KARDAN N.V.

KARDAN'S SUBSIDIARY TAHAL SIGNED AN AGREEMENT TO SELL ITS STAKE IN PUMPED STORAGE PROJECT IN ISRAEL

Amsterdam, June 7, 2017 – Further to the press release dated January 9, 2017, Kardan N.V. ('Kardan' or 'the Company'), active in Real Estate and Water Infrastructure in emerging markets announces that its subsidiary Water Planning for Israel Ltd. ('WPI') has signed an agreement to sell its 40.5% stake in Star Pumped Storage Ltd. in a two-parts transaction.

Star Pumped Storage Ltd. holds a conditional licence to build and operate a 344 MW power plant in Kochav Hayarden, Israel, ('the Project') based on the pumped storage technology.

On June 7, 2017, WPI has signed an agreement for the sale of its entire holdings in Star Pumped Storage to the Noy Fund ('the Buyer') for a total consideration of NIS 81 million (approximately € 20.3 million) (the "Agreement"), in two parts, as follows:
The first part relates to the sale of 19.84% of the shares of Star Pumped Storage for a consideration of approximately NIS 39 million (approximately € 9.8 million) ('Consideration A').
The second part of the Agreement is conditional on the Buyer's intention to acquire WPI's remaining stake in Star Pumped Storage (20.66%), up to the date stipulated in the Agreement, for a total consideration of NIS 42 million (approximately € 10.5 million).
In addition, at the time of the Project's financial closing, WPI will be entitled to receive payments and reimbursement of expenses from third parties in connection with the Project, in the amount of approximately NIS 35 million (approximately € 8.8 million). Part of this amount will be used as collateral to the Buyer, as indicated above.

Completion of each of the two parts of the transaction in its own is subject to the fulfilment of various conditions precedent, including regulatory approvals, which WPI intends to apply immediately in order to receive them.

On the date that WPI is required to provide bank guarantees to the financing parties in the Project for the purpose of completing the financial closing, the Buyer will provide Consideration A as a loan, which will be used in part by WPI to provide its share in respect of the bank guarantees and the shareholders' equity required for the Project. This amount will become a final consideration if and when the conditions precedent for completing this part of the transaction will be met.
In addition, it was agreed between the parties that the Buyer will provide all the bank guarantees required in respect of the part acquired by it in the first stage of the transaction, as well as additional guarantees and collaterals required for the purpose of the financial closing, in the total amount of NIS 100 million (approximately € 25.1 million). To secure this commitment, WPI will pledge in favour of the Buyer its remaining 20.66% stake in Star Pumped Storage and will make a cash deposit in its favour.

If the first part of the transaction is not completed for reasons that are not dependent on WPI, Consideration A will remain as a loan to WPI, which will be repaid in accordance with the terms set out in the Agreement. In addition, in such a case, WPI will be required to release the Buyer from part of the guarantees it will provide as specified above.
The consideration for the two parts of the transaction includes a certain payment based on the assumption that the benefits from the Project will be in the amounts detailed in the Agreement, as well as a compensation mechanism if these benefits will be lower than expected.

WPI is a wholly owned subsidiary of Tahal Group International B.V., a 98.43% subsidiary of Kardan, which is the holding company of the water infrastructure activities of the Kardan Group.

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DISCLAIMER

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

About Kardan

Kardan identifies and develops assets in promising emerging markets, mainly in Asia (predominantly China), Africa and selected CEE and CIS countries. Its activities are mainly focused on 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 assets as of March 31, 2017 amounted to € 660 million; revenues totaled € 1.6 million in the first three months of 2017.
Kardan is listed on Euronext Amsterdam and the Tel Aviv Stock Exchange.

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