

KARDAN N.V.



Spin-Off of the Israeli Activities

Extraordinary General Meeting of Shareholders

September 15, 2011

Kardan NV - General

- ❑ Focusing on developing long term cash flow generating assets in emerging markets
- ❑ Strategic focus :
 - Real Estate: CEE and Asia
 - Water Infrastructure: mainly in emerging markets

Kardan NV - Main Israeli Activities

- ❑ **Kardan Israel (“KIL”)** main segments:
 - Sale of Vehicles
 - Rental and Leasing of Vehicles
 - Real Estate – initiation and execution of construction works
 - Construction works
 - Communication & Technology
- ❑ **Milgam** main activities:
 - Services to the municipal sector in Israel (collection, management of water maintenance)

Why Spin-Off the Israeli Activities?

□ Kardan NV Strategy:

- Initiate, develop and manage cash flow generating assets in emerging markets
- Focus on Real Estate and Water Infrastructure

□ The Israeli Activities are not aligned with Kardan NV strategy

- Israel is no longer considered an emerging market
- The “Israeli” sectors are not within Kardan NV core focus areas

The Spin-Off - Main Outlines

- ❑ **Kardan NV will sell to Kardan Yazamut (2011) LTD (“Yazamut”) its stake in:**
 - **KIL (74%)**
 - **Milgam (97%) (held by Kardan Municipal Services Ltd. (“KMS”))**
- ❑ **Transaction value totaling approximately EUR 62 million (NIS 309.5 million)**
 - **Cash consideration- approximately EUR 41 million (NIS 205 million)**
 - **Equity contribution- EUR 21 million (approximately NIS 104.5 million).**
- ❑ **Prospectus published under Israeli law; including detailed description of the distribution process and of Yazamut business (pro-forma)**
 - **Informal English translation made available on Kardan website**
 - **Confirmed no AFM approved prospectus is required to be published**

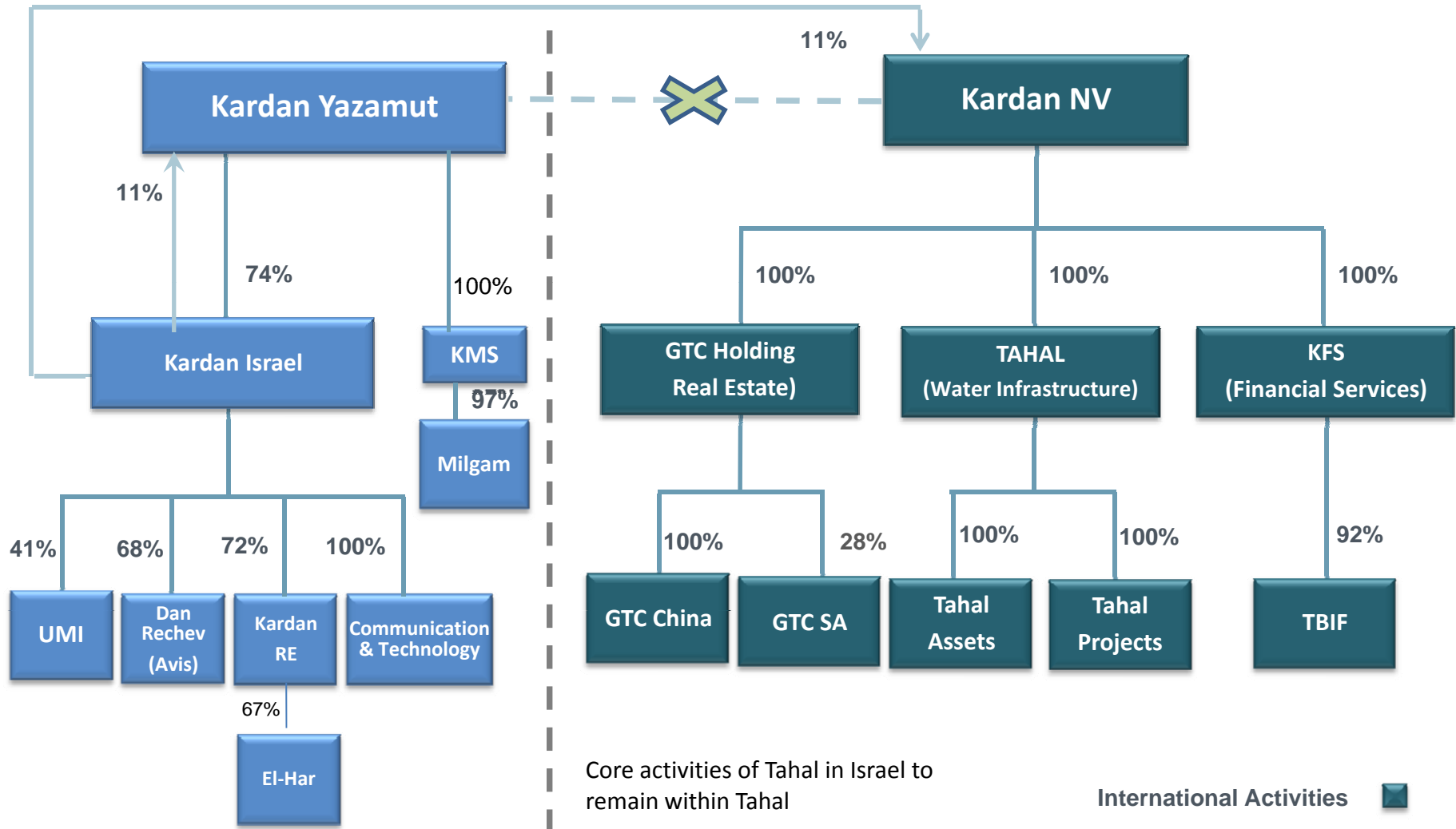
The Spin-Off - Main Outlines (Cont.)

- ❑ Kardan NV will distribute the Kardan Yazamut shares to its shareholders on a **share per share basis**
- ❑ Distribution will be made out of freely distributable **share premium reserves** of Kardan NV*
- ❑ Upon distribution Yazamut **will be listed and traded on the TASE****
- ❑ **Deleveraging**
Cash consideration received by Kardan NV to be used to repay loans
- ❑ **Impact on Equity**
Expected to be limited (and possibly positive) due to unlocking of treasury share capital as a result of the Kardan NV- Kardan Israel cross holding elimination.

* Subject to the availability of sufficient freely distributable premium reserves and other conditions detailed in the prospectus.

** Subject to Yazamut meeting TASE listing requirements as to minimum equity and public shareholding percentage and value prior to the record date (September 21) and other conditions precedent detailed in the prospectus

Organizational Structure - After the Spin -Off



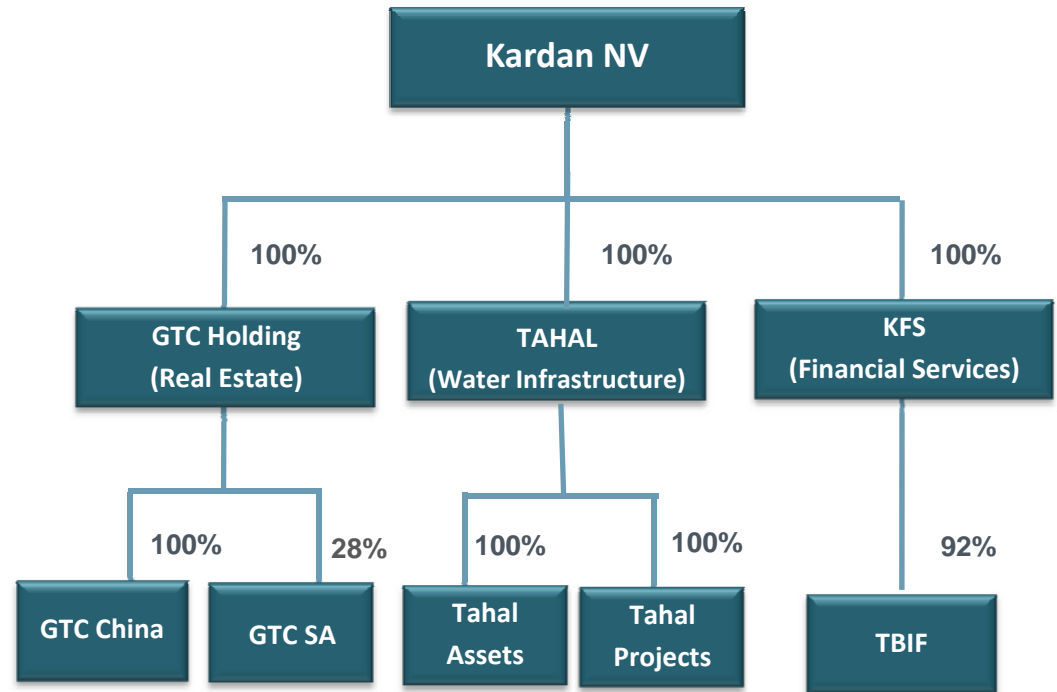
Spin-Off – Expected Timeline

<i>Expected date*</i>	<i>Event</i>
September 15, 2011	EGM and PR on EGM results
September 18, 2011	Closing Internal Restructuring transactions
September 19, 2011	Trading Kardan shares ex-distribution on Euronext Amsterdam
September 21, 2011	Record date for Distribution
September 22, 2011	Trading Kardan shares ex-distribution on the TASE
Prior to September 24, 2011	Public filing statutory interim accounts
October 5, 2011	Distribution
October 6, 2011	listing Yazamut shares at the TASE

* Dates may be subject to change.

Kardan NV - After the Spin-Off

- ❑ **GTC China:**
One of the only sizable western **real estate** developers in China
- ❑ Strategic Stake in **GTC SA:**
a leading **real estate** Developer in CEE
- ❑ **Tahal** – A prominent **Water Infrastructure** company in emerging markets
- ❑ Proven track record of initiating, developing and managing assets in emerging markets

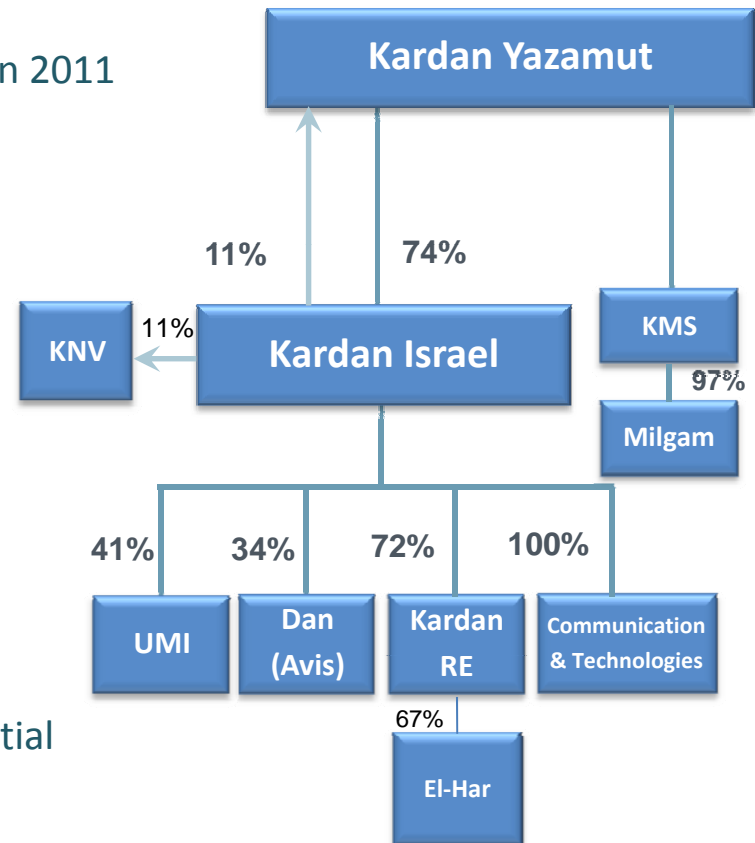


EXPOSURE TO PROMISING OPPORTUNITIES IN SELECTED EMERGING MARKETS USING “WESTERN” MANAGEMENT STANDARDS

Kardan Yazamut (2011) Ltd.

Growth Potential and Value Creation

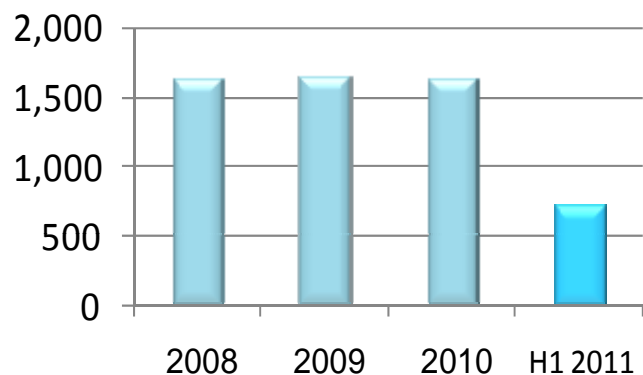
- ❑ **Sales of GM vehicles (UMI)** - new models introduced in 2011
- ❑ **Avis Israel-** Exploring possible expansion of activities
- ❑ **Kardan Real Estate-**
 - app. 1000 units in pipeline projects and land plots
 - 457 sold units yet to be delivered (the company's share)
- ❑ **Milgam** (see next slides)
- ❑ **Communication & Technology-** Invested in several technology companies with substantial growth potential



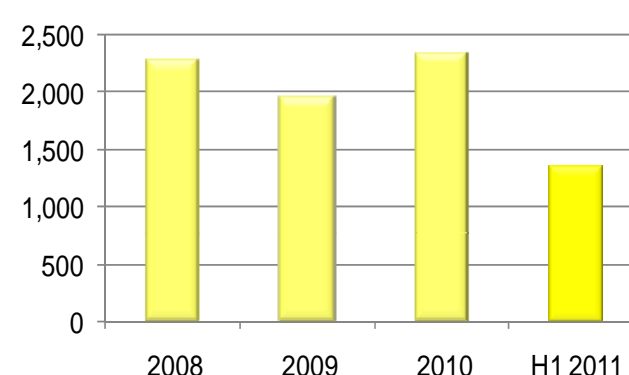
* A detailed description of Yazamut and its businesses can be found in the prospectus

Kardan Yazamut- Annual Income Main Holdings

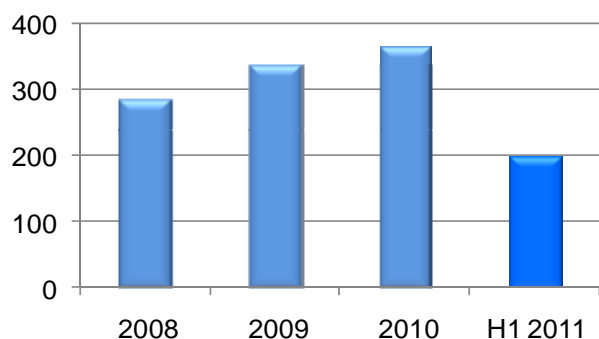
Avis (NIS Millions)



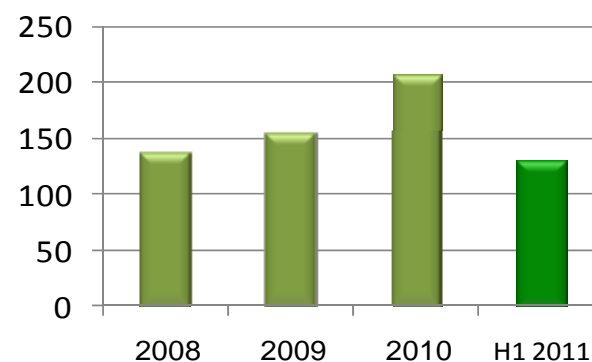
UMI (NIS Millions)



R.R. (NIS Millions)*



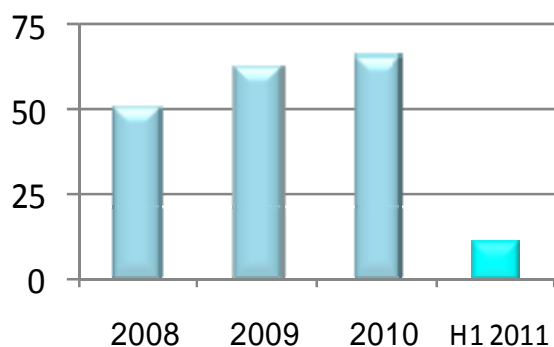
Milgam (NIS Millions)



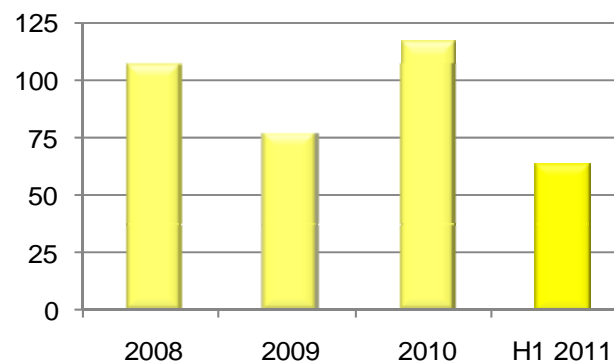
*RR results translated from USD to NIS based on USD-NIS conversion rate of 1:3.6

Kardan Yazamut – Annual Net Profit Main Holdings

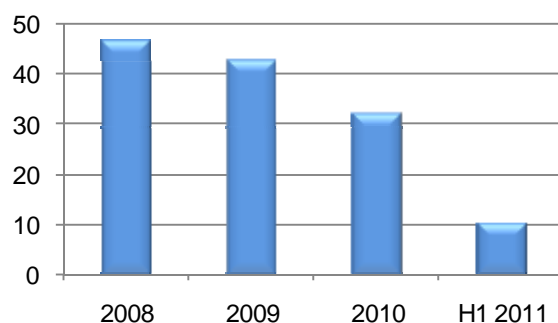
Avis (NIS Millions)



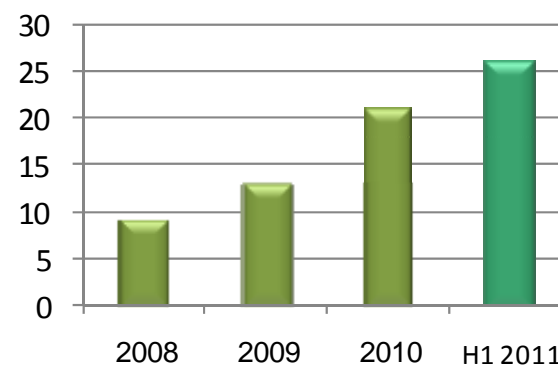
UMI (NIS Millions)



R.R.* (NIS Millions)



Milgam (NIS Millions)**



* RR results translated from USD to NIS based on USD-NIS conversion rate of 1:3.6 USD-NIS conversion rate of 1:3.6

** H1 2011 – Includes revaluation profit

Milgam Municipal Services



- ❑ Main Activities:
 - Management of collection systems
 - Water consumption and maintenance
 - Other businesses, including software and parking services
- ❑ Active since 1983; approximately 1,100 employees.
- ❑ Collection services generating app. NIS 6 billion of revenues for Municipalities
- ❑ Solar activity
- ❑ Controlling stake in Pango, a cellular parking services operator in Israel
- ❑ Recently acquired Metropolinet (85%) for NIS 32 million

The Spin-Off - Main Advantages

Focus on Real Estate and
Water Infrastructure sectors
in emerging markets

Cross holdings elimination -
limited impact expected on
Equity

Further deleveraging

Enhanced transparency

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