24, 2019. To this date the Company is in advanced negotiation for a debt settlement with the Debenture Holders (series B), based on the aforesaid principles.

In accordance with the notice of the representative of the trustee, on November 8, 2020, the trustee submitted to the court an application for exemption from appointing an expert in connection with the said debt settlement. On November 17, 2020, the Chief Receiver presented his position on the request.

Until reaching a final settlement, the Company and the trustees are acting in accordance with the resolutions made by the Debenture Holders in May 2019 regarding the balance payments to Debenture Holders (series B). Accordingly, the following cash flow forecast assumes that the Company will make repayments solely from funds it will receive.

It should be emphasized that in light of the fact that the an agreement with the Debenture Holders has not yet been approved, it is possible that the final agreement to be approved by the assemblies of the Debenture Holders will be different than the resolution of the assemblies of the Debenture Holders from May 2019, according to which this cash-flow forecast was prepared. Such change would impact the sources detailed in the cash flow forecast, and the amounts to be paid to the Debenture Holders.

It should be noted that the Company's payments sources for repayment to the debenture holders are from its subsidiaries. Accordingly, it should be emphasized that among other things, in light of the outbreak of the COVID-19 virus, there may be a significant impact on the ability of the subsidiaries to sell assets and transfer funds to the Company. Therefore, the Company emphasizes that the assumptions used by the Company in deriving the cash flow forecast should be read carefully with the above comments in mind.

Forecast cash flow (EUR million)	October 1, 2020 - December 31, 2020	January 1, 2021 – December 31, 2021	January 1, 2022 – September 30, 2022
Cash and cash equivalents at the beginning of the period	2.5	2.7	2.8
From operating activities			
General and administrative expenses	(0.6)	(2.4)	(1.5)
From investing activities			
Sale of shares and holdings in a subsidiaries and joint ventures (3) – (4)	-	-	-
Receipt of dividend (5)- (6)	7.5	5.5	-
Loan repayment (7)	0.8	-	-
Total Resources	10.2	5.8	1.3
From financing activities (8) – (12)			
Principal and interest payment of debentures – Series A	-	-	-
Principal and interest payment of debentures – Series B	(7.5)	(3.0)	-
Total Uses	(7.5)	(3.0)	-
Cash and cash equivalents at the end of the period	2.7	2.8	1.3

Main Assumptions to the Cash Flow Forecast

1. The cash flow forecast was prepared according to the assumption that the debt settlement to be approved by the assemblies of the Debenture Holders will be in line with the Company's proposal from September 2019 and the resolutions of the Debenture Holders from May 2019 regarding the balance payments to Debenture Holders (series B). Accordingly, the uses in cash flow forecast are based on the assumption that all payments made to the Debenture Holders will be made as early repayments only from funds which will be received by the Company.
2. The cash flow forecast has been jointly prepared for Kardan NV (company-only) and its wholly owned subsidiaries GTC Real Estate Holding BV, Kardan Financial Services BV, and Emerging Investments XII BV, as the treasury of these companies is centralized. With respect to limitations regarding the transfer of funds between the companies, see note 12 below.
3. The following are assumptions, comments, and reservations in relation to the Company's estimations regarding the future cashflow from investing activity:
 - a. As detailed in various reports of the Company, the Company has been making efforts to sell its holdings in TGI for some years, with a view to using the funds received from the sale to repay part of the debentures. In light of TGI's performance in the last period, the heavy losses in the reporting periods, which include material provisions for the impairment of various projects and debts, termination of projects and forfeiture of guarantees, the negative cash flow and delays in TGI's projects, the Board of Directors of the Company concluded that, at present, the strengthening the financial position of TGI is required (among others, by the sale of certain assets of TGI that will be used to repay its debt to the banks). As of the date of this report, the Company focuses on the stabilization of TGI and, to the extent possible, locating an investor to purchase a stake in TGI in return for a capital investment in TGI. The cash flow forecast assumes that no payment will be received from TGI or as a result of the sale of the Company's holdings in TGI. For details regarding the financial position of TGI, see Note 8 to the Q3 financial statements.
 - b. As of the date of this report, the Company is not conducting negotiations regarding the sale of its holdings in KLC. However the Company is conducting discussions from time to time regarding the sale of KLC's assets apart from its ongoing business of selling apartments. The cash flow forecast therefore does not assume the receipt of proceeds from such transaction.

4. Generally, **uncertainty is inherent in a forecast of sales of assets, mainly due to dependence on third parties, inter alia, due to: the need to find potential buyers and to reach agreements with them regarding the terms of the transaction, the need to receive relevant approvals, the Company's need to obtain the approval of the Debenture Holders to the transactions, and the need of potential buyers to reach agreements with financing parties in order to obtain funding for such acquisitions. Accordingly, readers of this cash flow forecast must take these facts into account when assessing the Company's probability of meeting the cash flow forecast.**
5. The 'dividend distribution' line assumes dividends, which will be received in KLC from Lucky Hope companies. Dividend in the amount of €7.5 million that is included in Q4 2020 in the above cashflow forecast was received de facto by the Company in October 2020 and was used for the payment of interest to the Debenture Holders (series B) as mentioned in the beginning of this section. It is noted that as of the date of this report, no decision has been made in Lucky Hope companies regarding distribution of a significant amount of dividends beyond profit distributions that are made from time to time and accordingly, such decision has not been made by KLC. The assumption of the receipt of such dividends is in line with the assumptions regarding the results of the projects carried out by Lucky Hope companies' policy except for Kardan Dalian's debt (which KLC guarantees). As of the date of this report, the Company is not aware of any restrictions that may raise reasonable doubt regarding the distribution of such dividends by KLC.
6. It should be emphasized that this cash flow forecast is based on the forecasted operational results of KLC, which assumes certain assumption regarding the impact of the COVID-19 crisis on its operations. Should the impact of the crisis be greater, the dividend amounts would decrease significantly. For additional information regarding COVID-19 impact see Note 1C to the interim consolidated financial statements.
7. Within the framework of the sale agreement of AVIS Ukraine, it was determined that loans provided by KFS to AVIS Ukraine will continue to stand in force and be repaid according to the loan agreement, and that AVIS Ukraine will provide collateral to secure repayment of these loans. As of the date of this report, the outstanding balance of the loans amounts to €0.8 million and the loans are repaid in quarterly installments until December 2020.
8. **As noted above, the cash flow forecast was prepared assuming that the settlement approved by the assemblies of the Debenture Holders will include payments to the Debenture Holders solely from funds received by the Company. Accordingly, it is assumed that future payments to the Debenture Holders will be made as early repayments out of funds received by the Company, according to the resolution of the Debenture Holders.**
9. **It should be emphasized that, apart for the payment of interest made on November 10, 2020, as at the date of this report, the Company does not have the sources to make repayments to the Debenture Holders which are, as aforesaid, expected to be received from dividend distribution from subsidiaries and from the future realization of assets. In addition, there is no certainty that the debt settlement approved by the assemblies of the Debenture Holders will be in-line with the principles laid in the basis of this cash flow forecast. In addition, we draw attention to the equity deficit of the Company, which may indicate the inability of the Company to fully repay its debt to the Debenture Holders.**
10. **The cash flow forecast does not include interest in arrears resulting from failure to meet the repayment dates set out in the Deeds of Trust and deferment of payments to the Debenture Holders, in light of the assumption that the payments to the Debenture Holders will be made according to agreements between the Company and the Debenture Holders trustees and will not include interest in arrears. In addition, the cash flow forecast does not include early repayment costs, among others, in light of the fact that the Company does not have sufficient details regarding the outstanding balance of the Company's debt towards the debenture holders after the debt-to-equity conversion (which would impact the amounts of early repayments), and that as of the date of this report the Company is unable to estimate the date of the repayments to the Debenture Holders and therefore, is unable to calculate the amount of interest in arrears and the early repayment costs that it will be required to pay. It is possible that the Debenture Holders' assemblies will not approve an arrangement based on these principles and in that case the Company will also be required to pay interest in arrears.**
11. The interest calculations are based on the Israeli CPI, exchange rates and interest rates which are applicable as of June 30, 2020, and as aforesaid, do not include interest in arrears. A change of 5% in the Euro/NIS rate will lead to a change of approximately €17.1 million to the outstanding balance of the debentures (principal and interest) as of June 30, 2020. In addition, a deterioration of the financial position of KLC (amongst others,

due to COVID-19 crisis), could mean that KLC will not have financial resources to pay dividends to the Company.

12. Restrictions on transferring funds:

Transfer of funds between Kardan NV, GTC RE, Emerging Investments XII, and KFS is mostly done through intercompany loans or distribution of dividend or capital reserves as permitted by Dutch law¹. For details regarding the limitations that apply on KLC, refer to section 7.6.8.7 to part A of the 2019 Israeli Annual Report. For information regarding the restrictions on transferring funds between Kardan NV and TGI, refer to section 8.18 of the 2019 Israeli Annual Report. It should be noted that under certain conditions, a capital distribution is allowed according to the Dutch law, even when the distributable reserves are insufficient.

Breakdown of distributable reserves according to Dutch law and intercompany loans balances is as follows:

Subsidiary	Distributable reserves as of 30.09.2020	Intercompany loan as of 30.09.2020
(EUR million)		
GTC RE	129.3	2.7
KFS	-	(12.7)
Emerging	2.7	-

13. This estimate regarding the sources of cash in this forecast is forward looking information as defined in the Israeli Securities Act, 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 market changes (including changes in foreign currencies and CPI), failure to reach an agreement with the Debenture Holders regarding the terms of the debt settlement, the disapproval of the debt settlement with the Debenture Holders, changes in the principles of the debt settlement and the principles of the debt settlement which were used in the basis of the preparation of the cash flow forecast, difficulties in raising credit, decrease in value of investments, change in cash amounts expected to be received from affiliated companies, continuation of the COVID-19 crisis etc. The Company, being a holding company, is generating cash flows from its investee companies mainly through dividend distributions and repayments of shareholder loans or through the realization (in part or in full) of its stakes in the investee companies. The generation of such cash flows may at times be subject to factors which are out of the control of the Company (such as the need to obtain third parties consent, foreign currency exchange, market prices of assets, risk factors of the company, the impact of the COVID-19 virus and more). It may also be the case – as it is with the distribution of dividends – that such cash flows sources are dependent on resolutions to be taken by the relevant organs in those companies. For details regarding the risk factors which are relevant to the cash flow forecast, refer to sections 7.20, 8.26, and 20 of part A of the 2019 Israeli Annual Report. Due attention should be given to the risk factors, which should be read together with the cash flow forecast. It should be noted that in case one or more of the underlying assumptions upon which the cash flow forecast was based fail to materialize, it might result in the inability of the Company to fulfill its obligations in accordance with the Debt Settlement.

4. Financial situation Kardan Group as of September 30, 2020

Net debt (*)

The Company	Financial debt net	
Kardan NV/ GTC RE/ Emerging Investments XII	Liabilities:	
	Debentures (**)	(338.1)
	Liabilities short term	(1.8)
	Assets:	
	Cash and short-term investments	1.5
	Net debt	(338.4)

(*) net financial debt includes liabilities for interest bearing loans and debentures net of cash and cash equivalents and interest bearing loan receivables.

(**) Not including interest in arrears.

5. Material loans and credits

For details regarding material loans and credits in the Group, see section 12.1, 7.6.8.6, and 8.18 to part A of the Israeli Annual Report 2019, and the update part attached to this report.

6. Main events in the period and subsequent events

Kardan NV

- For information regarding the results of the 2019 annual meeting of the Company's shareholders, on which it was decided among others: to adopt the 2019 financial statement, to appoint external auditors to the Company and to approve the remuneration plan, refer to the announcements issued by the Company on June 30, 2020.
- For information regarding the announcement of the Tel-Aviv stock exchange ('TASE'), according to which the Company's shares will continue to be traded in the list of low-traded securities, refer to the announcement issued by TASE on July 23, 2020.
- For information regarding the approval of the Company's request to delisting its shares from the Euronext Amsterdam stock exchange, refer to the announcement issued by the Company on June 23, 2020.
- For information regarding the approval received from the EURONEXT to postpone the delisting of the Company's ordinary shares from trade in the Amsterdam stock exchange, to August 31, 2020, refer to the announcement issued by the company on July 23, 2020.
- For information regarding the sale agreement of Palgei-Maim (a subsidiary of TGI), refer to the announcement issued by the Company on August 6, 2020.
- During the period, stakeholders of the Company sold part of their holdings in the Company's shares in the stock exchange. For more information refer to the announcements issued by the Company on July 7, August 2, August 3, August 10, August 16 and August 28, 2020.
- For information regarding the transfer of the Company's Debentures (Series A and Series B), held by the Company's subsidiaries, to the Company, without consideration, for the purpose of their cancelation, refer to the announcements issued by the Company on August 12 and August 16, 2020.
- For information regarding a senior official holder (Ariel Hasson - CEO) who has ceased to hold office and the appointment of a senior official holder (Guy Elias - CEO), refer to the announcements issued by the Company on September 8, 2020.
- For information regarding the sale of Tahal rights in an agricultural project in Zambia, refer to the announcements issued by the Company on September 9, 2020.
- For information regarding the completion of the transaction for the sale of Palgay Maim by TAHAL, refer to the announcements issued by the Company on September 17, 2020.
- For information regarding the extension agreement signed by of KLC, regarding the extension of Huarong loan in a total amount of 606 million RMB for a period of up to an additional year, refer to the announcements issued by the Company on September 29, 2020.
- For information regarding the transfer of NIS 29.5 million to the trustee of the Debenture Holders (Series B), for the purpose of making an interest payment, refer to the announcement issued by the Company on October 19, 2020.
- For information regarding interest payment to the Debenture Holders (Series B), in the total amount of NIS 29.5 million, refer to the announcement and corrective announcement issued by the Company on October 27 and November 1, 2020.

7. Corporate Governance Aspects

Directors with financial knowledge

Kardan N.V. is incorporated pursuant to the laws of the Netherlands and is not subject to the Israeli Companies Law. Therefore, it does not appoint external directors and is not obliged to appoint directors who possess accounting and finance expertise. However in accordance with Kardan NV articles of association, there are decisions that the Board of Directors need to take in a special procedure that requires, among others, the agreement of the independent directors present, as defined in the articles of association of the Company and the Dutch corporate governance code. In addition, according to the said corporate governance code, the Company adopted the duty that at least one member of the Board of Directors would have financial management and accounting knowledge. The directors having accounting and finance expertise (as acceptable in the Netherlands) currently serving in the Board of Directors are Messers Peter Sheldon, Cor van den Bos, Ariel Hasson, Eytan Rechter and Ferry Houterman.

All members of Executive Management have accounting and finance expertise. For additional information about their education and experience see part 4 of the 2019 Israeli annual report.

Independent Directors

As mentioned above, the Israeli Companies Law does not apply to Kardan. Accordingly, amongst others, Kardan does not appoint external directors. Nevertheless, the Corporate Governance code recommends that the majority of the non-executive board members would be independent. In addition, according to the articles of association of Kardan, certain decisions are to be taken according to a special approval procedure which requires, amongst others, the approval of the independent directors (as defined in the articles of association and the corporate governance code) present at the meeting.

As of September 30, 2020, four out of seven non-executive board members are independent (Mr. Peter Sheldon, Mr. Cor van den Bos, Mrs. Cecile Tall, and Mr. Ferry Houterman).

For further information regarding the Corporate Governance Code refer to Section 14 of part A of the 2019 Israeli Annual Report.

Additional information

8. Fair Value Disclosure

Galleria Dalian shopping mall – China, Dalian

Identification of the property subject of the valuation	Shopping mall in Dalian, China, having net leasable area of 64,834 sqm.
Date of the valuation	30.9.2020
External valuer	Savills
Value of the property in valuation report as of 30.9.2020	€ 194.0 million
Value of the property in the financial statements as of 30.9.2020	€190.3 million
Details regarding the valuator	<p>Savills Real Estate Valuation (Beijing) Limited. ("Savills") The valuation was performed by Mr. James Woo who serves as a director in Savills.</p> <p>According to the valuator's declaration, Mr. James Woo is a member of the Royal Institution of Chartered Surveyors, has 25 years of experience in the valuation field and holds the knowledge, skills and understanding of valuations of similar assets.</p> <p>In addition, according to the appraiser's declaration, there is no dependency between him and KLD, KLC or the Company.</p>
Key parameters used in the valuation (refer to a period of 10 years)	<ul style="list-style-type: none"> • Growth rate: <ul style="list-style-type: none"> 1 (y) – 3% 2-5 (y) – 10%-13% 6-7 (y) – 8% 8-9 (y) – 3%-5% 10 (y) – 3% • Terminal value – 60% (€115.8 million) • Discount rate: 10.5% • Capitalization rate (terminal capitalization rate): 5.25% • Capitalization rate – car parks – 6.5% • Rent per sqm/month – 109-219 RMB • Price per sqm for comparison approach – 16,600 RMB • Number of comparable assets: 3
Valuation Method	The weighted average of Direct Comparison Approach (30%) and DCF (70%) methods

In light of the assessment of KLC's management regarding the expected impact of the COVID-19 crisis in China on the forecasted cash flows of the shopping mall, a valuation for September 30, 2020 was performed. The valuation report is attached to the Q3 financial statements.

In this valuation, the various estimates and parameters included in the valuation as of December 31, 2019 were re-examined and adjusted to the expected effects of the COVID-19 crisis. These changes include, amongst others, granting further discounts to tenants, changes in occupancy rates, adjusted projected rental income, and expected growth rates. The external valuator also evaluated the weight taken for each valuation method (the comparison method and the DCF method).

For conservative reasons, the Company's board of directors decided to recognize an additional impairment of €3.7 million on top of the impairment stemming from the valuation report, in order to reflect the uncertainty resulting from the COVID-19 crisis which may affect the selling prices of similar assets.

For information regarding the valuation as of December 31, 2019, including the main assumptions used by the valuator, and details regarding the valuator, see section 7.6.8.8 in Part A to the 2019 Israeli Annual Report. It is noted that during the first half of 2020 the results of Galleria Dalian were lower than the parameters and the assumptions used for the valuation of the investment property as of December 31, 2019, mainly in relation to revenues, footfall and opening rate, mainly as a result of COVID-19 crisis.

In addition, the value of the investment property as at September 30, 2019 decreased by approximately €4.8 million compared to December 31, 2019, due to the change in exchange rate of the EUR vs. RMB since its value is denominated and valued in the local currency (RMB).

9. 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, 2020 and December 31, 2019 (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 30.9.20	SH loans to (from) subsidiary	Total Investment in books 30.9.20	Total Investment in books 31.12.19
Kardan NV	GTC RE	100%	169.4	169.4	-	169.4	2.7	169.2	195.9
	KFS	100%	15.0	15.0	-	15.0	(12.7)	2.3	2.3
	TGI	98.43%	(50.4)	(42.2)	13.0	(29.2)	-	(29.2)	-
	Emerging Invest ments XII	100%	2.7	2.7	-	2.7	-	2.7	79.4

Holding Company	Name of subsidiary	Share in subsidiary	Consolidated equity	Share holders consolidated equity	Adjustments of GTC RE	Book value in GTC RE 30.9.20	SH loans to (from) subsidiary	Total Investment in books 30.9.20	Total Investment in books 31.12.19
GTC RE Holding	Kardan Land China	100%	208.1	208.1	0.4	208.5	(34.2)	174.3	193.5

Holding Company	Name of subsidiary	Share in subsidiary	Consolidated equity	Share holders consolidated equity	Adjustments of TGI	Book value in TGI books 30.9.20	SH loans to (from) subsidiary	Total Investment in books 30.9.20	Total Investment in books 31.12.19
TGI	Tahal Group Assets B.V.	100%	2.7	6.0	-	6.0	(2.8)	3.2	3.0
	Tahal Group B.V.	100%	(33.8)	(26.5)	-	(26.5)	(0.9)	(27.4)	(3.2)

10. Information to the Debenture Holders

The following are details regarding the marketable debentures of Kardan NV as of September 30, 2020:

	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 295.6 million (NIS 1,190,000,000)	EUR 331.4 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, 2020	EUR 40 million (NIS 160,993,885 par value)	EUR 196.8 million (NIS 792,167,672 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 on 25 February in the years 2016 - 2018	5 annual installments on 1 February in the years 2016-2020
Total debt up to the date of the balance sheet (including interest and Israeli CPI linkage)	EUR 65.1 million	EUR 292.1 million
Interest in arrears as of September 30, 2020	EUR 5.2 million	EUR 13.8 million
Market capitalization as of September 30, 2020	EUR 2 million	EUR 41.3 million
The trustee	Almagor Brightman Trusts Ltd. Mrs. Iris Shlevin Tel.: 03-6085492 1 Azrieli Center, Tel-Aviv	Hermetic Trust (1975) Ltd. Mr. Dan Avnon, Adv. Tel.: 03-5544553 30 Sheshet Hayamim St, Bnei-Braq
Rated by	S&P Maalot	S&P Maalot
Rating at the time of issuance	AA - (February 2007)	AA - (February 2007)
Updated rating	D (July 2018)	D (July 2018)
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	<ul style="list-style-type: none"> According to the Deeds of Trust, the Company established and registered primary, exclusive pledges with no limitations of amounts over all of the Group's interests in GTC RE, KFS, TGI, EMERGING and KLC (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. For information regarding the value of those assets, refer to section 8 of this report. A primary exclusive pledge with no limitation of amounts over all the rights of EMERGING for the repayments of loans it has granted to any of the corporations in Kardan Group. 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. In addition, there is commitment for certain negative pledges.	
Guarantee to secure the obligations of Kardan NV	A limited guarantee in the amount of EUR 100 million by Kardan Land China.	
Debt settlement expenses	As of September 30, 2020, the Company paid a total of approximately €1.2 million in relation with negotiations for a Debt Settlement since November 2017, primarily to representatives and consultants to the Debenture Holders.	

The Debentures (Series A and B) are material to the Company. As September 30, 2020 the Company does not meet the financial covenants it has committed towards. In addition, in February 2018, February 2019 and February 2020, the Company did not make the scheduled repayments. Accordingly, as of the date of this report, the debenture holders have the right to call the debentures for immediate repayment and to exercise the pledges established to secure the repayment of the debentures. For additional information regarding the terms of the debentures and the related restrictions apply to the Company, see Section 12.2.3 in the 2019 Israeli Annual Report.

In August 2020, NIS 136,506,115 par value of Debentures (series A) and NIS 114,555,778 par value of Debentures (series B) held by the Company's subsidiaries, were canceled.

Below are details of the meetings of the debenture holders convened during the reporting period and additional notices published by the Company on behalf of the trustee for the Debentures (Series A and B):

- For information regarding the announcement issued by the Trustees of Debenture Holders regarding the results of the meetings of Debenture Holders convened on June 29, 2020 in which it was concluded to approve the appointment of Mr. Guy Elias as a director in the Company in behalf of the Debenture Holders jointly, refer to the announcements issued on July 1, 2020.
- For information regarding the announcements issued by the Trustees of the Debenture Holders regarding the postponement of the final payment date of the principal and interest to the Debenture Holders, refer to the announcement issued on July 9, July 12, July 23, July 26, July 27, September 29, October 7, October 13, October 14, and October 27 2020.
- For information regarding the announcements issued by the Trustees of the Debenture Holders regarding the convening of meetings of Debenture Holders on their agendas, among others, the postponement of the final payment date of the principal and interest to the Debenture Holders, refer to the announcements issued on July 15, July 20, July 22, September 30, and October 11, 2020.
- For information regarding the announcements issued by the Trustees of the Debenture Holders regarding the results of the meetings of Debenture Holders on their agendas, among others, the postponement of the final payment date of the principal and interest to the Debenture Holders, refer to the announcements issued on July 22, July 26, October 16, and October 19, 2020.
- For information regarding an update presentation for the meeting of the Company's Debenture Holders published by the Company, refer to the announcements issued on September 16, 2020.
- For information regarding the payments to the Debenture Holders representatives from the commencement of work on the debt settlement, refer to the announcements issued on September 17, 2020.
- For information regarding the results of the Debenture Holders meetings in which it was approved, among other things, to order the trustee to apply for an exemption from appointing an expert on behalf of the court, refer to the announcements issued on October 14 and October 15, 2020.
- For information regarding announcements made by the trustees of the Debenture Holders regarding the convening of a meeting on its agenda, among other things, the approval of the appointment of a joint representative and legal counsel to the Debenture Holders (series A and B) and the appointment of the trustee to the Debenture Holders (Series B) to serve as a trustee of the Debenture Holders (series A), refer to the announcements issued on October 26, 2020.
- For information regarding announcements made by the trustees of the Debenture Holders regarding the results of a meeting in which it was decided, among other things, to approve the appointment of a joint representative and legal counsel to the Debenture Holders (Series A and B), refer to the announcements issued on November 2 and November 3, 2020.
- For information regarding the Company's announcements regarding the submission of an application for exemption from the appointment of an expert, submitted by the trustees to the Debenture Holders (Series A and B), refer to the announcement issued on November 8, 2020.
- Below are details regarding the rating of the debentures:

Rating date	Rate
8.2.2018	D
18.1.2018	iiCC
3.10.2017	iiCCC
3.7.2017	iiB
4.8.2017	iiB
13.7.2015	iiB

Date of signature: 25 November 2020

Peter Sheldon

Chairman of the Board

Guy Elias

CEO

DISCLAIMER

This report 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 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.

Kardan N.V.
(the "Company")
Significant events and developments
Filings pursuant to Israeli Law

In accordance with Regulation 39 (a) of the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970, below is a description of all events and significant updates in respect to the matters described in the 2019 annual financial statements published by the Company on April 21, 2020 ('the Annual Report').

For information regarding material events that occurred in Q3 2020 up to August 31, 2020, reference is made to the Q2 financial statements.

Real Estate²

1. Detailed below is information regarding the most significant projects in the real estate development segment:

Europark Dalian

Data per 100%, Kardan Land China share – 100% (EUR thousands)		Q3 - 2020	Q2 - 2020	Q1 - 2020	2019
Invested costs	Cumulative costs for land at the end of the period	72,862	73,165	74,591	74,527
	Cumulative costs for development, taxes, and fees	3,139	3,152	3,214	3,211
	Cumulative costs for construction	139,419	139,908	141,586	141,526
	Cumulative costs in respect of financing (capitalized)	14,015	14,019	14,258	14,231
	Total cumulative cost	229,436	230,244	233,649	233,495
	Total cumulative carrying costs	229,436	230,244	233,649	233,495
Costs yet to be invested and completion rate	Costs in respect of land not yet invested (estimate)	1,346	1,351	1,378	1,376
	Development costs, taxes and fees not yet invested (estimated)	-	-	-	-
	Costs for construction not yet invested (estimated)	3,141	3,246	4,357	4,292
	Cumulative costs in respect of financing expected to be capitalized in the future (estimate)	115	170	208	222
	Total costs remaining for completion	4,602	4,767	5,942	5,890
	Completion rate (excluding land) (%)	99%	98%	97%	97%
	Expected construction completion date	2020	2020	2020	2020

		Q3 - 2020	Q2 - 2020	Q1 - 2020	2019
Agreements signed during the current period (not including apartment purchase orders)	Housing units (#)	17	18	16	93
	Housing units (sqm)	1,953	2,010	1,637	10,029
Average price per m ² in agreements signed during the current period	Housing units	2,184	2,323	2,533	2,648
Cumulative agreements up to the end of the period:	Housing units (#)	1,007	990	972	956
	Housing units (sqm)	99,859	97,906	95,896	94,259
Cumulative average price per m ² in agreements signed up to the end of the period (in EUR)	Housing units	2,338	2,366	2,413	2,408
Marketing percentage of the project	Total expected income from the entire project (EUR thousands)	274,803	275,946	281,324	281,083
	Total cumulative expected income from signed agreements (EUR thousands)	237,875	234,522	234,303	229,895
	Marketing rate as of the last day of the period (%)	87%	85%	83%	82%
Areas for which no agreement has been signed:	Housing units (#)	89	106	124	140
	Housing units (sqm)	11,269	13,222	15,231	16,868
Total cumulative cost (remaining inventory) attributed to areas no binding agreements were signed for in the report of the financial situation (in millions of euros)		27,904	33,387	38,264	41,431
*** **					

Number of agreements signed from the end of the period to the report date (#) / m ²	Residential	12
Average price per m ² in agreements signed between the end of the period and the date of the report (EUR)	Residential	2,374

* Relates to sales from October 1, 2020 till November 20, 2020

² The exchange rate (EUR/RMB) used for all tables in this section: Q3 2020: 7.9941; Q2 2020: 7.9610; Q1 2020: 7.8088; 2019: 7.8155.

Suzy-Phase4, Phase 5 and part of Phase 3

Data per 100%, Kardan Land China share – 50% (EUR thousands)		Q3 - 2020	Q2 - 2020	Q1 - 2020	2019
Invested costs	Cumulative costs for land at the end of the period	27,822	27,938	28,483	28,458
	Cumulative costs for development, taxes, and fees	8,841	8,356	8,228	7,543
	Cumulative costs for construction	18,875	16,879	16,163	16,149
	Cumulative costs in respect of financing (capitalized)	-	-	-	-
	Total cumulative cost	55,538	53,173	52,873	52,150
Costs yet to be invested and completion rate	Total cumulative carrying costs	55,538	53,173	52,873	52,150
	Costs in respect of land not yet invested (estimate)	2,422	2,432	2,480	2,478
	Development costs, taxes and fees not yet invested (estimated)	26,605	27,238	28,060	28,714
	Costs for construction not yet invested (estimated)	77,139	79,533	82,128	82,058
	Cumulative costs in respect of financing expected to be capitalized in the future (estimate)	-	-	-	-
	Total costs remaining for completion	106,166	109,203	112,668	113,249
	Completion rate (excluding land) (%)	21%	19%	18%	18%
Expected construction completion date	2026	2026	2026	2026	

		Q3 - 2020	Q2 - 2020	Q1 - 2020	2019
Agreements signed during the current period	Housing units (#)	30	275	79	249
	Housing units (sqm)	3,145	27,116	7,682	23,995
	Commercial areas (sqm)	-	-	-	-
Average price per m ² in agreements signed during the current period	Housing units	851	855	863	860
	Commercial areas	-	-	-	-
Cumulative agreements up to the end of the period:	Housing units (#)	1,182	1,152	877	798
	Housing units (sqm)	103,167	100,022	72,906	65,224
	Commercial areas (sqm)	-	-	-	-
Cumulative average price per m ² in agreements signed up to the end of the period (in euro)	Housing units	779	780	767	755
	Commercial areas	-	-	-	-
Marketing percentage of the period	Total expected income from the entire project (EUR thousands)	264,639	265,740	270,919	270,687
	Total cumulative expected income from signed agreements (EUR thousands)	80,375	78,022	55,906	49,234
	Marketing rate as of the last day of the period (%)	30%	29%	21%	18%
Areas for which no agreement has been signed:	Housing units (#)	1,739	1,769	2,044	2,123
	Housing units (sqm)	159,746	162,891	190,007	197,689
	Commercial areas (sqm)	35,705	35,705	35,705	35,705
Total cumulative cost (remaining inventory) attributed to areas no binding agreements were signed for in the report of the financial situation (EUR thousands)		7,588	9,869	13,262	13,571
*** **					
Number of agreements signed from the end of the period to the report date (#) / m ²	Residential	18			
	Commercial	-			
Average price per m ² in agreements signed between the end of the period and the date of the report (EUR)	Residential	848			
	Commercial	-			

* Relates to sales from October 1, 2020 till October 31, 2020

Olympic Garden

Data per 100%, Kardan Land China share – 50% (EUR thousands)		Q3 - 2020	Q2 - 2020	Q1 - 2020	2019
Invested costs	Cumulative costs for land at the end of the period	47,497	47,694	48,624	48,582
	Cumulative costs for development, taxes, and fees	82,932	87,972	84,237	83,910
	Cumulative costs for construction	256,229	258,128	262,958	262,701
	Cumulative costs in respect of financing (capitalized)	5,119	5,140	5,240	5,236
	Total cumulative cost	391,776	398,935	401,058	400,429
Costs yet to be invested and completion rate	Total cumulative carrying costs	391,776	398,935	401,058	400,429
	Costs in respect of land not yet invested (estimate)	-	-	-	-
	Development costs, taxes and fees not yet invested (estimated)	7,340	10,582	15,489	15,566
	Costs for construction not yet invested (estimated)	216	428	319	351
	Cumulative costs in respect of financing expected to be capitalized in the future (estimate)	-	5,140	5,240	5,236
	Total costs remaining for completion	7,557	16,150	21,048	21,152
Completion rate (excluding land) (%)	98%	95%	95%	94%	
Expected construction completion date	2021	2021	2021	2021	

		Q3 - 2020	Q2 - 2020	Q1 - 2020	2019
Agreements signed during the current period	Housing units (#)	50	62	22	143
	Housing units (sqm)	5,106	5,857	1,830	13,642
	Commercial areas (sqm)	-	-	-	1,026
Average price per m ² in agreements signed during the current period	Housing units	1,710	1,728	1,763	1,689
	Commercial areas	-	-	-	4,040
Cumulative agreements up to the end of the period:	Housing units (#)	9,667	9,617	9,555	9,533
	Housing units (sqm)	878,983	873,877	868,021	866,190
	Commercial areas (sqm)	14,694	14,694	14,694	14,694
Cumulative average price per m ² in agreements signed up to the end of the period (in EUR)	Housing units	657	654	659	656
	Commercial areas	2,500	2,245	2,289	2,287
Marketing percentage of the period	Total expected income from the entire project (EUR thousands)	677,576	645,090	657,663	657,099
	Total cumulative expected income from signed agreements (EUR thousands)	648,481	620,312	628,608	624,277
	Marketing rate as of the last day of the period (%)	96%	96%	96%	95%
Areas for which no agreement has been signed:	Housing units (#)	103	153	215	237
	Housing units (sqm)	8,671	13,670	19,526	21,357
	Commercial areas (sqm)	4,007	4,087	4,087	4,087
*** **					
Number of agreements signed from the end of the period to the report date (#) / m ²	Residential (#)	19			
	Commercial (sqm)	-			
Average price per m ² in agreements signed between the end of the period and the date of the report (EUR)	Residential	1,722			
	Commercial	-			

*Relates to sales October 1, 2020 till October 31, 2020

** The above data is excluding additional 61,000 sqm GFA which are currently under discussion with city officers and may be built in the future.

City Dream

Data per 100%, Kardan Land China share – 50%		Q3 - 2020	Q2 - 2020	Q1 - 2020	2019
Invested costs	Cumulative costs for land at the end of the period	58,804	59,038	60,199	60,147
	Cumulative costs for development, taxes, and fees	63,246	63,509	64,467	63,156
	Cumulative costs for construction	163,595	164,773	168,209	167,501
	Cumulative costs in respect of financing (capitalized)	1,012	5,140	5,240	5,236
	Total cumulative cost	268,656	292,470	298,114	296,040
Costs yet to be invested and completion rate	Total cumulative carrying costs	286,656	292,470	298,114	296,040
	Costs in respect of land not yet invested (estimate)	6,818	6,847	6,980	6,974
	Development costs, taxes and fees not yet invested (estimated)	3,027	3,039	3,379	4,607
	Costs for construction not yet invested (estimated)	1,416	924	718	1,281
	Cumulative costs in respect of financing expected to be capitalized in the future (estimate)	-	5,140	5,240	5,236
	Total costs remaining for completion	11,262	15,950	16,318	18,098
	Completion rate (excluding land) (%)	96%	95%	95%	94%
Expected construction completion date	2021	2021	2021	2021	

		Q3 - 2020	Q2 - 2020	Q1 - 2020	2019
Agreements signed during the current period	Housing units (#)	36	32	15	156
	Housing units (sqm)	4,121	3,597	1,632	17,926
	Commercial areas (sqm)	227	48	273	604
Average price per m ² in agreements signed during the current period	Housing units	1,737	1,682	1,632	1,600
	Commercial areas	1,476	1,767	1,626	1,284
Cumulative agreements up to the end of the period:	Housing units (#)	4,359	4,323	4,291	4,276
	Housing units (sqm)	474,480	470,359	466,763	465,131
	Commercial areas (sqm)	31,879	31,652	31,603	31,330
Cumulative average price per m ² in agreements signed up to the end of the period (in EUR)	Housing units	788	783	792	788
	Commercial areas	1,301	1,306	1,330	1,330
Marketing percentage of the period	Total expected income from the entire project (EUR thousands)	441,372	447,950	456,681	456,290
	Total cumulative expected income from signed agreements (EUR thousands)	406,783	397,687	402,370	398,960
	Marketing rate as of the last day of the period (%)	92%	89%	88%	87%
Areas for which no agreement has been signed:	Housing units (#)	118	154	186	201
	Housing units (sqm)	7,178	11,326	14,923	16,554
	Commercial areas (sqm)	15,022	15,249	15,297	15,571
*** ** ** ** **					
Number of agreements signed from the end of the period to the report date (#) / m ²	Residential (#)	4			
	Commercial (sqm)	-			
Average price per m ² in agreements signed between the end of the period and the date of the report (EUR)	Residential	1,780			
	Commercial	-			

* Relates to sales from October 1, 2020 till October 31, 2020

2. Detailed below is information regarding the projects which are not the most significant in the real estate development segment:

Project Name		Q3 - 2020	Q2 - 2020	Q1 - 2020	2019	
Palm Garden	Agreements signed during the current period	Housing units (#)	2	4	3	2
		Housing units (sqm)	82	161	123	138
		Commercial areas (sqm)	-	-	-	-
	Average price per m ² in agreements signed during the current period	Housing units	1,028	941	1,050	461
		Commercial areas	2	-	-	-

* Based on previous plans, the remaining undeveloped area (GFA) is estimated to be more than 250,000 sqm. For more information please see the Annual Report.

3. Shopping mall – Galleria Dalian (Dalian, China)

(Data according to 100%; Kardan N.V. indirect share in the property: 100%)	Q3 - 2020	Q2 - 2020	Q1 2020	Year 2019
Fair value at the end of the period - as presented in the valuation report (€ in thousand) (1) (2)	194,018	206,758	211,940	215,597
Fair value at the end of the period - in KNV books (€ in thousand) (1) (2)	190,265	203,115	211,940	214,577
NOI (€ in thousand)	1,188	1,179	846	3,501
Valuation losses for the period – according to the valuation report (€ in thousand)	(11,745) ⁽⁵⁾	(1,130) ⁽⁴⁾	(3,887) ⁽³⁾	1,020 ⁽³⁾
Valuation losses for the period – in KNV books (€ in thousand)	(11,903) ⁽⁵⁾	(4,844) ⁽⁴⁾	(2,867) ⁽³⁾	- ⁽³⁾
Average theoretical occupancy rate in the period (excluding COVID-19 impact) (6) (7)	91.6%	91.8%	91.9%	91.4%
Average actual occupancy rate in the period (including COVID-19 impact) (6) (7)	91.6%	67%	57%	92%
Average rental rate per sqm. (in €)	12.9	13.7	12.7	13.7
Part of the area for which rental agreements or letters of intent were signed during the period, net (%) (6)	3.3%	2.3%	1.4%	20.1%
Part of the area for which rental agreements or letters of intent were signed accumulated (%) (6)	89.8%	92.0%	91.8%	94.1%
Average monthly rent per sqm in contracts signed during the Period, gross (per month) (€) (6) (8)	14.7	15.8	22.0	13.0

(1) The asset functional currency is the RMB.

(2) As of 31.12.2019, 30.6.2020 and 30.9.2020 – the value of the investment property, as presented in the valuation report, differs from its value in KNV books (see also notes (3), (4) and (5)).

(3) The Company did not recognize an increase in the value of the investment property in the amount of €1,020 thousand in 2019, as presented in the valuation report from the period; and accordingly recognized a valuation loss of only €2,867 thousand in the first quarter of 2020.

(4) Valuation loss in Q2 2020, as presented in the valuation report, amounted to €1,130 thousands. For conservative reasons, the Company recognized an additional decrease in the value of the investment property in the amount of €3,714 thousand in Q2 2020.

(5) Valuation loss in Q3 2020, as presented in the valuation report, amounted to €11,745 thousands. For conservative reasons, the Company recognized an additional decrease in the value of the investment property in the amount of €158 thousand in Q3 2020.

(6) For the purpose of this calculation, the NLA was adjusted from 64,834 sqm to 63,840 following areas that in the short term will not be available for rent (mainly the management company offices).

(7) Average theoretical occupancy rate in the period does not take into consideration shops that were closed in the period due to the COVID-19 crisis.

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

Financing

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

Name of the Loan and the section in the Annual Report which refers to the loan	Update information	Calculation of financial covenants
Debentures series A section 12.1 (1) to the Annual Report	-	See section 12.1 to the 2019 Annual Report. The coverage ratio of Kardan NV according to the financial statements as of 30.9.2020 is 42.3%; the coverage ratio of Kardan Land China according to the financial statements as of 30.9.2020 is 397%.
Debentures series B section 12.1 (2) to the Annual Report		
Credit facility amounting up to RMB 900 million (approximately €115 million at the date of the signing) taken by Kardan Land Dalian Ltd, as described in section 7.6.8.6 to the 2019 Annual Report.	In September 2020, KLC signed an agreement to extend the loan period for one more year, with largely similar terms as in the original loan agreement (including annual interest rate of 11.84%). During 2021, KLC is obliged to make partial repayment amounting to approx. RMB 132 million. The remaining balance of the loan will be repaid on November 5, 2021. As at September 30, 2020, the balance of the loan is approx. RMB 651 million (approx. €82 million). For more information see note 6(c) to the financial statements.	See section 7.6.8.6 to the Annual Report. (1) The ratio between the balance of the loan, net of the cash balances and the value of the pledged properties is 36% (i.e. lower than 50%) (2) As of the report date, KLC signed guarantees at a total sum of 80 million euros, constituting 38% of its equity (i.e. lower than its shareholders' equity). (3) There was no material adverse change in the value of the shares of the Project Company, which affected the ability to repay the loan (4) As of the report date, KLD met the milestone set forth in the loan agreement in connection with construction progress

Calculation of financial covenants in relation to material credit agreements as described in section 8.18.7.1 and 8.18.7.2 to the Annual Report:

- (a) (1) TCE's total tangible equity (as defined in one of the banks' letter of undertaking) shall not be less than USD 25 million (as of 30.9.2020, the amount is USD (9.7) million); (2) TCE's total tangible equity (as defined in one of the banks' letter of undertaking) of the total tangible consolidated balance sheet will be no less than 14% (as of 30.9.2020 – (7.5%)); (3) The EBITDA total (as defined in one of the banks' letter of undertaking) will be no less than USD 8 million for a period of 12 months (as of 30.9.2020 - the EBITDA total is USD (21.5) million); (4) the ratio between the total amount of loans taken by Tahal Group from banks, financial institutions and Debenture holders (not including loans affiliated to the Quiminha Project the principal of which does not exceed EUR 30 million), with the addition of bank guarantees provided to TCE and Tahal Group, will not exceed 50% of the Tahal Group assets, where for tax calculation purposes, the total of bank guarantees that are not financial collateral (as such is defined in the letters of undertaking), will be calculated as 25% from the fixed total of these bank guarantees (as of 30.9.2020 - the ratio is 128%); (5) the ratio between: the total amount of loans with the addition of bank guarantees, less cash and cash equity and less the short term investments by TCE and the total amount of TCE's tangible equity (as defined in one of the banks' letter of undertaking), will not exceed 3 (as of 30.9.2020, the ratio is 22.3); (6) the ratio between customer receivables and total revenue for a period of 12 months will not exceed 60% (as of 30.9.2020, the ratio is 43.3%). (7) TCE's total tangible equity (as defined in one of the banks' letter of undertaking) shall not be less than USD 45 million (as of 30.9.2020, the amount is USD 27.5 million); (8) TCE's total tangible equity (as defined in one of the banks' letter of undertaking) of the total tangible consolidated balance sheet will be no less than 28%, with an option of a 5% deviation in the terms of the letter of undertaking, i.e. - up to 26.6%, without the need for a waiver (as of 30.9.2020, the ratio is 15.5%); (9) The EBITDA total in TCE (as defined in one of the banks' letter of undertaking) will be no less than USD 5 million for a period of 12 months (as of 30.9.2020 - the EBITDA total is USD (13.6) million); The company has not received waivers from the banks regarding the breach of its financial covenants.

- (b) (1) The total equity of Tahal International (as defined in one of the banks' letter of undertaking: not including balances with related parties and intangible assets, including goodwill) according to the consolidated statements thereof, will not be less than EUR 35 million (as of 30.9.2020 - a total of EUR (50.8) million); (2) the total equity of Tahal International out of total assets shall be no less than 18% (as of 30.9.2020 - the ratio is (47.1%)); (3) the ratio between Tahal International's debt to banks, financial institutions and holders of debentures plus the maximum amount of Tahal International's bank guarantees and its tangible assets will not exceed 4 (as of 30.9.2020 - the ratio is (3.8)); (4) Total amount of Tahal Group's shareholders' equity (including shareholders' loans) as per its consolidated financial statements will not be less than EUR 25 million (as of 30.9.2020 - the amount is EUR 26.4 million); (5) Tahal Group's EBITDA (as defined in the letter of undertaking) for the 12-month period as per its consolidated financial statements will not be less than EUR 7 million (as of 30.9.2020 - the amount is EUR (3.3) million);(6) The ratio between Tahal Group's total debt and its EBITDA will not exceed 3.25 (as of 30.9.2020 – the ratio is 14.7); (7) The total equity of Tahal International (including shareholder loans) according to the consolidated statements thereof, will not be less than EUR 40 million (as of 30.9.2020 - a total of EUR (50.4) million); The company has not received waivers from the banks regarding the breach of some of its financial covenants.