



KARDAN N.V.

Investor Presentation

Results 2011

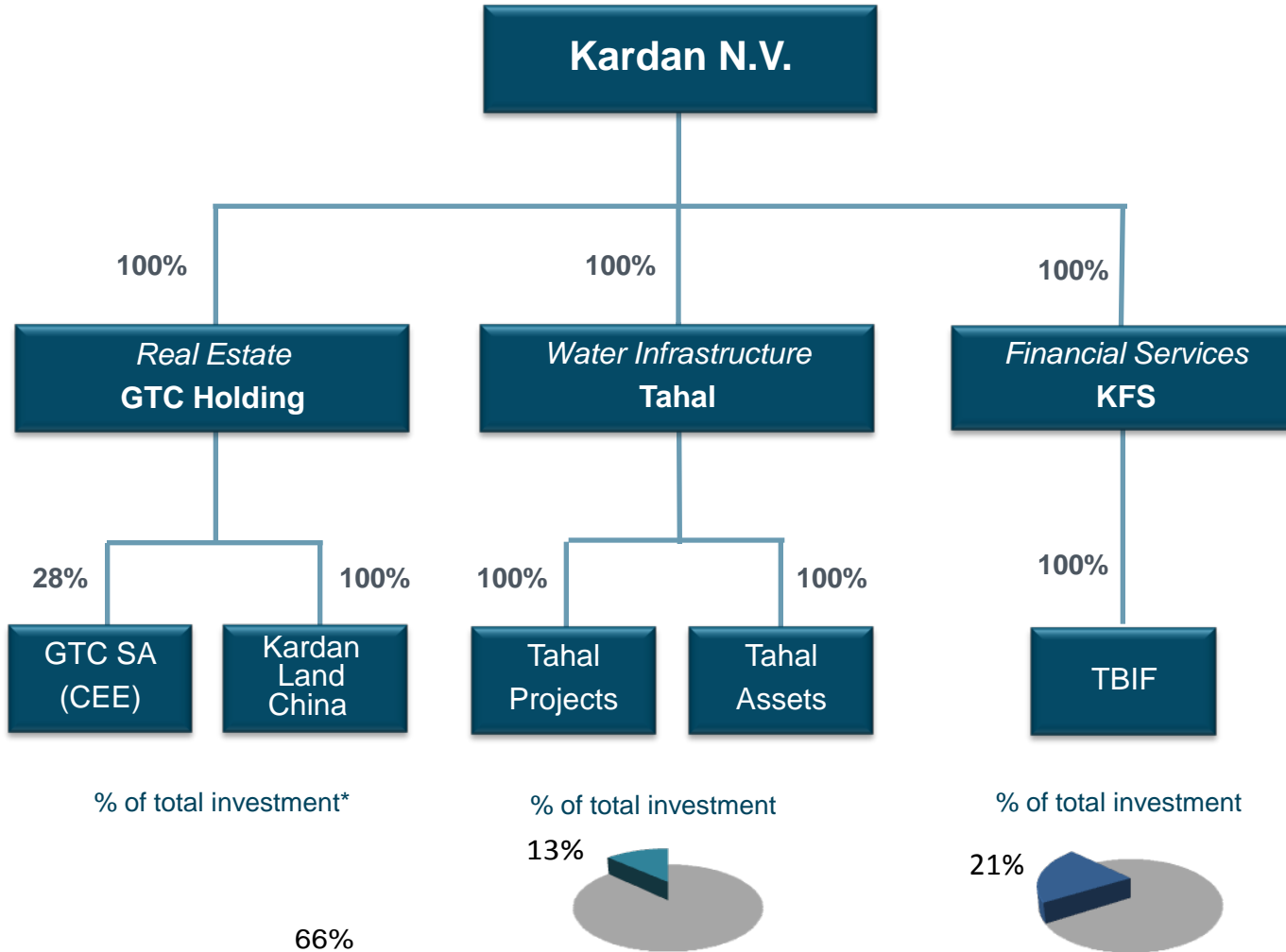
March 2012

Unique investment gateway to emerging markets

*We initiate, develop and manage
long term cash flow generating
assets, mainly in Real Estate and
Water Infrastructure in
promising Emerging Markets.*

- Emerging Markets
- Active in approximately 30 countries
- Focus:
 - Real Estate: China and CEE / SEE
 - Water Infrastructure: worldwide
 - Smaller exposure to Financial Services activities in Bulgaria and Romania
- Stock listed on NYSE Euronext Amsterdam and Tel Aviv Stock Exchange
- Total Assets of EUR 4.4 billion
(consolidated as of December 31, 2011)

Controlling stakes in core activities



* According to investment in financial statements of Kardan NV as of 31.12.2011 (including shareholder loans)

2011: EUR 148 million loss due to Eurozone Crisis

- Eurozone crisis impacted 2011 results, especially in H2
- **Real Estate:**
 - **China:** Positive contribution of EUR 24 million due to sale of Chengdu and delivery of apartments.
 - **CEE:** Negative revaluations mainly due to decrease in ERV and postponement of development
- **Financial Services:** Provisioning and goodwill write-offs in activities in Romania and Bulgaria
- **Infrastructure:** Delays and write-offs for projects

Poland: WIG Index



Main Actions in 2011

Kardan:

- Net debt position of Kardan NV, GTC RE and KFS decreased by EUR 197 million (excluding pending proceeds from sale of Sovcombank)
- Spin-off of Israeli activities (completed Q4 - 2011) to increase focus

Real Estate:

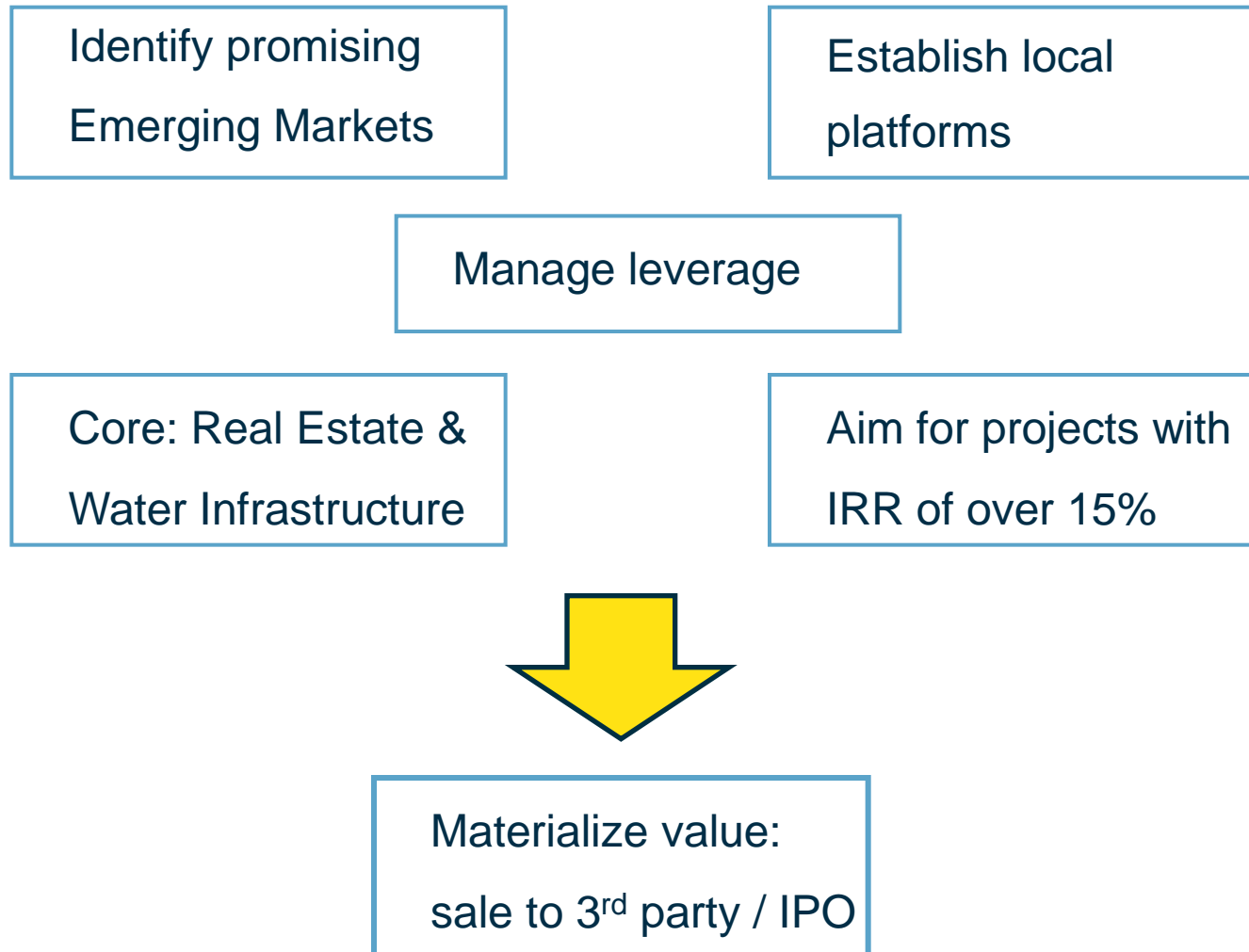
- Sale of 16% in GTC SA in January 2011 to reduce leverage
- CEE: Sale of Galeria Mokotow (Warsaw) – net proceeds of EUR 110 million
- China: Completion of sale of 50% stake in Galeria Chengdu - net proceeds of EUR 46 million; sale of Hangzhou: proceeds of EUR 31 million

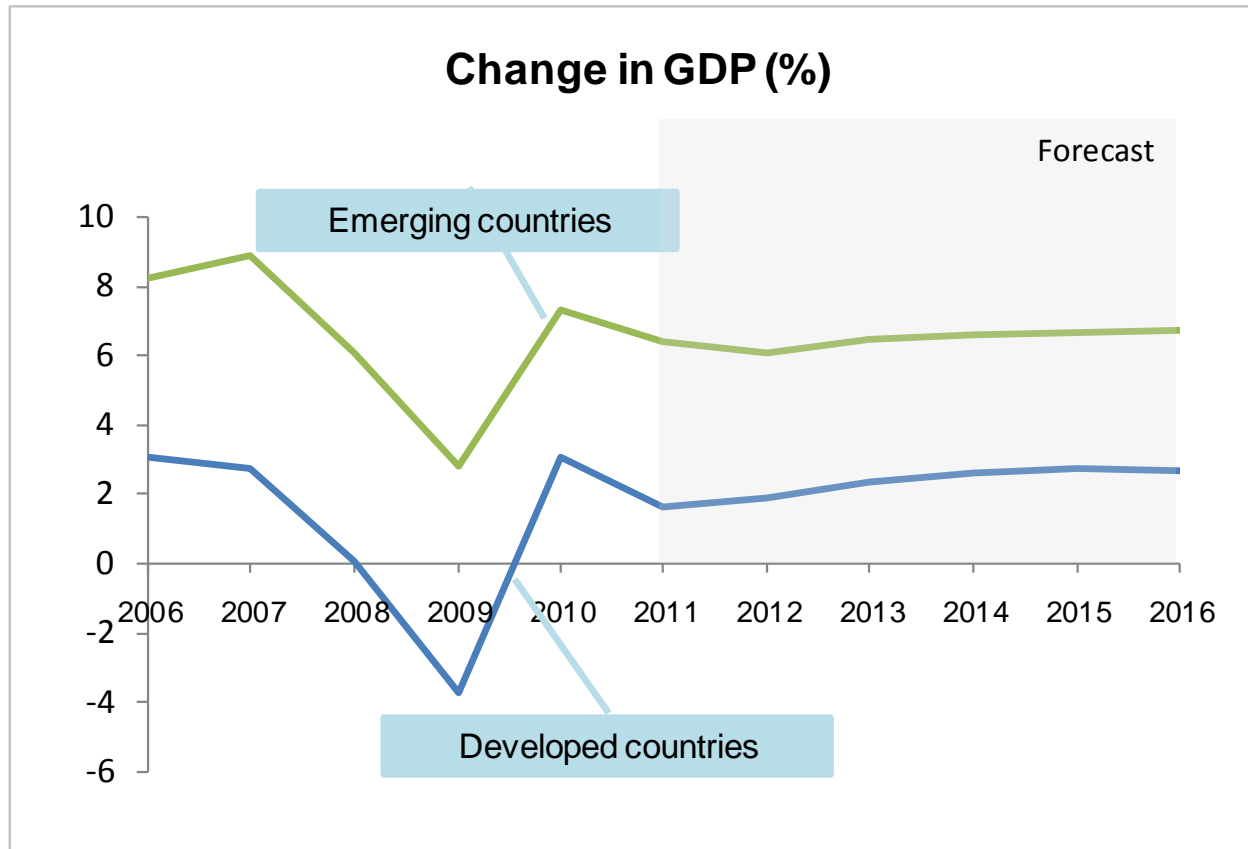
Water Infrastructure:

- Signed largest project (Quiminha, Angola); expected revenues of EUR 143 million
- Sale of assets for proceeds of EUR 18 million

Banking & Lending:

- Integration of TBI Bank initiated
- Agreement to sell TBIF's 50% stake in Sovcombank (for EUR 123 million); closing expected H2-2012





Source: IMF, World Economic Outlook, September 2011

	2009	2020 F	% change 2009-2020
	Number of People		
	(millions)	(millions)	
North America	338	333	-2%
Europe	664	703	6%
Asia Pacific	525	1,740	231%
Central & South America	181	251	39%
Middle East & Africa	137	222	62%
World	1,845	3,249	

Source: OECD, 2010

The main growth is in emerging markets

Real Estate Asia

Kardan Land China – 100%

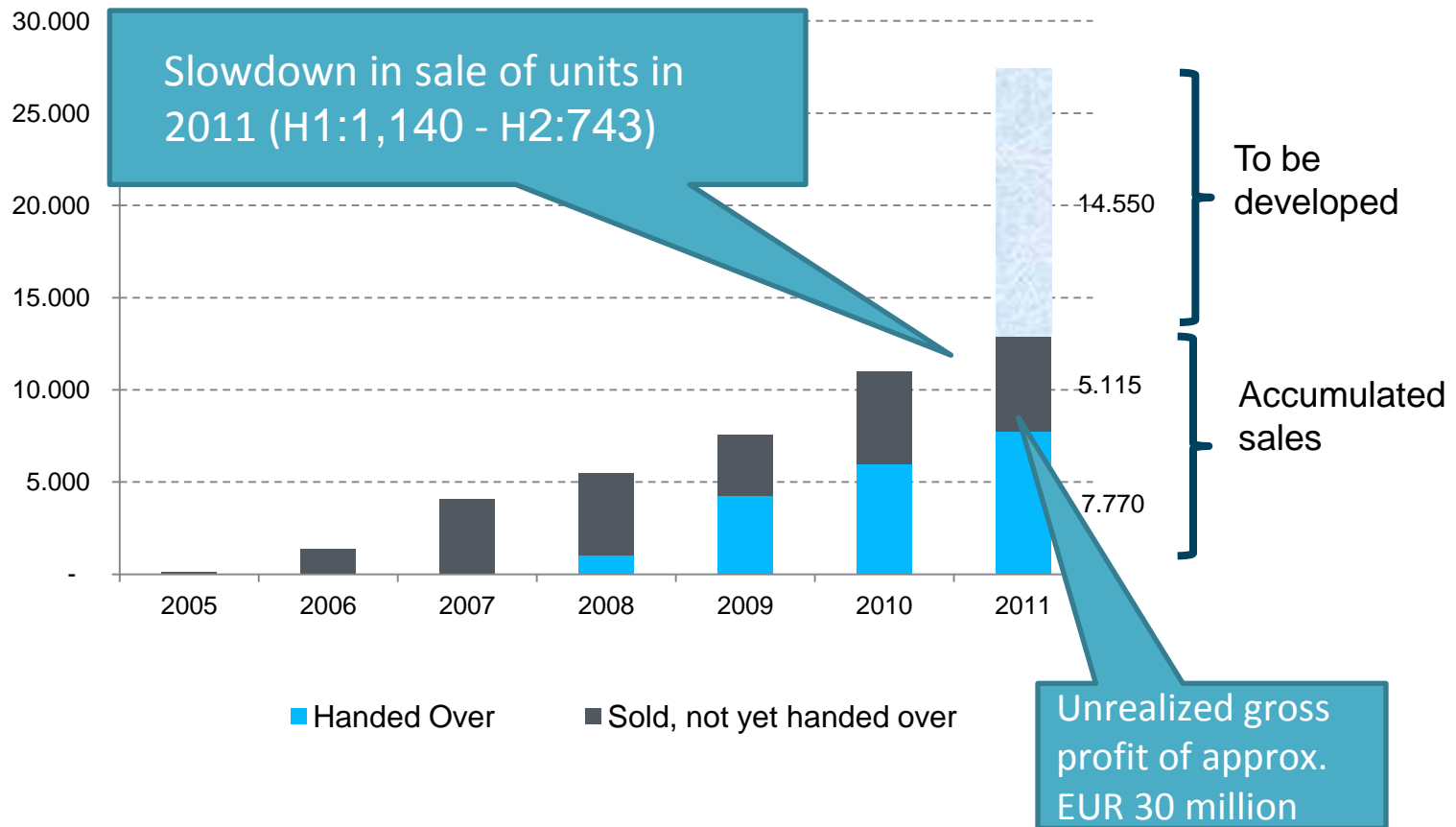
2.8 million m²: under various stages of developments



Retail & Residential Projects in Tier 2 & 3 Cities



Number of Units (company share approx. 50%)



Galeria Chengdu

- Opened in November 2010
- NRA: 35,000m²
- Occupancy: 97% with international tenants
- Development costs: EUR 68 million (Equity: EUR 40 million)
- 50% sold to MGPA at value of EUR 118 million



Europark Dalian

- Under development; expected completion in 2015
- Expected NRA shopping center: 65,000m²
- GLA of Home Office & Residential: 100,000m²
- Land purchased in 2008 for approx. EUR 100 million



Kardan Land has rights to develop GLA 75,000 m2 retail centers in mixed use projects

- Profit in past 2 years mainly from sale of assets (50% Galeria Chengdu and plot in Hangzhou) and revaluations of Galeria Chengdu
- Equity as of 31.12.11: **EUR 247 million**
- Cash & ST investments: **EUR 67 million**
- 5,115 units sold not yet delivered expected to generate revenue of EUR 134 million & gross profit of approximately EUR 30 million
- In 2011 the company repaid Kardan NV shareholder loans (EUR 42 million); remaining balance EUR 24 million

(EUR millions)	2011	2010
Residential revenue	43	39
Rental revenue	6	1
Total revenue	49	40
Gross profit	11	4
<i>Residential gross profit</i>	21%	14%
Revaluation of investment property	17	29
Income from sale of assets	16	-
Net profit to shareholders	24	12

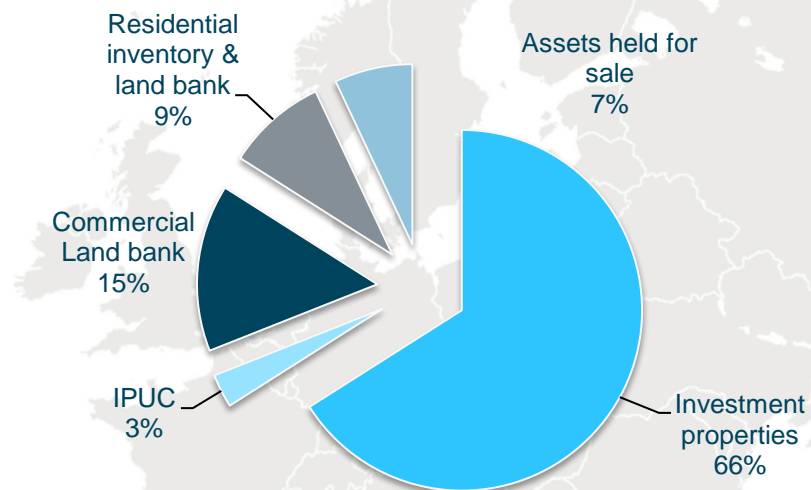
Real Estate Europe (mainly CEE / SEE)

GTC S.A. – 28%

Operating in 10 CEE / SEE countries

- Developer and manager of office buildings and shopping centers
- Founded in 1994 by Kardan in Poland
- Listed on the Warsaw stock exchange (WIG20) as of 2004
- Current market cap. approx. EUR 350 million
Equity to shareholders approx. EUR 744 million
- Completed since 1994 over 1,000k sqm of commercial space and 370 sqm of residential space, of which over 400k sqm sold

**Split of total GTC S.A. property portfolio* ;
Total: EUR 2,020m**



*Includes Platinum 1-4, excludes attributable GAVs for Czech and Ukraine where GTC S.A. holds minority stakes

- NRA: 580,000m² *
- Occupancy: 87% (2010: 83%)
- Gross margin from operations: EUR 95 million**
- Book value of completed assets: EUR 1.5 billion***
- Slowdown in development due to macro environment:
 - 2012: Expected completion: Galeria Burgas (retail center, Bulgaria) and Platinum V (office, Warsaw)
 - Till end 2014: Completion of 2 shopping centers in Warsaw (NRA* of 108,000m²)

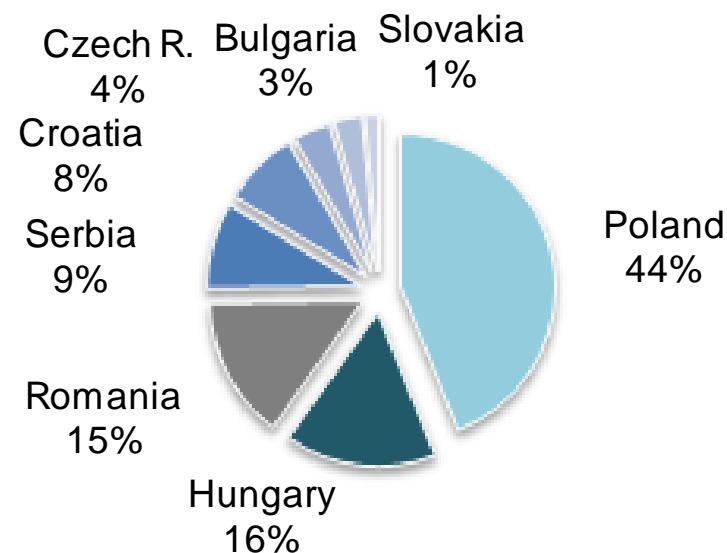
*GTC S.A.'s stake

** Includes Galeria Mokotow which was sold

*** Decreased due to sale of Galeria Mokotow

Unique investment gateway to emerging markets

NRA by Country (GTC SA stake)



- Loss due to substantial revaluations & impairments
- LTV increased to 60% (2010: 51%)
- Cash & ST investments: EUR 179 million:
 - Sale of Galeria Mokotow
 - EUR 127 million refinance of loans
- Bonds maturity:
 - 2012: EUR 21 million
 - 2013: EUR 103 million
 - 2014: EUR 191 million
- GTC S.A. intends to raise approx. EUR 180 million free cash through sale of assets in the next 3 years
- The company intends to raise approximately EUR 100 million through rights issue

(EUR millions)	2011	2010
Rental revenue	129	124
Residential revenue	<u>25</u>	<u>45</u>
Total revenue	154	169
Gross profit	95	97
<i>Rental gross profit</i>	<i>72%</i>	<i>76%</i>
Profit before revaluations	64	67
Revaluations & impairments	(296)	43
Operating profit (loss)	(231)	110
Net profit (loss)	(338)	29
Net profit (loss) to shareholders	(270)	42

Breakdown of Revaluations in 2011

- Most of revaluations in Retail & Residential

- Romania & Bulgaria & Croatia:

- Revaluations of shopping centers due to decrease in turnover and ERV
- Impairment of residential projects due to postponement of development and decrease in prices

(EUR millions)	Commercial	Residential	Total	
Romania	(79)	(41)	(120)	41%
Bulgaria	(71)	-	(71)	24%
Croatia	(43)	-	(43)	14%
Hungary	(27)	(14)	(42)	14%
Serbia	(15)	-	(15)	5%
Slovakia	-	(5)	(5)	2%
Russia	(4)		(4)	1%
Poland	4	(1)	4	-1%
Total	(235)	(61)	(296)	100%
	79%	21%	100%	

Water Infrastructure

Tahal Group International – 100%

- Specializes in water-related infrastructure projects and development
- Operates through the entire value chain, primarily in developing countries
- Over 1,200 employees
- Major clients: governments, public utilities and water agencies
- Two sub-divisions:
 - Tahal Assets (100%): investments / development of assets, Build Operate Transfer (BOT) and Build Operate Own (BOO)
 - platforms in China and Turkey
 - Tahal Projects (100%): design, consulting and turn-key projects (EPC)



Projects

- Decrease in revenues mainly due to delays in projects
- Decrease in gross margin due to write-offs in the sum of EUR 7 million
- Substantial increase in backlog (2011: EUR 316 vs, 2010: EUR 183)
 - Quiminha project
 - Ghana project

(EUR millions)	2011	2010
Revenues	85	112
Gross profit	7	24
<i>Gross profit margin</i>	7%	21%
EBIT	(14)	8
Net profit (loss) to shareholders	(14)	3

Assets

- Increase in revenues – mainly in China
- Income from sale of assets

(EUR millions)	2011	2010
Revenues	29	26
Gross profit	11	9
<i>Gross profit margin</i>	38%	35%
Income from sale of assets	2	2
EBIT	6	4
Net profit to shareholders	3	2

Kardan Water (TGI subsidiary in China)

- Active in Tier 2 & 3 cities (China)
- 10 operating plants (WWT, WS & WR) & 2 WWTP under construction
- Capacity expected to increase in the next few years further to expansions:

Maximum Capacity ('000 t/day)

Number of plants / uses	Expected - based on expansions				
	2011	2012	2013	2014	
Tianjin	5	205	230	295	315
Dazhou	2	110	110	110	170
Dingzhou	1	20	20	20	40
Xuanhua	2	240	240	160	240
Zichuan	2	30	30	30	30
Total	12	605	630	615	795

(EUR millions)	2011	2010
Revenues	20	15
Gross profit	11	7
<i>Gross profit margin</i>	54%	48%
Income from sale of assets	2	-
Operating profit	9	4
Net profit to shareholders	4	2



Financial Services

TBIF – 100%

Profile Banking & Retail Lending (100%)

- Banking, consumer finance, leasing and mortgages in Bulgaria and Romania

2011 Events

- June 2011: announced agreement to sell our stake (50%) in Russian Bank, Sovcombank - closing expected in H2-2012
- July 2011: acquired Bulgarian bank (TBI Bank) to attract deposits and increase margins
- Eurozone crisis: substantial impairments on portfolios of consumer credits and leasing

Key Indicators TBIF **

- Outstanding net portfolio: EUR 157M
- Total Branches and POS > 290
- Total merchants > 1,500
- Total employees > 1,230

** as of December 31, 2011, excluding Sovcombank, including Banka Sofia

(Bulgaria and Romania in EUR millions)	2011**	2010
Net banking income*	29	37
Profit (Loss)	(23)	(5)
Total Assets	211	217
Equity / Assets	22%	20%
Cash & ST investments	15	18

*incl. net interest income, net commission income and other operating Income

**Banka Sofia (TBI Bank) is consolidated as of August 2011

Kardan NV – Financials

- Equity to shareholders as of 31.12.11: **EUR 203 million** (31.12.10: EUR 334 million)

- Loss in 2011: EUR 148 million, mainly due to the following losses:
 - Real Estate: EUR 60 million
 - Infrastructure: EUR 11 million
 - Financial Services: EUR 53 million

- Liabilities, including GTC RE Holding:
 - Debentures: EUR 495 million (after hedge transactions)
 - Loans from banks: EUR 131 million

- Cash & ST investments (including GTC RE Holding) as of 31.12.11: EUR 123 million

Company Only – Kardan NV & GTC RE Holding**

(EUR millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Debentures - Series A		53	53	53	53					212
Debentures - Series B			40	40	40	40	41	41	41	283
Loans from Banks*	<u>30</u>	<u>-</u>	<u>5</u>	<u>13</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>27</u>	<u>12</u>	<u>131</u>
Total	30	53	98	106	108	55	55	67	52	626

* Based on refinancing in March 2012

** The liabilities of KFS are expected to be repaid following closing of Sovcom transaction

Expected Cash Flow

Company Only – Kardan NV & GTC RE Holding*

Years 2012 -2013

	EUR millions
Sources	
Cash & ST investments as of 31.12.11**	123
Repayment of loans***	93
Sale of assets	15
	<hr/>
	231
Uses	
Series A debentures (principle)	51
Purchase of debentures in January 2012	8
Repayment of bank loans	30
Interest expenses	57
G&A expenses less management fees	11
GTC SA rights issuance	28
	<hr/>
	185
Expected cash & ST investments in 31.12.13	46

2014 onwards

Possible Sources

Repayment of loans to KFS
Sale of assets in KFS
Sale of minority in Kardan Land China
Sale of minority in TGI
Sale of shares in GTC SA
Refinance

* The uses do not include possible investment in Asia of up to EUR 20 million

** Includes pledged deposits which will be free in the short

*** Mainly from KFS (proceeds from Sovcom transaction) and Kardan Land

Thank You

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Appendix –

Condensed Consolidated Income Statement Kardan NV



In EUR million	Real Estate		Infrastructure		Banking and Retail lending	Other	Total	
	Asia	Europe	Assets	Projects			2011	2010
Total revenues	49	160	29	85	113	-	436	394
Total expenses	53	166	25	99	95	8	446	345
Profit from operation before fair value adjustments, disposal of assets and financial expenses	(4)	(6)	4	(14)	18	(8)	(10)	49
Profit (loss) from fair value adjustments and on disposal of assets and investments	33	(235)	2	1	(55)	-	(254)	56
Total Other income/expenses	29	(241)	6	(13)	(37)	(8)	(264)	105
Finance expenses, net	(3)	87	5	2	12	20	123	125
Profit (Loss) before income tax	32	(328)	1	(15)	(49)	(28)	(387)	(20)
Income tax expenses (benefit)	8	18	2	(1)	9	2	38	24
Profit (Loss) from continuing operations	24	(346)	(1)	(14)	(58)	(30)	(425)	(44)
Profit (Loss) from discontinued operations	-	-	3	-	5	8	16	15
Profit (Loss) for the period	24	(346)	2	(14)	(53)	(22)	(409)	(29)
Attributable to:								
Non-controlling interest	-	(262)	(1)	-	-	2	(261)	(2)
Net result for the segment	24	(84)	3	(14)	(53)	(24)	(148)	(27)
Profit (Loss) for the period	24	(346)	2	(14)	(53)	(22)	(409)	(29)

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