



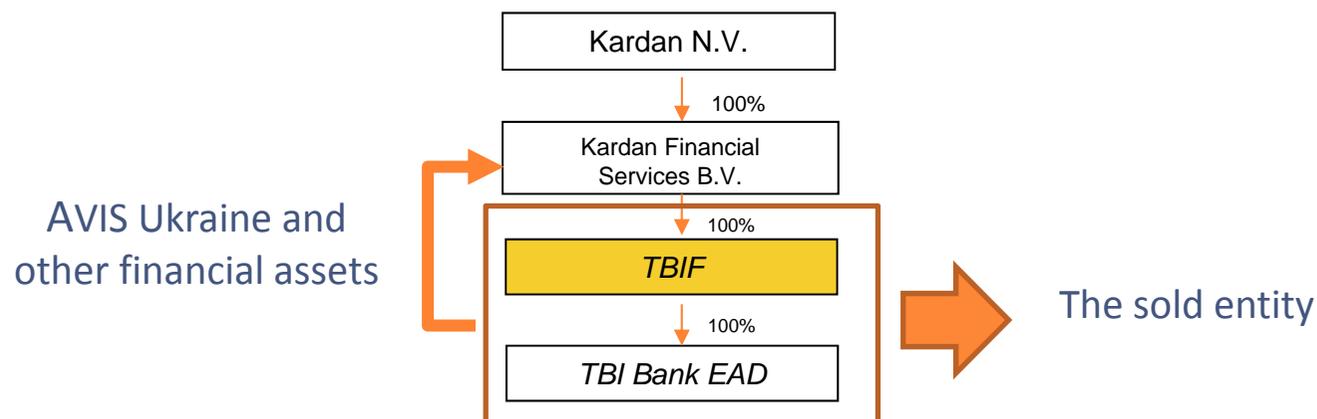
KARDAN N.V.

Sale of TBIF

Presentation to the Meeting of the Debenture Holders

16 June 2016

- On Feb 26th, 2016 Kardan Financial Services B.V. (KFS), a fully owned subsidiary of Kardan N.V. (Kardan) had signed an agreement to sell all its shares (100%) in TBIF Financial Services B.V. (TBIF)
- Prior to the sale TBIF will transfer certain assets it holds to KFS. The assets to be transferred from TBIF to KFS have a book value of circa € 23M as of 31/12/2015 (including Avis Ukraine and other financial assets). Hence on completion date, the only asset held under TBIF will be TBI Bank and its subsidiaries.



- In essence, the proposed transaction is to sell an 'Agreed Asset' (TBI Bank) as defined in the Amended Deeds of Trust:
 - The sole asset in TBIF at the Closing Date will be TBI Bank, which is an Agreed Asset;
 - According to the provisions of the Amended Deeds of Trust, Kardan may sell TBI Bank without prior approval of the Debenture Holders and without limitations, as the purchase price is higher than 80% of TBI Bank's equity;
 - Effectively, the purchase price reflects a significant premium above the equity.

- The proceeds of the transaction will be calculated as follows:
 - Circa € 69M which will be paid on the Closing Date;
 - After the Closing Date, the consideration will be adjusted and additional amount will be paid to KFS by the buyer or by KFS to the buyer. This additional amount will be based, amongst others, on the profit or loss (as applicable) of TBIF from 1 January 2016 until the Closing Date.



- Kardan is expected to receive (from KFS) the transaction proceeds, and therefore is a party to the agreement with a role of securing KFS obligations according to the agreement, including KFS indemnification obligation in relation to the representations included in the agreement.
- Kardan's guarantee to KFS obligations within the framework of the agreement can be enforced only in case KFS is unable to fulfil its obligations.

In order to complete the transaction the following approvals, amongst others, are required:

- Approval of the debenture holders to sell TBIF (a pledged asset), to remove the pledge over TBIF shares and to provide the guarantee by Kardan
- Regulatory approvals in Bulgaria (the approval of the Bulgarian National Bank was obtained)



Transaction Structure and Terms



- On the Closing Date 30% of TBIF's shares will be pledged in favor of KFS, until the additional consideration is received and the full consideration is paid;
- To secure part of its obligations and indemnities, KFS committed to deposit on Closing Date an amount of € 6M; the deposit will be reduced to € 5M in the second year. The deposit will be released two years after the Closing Date or if the buyer will not pay the additional consideration.
- Out of the transaction proceeds KFS committed to pay the option holders in TBI Bank an amount of circa € 3.5M, in exchange for waiving their rights deriving from such options.

The net sale proceeds that Kardan will receive (net of payment to the option holders, indemnification deposit, transaction costs, G&A expenses as detailed in the Deeds of Trust, interest payment etc.) will be fully used for early repayment to the debentures holders according to the terms of the Amended Deeds of Trust.



Expected Cash Flow - Example



- The following calculation is presented **only as an example** assuming that the Closing Date will allow an early repayment on 31.7.2016:
 - Proceeds of the first payment - € 69M;
 - Additional consideration – will be calculated based on the profit or loss from 1.1.2016 until the Closing Date subject to adjustments and premium. **Kardan cannot estimate this amount at this stage.**
 - Less transaction costs and payment to option holders - € 3.5M;
 - Less deposit of € 6M in the first year, to be reduced to € 5M in the second year after closing. This amount will be pledge to secure indemnification obligations;
 - Less amount to complete G&A expenses for a year - € 2.2M (out of € 4.5M);
 - Less amount to make interest payment in February 2017 - € 11.3M. According to the progress of other processes, it is possible that Kardan will use this amount to make an early repayment;
 - In addition, Kardan will not keep the ‘support amount’ of € 7.5M which it is allowed to keep;
 - According to this example, **the early repayment will amount to € 46M.**
 - This early repayment amount may change according to the additional consideration and may increase if Kardan will be able to make an early repayment using the funds reserved for the February 2017 interest payment.



Conditions, Representations and Warranties



The agreement includes various warranties of KFS in relation to TBIF and its capability to execute the transaction, as customary for transactions of this nature. These include but are not limited to:

- Main warranties such as - shares ownership, authority to enter into the agreement, non-competition in TBIF business, group structure, licenses and taxation.
- Business warranties such as – financial statements, accounts, assets and rights, non-existence of material adverse events after signing date, adherence to regulation and regulatory requirements, material agreements, insurance, agreements with the seller, laws and adherence to regulator inspection reports, solvency, litigation, intangibles assets, and others



Conditions, Representations and Warranties (cont.)



The agreement includes indemnification obligation towards the buyer as follows:

- Claimed event could be brought up if exceeds € 500K per single event and € 1M in aggregated for multiple events;
- Claims under Business Warranties must be made within 24 months of Closing;
- Claims under Main Warranties (including tax indemnity) must be made within applicable statute of limitations;
- The cap on all warranties will be the purchase price.



Requested approvals from the debenture holders



To approve entering into the agreement and executing all actions stipulated in the agreement, including:

- To approve removing the pledge registered on TBIF shares held by KFS in favor of the trustees.
- To approve Kardan's guarantee to secure KFS obligation according to the agreement;
- To authorize and instruct the trustee to sign any document required by Kardan or KFS in order to remove such pledge on TBIF shares.





Thank you

Disclaimer

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