KARDAN N.V.

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KARDAN Q1 2013: EUR 22 MILLION LOSS (Q1 2012: EUR 14 MILLION LOSS)
Continued focus on servicing debt and operational efficiency
Impairments in Romania and forex expenses

Highlights segments Q1 of 2013:

Kardan N.V.
- EUR 22 million loss attributable to shareholders (Q1 2012: EUR 14 million loss)
- Significant negative impact due to strengthening of Israeli Shekel versus Euro (EUR 20 million)

Real Estate Asia
- Lower (110) number of apartments delivered (Q1 2012: 512); lower revenues
- Revaluation gain on development progress Europark Dalian retail center.
- Higher (575) number of apartments sold (Q1 2012: 81)
- EUR 2 million profit (Q1 2012: EUR 1 million profit)

Real Estate Europe
- Impairments of EUR 25 million (GTC SA, 100%) in Romania mainly due to new legislation on zoning
- Financial statements GTC SA deconsolidated from Kardan in Q1 2013
- Real Estate Europe: EUR 5 million loss (Q1 2012: EUR 1 million profit)

Water Infrastructure Assets
- Lower revenues, as no revenues from construction of water facilities
- Improved gross profit margin to 45% (Q1 2012: 35%)
- EUR 2 million profit (Q1 2012: EUR 1 million profit)

Water Infrastructure Projects
- Significantly higher revenues (mainly progress in new projects in Africa)
- Continued focus on cost
- Gain on sale of real estate asset in Tel Aviv
- EUR 5 million profit (Q1 2012: EUR 2 million loss)

Banking and Retail Lending
- Substantially higher revenues and lower provisioning
- One-off gain on recovery payment on former investment in Serbia
- Break even (Q1 2012: EUR 11 million loss)

Shouky Oren, CEO of Kardan N.V. stated: *“We have reported a loss of EUR 22 million mainly due to a currency impact and negative revaluations: 1) the appreciation of the Israeli Shekel versus the Euro impacted our income statement negatively by EUR 20 million, but was offset by EUR 9 million on our balance sheet, and 2) impairments on real estate assets mainly in Romania were again necessary. From an operational business point of view, the implemented efficiency measures have led to better results. Kardan is however, still facing challenges. Our current main priority at the holding level is servicing our debt. We are actively pursuing all possibilities, among others to materialize value into cash and are fully committed to succeed.*
It should be noted that the presentation of our first quarter 2013 results, and consequentially our income statement, is impacted by two accounting issues: 1) the deconsolidation of the financial statements of GTC SA from our results and 2) the implementation of the equity method for joint ventures.”

KARDAN N.V.

During the first quarter of 2013, it was decided no longer to consolidate the financial statements of GTC SA, the leading Central and (South) Eastern European real estate developer in which Kardan holds a 28% stake, in the results of Kardan (see note 6 in the Financial Statements). Consequently, our share in the results of GTC SA is presented as Equity in net earnings in associated companies in the income statement.
In addition, as of January 1, 2013, following the adoption of IFRS 11(Joint Arrangements), all the joint ventures which were previously proportionally consolidated in the financial results, are also presented as Equity earnings / (losses) in joint ventures and associated companies. Consequently, there are material changes in the presentation of both the Real Estate Europe as well as the Real Estate Asia segment. The impact on the other segments is immaterial. The comparative results have been adjusted to conform to these changes.

The Q1 2013 condensed interim consolidated income statement split into the different segments of Kardan N.V. is shown in the table below.

Management analyses the segment performance based on result from operations before finance expenses (in note 3 of the condensed interim consolidated financial statements called "Segment result"). In this press release, additional segment information is provided for information purposes. Following the overall analysis, the Q1 2013 results of every individual segment is analyzed in more detail.

Condensed Interim Consolidated Income Statement Kardan N.V.

For the first three months ended March 31, 2013 (in EUR thousands)

	Real Estate		Infrastructure		Banking and Retail lending		Total		
	Asia	Europe	Assets	Projects	lending	Other	**Q1-2013**	**Q1-2012**	**FY 2012**
Total revenues	1,172	-	6,247	27,761	6,103	9	41,292	28,993	161,778
Total expenses	2,043	-	4,858	27,688	6,759	1,245	42,593	41,409	186,885
Profit (loss) from operation before fair value adjustments, disposal of assets and financial expenses	(871)	-	1,389	73	(656)	(1,236)	(1,301)	(12,416)	(25,107)
Profit (loss) from fair value adjustments, disposal of assets and investments, equity earnings (loss)	2,166	31,850	495	8,348	1,482	-	44,341	3,421	9,057
Result from operations before finance expenses	**1,295**	**31,850**	**1,884**	**8,421**	**826**	**(1,236)**	**43,040**	**(8,995)**	**(16,050)**
Financing income (expenses), net	1,451	1	181	(592)	(305)	(25,207)	(24,471)	(9,382)	9,756
Profit (Loss) before income tax	2,746	31,851	2,065	7,829	521	(26,443)	18,569	(18,377)	(6,294)
Income tax (expenses)/benefit	(387)	-	(606)	(2,740)	(152)	(748)	(4,633)	2,364	(938)
Profit (Loss) from continuing operations	**2,359**	**31,851**	**1,459**	**5,089**	**369**	**(27,191)**	**13,936**	**(16,013)**	**(7,232)**
Profit (Loss) from discontinued operations	-	(56,508)	-	-	-		(56,508)	3,099	(131,948)
Profit (Loss) for the period	2,359	(24,657)	1,459	5,089	369	(27,191)	(42,572)	(12,914)	(139,180)
Attributable to:									
Non-controlling interest	-	(19,873)	(310)	59	(5)	-	(20,129)	1,066	(106,004)
Net result for the segment	**2,359**	**(4,784)**	**1,769**	**5,030**	**374**	**(27,191)**	**(22,443)**	**(13,980)**	**(33,176)**
Profit (Loss) for the period	2,359	(24,657)	1,459	5,089	369	(27,191)	(42,572)	(12,914)	(139,180)

Overall review of Q1 2013

The result from **continuing operations** of Real Estate Asia amounted to a consolidated profit of EUR 2,359k, which includes a revaluation profit on the development progress of the retail project in Dalian and foreign exchange gains. Equity earnings (reflecting the results of the residential activities in joint venture and the result of the 50% in retail center Chengdu) amounted to a loss of EUR 383k, on the back of substantially lower revenue, in line with fewer deliveries of apartments in comparison to Q1 2012, mitigated slightly by a positive contribution from the retail center in Chengdu.

The financial statements of the contributing operating company within Real Estate Europe, GTC SA, are no longer consolidated in the results of Kardan. The reported contribution to the result of continuing operations therefore does not relate to operational results but primarily reflects an accounting effect of the deconsolidation. To evaluate Real Estate Europe fully, the loss from discontinued operations, which combines an effect of the deconsolidation with the first quarter 2013 results of GTC SA, needs to be taken into account also.
GTC SA (100%) recorded a loss of EUR 22,774k attributable to equity holders in Q1 2013, mainly due to negative revaluations of approximately EUR 25 million relating to a land plot and an office building in Romania.
For a more detailed analysis of the GTC SA results see page 8.

A EUR 6,548k profit from continuing operations was reported in Q1 2013 for Water infrastructure (Q1 2012: loss of EUR 1,036k). Tahal Projects reported a profit following higher revenues, tight cost control and a gain on the sale of a real estate asset in Tel Aviv. The result of Tahal Assets in Q1 2013 was near equal to the result reported in the corresponding period, albeit on lower revenues this quarter as, unlike last year, no construction or expansion activities took place in Q1 2013 in China.

The Banking and Retail Lending segment improved significantly. TBIF reported positive revenues, EUR 6,103k in Q1 2013, following hardly any provisioning (which is deducted from revenues) whereas revenue was EUR (2,527k) in Q1 2012 when substantial provisions were taken on mainly legacy portfolios. With better quality portfolios, improved risk management, a one-off gain and following significant deleveraging, TBIF reported a small positive contribution of EUR 369k, compared to a loss of EUR 11,342k in the first quarter of last year.

Included in "Other" are the expenses and finance costs of the holding companies Kardan N.V. and GTC Real Estate Holding B.V. (GTC RE). Mainly due to the strengthening of the Israeli Shekel (NIS) versus the Euro, a loss of EUR 27,191k was reported in Q1 2013, substantially more than the loss reported in Q1 2012. Currently, the Company's equity is mostly exposed to the Chinese RMB on its assets side and to the NIS on its liabilities side. Changes in the NIS exchange rate mostly impact the income statement while changes in RMB mostly impact the equity directly.

The **loss from discontinued operations** in Q1 2013 of EUR 56,508k is fully attributable to the deconsolidation of the financial statements of GTC SA from the results of Kardan and includes two elements: 1) the Company's share in the results of GTC SA in the reporting period and 2) the loss relating to the deconsolidation in the amount of EUR 30,208k, which also includes the reclassification of equity reserves related to GTC SA to the income statement.

The **net result** of Q1 2013 for equity holders of Kardan N.V. amounted to a loss of EUR 22,443k (Q1 2012: loss of EUR 13,980k).

Equity

Kardan N.V. – balance sheet (company only, in EUR thousands)	**March 31, 2013**	**December 31, 2012**
Total Assets	603,883	642,462
Total Equity	159,854	167,044*
Equity/Total assets (%)	26%	26%

(*) Restated to reflect the retrospective impact of adopting IFRS 11 (Joint Arrangements)

Shareholder's equity of Kardan N.V. decreased from EUR 167,044k as of December 31, 2012 to EUR 159,854k as of March 31, 2013, mainly due to the loss in the period. The impact of the loss was mitigated by positive equity movements related to foreign exchange rate translations and hedges.

Covenants

Subsequent to the balance sheet date, GTC Real Estate Holding BV has come to an agreement with a lending bank and received a waiver with respect to loan covenants. For additional information on covenants and the waiver, see note 7 in the Financial Statements.

Highlights per segment:

Every segment result for the first quarter of 2013 is analyzed separately below.

REAL ESTATE

Kardan is active in development and management of Real Estate through two segments: 1) Asia, which includes its 100% subsidiary Kardan Land China, and 2) Europe, which includes GTC SA, of which it holds 28%.

It is noted that as of January 1, 2013, IFRS 11 – which requires that the results of certain joint ventures need to be presented as Equity in net earnings of joint ventures and associated companies - is primarily applicable to Real Estate Asia; consequently the comparative period as well as full year 2012 have been reclassified to conform to current presentation.

It is also noted that during the first quarter of 2013, it was decided no longer to consolidate the financial statements of GTC SA, the leading Central and (South) Eastern European real estate developer in which Kardan holds a 28% stake in the results of Kardan (see note 6 of the Financial Statements). Consequently, our share in the results of GTC SA is presented as "Equity earnings / (losses)" in the income statement and the results of the comparative period and those of the full year 2012 have also been reclassified below to conform to current presentation.

Real Estate Asia

General developments China and Kardan Land China

China reported 7.7% y-o-y GDP growth in the first quarter of 2013, slightly lower than the full year 2012 growth (7.8%), due to unexpected slower industry production. Domestic consumption (public and private), however, was the biggest driver of growth (4.3 percentage points) in the first quarter. Export contributed 1.1 percentage points. The rapid rise of a new consumer class continues, evidenced among others by 3 million new jobs having been created in China in Q1 2013. Retail sales of consumer goods increased by 12.6% y-o-y (end of March 2013); remarkably, the growth of retail fashion was higher than the luxury fashion for the first time which is a good development for Kardan Land China, which focuses on developing shopping malls for middle class consumers.

Real estate investment rose by 20.2% y-o-y in Q1 2013; it represented 11% of total GDP in the first quarter. Compared to the last quarter of 2012, however, real estate investment decreased mainly due to the Chinese New Year holidays and winter season. As the prices of houses in the 70 largest cities of China show a slight increase again, the Chinese government will continue to focus on containing speculation in the (residential) real estate markets. In February 2013, the Chinese government issued a recommendation to implement an option, which legally already existed, to charge 20% capital gains tax on the profit of the sale of houses and to prefer this option to the other option which is a 2% (on average) charge of the transaction value.

Kardan Land China ("KLC") mainly focuses on mixed-use projects (retail combined with residential), and is also active in the sale of residential apartments (together with a 50% partner) for own use in Tier 2 and Tier 3 cities. The strategy of KLC is to initiate, develop and manage mixed-use projects in those cities where purchasing power and internal consumption show above country average growth, driven by continuing urbanization and expansion of the middle class. Dalian and Chengdu – the two cities where KLC is active in managing and developing large retail (and mixed-use) centers, continue to record above country average GDP growth.

Results Real Estate Asia

	Real Estate Asia		
	For the quarter ended March 31		Full Year
	In EUR thousands		
	2013	**2012**	**2012**
Management fee and other revenues	1,172	1,072	4,937
Total revenues	1,172	1,072	4,937
Other expenses, net	533	522	2,378
Gross profit	639	550	2,559
SG&A expenses	1,510	1,394	7,305
Adjustment to fair value (impairment) of investment properties	2,535	-	10,383
Gain on disposal of assets and other income	14	-	-
Equity earnings (losses)	(383)	3,572	9,652
Result from operations before finance expenses	**1,295**	**2,728**	**15,289**
Financing income (expenses), net	1,451	(1,816)	291
Income tax (expenses) / benefit	(387)	88	(1,675)
Profit (loss) from continuing operations	**2,359**	**1,000**	**13,905**
Net profit (loss)	2,359	1,000	13,905
Attributable to:			
Equity holders (Kardan N.V.)	**2,359**	**1,000**	**13,905**

Additional information Real Estate Asia	**2013 (31.03)**		**2012* (31.12)**
Balance sheet *(in EUR thousands)*			
Share of investment in JVs	96,559		93,099
Investment Property Under Construction	90,442		82,355
Inventory	98,436		93,187
Cash & short term investments	38,440		36,130
Total Assets	348,839		326,471
Loans and Borrowings	44,039		37,751
Advance payments from buyers	15,210		8,947
Total Equity	263,887		256,846
*restated according to IFRS 11			
Jointly controlled ventures:			
Operational Information Residential	Q1 2013	Q1 2012	FY 2012
Revenue Residential (in EUR thousands)	3,486	14,502	60,361
Gross profit residential (in EUR thousands)	1,210	3,362	18,012
Apartments sold* in period	575**	81	1,194**
Apartments delivered in period ***	110	512	2,272
Total apartments sold, not yet delivered	4,502	4,684	4,037
Jointly controlled ventures: Operational Information Retail (in EUR thousands)			
Revenue Retail (50% rental Chengdu, 100% service fees)	1,758	1,473	6,383
Gross profit Retail	1,124	690	3,828

* Apartments are considered to be sold once the contract has been signed and a minimal deposit has been made, which is currently set at 30% of the sale price. If a lower deposit is made at signing, the apartment is "reserved" until 30% or more has been received by KLC. On average, the remainder of the price is deposited within approximately two months after the contract has been signed. In Q1 2013, 11% of mentioned sold apartments were reserved and in FY 2012 the number amounted to 9% of the total.

** This number relates to all residential apartments, including the Europark project (Dalian)

*** Reflects number of apartments 100%; Kardan Land China holds 50%

Revenues

In line with IFRS 11, Kardan Land China reports the results of its residential activities as well as the results of the 50% stake in retail center Chengdu as "Equity in net earnings of joint ventures". Consequently, reported revenues relate to "management and service recharge revenues" only.

In the first quarter of 2013, total revenues increased by 9% y-o-y, mainly due to an increase in the service management fees for tenants in the retail center in Chengdu as well as a higher management fees charged by Kardan Land head quarter.

Sales & Marketing, and General & Administrative expenses (SG&A)

SG&A expenses in Q1 2013 were 8% higher than in the corresponding period last year, mainly due to an increase in general and administrative expenses following the expansion of activities (e.g. Dalian) in comparison to Q1 2012.

Adjustment to fair value of investment properties

The positive adjustment to fair value in the first quarter of 2013 relates fully to the Europark Dalian retail center, of which the development is progressing according to plan.

Equity earnings / (losses)

This new line item relates to the share of profit / (loss) of the joint venture companies (i.e. Chengdu and the residential projects excluding the Dalian project, as this is fully held by Kardan Land China).

Residential

Residential revenue is recognized when apartments are handed over. In the first quarter of 2013 revenue from the delivery of apartments was substantially less than in the corresponding period in 2012, in line with the number of deliveries: 110 in Q1 2013 compared to 512 in Q1 2012. The number of deliveries represents 100%: Kardan Land China has a stake of approximately 50%, consequently the revenue represents 50% of the total revenues booked on these deliveries.

The gross profit margin on residential activities increased from 30% year end 2012 to 35% as at March 31, 2013, resulting from a different mix (generally larger) of apartments that were delivered. Kardan Land China aligns the pace of construction to match the market conditions and to keep the percentage of completed unsold apartments in the inventory low (March 31, 2013: 3%).

Retail

Rental income from the 50% stake in Chengdu combined with 100% service management fees increased in Q1 2013 y-o-y by 19% following higher fixed income on slightly better occupancy and higher turnover related income (based on the turnover of the tenants).

The gross profit margin on the retail activities (Chengdu) increased from 60% year end 2012 to 64% as at March 31, 2013, mainly due to the increase in turnover related income.

Reconciliation to equity earnings result

Due to the low residential revenue recognized in the first quarter of 2013 (low number of delivery of apartments), a relatively stable cost base compared to Q1 2012, and mitigated slightly by a positive contribution from the retail center in Chengdu, the total contribution of the joint ventures amounted to a loss of EUR 383k. In Q1 2012, the positive contribution was the result of a substantially higher number of deliveries of apartments as well as positive results from the retail center in Chengdu which included a valuation gain.

Financing Income/expenses

Net financing income changed from an expense in Q1 2012 to an income in Q1 2013, due to a positive translation effect of the RMB compared to the Euro which contributed EUR 1,723k to the financing income, whereas in Q1 2012 there was a negative translation effect of EUR 1,960k.

Income tax (expenses) / benefit

Income tax expenses in Q1 2013 mainly included the deferred tax charge on the valuation gain on the retail center of Europark Dalian.

Additional Information
"Loans and borrowings" increased by 17% to EUR 44,039k compared to the balance as at year end 2012, which for the majority relates to the loan for Europark Dalian.
"Advance Payments from Buyers", relating to the sold apartments of the Dalian project only, increased substantially to EUR 15,210k in comparison to year end 2012. As mentioned in the note to the "Other operational information – residential" table above, advance payment for one apartment usually is paid in two phases: 30% of the price at signing of the contract and the remainder within on average two months (depending on whether the buyer takes a mortgage for the purchase). If at signing the buyer pays less than the required 30%, the apartment is kept "in reserve" until the threshold of 30% has been met. The increase of "advance payments from buyers" in Q1 2013 is mainly due to second payments on already signed contracts, as well as to a small number of newly signed contracts. In line with the equity method currently applicable to the Real Estate Asia segment results presentation, advance payments from the other (joint venture) residential projects are presented as part of the total amount "Share of Investments in associated companies" in the balance sheet.

Real Estate Europe

General developments Central and Eastern Europe (CEE) and GTC SA

The macroeconomic situation of Central and (South) Eastern European countries has generally still not improved. The fiscal austerity measures that governments need to take to deleverage combined with the increasing unemployment throughout the European Union have further negatively impacted consumer confidence. Households are generally paying down their debts and saving rather than spending, thereby affecting retail real estate markets particularly in South Eastern European countries. GTC SA consequently focuses on optimal management of its large scale shopping centers, selling selected assets to generate free cash, improving its operating results, and on preparing the development of two shopping centers in Warsaw.

Poland's economic development has slowed down to a 0.4% GDP growth y-o-y, mainly due to a continued lackluster industry production and an increasing unemployment rate (end of Q1 2013: 14.3%, end of 2012: 13.4%) leading to a tumble in consumer confidence. Although the purchasing power of employed people improved slightly, as salaries went up fractionally and the inflation rate decreased to a level below 2%, this did not overall translate into stronger retail sales. Warsaw still features an undersupply in terms of modern retail space and the pipeline for the years 2013 and 2014 is scarce. GTC SA plans to develop two shopping centers in the rapidly growing residential clusters Wilanów and Bialoleka in Warsaw, which are expected to be completed in 2015.

Romania reported a 2.1% (y-o-y) GDP growth in Q1 2013. Business confidence remained subdued however, keeping Romania's office real estate market slightly hesitant. However, planned developments in quality locations are still in demand; GTC SA is planning to develop an office building in Bucharest to be completed in 2015.

Bulgaria is slowly showing signs of a recovery in private consumption, albeit still on a low purchasing level. GDP growth in Q1 2013 was 0.4% y-o-y. The outcome of the recent elections does not bode well in terms of stabilizing the political situation in the country. Supply exceeds demand in the retail real estate market in Bulgaria, and absorption in the short term will be a challenge for market participants given the slow pace of growth in consumer purchasing power.

Results Real Estate Europe

Real Estate Europe comprises GTC SA which operates in Central and (South) Eastern Europe. As of the first quarter of 2013 the financial statements of GTC SA (in which Kardan holds a 28% stake) are no longer consolidated in the results of Kardan. The effect of the deconsolidation is presented in the table below.

	Real Estate Europe		
	For the three months ended March 31,		Full Year
	In EUR thousands		
	2013	**2012**	**2012**
Gain on disposal of assets and other income	-	-	(4,335)
Equity earnings / (losses)	31,850	(508)	(2,183)
Result from operations before financing expenses	**31,850**	**(508)**	**(6,518)**
Financing income (expenses), net	1	-	(1)
Income tax (expenses) / benefit	-	-	-
Profit (loss) from continuing operations	**31,851**	**(508)**	**(6,519)**
Net profit (loss) from discontinued operations	(56,508)	3,099	(132,473)
Net profit (loss)	(24,657)	2,591	(138,992)
Attributable to:			
Non-controlling interest holders	(19,873)	1,308	(105,527)
Equity holders (Kardan N.V.)	**(4,784)**	**1,283**	**(33,465)**
	(24,657)	2,591	(138,992)

Real Estate Europe:

Equity in net earnings of associated companies and joint ventures
"Equity in net earnings of associated companies and joint ventures" includes a bargain gain in the amount of EUR 31,868k which was recognized as a result of the provisional purchase price allocation that is associated with the deconsolidation of GTC SA.
For further details see Note 6 in the Financial Statements.

Net profit (loss) from discontinued operations
"Net profit (loss) from discontinued operations" includes two elements: 1) the Company's share in the results of GTC SA in the reporting period and 2) the loss relating to the deconsolidation in the amount of EUR 30,208k, which also includes the reclassification of equity reserves related to GTC SA to the income statement.

GTC SA

To clarify the operational results of GTC SA, the condensed income statement of GTC SA is presented below (adjusted for the accounting policy of Kardan N.V.):

	GTC SA		
	Q1 2013	Q1 2012	FY 2012
	(in EUR thousands)		
Rental and service revenue	28,105	29,413	119,816
Cost of rental operations	(8,420)	(8,263)	(35,891)
	19,685	21,150	83,925
Rental margin	*70%*	*72%*	*70%*
Residential sales revenue	2,893	4,850	19,029
Cost of residential sales	(2,955)	(4,771)	(19,036)
Gross profit from operations	**19,623**	**21,229**	**83,918**
SG&A expenses	(1,129)	(5,727)	(22,035)
Other income /(expenses)	(848)	(519)	(4,086)

Profit (loss) from revaluation of Invest. Property and impairment	(25,469)	2,366	(114,630)
Operating profit (loss)	**(7,823)**	**17,349**	**(56,833)**
Financial expenses, net	(13,137)	(15,687)	(61,237)
Share of profit (loss) of associates	411	(137)	(8,031)
Profit (loss) before tax	**(20,549)**	**1,525**	**(126,101)**
Tax	(5,644)	1,527	(6,096)
Profit (loss) for the period	(26,193)	3,052	(132,197)
Attributable to:			
Equity holders	**(22,774)**	**6,323**	**(96,037)**
Minority interest	(3,419)	(3,271)	(36,160)

Additional information GTC SA	**2013 (31.03)**	**2012 (31.12)**
Balance sheet *(in EUR thousands)*		
Inventory & residential land bank	165,135	168,826
Investment property	1,466,063	1,485,835
Assets held for sale	7,878	42,453
Cash & short term investments	222,526	249,661
Investment in associates and joint ventures	116,759	117,087
Total Assets	2,005,762	2,087,375
Total bank debts and financial liabilities	1,106,835	1,124,942
Total Equity	717,521	740,727
Other		
Loan to Value*	55%	53%
Completed commercial space(sqm)**	575,464	576,221
Value completed commercial space (EUR k)**	1,302,455	1,308,398
Average occupancy	91%	91%
Average yield completed assets	8.3%	8.3%

* LTV = Loans net of cash and deposits / Investment Property, inventory and assets held for sale
** Excludes Czech Republic and Ukraine, excludes assets held for sale

Revenues
Rental and service revenues decreased y-o-y in Q1 2013 by 4% due to the sale of Platinium Business Park in Warsaw in Q4 2012. As a result of improved efficiency in asset management,
GTC SA was able to keep the rental margin at 70% in Q1 2013 (FY 2012: 70%). Average occupancy of completed properties at GTC SA remained stable with 91% at the end of Q1 2013 compared to year end 2012.

SG&A expenses
Cost cutting of G&A expenses continues: the decrease compared to Q1 2012 is attributable to approximately EUR 1 million in cost cutting and a share based payment program provision reversal of just over EUR 2 million (where this was zero in Q1 2012). In addition, selling expenses decreased following less sale and leasing activities.

Profit (loss) from revaluation of investment property and impairment
The net devaluation of investment properties and impairment in Q1 2013 is mainly attributable to assets in Romania, following A) a change of zoning of land on which GTC SA was planning to develop Galleria Bucharest, and B) yield expansion with respect to the office building City Gate in Bucharest.

Income tax
The income tax expense mainly relates to the operations in Poland and a foreign exchange impact on deferred taxes.

Net profit / (loss) attributable to Equity holders
The contribution to the equity holders of GTC SA amounted to a loss of EUR 22,774k (Q1 2012: profit of EUR 6,323k).

Taking into account several one-off items related to the deconsolidation of the financial statements of GTC SA in the Kardan results, the result of Real Estate Europe amounts to a loss of EUR 4,784k in Q1 2013.

Additional Information GTC SA

Total Equity of GTC SA decreased to EUR 718 million (March 31, 2013) from EUR 741 million as of year-end 2012, primarily attributable to the recorded Q1 2013 results and other equity movements. Mainly following the devaluation of assets, the loan to assets value ratio arrived at 55% as at March 31, 2013 (December 31, 2012: 53%).
As at March 31, 2013, the short term loans (including derivatives) amounted to EUR 243 million (December 31, 2012: EUR 253 million), of which EUR 103 million relating to bonds (including hedges) has been redeemed after balance sheet date.

GTC SA is listed on the Warsaw Stock Exchange. For full details on the GTC SA first quarter 2013 results, which were published on May 14, 2013, reference is also made to the company website: www.gtc.com.pl.

WATER INFRASTRUCTURE

Tahal Group International B.V. ("TGI"), Kardan's water infrastructure company, focuses on developing water assets (e.g. wastewater and water treatment plants) and on executing water related projects worldwide. Tahal Assets is mainly active in China but also in Turkey, whilst Tahal Projects is mostly involved in projects in Africa, Central and Eastern Europe, Latin America as well as in Israel.

General developments water infrastructure and Tahal

Access to clean or treated water is a prerequisite for social and economic development. This is recognized throughout the world. However, funding of such projects is an increasing challenge in uncertain macroeconomic circumstances worldwide. As availability of funding for the execution of projects is crucial for Tahal Projects, they include the organization of funding as part of their tender offers.
In China, where Tahal Assets is mainly active, the Government acknowledges the country's environmental deficit as an ongoing challenge and has therefore, among others, embraced a Public Private Partnership policy making it possible for (non-) Chinese companies to initiate and execute infrastructure projects.

Results Infrastructure Assets*

	Assets		
	For the three months ended March 31		Full year
	In EUR thousands		
	2013	**2012**	**2012**
Contract revenues	6,247	8,582	35,619
Contract cost	3,400	5,608	22,697
Other expenses, net	12	16	-
Gross profit	2,835	2,958	12,922
SG&A expenses	1,446	1,324	6,698
Equity earnings / (losses)	71	9	104
Gain on disposal of assets and other income	424	157	427
Result from operations before financing expenses	**1,884**	**1,800**	**6,755**
Financing income (expenses) net	181	(440)	(4,358)
Income tax (expenses) / benefit	(606)	(699)	(1,983)
Profit (loss) from continuing operations	**1,459**	**661**	**414**
Net profit (loss)	1,459	661	414

Attributable to:			
Non-controlling interest holders	(310)	(311)	(664)
Equity holders (Kardan N.V.)	**1,769**	**972**	**1,078**

(*) Finance expenses of Tahal Group International have been allocated to Tahal Assets

Additional Information Assets	**2013 (31.03)**	**2012 (31.12)**
Balance sheet (in EUR thousands)		
Cash & short term investments	3,447	3,232
Total Assets	166,346	162,526
Net Debt (excl shareholder loans)**	55,280	53,134
Equity*	97,693	95,116
Equity*/ Assets	59%	59%

* Group equity including shareholder loan
** Bank loans net of cash and cash equivalents

Revenues
The revenue of Tahal Assets is mainly generated by Kardan Water in China. Tahal Assets recorded 27% lower revenue in Q1 2013 than in the corresponding period last year when Kardan Water was constructing as well as expanding the capacity of plants which, according to accounting practice, results in revenue.

Gross Profit
The gross profit margin increased to 45% in Q1 2013 from 35% in Q1 2012, as the gross margin on operating facilities is higher than on the construction thereof.

Sales & Marketing, and General & Administrative expenses (SG&A)
SG&A expenses increased y-o-y by 9% in Q1 2013 mainly as a result of one-off items.

Results Infrastructure Projects*

	Projects		
	For the three months ended March 31		Full Year
	In EUR thousands		
	2013	**2012**	**2012**
Contract revenues	27,761	21,865	107,348
Other revenues	-	1	3
Contract cost	24,012	19,862	99,265
Other expenses, net	(12)	(9)	-
Gross profit	3,761	2,013	8,086
SG&A expenses	3,688	3,904	13,363
Equity earnings / (losses)	1	(31)	182
Gain on disposal of assets and other income	8,347	(2)	(1,055)
Result from operations before financing expenses	**8,421**	**(1,924)**	**(6,150)**
Financing income (expenses), net	(592)	239	(1,967)
Income tax (expenses) / benefits	(2,740)	(12)	903
Profit (loss) from continuing operations	**5,089**	**(1,697)**	**(7,214)**
Net profit (loss)	5,089	(1,697)	(7,214)
Attributable to:			
Non-controlling interest holders	59	69	187
Equity holders (Kardan N.V.)	**5,030**	**(1,766)**	**(7,401)**

(*) General and Administrative expenses of Tahal Group International have been allocated to Tahal Projects

KARDAN N.V.

Additional Information Projects	2013 (31.03)	2012 (31.12)
Balance sheet (in EUR thousands)		
Cash & short term investments	9,561	22,643
Total Assets	129,341	135,150
Net debt (excl. shareholder loans)**	(7,092)	(17,471)
Equity*	30,967	33,302
Equity* / Assets	24%	25%
Other (in USD million)		
Backlog	393	411

* Group equity including shareholder loan
** Bank loans net of cash and cash equivalents

Revenues
Revenues in Q1 2013 increased significantly by 27% y-o-y primarily as the result of new projects in Africa and the Middle East which started later in 2012 and in the beginning of this year.

Only when the first down payment of a new project has been received does Tahal Projects recognize the full value of the project into its backlog. Revenue starts to be recognized on these projects according to the relevant agreements, which is generally after the first invoice has been sent or the first agreed upon phase of the project has been completed.

Gross profit
The gross profit margin improved in Q1 2013 to 14% (Q1 2012: 9%) resulting from higher revenues, tight cost control and no provisioning (which was still necessary in Q1 2012) on older projects.

Sales & Marketing, and General & Administrative expenses (SG&A)
End of 2011, Tahal initiated a major reorganization to, among other things, bring down SG&A costs. In Q1 2013 SG&A expenses were 6% less than in the corresponding period of 2012.

Gain (loss) on disposal of assets and other income
The gain of EUR 8.347k (before tax) reported in Q1 2013 relates to the sale of Tahal's rights in a leased real estate asset in Tel Aviv, Israel, to an unrelated third party for NIS 74 million (approximately EUR 15 million).

Financing income /(expenses) net
In Q1 2012 there was a financial income following advance payments from various projects which led to less use of credit facilities. Advance payments were less substantial in the first quarter of 2013, leading to financing expenses which were also impacted by currency translation effects.

Income tax (expenses) / benefit
The material increase in tax expenses in Q1 2013 compared to Q1 2012 is attributable to the sale of the real estate asset in Tel Aviv as mentioned above.

Additional information Tahal Projects
New agreements in Q1 2013 amounted to USD 26 million (projects are generally US dollar denominated). The backlog position as at end of March 2013 was USD 393 million, slightly lower than at the end of year 2012 (USD 411 million). Contracts which were added to the portfolio in the first quarter of this year include projects in Poland and Israel and some smaller projects in other countries.

BANKING AND RETAIL LENDING

Kardan operates in the financial services sector through its 100% holding in Kardan Financial Services (KFS), which owns 100% of TBIF (banking and retail lending), in Bulgaria and Romania. In addition, KFS is active in Ukraine with leasing activities through its 66% holding in Avis Ukraine.
In line with IFRS 11 Joint Arrangements, the results of Avis and two other small entities are presented according to the equity method.
In May 2012, TBIF closed the sale of its 50% in the Russian Sovcombank to its co-shareholder in the bank.

General developments Bulgaria and Romania and TBIF

Challenges to accelerate growth in Romania include uncertainty in the Eurozone and export markets, political developments in the context of local and parliamentary elections and absorption of EU funds. In the medium term, the key challenge for Romania is to achieve steady economic growth and improve living standards while meeting fiscal targets, and to continue structural reforms and the modernization of the public administration. In the first quarter of 2013 GDP growth was 2.1% y-o-y. The inflation rate is around 4% and unemployment is less than 7% (albeit that youth unemployment is around 23%). Tight financing conditions coupled with ongoing deleveraging by banks hinder the flow of credit to the economy which impedes growth. The driver for growth is to be domestic demand with investment as a key contributor. It must be noted though that consumer sentiment is prudent and that the poverty rate in Romania is still in the highest of Europe. 2013 is expected to continue to be a challenging year for Romania.

GDP growth in Q1 2013 for Bulgaria was minimal at 0.4% y-o-y. Households are slowly starting to spend more and save less in Bulgaria, resulting in a recovery in private consumption, albeit still on a low purchasing level. The Bulgarian labor market and household sentiment are still very fragile however. Moreover, the country is not in a political stable situation. The financial sector in Bulgaria, however, remains relatively strong. Monthly data from the banking sector indicate a continuation of the downward trend in both deposit and lending interest rates along with a modest growth in corporate credit, supporting domestic demand. TBIF obtained a branch license for TBI Bank in Romania in the last quarter of 2012 and its operations commenced in 2013.

Results Banking & Retail Lending

	For the year ended March 31		Full Year
	2013	**2012**	**2012**
	In EUR thousands		
Banking and retail lending activities	5,698	(2,973)	10,966
Other revenues	405	446	2,905
Total revenues	6,103	(2,527)	13,871
Costs of banking and lending activities	6,392	6,712	23,601
Other expenses, net	29	58	2,886
Gross profit	(318)	(9,297)	(12,616)
SG&A expenses	338	293	1,464
Equity earnings / (losses)	307	220	921
Gain on disposal of assets and other income	1,175	4	(1,189)
Impairment losses on goodwill	-	-	(3,850)
Result from operations before financing expenses	**826**	**(9,366)**	**(18,198)**
Financing income (expenses), net	(305)	(2,159)	(3,087)
Income tax (expenses) / benefits	(152)	183	(8)
Profit (loss) from continuing operations	**369**	**(11,342)**	**(21,293)**
Net profit (loss) from discontinued operations	-	-	525
Net profit (loss)	369	(11,342)	(20,768)
Attributable to:			
Non-controlling interest holders	(5)	-	-
Equity holders (Kardan N.V.)	**374**	**(11,342)**	**(20,768)**

Additional Information KFS Banking & Retail Lending	**2013 (31.03)**	**2012 (31.12)**
Balance sheet *(in EUR thousands)*		
Net loan portfolio	121,059	124,711
Cash	43,141	31,122
Total Assets	235,154	223,631
Deposits	88,154	67,150
Total Equity	43,611	42,537
Other		
Provisions	35%	34%

Revenues

In line with the increasing trend of revenues that was set in during 2012, the banking and retail lending activities recorded significantly higher revenues in the first quarter of 2013 than in the corresponding period last year when substantial provisions – which are deducted from revenues – were taken. Lower provision levels in the first quarter of 2013 are required due to better quality portfolio, improved risk management, a higher coverage level (= provisions / non performing loans) and stricter loan terms.

Gross profit

"Gross result" in Q1 2013 amounted to a loss of EUR 318k, markedly better than in the first quarter of 2012, on higher revenues combined with lower costs of banking and lending activities resulting from optimizations made to align expenses with portfolio levels as well as the result of the integration of the non-banking and banking operations.

Equity earnings

The equity earnings relate to the leasing activities of Avis Ukraine, of which Kardan Financial Services holds 66%, as well as to the mortgage activities operations in Bulgaria (of which 50% is owned). The improvement is mainly attributable to Avis Ukraine.

Gain on disposal of assets and other income

The reported "other income" in Q1 2013 largely consists of a one off recovery payment relating to a former investment in Serbia.

Financing income (expenses), net

During 2012 KFS took significant measures in paying down debt, using among others the proceeds of the sale of Sovcombank which was completed in Q2 of 2012.

Additional Information

As at March 31, 2013, the total portfolio of KFS showed a 3% decrease in comparison to December 31, 2012, chiefly due to generation not compensating repayments and maturities, as well as to write offs of fully provided legacy portfolios in the first quarter. The strong growth in deposit taking by TBI bank in Bulgaria continued in Q1 2013. As at the end of the quarter, a 31% growth of deposits in comparison to end of December 2012 was reported. The growth derives mostly from retail clients.

Other Expenses

	For the three months ended March 31		Full Year
	2013	2012	2012
	in EUR thousands		
General and administration expenses	(1,236)	(1,725)	(7,228)
Financing income (expenses), net	(25,207)	(5,206)	18,878
Income tax (expenses) / benefit	(748)	2,804	1,825
Profit (loss) from continuing operations	**(27,191)**	**(4,127)**	**13,475**
Net profit (loss)	**(27,191)**	**(4,127)**	**13,475**
Attributable to:			
Equity holders (Kardan N.V.)	**(27,191)**	**(4,127)**	**13,475**

General
The results under "Profit (loss) from continuing operations" relate to the holding and finance expenses of Kardan N.V. and its direct subsidiary GTC Real Estate Holding BV (GTC RE).

General and Administrative expenses
These expenses decreased in Q1 2013 by 22% in comparison to Q1 2012, following a decrease in management at Kardan holding and a reduction in other professional service costs.

Financing income (expenses), net
The financing expenses in Q1 2013 were substantially negatively impacted by a revaluation loss of EUR 20,104k related to foreign exchange differences, with regard to the debentures, resulting from the strengthening of the Israeli Shekel (NIS) versus the Euro. Currently, the company equity is mostly exposed to the Chinese RMB on its assets side and to NIS on its liabilities side. Changes in the NIS exchange rate mostly impact the income statement while changes in RMB mostly impact the equity directly.

Income tax
The income tax expense relates to deferred tax on hedge instruments.

OUTLOOK 2013

Kardan N.V.
Management attention in 2013 is foremost focused on the cash flow and bringing down the debt position of Kardan N.V. and of its intermediate holding companies, mainly by selling assets. In addition, attention is given to consistent improvement of operations.
A cash flow forecast for the coming two years can be found in the Directors' Report on page 12.

Real Estate Asia
Kardan Land China expects to deliver approximately 2,000 apartments during 2013, similar to the number delivered in 2012. The sale of residential apartments is dependent on the economy in China, which appears to be stabilizing, as well as on measures which the Chinese government may take to control the real estate market, in particular the speculation in this market. As purchasing power is continuing to increase in China, Kardan Land China anticipates growth in revenue from the Chengdu retail center. With respect to the large project Europark Dalian, Kardan Land China anticipates to continue to sell apartments and to sign lease agreements with retailers. Completion of the mall is planned for the end of 2014. The focus of Kardan Land China will continue to be on developing mixed-use projects.

Real Estate Europe
GTC SA management aims to continue to decrease the leverage of GTC SA (Loan to Value: 55% as at March 31, 2013), mainly through the sale of assets which should generate free cash of in total EUR

120 million by the end of 2014 and will be utilized to repay its liabilities (including bonds and project loans). In addition GTC SA will continue to focus on active asset management and further operational improvement and reducing general expenses as well as on development of carefully selected assets.

Water infrastructure Assets
Tahal Assets expects to increase the capacity of its plants in China to 670,000m3/day by the end of 2013 (end of 2012: 630,000.m3/day), which will have a positive impact on its revenues.

Water Infrastructure Projects
In the Project segment the spectrum of activities is more focused on Engineering, Procurement and Construction Projects (EPC) projects in frontier countries, as well as on design and engineering activities in Israel. Revenues and profitability are expected to increase from existing and recently signed projects (y-o-y). The backlog (in USD) is expected to increase by approximately 10% (y-o-y) by the end of 2013.

Banking and Retail Lending
TBIF will continue to operationally merge its consumer finance and leasing activities in Bulgaria and Romania into TBI Bank, allowing the Bank to increase loan origination by raising deposits and to enjoy synergetic effects of business consolidation. TBIF plans to open at least 5 branches of TBI Bank in Romania; 3 will be new branches and 2 are conversions of existing TBI points of sale to bank branches. The consumer and leasing markets in Bulgaria and Romania are expected to remain difficult. TBI Bank Romania expects to be able to raise deposits during 2013, which is expected to positively support its activity.

This report also contains information regarding market developments which are based on external party research which was published in the following reports.

Macro-economic reports
National Bureau of Statistics, China
International Monetary Fund, *World Economic Outlook* (April 2013)
European Commission; *Economic Forecast Spring 2013*
World Bank; *Global Economic Prospects, Assuring growth over the medium term, January 2013*

Real Estate:
Jones Lang LaSalle: *City Reports Q1 2013*
Jones Lang LaSalle: Pulse, Poland Retail Market Q1 2013
Colliers International: Poland Research & Forecast Report Q1 2013
DTZ Research: *Property Times, China City Reports (Chengdu Q1 2013 and Dalian Q1 2013)*
CBRE: *MarketView, Warsaw Retail & Warsaw Office, February 2013*

Water Infrastructure
www.globalwaterintel.com
Water21, *Magazine of the International Water Association*, October 2012
McKinsey Quarterly: *Infrastructure productivity: how to save USD 1 trillion a year, January 2013*

Financial Services
Bulgarian National Bank, *Economic Review Summaries*
Unicredit; *EEMEA Macro Flashes 2012 / 2013*

Kardan N.V. is not responsible for the nature or correctness of data presented in this section regarding market developments or projections.

Analyst & Investor Call

An analyst and investor call will be held ***on Friday May 31, 2013*****, at 09.30 CET**.
To take part in the call, please use the following dial-in number:

Dial in number NL: +31 (0)45 6316902 Conference ID: **4619277**

KARDAN N.V.

Dial in number UK: +44 (0)207 1532027 Conference ID: **4619277**

Please confirm your attendance to eventmanagement@citigateff.nl.

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 NYSE 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 the CEE, CIS and China. Its activities are mainly focused on three sectors that benefit from the rising middle class: Real Estate, Water Infrastructure and Retail Lending. Company headquarters are in the Netherlands. Kardan aims at holding controlling interests in its investments and, through the development of local business platforms, is actively involved in the definition and implementation of their strategy. Total assets as of March 31, 2013 amounted to EUR 1.1 billion; revenues totaled EUR 41 million in the first quarter of 2013. Kardan is listed on NYSE Euronext Amsterdam and the Tel Aviv Stock Exchange.

The Director's Report including the financial reports, drawn up in accordance with the Dutch and Israeli regulations, are presented in a separate document and form an integral part of this release.

For further information please contact:
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www.kardan.nl

"This press release contains regulated information (gereglementeerde informatie) as defined in the Dutch Act on Financial Supervision (Wet op het financieel toezicht)"

Director's Report and Financial Statements Kardan N.V. Q1 2013

Amsterdam/Tel Aviv, May 30, 2013
Number of pages: 17

The Additional Information and the Financial Statements of Kardan N.V., Q1 2013, are drawn up in accordance with the Dutch and Israeli regulations and together with the separately presented press release on the Q1 2013 results of Kardan form an integral part of the regulatory requirements and presentation.

FINANCIAL REPORTS
FOR THE THREE MONTHS ENDED MARCH 31, 2013

The Financial Reports contain the following sections:

1. ADDITIONAL INFORMATION FOR Q1 2013

1.1. Main events in the first quarter of 2013

Kardan

- In February 2013, Kardan announced that the Extraordinary General Meeting of Shareholders had approved four nominated new Board members; Mr. C. van den Bos and Mrs. Seinstra as independent non-executive members and Mr. Y. Grunfeld and Mr. E. Rechter as non-executive members in the Board. In addition, the remuneration proposals for the new Board members were approved as was the revised exercise price of the Chief Executive Officer's option package whilst respecting the other terms of the option package that were submitted for approval in the Annual General Meeting of shareholders in May 2012.

- In March 2013, Maalot, the Israeli subsidiary of Standard & Poor's ("S&P"), reported that – following the press release in which the Company announced that the negotiations to sell 50% of the mixed-use project Europark Dalian in China had ended - it had changed the rating of the Company and its Debentures Series A and Series B from ilBBB- negative outlook into ilBB negative outlook, due to a worsening liquidity profile. In addition, S&P has put the Company and the Debentures on CreditWatch with negative implications until the end of June 2013, when it will again review the ratings.

Real estate (GTC Real Estate)

- In February 2013, Kardan announced that its indirect wholly owned subsidiary Kardan Land China Ltd.("KLC") was in negotiations with an international fund to sell a 50% stake in its mixed-use project Europark Dalian ("the Transaction"), following the signing of a non binding Letter of Intent ("LoI") in December, 2012. Europark Dalian is a mixed-use project comprised of a shopping center, two SOHO (Small Office Home Office) buildings, two luxury apartment buildings, a service apartment/office building and parking spaces, totaling a gross buildable area of 327,006 sqm located at the East Port Area, Dalian, China.
  The LoI included an exclusivity period until February 18, 2013, which had been extended by mutual consent and included a purchase price for the 50% stake of the Project of RMB 710,000,000 (approximately EUR 85 million).
  In March 2013, KLC was informed by the international fund that it had decided not to pursue the Transaction. KLC then resumed discussions with other international funds and investors, with which discussions were stopped due to the exclusivity term in the LoI. The ending of the negotiations does not have an impact on the further development of Europark Dalian.

- The Company owns (indirectly, through GTC Real Estate Holding ("GTC RE")) a 27.75% stake in GTC SA. At the end of February 2013, one of the other shareholders of GTC SA increased its stake in GTC SA to 10.04%, which gave it the right to appoint a second Supervisory Board member which it did in March 2013. Upon this nomination the total number of Supervisory Board members appointed by GTC RE to the Supervisory Board of GTC SA amounted to 5 out of 10, including the Chairman of the Supervisory Board who has a casting vote in the event of a tie. At balance sheet date another shareholder had the right to appoint an additional member to the Supervisory Board of GTC SA. In April 2013, subsequent to the balance sheet date, this shareholder executed its right to appoint a member in the Supervisory Board of GTC SA, bringing the total number of members to 11. Later in April 2013, the term of a member appointed by a shareholder expired, for which this shareholder has not yet appointed a new member, entailing that the current number of members is 10.

  In accordance with accounting standards, accounting effective control exists when a company has the power, indirectly or directly, to steer the financial and operating policies of an entity. Effective control takes into account the effect of potential voting rights which are exercisable at the reporting date. Consolidation of the financial statements of the entity is from the date control is obtained till the date that effective control ceases.

As a result of these developments, the Company concluded that in the first quarter of 2013 its accounting effective control over GTC SA ceased to exist. Accordingly the Company has stopped consolidating the financial statements of GTC SA in the first quarter of 2013.

Within the financial covenants of GTC RE towards a lending bank, with respect to a loan amounting to EUR 100 million, GTC RE is required to keep its ability to steer the activities of GTC SA through the directors it has appointed. At the date of the publication of the Q1 2013 quarterly results (May 30, 2013) GTC RE maintained its ability to steer the activities of GTC SA, since the entire executive management of GTC SA (the management board) was appointed by GTC RE, as well as the chairman of the Supervisory Board who has a casting vote in case of a tie.
It should be noted that the Company is still the largest shareholder and that the other shareholders which hold over 5% are pension funds which do not tend to engage themselves in executive management.

For further details see note 7 in the Financial Statements.

- In March 2013, GTC SA, in which Kardan holds a 27.75% stake, announced that the Romanian Chamber of Deputies approved an Ordinance (no. 114/2007) which provides that it will no longer be possible to designate lands that are currently classified as green areas for any other use or purpose. For as long as the Ordinance is valid in its current adopted version, GTC SA will not be permitted to develop its land plot in Bucharest that was intended for a shopping mall project (Galleria Bucharest) and is currently classified as green area. The land plot is presented in GTC SA's 2012 Financial Statements with a value of EUR 20.4 million (at cost), but was impaired in Q1 2013 by EUR 15 million. The adoption of the Ordinance in its current form (i.e. without any amendments) was not possible to predict, as previous reports have suggested that the Ordinance should be approved with amendments in order to allow change of designation of green areas being held in private ownership. GTC SA is examining its legal position.

1.2. Subsequent events

- In May 2013, the Supervisory Board of GTC SA appointed the current Chairman of the Supervisory Board of GTC SA, Mr. Alain Ickovics, to the position of President of the Management Board of GTC SA starting as of 1 June 2013, and simultaneously decided to that Mr Shouky Oren, the CEO of Kardan N.V., will become the new Chairman of the Supervisory Board of GTC SA from the same date.

- Also in May, 2013, the Company received a letter from the Israeli Securities Authority ("ISA"), further to earlier discussions and correspondence between the ISA and the Company, with respect to a sampling audit conducted by the ISA regarding, inter alia, the examination of the values of five real estate assets in the financial statements owned by a then consolidated subsidiary (GTC SA), with respect to the financial statements as of December 31, 2009.

For further details see note 1 of the Financial Statements.

1.3. Book value of investments Kardan N.V.

The following table summarizes the book value of the companies held directly by Kardan as of March 31, 2013 and December 31, 2012 (amounts in EUR thousands):

Holding Company	Name of subsidiary	Share in subsidiary	Book Value in Kardan NV	Share-holders Loans	Total Investment in books 31.03.13	Total Investment in books 31.12.12
Kardan NV	GTC RE Holding	100%	322,596	53,041	375,637	366,769
	KFS	100%	48,308	57,654	105,962	106,713
	Tahal	97.7%	55,069	46,900	101,969	102,991
	Emerging Investments XII *	100%	158,063	-	158,063	169,723

Holding Company	Name of subsidiary	Share in subsidiary	GTC Holding Book Value	Total Investment in books 31.03.13	Total Investment in books 31.12.12
GTC RE Holding	GTC SA	27.75%	204,706	204,706	204,059
	Kardan Land China	100%	264,022	264,022	254,001
	GTC Investments	48.75%	1,064	1,064	1,064

Holding Company	Name of subsidiary	Share in subsidiary	KFS Book Value	Loans granted by KFS	Total Investment in books 31.03.13	Total Investment in books 31.12.12
KFS	TBIF	100%	84,717	16,518	101,235	101,830

(*) In October 2012, the Company assigned its shareholders' loans (provided to its subsidiaries) to Emerging Investments XII.

1.4. Financial Position of holding companies of the Kardan Group as of March 31, 2013

- **Net debt**

The net debt position of Kardan N.V., GTC RE BV, Emerging Investments XII, KFS BV and TBIF BV as of March 31, 2013 increased to EUR 425 million from EUR 459 million as of March 31, 2013, mainly as a result of accrued interest and foreign currency impact.

The following table summarizes the net debt of Kardan NV and if applicable of its directly held subsidiaries (company only) as of March 31, 2013:

Company	Net Debt (in EUR 000')	
Kardan NV / GTC RE / Emerging Investments XII* **	**Liabilities:**	
	Debentures (*)	(411,424)
	Loans from banks **	(107,080)
	Assets:	
	Loan to KFS	57,654
	Cash and short term investments	5,883
	Net debt	**(454,967)**

KFS / TBIF	**Liabilities:** Loans from Kardan NV **Assets:** Cash and short term investments Loans to others Loans to subsidiaries **Net debt**	 (57,654) 2,591 7,300 43,341 (4,422)
TGI	**Liabilities:** Loans from others (and related warrant) **Assets:** Cash and short term investments **Net debt**	 (18,059) 362 **(17,697)**

(*) Approximately 9% of the debentures are presented in EUR in accordance with the currency hedging transactions.

(**) Net debt includes interest bearing loans and borrowings, debentures, less cash and cash equivalents and interest bearing receivables

(***) Emerging Investments XII is a wholly owned subsidiary of Kardan N.V. During Q4 2012, Kardan assigned all the loans provided to its subsidiaries to Emerging Investments XII. In addition, the majority of the repurchased Debentures are held by Emerging Investments XII.

1.5. Risk Management

Kardan has three divisions: Real-Estate (GTC Real Estate), Water Infrastructure (Tahal), and Banking and Retail lending (KFS). These divisions are divided into five segments, which can each consist of one or more operating company(ies). Each segment is managed by an executive director or Board of Directors, responsible for managing the market segment risks. In addition, in each operating company a senior manager is responsible for managing its risks. Mr. Shouky Oren, Chief Executive Officer of Kardan N.V., is responsible for Kardan N.V. risk management. For more details on Mr. Shouky Oren's resume, reference is made to the corporate site of Kardan, www.kardan.nl.

The 2012 Annual Report describes the main categories of risks relating to Kardan's strategy, such as capital availability and financial market risks (which includes interest rate and currency risks), etc. These risks are deemed incorporated and repeated in this Press Release by reference. The above described risks should be seen as re-quoted in this report by way of reference.

As a diversified holding company, focusing on emerging markets, it is a challenge to "control" all the risks related to our businesses. Emerging markets are by nature less developed and potentially more volatile in various aspects and therefore often exposed to risks arising from unforeseen changes such as (geo)political, regulatory and economic changes.

Developments and shocks in global markets and particularly in the Chinese and European markets, may affect the liquidity of Kardan N.V., its equity value, the value of its assets, its ability to realize its assets, the state of its business (including the demand for its assets), its ability to distribute dividends and its ability to raise finance for its ongoing activities and long-term activities, as well as the terms of such financing.

Contacts between the CEO and the members of the Executive Management and the local management of Kardan’s subsidiaries remain frequent and intensive, to discuss the latest development and expectations in the respective markets as well as the (financial) resilience of these subsidiaries.

For an overview of the main risks the Group is exposed to, reference is made to the 2012 Annual Report (which has been posted on the corporate site (www.kardan.nl) on April 17, 2013), notably the consolidated financial statements and the Board report as well as to the 2012 Israeli Annual Report (Barnea). In addition, there may be other significant risks Kardan has not yet identified or that have not been assessed as having a significant potential impact on the business but which in a later stage could materialize as such.

Disclaimer

This report contains forward looking information as defined in the Israeli Securities Act, based on macro economic data relevant to each geographical region in which Kardan N.V. is active, the management's experience and the condition of the local and global market. 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 changes in the state of the market, new regulations, continuation and/or worsening of the global economic crisis or incorrect assessments by management.

This report also contains information regarding market developments which are based on external party research which was published in the following reports.

2. PART 2 ADDITIONAL INFORMATION

2.1. Financial analysis

2.1.1 Following is a summary of Kardan N.V.'s consolidated balance sheet (in EUR thousands)

	Three months ended March 31.3.13	Three months ended March 31.3.12	Year ended 31.12.12	Notes
Total balance sheet	1,086,779	3,904,696	2,987,518	The material decrease in all the balance sheet items relates primarily to the deconsolidation of GTC SA in Q1 2013. The investment in GTC SA is presented as an investment in an associated company, as part of the non-current assets. For additional information refer to note 6 in the interim financial statements.
Current assets	433,289	1,603,740	843,938	
Non-current assets	653,490	2,300,956	2,143,580	
Current liabilities	502,950	1,354,848	666,745	
Other debentures	327,886	750,532	543,909	
Interest-bearing loans and borrowings	68,879	849,445	885,521	
Equity attributable to equity holders of the parent	159,854	189,493	167,044	The decrease as of March 31, 2013, compared to December 31, 2012 is mainly a result of the net loss in the year. The impact of the loss was mitigated by positive movements in the foreign currency and hedge reserves.

2.1.2 Income Statement of Business Operations (in EUR thousands):

	Three months ended March 31, 2013	Three months ended March 31, 2012	Year ended December 31, 2012	Notes
Revenues				
Contract revenues	34,008	30,447	142,967	The increase in contract revenues in Q1 2013 compared to Q1 2012 is mainly a result of new projects in Africa and the middle east.
Banking and retail lending activities	5,698	(2,973)	10,966	The increase in revenues from the banking and retail lending activities in Q1 2013 compared to Q1 2012 is mainly as a result of an increase in the working portfolios and a decrease in provisioning for credit losses.
Other income	1,586	1,519	7,845	-
Total Revenues	**41,292**	**28,993**	**161,778**	

Expenses				
Contract costs	27,412	25,470	121,962	See explanations for the changes in revenues from contract works.
Cost of banking and lending activities	6,392	6,712	23,601	-
Other expenses, net	590	747	5,355	-
Total expenses	**34,394**	**32,929**	**150,918**	
Gross margin	**6,898**	**(3,936)**	**10,860**	
Selling and marketing expenses	1,548	1,764	8,210	The decrease in selling and marketing expenses is primarily attributed to the reorganization in the Group's infrastructure – projects segment.
General and administration expenses	6,651	6,716	27,757	The decrease in general and administration expenses is primarily attributed to the reorganization in the Group's infrastructure – projects segment.
Profit (loss) from operations before fair value adjustments, disposals of assets and financial expenses	**(1,301)**	**(12,416)**	**(25,107)**	-

Adjustment to fair value of investment properties	2,535	-	10,383	Adjustment to fair value of investment properties in Q1 2013 relate to the revaluation of the Dalian shopping center in China.
Impairment losses on goodwill	-	-	(3,850)	-
Gain on disposal of assets and other income	9,960	159	(6,151)	Gain on disposal of assets and other income relate primarily to the sale of a building in Tel Aviv.
Profit (loss) on disposal of assets and investments	**12,495**	**159**	**382**	-
Profit (loss) before finance expenses and income taxes	**11,194**	**(12,257)**	**(24,725)**	-
Financial income	7,958	6,175	62,370	Finance income in 2011 is mainly the result of interest on the cash balances and deposits of the Group and exchange rate differences on financial instruments.
Financial expenses	(32,429)	(14,949)	(53,687)	The financial expenses are mainly related to financing costs of loans and debentures in the group. The increase in the financial expenses in Q1 2013 compared to Q1 2012 is mainly a result of exchange rate differences related to the company's un-hedged debentures.
Adjustments to fair value of other financial instruments	-	(608)	1,073	-
Total financial expenses, net	**(24,471)**	**(9,382)**	**9,756**	-

	Three months ended March 31, 2013	Three months ended March 31, 2012	Year ended December 31, 2012	Notes
Profit (loss) from operations	**(13,277)**	**(21,639)**	**(14,969)**	-
Share of profit (loss) of associates accounted for using the equity method	31,846	3,262	8,675	The increase in share of profit of associates accounted for using the equity method in Q1 2013 compared to Q1 2012 relates primarily to the bargain gain which was recognized as a result of the presenting the investment in GTC SA as an associated company .
Net profit (loss) before income taxes	**18,569**	**(18,377)**	**(6,294)**	-
Income tax (benefit) expenses	4,633	(2,364)	938	Tax expenses increased in Q1 2013 compared to Q1 2012 primarily due to taxation on the sale of a building in Tel Aviv.
Net profit (loss) for the year from continuing operations	**13,936**	**(16,013)**	**(7,232)**	-
Net profit (loss) from discontinued operations	(56,508)	3,099	(131,948)	The decrease in net profit (loss) from discontinued operations in Q1 2013 relates primarily to the deconsolidation of GTC SA which resulted in a loss from revaluation of the investment in GTC SA to market value. The deconsolidation also resulted in the classification of GTC SA's past results to discontinued operations.
Net profit (loss) for the period	**(42,572)**	**(12,914)**	**(139,180)**	-
Net profit (loss) attributed to equity holders of the parent	(22,443)	(13,980)	(33,176)	-
Net profit (loss) attributed to non controlling interest holders	(20,129)	1,066	(106,004)	-

2.1.3. Cash flow and source of funding (in EUR thousands)

	For the three months ended March 31, 2013	2012	For the year ended December 31, 2012	Notes
Net cash provided by (used in) operating activities	**(19,398)**	**(25,694)**	**(50,994)**	-
Net cash used in investing activities	(193,912)	(15,134)	136,382	In Q1/2013 EUR 197 million were reduced from the Group's cash balance as a result of the deconsolidation of GTC SA and EUR 45 million were provided from sale of assets and other investments. In Q1/2012 EUR 24 million were used for the purchase of fixed assets and investment properties, EUR 13 million were provided from collection of long term loans. In 2012, EUR 78 million were used for the purchase of fixed assets and investment properties, EUR 41 million were used for granting bank loans, EUR 146 million were provided from the sale of assets and investments.
Net cash provided by financing activities	(57,692)	(17,655)	(95,841)	In Q1/2013 EUR 44 million were used for repayment of debentures, EUR 38 million were used for relayment of long term loans and EUR 21 million were provided from bank deposits. In Q1/2012 EUR 44 million were provided from long term loans, EUR 60 million were used for repayment of long term loans. In 2012, 427 million were used for repayment of long term loans, EUR 100 million were used for repurchase and repayment of debentures, EUR 198 million were provided from long term loans, EUR 72 million were provided from issuance of rights in a consolidated subsidiary.

In the company's cash-flow statement, the Company presents a negative cash-flow from operating activities. Additionally, the Auditors' review report in the Financial Statements as of March 31, 2013 includes an emphasis of matter paragraph and in the financial statements the Company presents a negative working capital. These are all "warning signs" as defined in Regulation 10 (b) (14) of the Israeli Securities Authority regulations. The emphasis of a matter paragraph states that the realization of some of the Company's plans and continued compliance with the loan covenants are uncertain and depend on factors that are not wholly within the Company's control.
In accordance with the Israeli Securities Authority regulations the Company hereby provides the cash-flow forecast:

Forecast cash flow	April 1, 2013 – December 31, 2013	January 1, 2014 - December 31, 2014	January 1, 2015 – March 31, 2015
	in EUR millions		
Cash and cash equivalents at the beginning of the period – Kardan NV*	**5.3**	**95.5**	**116**
Cash and cash equivalents at the beginning of the period – GTC RE	**0.1**	**0.1**	**0.1**
Company only resources			
From operating activities			
General and administration expenses	(4.7)	(6.3)	(1.7)
From investing activities			
Sale of assets	85.5	120	
Other	0.2	0.4	0.1
Resources from investee companies			
From operating activities in investments – Loan repayment	19.2	17.4	0.4
From operating activities in investments – Management fees	0.5	0.7	0.2
Total Resources	**106.1**	**227.8**	**115.1**
Expected Uses			
From financing activities			
Repayment of a loan	6.4	4.6	1
Interest payment of loans	4.1	3.6	0.4
Interest payment of debentures – Series A	-	5.5	3.6
Interest payment of debentures – Series B	-	14.5	12.5
Principle payment of debentures – Series A	-	41.1	41.1
Principle payment of debentures – Series B	-	42.4	42.4
Total Uses	**10.5**	**111.7**	**101**
Cash and cash equivalents at the end of the period	**95.6**	**116.1**	**14.1**

(*) Includes an immaterial cash balance related to Emerging Investments XII

Assumptions and Notes to the cash flow forecast:

1. The Cash-flow projection has been jointly drawn for Kardan NV company-only and its wholly owned subsidiaries GTC Real Estate Holding BV company-only and Emerging Investments XII BV because the treasury of these companies is centralized. With respect to limitations regarding the transfer of funds between Kardan NV and GTC RE please refer to the below.
2. The forecasted General and administration expenses are based on estimates of the Company according to its past experience.
3. Sale of assets in 2013 includes a sale of a hedge instrument. The Company holds a hedge instrument which is presented in the Company's financial statements in the amount of EUR 12,080k. The Company, based on its past experience, estimates that the probability of the sale is high and is not aware of any restrictions with respect to the sale. The Company estimated an inflow of EUR 9 million from the sale and from a release of a pledged deposit to the sale in the amount EUR 451k. Sale of the remaining hedge instrument also includes the sale of shares in subsidiaries and other group companies and of real estate assets.
   Possible scenario's could be as follows:
   a) Sale of real estate projects in China and distribution of (part) of the proceeds as dividend;
   b) Sale of shares of unpledged subsidiaries, or pledging of shares for receiving a loan;
   c) Sale of shares of pledged subsidiaries and redeeming the underlying loan, whereby the potential surplus amount will be paid to Kardan NV.
4. The balance of the shareholder's loan to KFS amounted to EUR 57,654k as of the balance sheet date. This loan was assigned to Emerging Investments XII BV, which in its turn distributed the proceeds as dividend. Subsequent to the balance sheet date, in April and May 2013, the Company received an amount of EUR 3 million from KFS.
5. The amount of management fees from subsidiaries is based on existing agreements between the Company and its subsidiaries as of the balance sheet date.
6. The Interest calculations are based on CPI, exchange rates and interest rates which are applicable as of March 31, 2013. The principal and interest payments for the debentures include the amount net of the interest which relates to the debentures held by GTC RE and Emerging Investment XII BV (100% held subsidiaries of the Company) but not net of the debentures which are held by TCE (a subsidiary of TGI).
7. With respect to the payments relating to debentures it should be noted that the debentures of the Company which are presented in the financial statements of GTC RE were transferred to a lending bank to be used as a security under a REPO arrangement. According to the agreement between the Company and the lending bank, the Company did not pay interest and principle amounts pertaining to these debentures.
8. The cash flows do not include any additional investments the Company will make once those will be approved by the appropriate organs in the Company. As of the authorization of these financial statements, the Company did not approve any new investments.
9. Limitations on transferring funds: transfer of funds between Kardan NV and GTC RE is done through repayment of shareholder's loan, which balance amounts to EUR 53,041k as of March 31, 2013. In addition, GTC RE has free distributable reserves according to Dutch law amounting to EUR 156 million as of March 31 2013. In accordance with the contractual obligations of the Company and of GTC RE, all the shares of KFS and 25% of the shares of GTC SA (out of the 27.75% stake held by GTC RE) are pledged in favor of a bank, as such, all cash dividends relating to the pledged 25% due to GTC RE in relation to its share holdings in GTC SA, will be used to pay back the loan or as additional collateral, as required. The market value of the shares of GTC SA which are held by GTC RE on the Warsaw stock exchange amounts to EUR 162,465k, as of March 31, 2013. The Company and GTC RE own shares in other subsidiaries (as specified in section 'value of investments' in this report) which are not pledged. The Company and GTC RE have several financial covenants, and, accordingly, it is impossible to transfer in a way that will result in breach of these financial covenants (for additional information please see note 7 in the financial statements).
10. Restrictions on transfer of funds: money transfer from Emerging Investments XII to the Company is done by dividend payment to Emerging Investments XII. Retained earnings according to the Dutch law are in the amount of EUR 158,063k as of March 31, 2013.
11. This estimate 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 changes in the state of the market, difficulties in raising credit, decrease in value of investments and change in cash amounts expected to be received from affiliated companies.

GTC group

Purchase price allocation

With regards to the deconsolidation of GTC SA' financial statements (see events in the period), the company and GTC RE has engaged an external valuator for the performance of the purchase price allocation, which was not finalized till the issuance of these financial statements.
The company recognized in it financial statements a bargain gain, which reflects the difference between the net asset value and the market value as of the deconsolidation date according to the information which was available as of that time. The company made the below assumptions for determining the net asset value of GTC SA:

Assets		Assumptions used for the provisional Purchase price allocation
Investment property at fair value		For investment property at fair value, the company received letters from the external valuators, reaffirming the asset value at deconsolidation date.
Investment property at cost		For investment property at cost, for which impairments were recorded in the past, (vast majority), the company received letters from the external valuators, stating no material change in value had occurred. For investment property at cost, for which no impairments had occurred, the company assumed the value is not materially different from the current book value.
Building inventory and land bank		For building inventory and land bank, for which impairments were recorded in the past, (vast majority), the company received letters from the external valuators, stating no material change in value had occurred. For building inventory and land bank, for which no impairments had occurred, the company assumed the value is not materially different from the current book value.
Investment in jointly controlled ventures		For investment in joint ventures, the company received letters from the external valuators, stating no material change in value had occurred in the value of the underlying real estate assets. For the liabilities side, the company has applied the below methodology.
Other assets		For other assets, the company assumed the value is not materially different from the current book value.
Liabilities		
Loans and debentures		The company had examined all the loans and debentures which were issued by GTC SA. According to this examination it seems that the vast majority of the loans carry an interest which is lower or equal to the market interest, based on available market research. Generally, the nominal interest rates are either lower or equal to the market rates. The Company is still in the process of evaluating the loans' fair value.
Other liabilities		For other liabilities, the company assumed the value is not materially different from the current book value.

Galleria Bucharest

Country	City	Asset name	Type	KNV share	Type of rights	Sqm	Value (€ mil)	Impairment	Valuation technique	Valuer	Date of valuation
Romania	Bucharest	Galleria Bucharest	Land	27.75%	Lease	123.500	5.2	15	DCF	Colliers	31.3.13

Galleria Dalian

State	City	Name of asset	Use of asset	KNV share of the asset	Right on the asset	Sqm for rent, net	Average occupancy rate	Value of the project in the Financial Statements (€ 000')	Yield rate in the valuation	developer profit margin rate in the valuation	Rent fees per Sqm in the valuation	Valuation Method	External valuer	Date of the last valuation
China	Dalian	Galleria Dalian	shopping center in process	100%	29.2 EUR per Sqm	15%	8.5%	82.3	65,875	leasing	29.2 EUR per Sqm	Extrication, Comparison and Direct Capitalization Approach	CBRE	31.03.2013

2.2 Issuance of debt

The following are details regarding the marketable debentures of Kardan NV as of March 31, 2013:

	Debenture series A	Debenture series B
Par value of issued debentures	EUR 255 million (NIS 1,190,000,000)	EUR 286 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 March 31, 2013	EUR 191 million (NIS 892,500,000 par value)	EUR 286 million (NIS 1,333,967,977 par value)
Debentures held by subsidiaries	423,653,286 par value	168,534,012 par value
Interest rate (per annum)	4.45%	4.9%
Principal repayment	Four equal installments from February 2013 to February 2016	Seven equal installments from February 2014 to February 2020
Interest payment dates	9 annual installments from February 2008 to February 2016	13 annual installments from February 2008 to February 2020
Total debt up to the date of the balance sheet (including interest and Israeli CPI linkage)	EUR 120 million (net of debentures held by subsidiaries) (*)	EUR 299 million (net of debentures held by subsidiaries) (*)
Market capitalization as of March 31, 2013	EUR 68 million (net of debentures held by subsidiaries)	EUR 148 million (net of debentures held by subsidiaries)

The trustee	Aurora Fidelity Trustees Ltd (CPA Daniel Vafnish +972-3-6083252)	Hermatic trustee (1957) (Adv. Dan Avnun +972-3- 5274867)
Rated by	S&P Maalot	S&P Maalot
Rating at the time of issuance	AA - (February 2007)	AA - (February 2007)
Updated rating	BB (March 2013)	BB (March 2013)

(*) Approximately 9% of the debentures are swapped to EUR using hedge transactions.

In February - March 2013, Kardan announced that it had come to understandings with representatives of the trustees and several representatives of holders of its Debentures Series A and Debentures Series B (combined "the Debentures") on certain concessions, which were approved by the general meeting of holders of the Debentures in March 2013.

The main concessions under the agreement are as follows:

1. Commitment not to pledge part of Kardan Land China ("KLC") shares:

   Until repayment of the Debentures in February 2014 (principal and accrued interest):
   - 51% of KLC shares (held by GTC RE) will not be pledged.

   After February 2014 repayment and until repayment of the Debentures in February 2015 (principal and accrued interest):
   - 49% of KLC shares (held by GTC RE) will not be pledged.

2. Prior notice will be given in the event of pledge of assets:

   Until repayment of the Debentures in February 2015, Kardan will issue an immediate report / press release, 30 days in advance, in the event it reaches a financing agreement against the pledge of shares in KLC (subject to 1 above) or in Tahal Group International B.V.

3. In the event that Kardan would obtain financing through pledge of assets:

   Until the repayment in February 2014:
   - 80% of such financing proceeds - which will be raised through pledge of assets - will be used for early repayment of the 2014 payment (including accrued interest until that date).

   After the February 2014 repayment and until the February 2015 repayment:
   - 60% of the proceeds of such financing that will be used for repayment of the debentures, as long as up to 50% (of the 60%) through repurchase of Debentures, on the condition that no more than 80% of the repurchased Debentures will be of one specific series.

4. Sale of assets:

   Until the repayment in February 2014 (principal and interest), at least 50% of the proceeds from sale of assets will be used for early repayment of the February 2014 payment. Such commitment will not apply for proceeds of less than EUR 15 million.

5. Early repayment of the Debentures principal:

   Kardan will be allowed to early repay Debentures principal amounts, any time, at the *pari* value on the condition that each such early repayment will be at an amount exceeding EUR 10 million.

6. No dividend distribution:

   No dividend will be distributed until the February 2015 repayment (principal and interest) and in any event not before the publication of the annual accounts 2013.

7. Limitations on repurchased debentures:

   The agreement will set limitations on pledge of repurchased Debentures (including REPO transactions). In addition Kardan will commit that sale of repurchased Debentures to third parties will be done only at a yield lower than 10%.

May 29, 2013

Board of Directors

P. Sheldon (Chairman of the Board)
S. Oren (CEO)
C. van den Bos
M. Groen
Y. Grunfeld
A. May
E. Rechter
A. Schnur
Mrs. E. Seinstra

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 NYSE 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.