PRESS RELEASE
Amsterdam/Tel Aviv, November 28, 2013
Number of pages: 15

THIRD QUARTER AND NINE MONTHS 2013 RESULTS KARDAN N.V.

"For Q3 2013, Kardan is reporting a loss of EUR 65.6 mn for its equity holders.
Although we completed the sale of our 27.75% stake in GTC SA subsequent to balance sheet date for a net amount of approximately EUR 157 mn, according to IFRS we have had to adjust GTC SA's value in our books to EUR 151 mn as this was the market value on September 30, 2013, the date that this investment was classified as held for sale. This implied an impairment of EUR 44 mn. Other factors impacting our Q3 2013 results were the filing for insolvency by Tahal Projects' subsidiary in Poland, continued difficult market circumstances for banking and retail lending activities in Romania.
Looking at the operating results throughout the Group, we saw Kardan Land China, our real estate company in China, again reporting good results and showing on-plan progress with the development of its mixed-use project Europark Dalian as well as with negotiating renewal and new lease contracts with reputable tenants both for the retail center in Chengdu and in Dalian. Our water infrastructure activities in China managed to increase revenues from rendering water treatment services but were hampered slightly by delay of construction activities. Although Tahal Projects suffered from the situation in Poland, it managed to improve its gross profit margin and continued to implement cost efficiencies. TBIF, our banking and retail lending operation, showed a mixed picture of improved results in Bulgaria but more strained results in Romania due to the strenuous market circumstances there.
For Kardan, our main aim in the third quarter was to address the liquidity situation of the Company, specifically with the upcoming repayments of the debentures in February 2014 and February 2015 in mind.
We have made a major step forward in this regard by selling our stake in GTC SA. We continue to focus on deleveraging and on improving our operational results throughout the Group. Our vision, that emerging markets will show superior growth compared to developed markets and will consequently provide good business opportunities, remains", states Shouky Oren, CEO of Kardan N.V.

Highlights Q3 + 9M 2013:

Kardan N.V.

- Q3 2013: EUR 65.6 mn loss for equity holders mainly due to the impairment to market value of the investment in GTC SA (Q3 2012: EUR 20.3 mn profit)
- 9M 2013: EUR 106.5 mn loss for equity holders (9M 2012: EUR 5.3 mn loss)

Real Estate Asia

- Stability in number of apartments sold in Q3 (506) and previous quarters (H1 2013:1,096)
  Significant increase y-o-y 9M 2013 (1,602) versus 9M 2012(640)
- Less deliveries of apartments in Q3 (372) than in Q2 (864), but more than in Q1 (110)
  (9M 2013: 1,346 versus 9M 2012: 1,817)
- EUR 1.1 million profit in Q3 2013 leads to EUR 7.5 mn profit in 9M 2013
  (9M 2012: EUR 4.2 mn profit)

Water Infrastructure, Assets

- Improvement in revenue from water services but significantly less revenue from construction activities: total revenue decreased y-o-y by 19% in 9M 2013
- Improvement of gross profit margin to 45% (9M 2012: 38%)
- EUR 0.1 mn loss attributable to equity holders in Q3 2013
- EUR 2.7 mn profit in 9M 2013 (9M 2012: loss of EUR 0.7 mn)

Water Infrastructure, Projects

- Q3 2013: delay in projects as well as filing for insolvency by Tahal subsidiary in Poland results in sharp drop in revenues and write-off of Polish activities (EUR 8.2 mn)
- Improvement of gross profit margin to 15% in Q3 2013 (Q3 2012: 10%)
  9M 2013: 14% versus 9M 2012: 8%
- Q3 2013 loss of EUR 8.4 mn attributable to equity holders leads to EUR 3.8 mn loss in 9M 2013
  (9M 2012: EUR 5.7 mn loss)

KARDAN N.V.

Banking and Retail Lending

- EUR 5.4 mn impairment of an intangible asset in Q3 2013
- Impairment of goodwill of EUR 3.4 mn in Q3 2013 on Romanian activities
- 9M 2013 result of EUR 14.0 mn loss (9M 2012: EUR 16.1 mn loss) includes one-off gain on recovery payment on former investment in Serbia and impairment on the investment in Avis Ukraine pending its intended sale

As of September 30, 2013, GTC SA, the Central and (South) Eastern European real estate developer in which Kardan held a 28% stake during the reporting period, was presented as held for sale and its results as discontinued operations. As the 28% stake in GTC SA was sold subsequent to balance sheet date, the segment "Real Estate Europe" is no longer presented separately but included in "Other".
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.
The comparative results have been adjusted to conform to these changes. The adoption of IFRS 11 affects the presentation of results of Real Estate Asia in particular.

The Q3 + 9M 2013 condensed interim consolidated income statements split into the different segments of Kardan N.V. is shown in the table below.

Condensed Interim Consolidated Income Statement Kardan N.V.

For the **three months** ended September 30, 2013 (in EUR millions)

	Real Estate Asia	**Infrastructure**		**Banking and Retail lending**	**Other**	**Total**	**Total**
		Assets	**Projects**			**Q3 – 2013**	**Q3 - 2012**
Total revenues	1.2	8.6	23.9	6.9	-	40.6	54.2
Total expenses	2.4	6.6	23.1	8.1	1.5	41.7	55.3
Profit (loss) from operation before fair value adjustments, disposal of assets and financial expenses	(1.2)	2.0	0.8	(1.2)	(1.5)	(1.1)	(1.1)
Profit (loss) from fair value adjustments, disposal of assets and investments, equity earnings (loss)	4.0	0.2	(8.5)	(7.9)	0.8	(11.4)	(1.8)
Result from operations before finance expenses	**2.8**	**2.2**	**(7.7)**	**(9.1)**	**(0.7)**	**(12.5)**	**(2.9)**
Financing income (expenses), net	(1.5)	(1.9)	(1.1)	(0.8)	(5.2)	(10.5)	29.3
Profit (Loss) before income tax	1.3	0.3	(8.8)	(9.9)	(5.9)	(23.0)	26.6
Income tax (expenses)/benefit	(0.2)	(0.7)	0.5	0.4	0.3	0.3	(2.0)
Profit (Loss) from continuing operations	**1.1**	**(0.4)**	**(8.3)**	**(9.5)**	**(5.6)**	**(22.7)**	**24.6**
Profit (Loss) from discontinued operations	-	-	-	-	(43.2)	(43.2)	(24.4)
Profit (Loss) for the period	1.1	(0.4)	(8.3)	(9.5)	(48.8)	(65.9)	0.2
Attributable to:							
Non-controlling interest	-	(0.3)	0.1	-	(0.1)	(0.3)	(20.1)
Net result for the segment	**1.1**	**(0.1)**	**(8.4)**	**(9.5)**	**(48.7)**	**(65.6)**	**20.3**
Profit (Loss) for the period	1.1	(0.4)	(8.3)	(9.5)	(48.8)	(65.9)	0.2

For the **nine months** ended September 30, 2013 (in EUR millions)

	Real Estate Asia	Infrastructure Assets	Infrastructure Projects	Banking and Retail lending	Other	Total 9M- 2013	Total 9M - 2012	Total FY 2012*
Total revenues	3.6	21.4	86.4	19.4	-	130.8	117.7	161.8
Total expenses	7.3	16.4	83.2	21.9	4.2	133.0	136.7	186.9
Profit (loss) from operation before fair value adjustments, disposal of assets and financial expenses	(3.7)	5.0	3.2	(2.5)	(4.2)	(2.2)	(19.0)	(25.1)
Profit (loss) from fair value adjustments, disposal of assets and investments, equity earnings (loss)	12.0	1.1	(0.6)	(9.8)	0.6	3.3	0.2	9.4
Result from operations before finance expenses	**8.3**	**6.1**	**2.6**	**(12.3)**	**(3.6)**	**1.1**	**(18.8)**	**(15.7)**
Financing income (expenses), net	(0.2)	(2.3)	(2.4)	(1.9)	(33.3)	(40.1)	21.3	9.7
Profit (Loss) before income tax	8.1	3.8	0.2	(14.2)	(36.9)	(39.0)	2.5	(6.0)
Income tax (expenses)/benefit	(0.6)	(1.8)	(3.8)	0.2	(3.3)	(9.3)	(1.1)	(0.9)
Profit (Loss) from continuing operations	**7.5**	**2.0**	**(3.6)**	**(14.0)**	**(40.2)**	**(48.3)**	**1.4**	**(6.9)**
Profit (Loss) from discontinued operations	-	-	-	-	(78.7)	(78.7)	(43.3)	(131.9)
Profit (Loss) for the period	7.5	2.0	(3.6)	(14.0)	(118.9)	(127.0)	(41.9)	(138.8)
Attributable to:								
Non-controlling interest	-	(0.7)	0.2	-	(20.0)	(20.5)	(36.6)	(106.1)
Net result for the segment	**7.5**	**2.7**	**(3.8)**	**(14.0)**	**(98.9)**	**(106.5)**	**(5.3)**	**(32.7)**
Profit (Loss) for the period	7.5	2.0	(3.6)	(14.0)	(118.9)	(127.0)	(41.9)	(138.8)

Overall summarized review of results

If developments are specifically attributable to Q3 2013, these are mentioned separately.

The **Q3 2013** consolidated result from **continuing operations** shows a y-o-y decrease of EUR 47 mn, which can first be explained by the fact that the Q3 result of last year was positively impacted by a EUR 33 mn financial income on the buyback of debentures and furthermore by three events which occurred in Q3 of this year. Firstly, following the insolvency situation of Tahal's subsidiary in Poland, a write-off of EUR 8.2 mn negatively impacted its Q3 2013 results. Secondly, the banking and retail lending segment recognized a goodwill impairment of EUR 3.4 mn on its Romanian activities resulting from continued challenging market circumstances. Furthermore, a EUR 5.4 mn impairment of an intangible asset was recognized in the same segment.

The 9M 2013 result from continuing operations reported by Real Estate Asia (Kardan Land China) amounted to EUR 7.5 mn profit (9M 2012: EUR 4.2 mn profit) on an improved gross profit and better equity earnings – reflecting the results of the residential activities in joint ventures and the result of the 50% in retail center Chengdu – as well as a revaluation profit on the development progress of the retail project in Dalian. More than twice the number of apartments was sold in 9M 2013 in comparison to the same period last year, which will impact the results when the apartments are handed over to the buyers (approximately 12 to 24 months from the sale).

Water Infrastructure Assets contributed EUR 2.0 mn profit from continuing operations (9M 2012: EUR 1.4 mn loss) primarily due to lower finance and tax expenses. Mainly following the earlier mentioned situation in Poland in the third quarter, the 9M 2013 result from continuing operations of Water Infrastructure Projects amounted to a loss of EUR 3.6 mn (9M 2012 loss of EUR 5.4 mn).

In 9M 2013 the Banking and Retail Lending segment recognized a one off gain due to a recovery of an investment, the investment in Avis Ukraine (Q2 2013) was impaired on TBIF's announcement of its intention to sell this subsidiary and its goodwill on the Romanian activities was impaired. Despite the fact that revenues of TBIF improved significantly on improved origination and a better quality of portfolios, the segment contributed a loss from continuing operations of EUR 14.0 mn in 9M 2013, which was still noticeably better than the negative contribution of EUR 16.6 mn in the comparative period 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). In the first nine months of 2013, the financing expenses were substantially negatively impacted by a revaluation loss (EUR 11 mn) related to foreign exchange differences (Israeli Shekel versus Euro), with regard to the debentures. Overall, the negative contribution of "Other" expenses relating to continuing operations amounted to EUR 40.2 mn in 9M 2013 (9M 2012: EUR 20.6 mn positive contribution).

The **loss from discontinued operations** is fully attributable to GTC SA and is reported under "Other" due to the sale of GTC SA. The result fully derives from the company holding in GTC SA. In Q3 the loss includes the impairment of the investment in GTC SA to its market value less costs of sale in the amount of EUR 43.9 mn.

The **net result** of 9M 2013 for equity holders of Kardan N.V. amounted to a loss of EUR 106.5 mn
(H1 2012: loss of EUR 5.3 mn).

Equity

Kardan N.V. – balance sheet (company only, in EUR millions)	**September 30, 2013**	**December 31, 2012***
Total Assets	529.9	641.6
Total Equity	63.2	166.2
Equity/Total assets (%)	12%	26%

(*) Restated to reflect the retrospective impact of adopting IFRS 11 (Joint Arrangements) and the effect of a reclassification regarding GTC Investments out of "held for sale".

The shareholder's equity of Kardan N.V. decreased from EUR 166.2 mn as of December 31, 2012 to EUR 63.2 mn as of September 30, 2013, primarily due to the loss in the period.

Highlights per segment:

The result from operations before finance expenses of each segment is presented 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.

REAL ESTATE

Kardan was 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 included the investment in 27.75% of the shares of GTC SA. As of September 30, 2013, the investment in GTC SA was classified as held for sale and its results are presented as discontinued operations. Consequently, the segment Real Estate Europe is no longer presented as a separate segment but reported under "Other".
GTC SA is listed on the Warsaw Stock Exchange. For full details on the GTC SA 9M 2013 results, which were published on November 13, 2013, reference is also made to the company website: www.gtc.com.pl.
Subsequent to balance sheet date, Kardan sold its 27.75% stake in GTC SA.

Real Estate Asia

General developments China and Kardan Land China

As a result of stronger industrial output and a solid domestic demand China's economy increased by 7.8% (y-o-y) in Q3 2013, its fastest pace this year. The y-o-y GDP growth achieved in January – September 2013 arrived at 7.7%, in line with the Chinese Government's aim of an annual increase of 7.5% by year end. The

KARDAN N.V.

focus of the Government is, among other, to shift from an export oriented economy to one focused on internal demand and to achieve economic stability.
Kardan Land China's (KLC) strategy is to develop mixed-use real estate projects (retail centers, which also include entertainment facilities, combined with residential apartments) in cities where the expectation is that the growth in purchasing power of the middle class will exceed that of the country average. In the first three quarters of 2013, the per capita disposable income of Chinese urban households showed a y-o-y growth of 9.5%. The inflation rate increased to 3.1% as at the end of September 2013 (end of June 2013: 2.7%). Retail sales of consumer goods – when comparing the period January – September 2013 to the same period last year – grew by 12.9% (in September alone 13.3%).

In general, the competition in the Chinese real estate market has intensified as new supply is increasing, both in the residential sector as well as for the retail sector. KLC has intensified its marketing efforts particularly for the residential apartments in Europark Dalian. With respect to its retail center Europark Dalian which is planned to be completed by the end of 2014: as of September 30, 2013, KLC had achieved a pre-lease of approximately 15%. In the beginning of November 2013, KLC announced that TESCO signed a Letter of Intent to lease 6,000 sqm to open their first smart store in Europark Dalian. KLC expects to have signed lease agreements and Letters of Intent with retailers for approximately 25% by year end 2013.

Results Real Estate Asia

	For the nine months ended September 30		For the three months ended September 30		Full Year
	In EUR million				
	2013	**2012**	**2013**	**2012**	**2012**
Management fee and other revenues	3.6	3.4	1.2	1.2	4.9
Other expenses, net	1.6	1.8	0.6	0.6	2.3
Gross profit	2.0	1.6	0.6	0.6	2.6
SG&A expenses	5.7	4.6	1.8	1.7	7.3
Adjustment to fair value (impairment) of investment properties	5.2	-	1.6	-	10.4
Equity earnings (losses)	6.8	5.8	2.4	2.7	9.7
Result from operations before finance expenses	**8.3**	**2.8**	**2.8**	**1.6**	**15.4**
Financing income (expenses), net	(0.2)	1.0	(1.5)	(1.7)	0.3
Income tax (expenses) / benefit	(0.6)	0.4	(0.2)	0.2	(1.6)
Profit (loss) from continuing operations	**7.5**	**4.2**	1.1	0.1	**14.1**
Net profit (loss)	7.5	4.2	1.1	0.1	14.1
Attributable to:					
Equity holders (Kardan N.V.)	**7.5**	**4.2**	**1.1**	**0.1**	**14.1**

Additional information Real Estate Asia	**2013 (30.09)**	**2012* (31.12)**
Balance sheet *(in EUR millions)*		
Share of investment in JVs	99.8	93.1
Investment Property Under Construction	108.0	82.4
Inventory	106.2	93.2
Cash & short term investments	35.9	36.1
Total Assets	373.8	326.5
Loans and Borrowings	61.8	37.8
Advance payments from buyers	23.6	8.9
Total Equity	261.6	256.8

*restated according to IFRS 11

Jointly controlled ventures: *Operational Information Residential*	9M 2013	9M 2012	Q3 2013	Q3 2012	FY 2012
Revenue Residential (in EUR millions)	41.2	48.7	12.3	19	60.4
Gross profit residential (in EUR millions)	13.4	11.9	4.2	5.0	18.0
Apartments sold* in period	1,602**	640	506	423	1,194**
Apartments delivered in period ***	1,346	1,817	372	704	2,272
Total apartments sold, not yet delivered	4,293****	3,938	4,293****	3,938	4,037
*Jointly controlled ventures: Operational Information Retail (*in EUR millions)					
Revenue Retail (50% rental Chengdu, 100% service fees)	5.4	4.6	1.8	1.6	6.4
Gross profit Retail	3.4	2.4	1.1	1.0	3.8

* Apartments are considered to be sold once the contract has been signed and a minimal deposit of – currently – 30% of the sale price has been made. 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 9M 2013, 7% of mentioned sold apartments were reserved (H1 2013: 22%)

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

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

**** Includes approximately EUR 29 mn gross profit (Kardan Land China share)

Revenues

In line with IFRS 11, KLC 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 comparison to 9M 2012, total revenues in 9M 2013 increased y-o-y by 3% mainly due to an increase for tenants in service management fees with respect to the retail center in Chengdu.

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

Q3 2013 SG&A expenses were at the same level as in Q3 last year. As marketing efforts for Europark Dalian started in the second half of 2012, the 9M y-o-y result comparison was an increase in expenses of approximately EUR 1.2 mn. Sales and marketing expenses with respect to the joint venture assets (Chengdu and the residential apartments excluding Dalian) are included in the Equity earnings of joint ventures.

Adjustment to fair value of investment property

As in Q1 and Q2 of 2013, a positive adjustment to fair value was recorded on the Europark Dalian retail center in Q3 2013 as the development is progressing according to plan.

Equity earnings / (losses)

This 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 KLC).

Residential

After the peak in deliveries in Q2 2013(864), KLC delivered 372 apartments in the third quarter of this year, resulting in 26% less apartments having been handed over in the period January – September 2013 than in the same period last year. Total comparable y-o-y residential revenue for 9M 2013 (revenue is recognized when apartments are handed over) was, however, less by 15% as the mix of apartments was different and the average prices were higher. The 9M 2013 gross profit margin on residential activities increased to 33% (9M 2012: 24%).

Retail

Rental income from the 50% stake in Chengdu combined with 100% service management fees increased in 9M 2013 y-o-y by 17% largely on the back of higher tenant turnover, higher service management fees from tenants and an increase in the base rent. The gross profit margin on the retail activities (Chengdu) were slightly lower in Q3 2013 than in the previous quarter as the result of higher costs for the common areas in the retail center. On a 9M comparison, the gross margin improved from 52% in 2012 to 63% in 2013.

Financing Income/expenses, net

The swing to net financing expenses as reported in 9M 2013, from a net financing income reported in the same period last year, is mainly due to a foreign currency impact of EUR 0.4 million (RMB compared to the Euro) which amounted to a loss this year, whereas in 9M 2012 it was a gain.

Income tax (expenses) / benefit

A deferred tax charge on the valuation gain on the retail center of Europark Dalian is the main reason for the income tax expense in 9M 2013.

Additional Information

Investment property under Construction, which relates fully to the retail center of Europark Dalian, increased by 31% (from December 31, 2012) largely as the result of building progress and positive valuation. In line with the continued development of Europark Dalian, "Loans and borrowings", which primarily relates to the use of a construction loan for Europark Dalian was significantly higher at September 30, 2013 than at year end 2012.

"Advance Payments from Buyers" as at September 30, 2013, relating to the apartments in the Europark Dalian project only, more than doubled compared to year end 2012. As indicated under the "Other operational information – residential" table above, advance payment for an apartment is usually paid in two phases: 30% of the price at signing of the contract and the remainder within on average two months thereafter (depending on whether the buyer takes a mortgage for the purchase).

In line with the equity method 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 joint ventures" in the balance sheet, for which as at September 30, 2013 an increase of EUR 6.7 mn is reported compared to the situation as at year end 2012, mainly on the back of the net profits in the residential projects and the retail center in Chengdu. KLC aligns the pace of construction to match the market conditions and to keep the percentage of completed unsold apartments in the inventory low (September 30, 2013: 4%).

WATER INFRASTRUCTURE

Tahal Group International B.V. (TGI), Kardan's water infrastructure company, focuses on developing water assets (e.g. wastewater, water treatment and water supply 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, Asia, Central and Eastern Europe, Latin America and in other regions and countries, such as Israel.

General developments water infrastructure and Tahal

Social and economic development is, among other, dependent on access to natural or treated water. Unlike developed countries where most cities have a relatively stable population, this is generally not the situation in emerging markets due to the urbanization. Consequently, the need for water not only increases from urbanization and industrialization but the location of necessary access to water also changes. In China for instance, where Tahal Assets is active through its subsidiary Kardan Water, the more densely populated areas are predominantly in the more economically advanced east and north of the country, whilst the water resources are mainly in the south and south west. The Chinese Government acknowledges the growing water problem needs immediate attention and action and has therefore, among others, embraced a Public Private Partnership policy making it possible for (non) Chinese companies to initiate and execute infrastructure projects.

Funding of water projects, particularly in the current global uncertain macroeconomic circumstances, is a challenge. Tahal Projects includes its experience of finding the relevant funding for a project as part of their tender offers. In Africa for instance, Tahal Projects is mainly active in water irrigation and drink water system projects. In Israel, Tahal Projects is working, among other, on the large Pumped Storage project, which entails building an electricity generating facility.

KARDAN N.V.

Results Water Infrastructure Assets*

	For the nine months ended September 30		For the three months ended September 30		Full year
	in EUR million				
	2013	2012	2013	2012	2012*
Contract revenues	21.4	26.3	8.6	9.1	35.6
Contract cost	11.8	16.3	5.1	6.3	22.7
Gross profit	9.6	10.0	3.5	2.8	12.9
SG&A expenses	4.6	4.9	1.5	0.8	6.7
Equity earnings / (losses)	(0.2)	0.3	(0.3)	0.2	0.1
Gain on disposal of assets and other income	1.3	0.7	0.5	0.2	0.4
Result from operations before financing expenses	**6.1**	**6.1**	**2.2**	**2.4**	**6.7**
Financing income (expenses) net	(2.3)	(5.3)	(1.9)	(1.7)	(4.4)
Income tax (expenses) / benefit	(1.8)	(2.2)	(0.7)	(0.8)	(2.0)
Profit (loss) from continuing operations	**2.0**	**(1.4)**	**(0.4)**	**(0.1)**	**0.3**
Net profit (loss)	2.0	(1.4)	(0.4)	(0.1)	0.3
Attributable to:					
Non-controlling interest holders	(0.7)	(0.7)	(0.3)	(0.2)	(0.7)
Equity holders (Kardan N.V.)	**2.7**	**(0.7)**	**(0.1)**	**0.1**	**1.0**

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

Additional Information Assets	**2013 (30.09)**	**2012 (31.12)**
Balance sheet (in EUR millions)		
Cash & short term investments	4.3	3.2
Total Assets	165.7	162.6
Net Debt (excl shareholder loans)**	53.3	53.1
Equity*	97.0	95.2
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. It is noted that as of Q1 2013, the joint venture activities which Tahal Assets has in Turkey are reported according to the Equity method, in line with IFRS 11. The comparative results have been adjusted to conform to these changes.

During 2013, Kardan Water in China performed substantially less construction activities compared to last year leading to a drastic drop in revenues. Following the completion of some maintenance and expansion activities in the first two quarters of 2013 and the consequential re-start of operations in Q3, revenue from rendering of water services increased to reflect a y-o-y growth of 4% y-o-y in 9M 2013. The impact of the drop in construction revenues was consequentially mitigated, leading to a decrease in total revenues of 18% y-o-y in 9M 2013.

Gross profit
As a result of fewer construction activities in 2013, the 9M 2013 contract costs were also significantly less than in the same period last year resulting in an increase in the gross profit margin to 45% in 9M 2013 (9M 2012: 38%).

Sales & Marketing, and General & Administrative expenses (SG&A)
SG&A expenses in 9M 2013 were 6%% less than in the corresponding period last year. It should be noted, however, that in Q3 2012 a one off expense relating to the change in management in China was included.

Gain on disposal of assets and other income
This relates primarily to VAT tax exemption for Kardan Water China facilities, following a change in the VAT.

Financing income (expenses), net
The substantial y-o-y decrease of net financing expenses in 9M 2013 can largely be explained by a positive impact of the valuation of the warrant and call option related to a loan which was provided by a private equity investor in 2010.

Results Water Infrastructure Projects*

	For the nine months ended September 30		For the three months ended September 30		Full Year
	in EUR million				
	2013	2012	2013	2012	2012
Contract revenues	86.4	78.6	23.9	37.0	107.4
Contract cost	74.3	72.4	20.4	33.4	99.3
Gross profit	12.1	6.2	3.5	3.6	8.1
SG&A expenses	8.9	10.8	2.7	3.5	13.4
Equity earnings / (losses)	(0.1)	(0.1)	-	(0.1)	0.2
Gain on disposal of assets and other income	(0.5)	(0.1)	(8.5)	(0.1)	(1.1)
Result from operations before financing expenses	**2.6**	**(4.8)**	**(7.7)**	**(0.1)**	**(6.2)**
Financing income (expenses), net	(2.4)	(0.5)	(1.1)	(0.2)	(2.0)
Income tax (expenses) / benefits	(3.8)	(0.1)	0.5	(0.2)	0.9
Profit (loss) from continuing operations	**(3.6)**	**(5.4)**	**(8.3)**	**(0.5)**	**(7.3)**
Net profit (loss)	(3.6)	(5.4)	(8.3)	(0.5)	(7.3)
Attributable to:					
Non-controlling interest holders	0.2	0.3	0.1	0.1	0.1
Equity holders (Kardan N.V.)	**(3.8)**	**(5.7)**	**(8.4)**	**(0.6)**	**(7.4)**

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

Additional Information Projects	**2013 (30.09)**	**2012 (31.12)**
Balance sheet (in EUR millions)		
Cash & cash equivalents	19.9	22.6
Total Assets	142.9	135.2
Net debt (excl. shareholder loans)**	(18.7)	(17.4)
Equity*	33.9	33.3
Equity* / Assets	24%	25%
Other (in USD million)		
Backlog	346	411

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

Revenues
As a result of the inability of Tahal's subsidiary in Poland to meet its obligations and the following filing for insolvency, as well as delays in some projects, the remarkable revenue growth as presented in the first two quarters of 2013 was interrupted: a 35% y-o-y decline was recognized in Q3 2013. During the period January – September 2013 Tahal Projects generated 10% more revenue than the same period last 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 margin improved in Q3 2013 to15% (Q3 2012: 10%) mainly due to the changed mix of better performing projects following intense project management and, for instance, the absence of the loss making activities in Poland. In the 9M period the margin improved from 8% (2012) to 14% this year.

Sales & Marketing, and General & Administrative expenses (SG&A)
Following tight cost control, in line with the major reorganization which was put in effect as of the beginning of 2012, SG&A expenses continue to decrease (9M 2013: 18% less than in 9M 2012).

Gain (loss) on disposal of assets and other income
In Q3 2013 a write-off of EUR 8.2 mn was recognized with respect to Tahal Projects' Polish subsidiary . The small loss reported in the 9M 2013 results combines the gain realized on the sale of Tahal's rights in a leased real estate asset in Tel Aviv, Israel which was disclosed in Q1 2013 and the earlier mentioned write-off recognized in Q3 2013.

Financing income /(expenses) net
Net financing expenses in 9M 2013 were noticeably higher than in the same period last year mainly due to negative foreign currency effects as well as to an increased use of credit facilities (in 9M last year there were substantial advance payments).

Income tax (expenses) / benefit
The substantial increase in tax expenses in the reporting period compared to 9M 2012 is primarily attributable to the release of a tax asset relating to Tahal's Polish subsidiary as well as to the sale of the real estate asset in Tel Aviv as mentioned above.

Additional information Tahal Projects
Due to delays in closing of new contracts in Q3 2013 combined with revenue which was booked on the existing backlog position during the year 2013, the backlog position as at end of September 30, 2013 was USD 346 mn, which is lower than at the end of year 2012 (USD 411 mn).

BANKING AND RETAIL LENDING

Kardan is active in the financial services sector through its 100% holding in Kardan Financial Services (KFS) which operates through its 100% subsidiary 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 Ukraine and two other small entities are presented according to the equity method.

General developments Bulgaria and Romania and TBIF

In Romania, bank deleveraging is one of the problems for the economy as a whole and for domestic demand in particular as households are still facing high debt-service-to-income ratios. Unemployment growth is slowing down and labor market reforms are being introduced resulting in a somewhat improved consumer sentiment, evidenced by a slight upturn in retail sales. Subsequent to reporting date, the National Bank of Romania cut the interest rate further by 25bp to 4.0% in the beginning of November in order to address this stagnating consumption as well as the decline in private lending.
TBIF obtained a branch license for TBI Bank in Romania in the last quarter of 2012 and its operations commenced in 2013, among others by implementing a direct sales force encompassing approximately 300 active agents.

The uncertain economic environment and insufficient domestic demand remain the main factors impeding a strong economic growth in Bulgaria. Although the purchasing power of consumers is buoyed by growth in real wages in a low inflation environment consumer spending remains lackluster as the labor market is still fragile and the population declines due to ageing and emigration. Bulgaria has a relatively strong financial sector however, with a fairly high liquidity due to the lack of credit demand combined with continued deposit growth. Deposit and lending interest rates have continued on a downward trend, to ease lending conditions and facilitate credit availability. TBI bank continues to focus on retail lending and services. Whereas TBI bank managed to expand its new business activities in the retail market, the SME (small and medium sized enterprise) business continues to be challenging.

KARDAN N.V.

Results Banking & Retail Lending

	For the nine months ended September 30		For the three months ended September 30		Full Year
	2013	2012	2013	2012	2012
	in EUR million				
Banking and retail lending activities	18.0	8.0	6.5	6.4	11.0
Other revenues	1.4	1.4	0.4	0.5	2.9
Total revenues	19.4	9.4	6.9	6.9	13.9
Costs of banking and lending activities	20.7	16.8	7.9	5.0	23.6
Other expenses, net	0.2	2.5	-	1.6	2.9
Gross profit	(1.5)	(9.9)	(1.0)	0.3	(12.6)
SG&A expenses (income)	1.0	1.0	0.2	0.4	1.5
Equity earnings / (losses)	(3.1)	0.8	0.3	0.4	0.9
Gain (loss) on disposal of assets and other income	(3.3)	(0.6)	(4.8)	(0.5)	(1.2)
Impairment losses on goodwill	(3.4)	(0.8)	(3.4)	(0.3)	(3.8)
Result from operations before financing expenses	**(12.3)**	**(11.5)**	**(9.1)**	**(0.5)**	**(18.2)**
Financing income (expenses), net	(1.9)	(5.1)	(0.8)	(1.3)	(3.1)
Income tax (expenses) / benefits	0.2	-	0.4	(0.1)	-
Profit (loss) from continuing operations	**(14.0)**	**(16.6)**	**(9.5)**	**(1.9)**	**(21.3)**
Net profit (loss) from discontinued operations	-	0.5	-	-	0.5
Net profit (loss)	**(14.0)**	**(16.1)**	**(9.5)**	**(1.9)**	**(20.8)**
Attributable to:					
Equity holders (Kardan N.V.)	**(14.0)**	**(16.1)**	**(9.5)**	**(1.9)**	**(20.8)**

Additional Information KFS Banking & Retail Lending	**2013 (30.09)**	**2012 (31.12)**
Balance sheet *(in EUR millions)*		
Net loan portfolio	130.4	124.7
Cash & short term investments	67.3	31.5
Total Assets	283.6	223.6
Deposits	139.5	68.3
Total Equity	34.5	42.6
Other		
Provisions	32%	34%

Revenues

The banking and retail lending activities continued to improve its performance: in 9M 2013 reported revenues were more than double the revenue reported in the comparable period last year on better origination and quality of portfolios, as a result of better branch network efficiency and targeted risk management (and consequentially less provisions deducted from revenues). In Q3 2013, revenues were near equal to Q3 2012, due to a one-off provision this year. Excluding this provision, revenues in Q3 2013 showed a y-o-y increase by 17%.

Gross profit

“Gross result” in 9M 2013, although still negative, was substantially better than the negative gross result in 9M 2012 mainly on the back of better revenues particularly in Bulgaria. The increase in costs of banking and lending activities is a reflection of the intensified business generation and the relating growth of the sales force, particularly in Romania.

Equity earnings

These relate to the leasing activities of the joint venture 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 equity earnings result in 9M 2013 reflects an improved operational result of Avis Ukraine which was off-set by an impairment on the investment in Avis Ukraine, on the June 2013 announcement that TBIF intends to sell Avis Ukraine.

Gain on disposal of assets and other income
"Other income" in 9M 2013 is in respect of the one off recovery payment relating to a former investment in Serbia which was reported in Q1 2013, a partial reversal of the provision which was taken on the Bulgarian retail portfolio in previous quarters and an impairment of an intangible asset.

Impairment losses on goodwill
In Q3 2013, a goodwill impairment of EUR 3.4 mn was recognized on the Romanian activities, on the back of continued challenging market circumstances.

Financing income (expenses), net
KFS has taken significant measures to pay down debt using, among other, the proceeds of the sale of Sovcombank, which was completed in Q2 of 2012. Consequently, financing expenses have decreased markedly in 9M 2013 compared to the same period last year.

Additional Information
As at September 30, 2013, the total net loan portfolio of KFS showed an increase of 5% compared to the situation as at December 31, 2012, mainly due to an improvement in origination in Q3 2013, less need for provisioning and off- set slightly by repayments. Compared to year–end 2012, TBI Bank, in Bulgaria in particular, reported deposits of more than double at the end of September 2013. In Q3 2013, deposits increased by 29% when compared to the balance as at June 30, 2013. In Bulgaria, deposits are split evenly over corporate and retail deposits, whereas in Romania, where deposit taking was initiated in the second quarter of 2013, deposits derive mainly from retail clients.

Other Expenses

	For the nine months ended September 30		For the three months ended September 30		Full Year
	2013	2012	2013	2012	2012
			in EUR million		
General and administration expenses	4.2	5.6	1.5	2.0	7.2
Equity earnings (losses)	0.6	(5.8)	0.8	(4.3)	(6.2)
Financing income (expenses), net	(33.3)	31.2	(5.2)	34.4	18.9
Income tax (expenses) / benefit	(3.3)	0.8	0.3	(1.2)	1.8
Profit (loss) from continuing operations	(40.2)	20.6	(5.6)	26.9	7.3
Net profit (loss) from discontinued operations	(78.7)	(43.8)	(43.2)	(24.4)	(132.4)
Net profit (loss)	**(118.9)**	**(23.2)**	**(48.8)**	**2.5**	**(125.1)**
Attributable to:					
Non-controlling interest holders	(20.0)	(36.2)	(0.1)	(20.1)	(105.5)
Equity holders (Kardan N.V.)	**(98.9)**	**13.0**	**(48.7)**	**22.6**	**(19.6)**

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). In addition, as the 27.75% stake in GTC SA was sold subsequent to balance sheet date, the segment Real Estate Europe is no longer presented as a separate segment but included in "Other".

General and Administrative expenses
The substantial decrease of these expenses recognized in 9M 2013 compared to the same period last year, can be explained by a downsizing of management at Kardan holding and a reduction in other professional service costs.

Financing income (expenses), net
Whereas in 9M 2012 a substantial financial income could be recognized on the back of the gain on the buyback of debentures, in the first nine months of 2013, the financing expenses were substantially negatively impacted by a revaluation loss (EUR 11 mn) 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 and current tax on hedge instruments.

Net profit (loss) from discontinued operations
The result fully derives from the company holding in GTC SA. In Q3 the loss includes the impairment of the investment in GTC SA to its market value less costs of sale in the amount of EUR 43.9 mn.

OUTLOOK 2013

Kardan N.V.
Management attention in 2013 is fully focused on bringing down the debt position of Kardan N.V. and of its intermediate holding companies in general and repayment of the upcoming dues for the debentures in particular. The Company aims to generate cash predominantly by repayment of shareholder loans and dividend by some of the Company's subsidiaries and by selling assets in order to fulfill its obligations to its Debenture holders in the short to medium term. In addition, ongoing attention is given to consistent improvement of operations and of their debt servicing capacity.
A cash flow forecast for the coming two years can be found in the Directors' Report on page 14.

Real Estate Asia
Kardan Land China expects to deliver approximately 2,400 apartments during 2013,and aims to continue its healthy sale of apartments, which is dependent on the economy in China, as well as on measures which the Chinese government may take to control the real estate market, in particular the speculation in this market. With respect to the Europark Dalian retail center, Kardan Land China expects to have signed lease agreements and Letters of Intent with retailers for approximately 25% by year end 2013. Completion of the mall is planned for the end of 2014.

Water infrastructure Assets
Kardan Water plans to continue increasing the revenue from rendering water treatment services during 2013 and plans to prepare the start of expansion activities in two of its current plants in China to increase the total designed capacity of the combined Kardan Water facilities to 695,000 m3/day in the coming year. The construction of the expansions should have a positive impact on the revenue line of Kardan Water in the upcoming quarters.

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 continue to increase from existing and recently signed projects (y-o-y), albeit that the total results will be negatively impacted by the cancellation of operations in Poland. The backlog (in USD) as at year end 2013 is expected to arrive at a lower level as at the end of 2012 due to delays in the closing of several new projects to early 2014.

Banking and Retail Lending
TBIF aims to continue to further increase loan origination and commission income from non-lending activities and to finance this by raising deposits. Furthermore, TBIF continues to effect synergies of business consolidation in order to improve the operational result. TBIF expects to report a positive "normalized" (i.e. excluding impairments on intangible assets) operating result for 2013 , in continuing difficult market circumstances.

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* (October 2013)
International Monetary Fund, C*entral, Eastern and Southeastern Europe Regional Economic Issues, 10-2013*
European Commission; *Economic Forecast Autumn 2013: Gradual recovery, external risks*

Real Estate:

Cushman & Wakefield: *Investment Market Beat China Q3 2013*
National Bureau of Statistics, China

Water Infrastructure
Water21: *Issue of October 2013*
www.globalwaterintel.com
CDP Global Water Report: *Moving beyond business as usual, 2013*

Financial Services
Bulgarian National Bank, *Economic Review Summaries*
Ministry of Finance Bulgaria, *Recent economic developments, September 2013*
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 Thursday November 28, 2013*****, at 10.30 CET**.
To take part in the call, please use the following dial-in number:

Dial in number NL: +31 (0) 45 6316903 Conference ID: 4649304

Dial in number UK: +44 207 153-2027 Conference ID: 4649304

The Investor Relations presentation will be published on the corporate site, www.kardan.nl, approximately one hour after publication of this release.

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 Asia (predominantly China), Africa and selected CEE and CIS countries.
Its activities are mainly focused on three sectors that benefit from the rising middle class: Real Estate, Water Infrastructure and Banking & Retail Lending. Company headquarters are in the Netherlands. Kardan aims at holding controlling interests in its investments and is actively involved in the definition and implementation of their strategy through its local business platforms. Total assets as of September 30, 2013 amounted to EUR 1.1 billion; revenues totalled EUR 131 mn in the period January – September 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:
Caroline Vogelzang
Director Investor Relations
+31 (0)20 305 0010
Vogelzang@kardan.nl
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. 9M 2013

Amsterdam/Tel Aviv, November 28, 2013
Number of pages: 20

The Additional Information and the Financial Statements of Kardan N.V., Q3 + 9M 2013, are drawn up in accordance with the Dutch and Israeli regulations and together with the separately presented press release on the Q3 + 9M 2013 results of Kardan form an integral part of the regulatory requirements and presentation.

FINANCIAL REPORTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

The Financial Reports contain the following sections:

KARDAN N.V.

1. ADDITIONAL INFORMATION FOR 9M 2013

1.1. Main events January – September 2013

Kardan

- In February 2013, the Extraordinary General Meeting of Shareholders 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 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.
  For further details see page 19 and note 6 in the Financial Statements.

- 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 Watch Negative, due to a worsening liquidity profile. In addition, S&P put the Company and the Debentures on CreditWatch with negative implications until the end of June 2013, when it would again review the ratings.
  Consecutively, in June 2013, S&P reported that it had retained the rating of the Company and its Debentures Series A and Series B, and that it had retained the Company and the Debentures on CreditWatch with negative implications for approximately six weeks, when it would again review the ratings.
  In August 2013, S&P reported that it had adjusted the rating of the Company and its Debentures Series A and Series B downwards to ilB Negative outlook for the Company and ilB for the Debentures. S&P took the Company off the CreditWatch, but would review the rating of the Company again in the coming months.

- 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.

  In October 2013, Kardan was ordered to publish ISA's final report. For further details see under Subsequent Events.

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 Project") ("the Transaction"), following the signing of a non binding Letter of Intent ("LoI") in December, 2012. The LoI included a purchase price for the 50% stake of the Project of RMB 710 million (approximately EUR 85 million).
  In March 2013, KLC was informed by the international fund that it had decided not to pursue the Transaction.

- The Company owned (indirectly, through GTC Real Estate Holding ("GTC RE") a 27.75% stake in Globe Trade Center SA ("GTC SA").
  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. Following the appointment of a member of the Supervisory Board of GTC SA by another shareholder, as at March 31, 2013 GTC RE had 5 (including the Chairman of the Supervisory Board) out of 10 members. As yet another shareholder had the right to appoint a member as at March 31, 2013, but had not done so, the Company concluded that in the first quarter of 2013 its accounting effective control over GTC SA ceased to exist, and accordingly stopped consolidating the financial statements of GTC SA in the first quarter of 2013.
For further details see note 6 in the Financial Statements.

- In March 2013, GTC SA announced that the Romanian Chamber of Deputies approved an Ordinance stating that it would no longer be possible to designate lands that were 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 therefore not be permitted to develop its, currently classified as green area, land plot in Bucharest that was intended for a shopping mall project (Galleria Bucharest). 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 15.1 million.

- In May 2013, the Supervisory Board of GTC SA appointed its 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 appointed Mr Shouky Oren, the CEO of Kardan N.V., as the new Chairman of the Supervisory Board of GTC SA.

Water Infrastructure (Tahal)

- In September 2013 Kardan announced that its water infrastructure subsidiary Tahal has reached an agreement with Hutchison Water International Holdings Pte Limited ("HWIH") to sell 50% of its stake (81%) in the "Pumped Storage" project in Israel ("Tahal Water Energy") which relates to the production of energy based on pumped storage technology, for which a conditional licence was granted in 2009.
  The consideration for 50% of Tahal Water Energy, by means of a shareholder loan, shall be NIS 29 million (approx. EUR 6 mn) which shall be used by Tahal Water Energy to repay part of the shareholder loan provided by Tahal in two parts: NIS 5.5 million (approx. EUR 1.1 mn) on signing and NIS 18 million (approx. EUR 3.8 mn) upon the financial closing of the Pumped Storage Project ("the Project"). In addition, Tahal is entitled to a premium of NIS 10 million (approx. EUR 2.1 mn) upon financial closing of the Project, subject to certain conditions agreed upon by the parties. The Transaction is subject to the approval of the Israeli Anti-Trust Authorities as well as the Minister of Energy and Water (Israel). Financial closing of the Project is expected to take place by the end of 2014. The accounting implications of the Transaction are under investigation. The agreement was signed in October 2013 and the funds were received.

  In addition, Tahal Water Energy was granted a conditional license for the expanded capacity to 340 MW (from 300 MW) following discussions and consultations with both the Grid Operator (Israel Electric Corporation) and the Public Utility Authority – Electricity (PUA).
  The construction of the "Pumped Storage" plant is expected to take approximately 54 months. Total investment is estimated to be USD 410 million, of which as of December 31, 2012, approximately 2% had been invested by Tahal.

- Also in September 2013, a wholly owned Polish subsidiary of Tahal Group B.V. ("Tahal Group") – the project organization of Kardan's water infrastructure subsidiary Tahal Group International - decided to file a petition for insolvency with the Polish court. The Polish subsidiary, is active in civil engineering and infrastructure projects and owns several real estate properties. Tahal recognized a write-off of EUR 8.2 million in its Q3 2013 results in connection with the above mentioned filing for insolvency.

Financial Services (TBIF)

- In June, 2013, TBIF Financial Services BV ("TBIF"), the wholly owned subsidiary of Kardan N.V., negotiated an agreement to sell its 66% share in the leasing company AVIS Ukraine to its co-owner Kardan Vehicle Ltd. ("Kardan Vehicle") ("the Transaction"), for a consideration of USD 8.6 million. In addition, Kardan Vehicle guaranteed the repayment, which was expected by the end of 2013, of a loan of approximately USD 5 million granted by TBIF to Avis Ukraine.
The decision to sell the leasing activities in Ukraine is in line with TBIF's strategy to focus on its financial service activities in Bulgaria and Romania and with Kardan's objective to generate free cash in order to deleverage. The proceeds from the Transaction would be used to repay shareholder loans to Kardan.
Subsequent to balance sheet date, TBIF announced that Avis Europe had not endorsed the Transaction. For further details, see under Subsequent events.

1.2. Subsequent events

In October 2013, Kardan announced that its wholly-owned subsidiary GTC RE was in a process to possibly sell, directly or indirectly, its 27.75% stake in GTC SA to a strategic investor.
A month later, Kardan announced that GTC RE was in advanced negotiations to sell its stake in GTC SA, but noted that the negotiations had not come to a conclusion and might not materialize.
Mid November 2013, the agreement to sell GTC RE's 27.75% stake in GTC SA ("the Transaction") to a wholly owned subsidiary of Lone Star Funds (collectively "Lone Star") for a consideration of EUR 160 million ("Consideration") was signed, and was completed a week later. The total Consideration has been paid in cash, of which EUR 150 mn directly to GTC RE and EUR 10 mn to a notary account on behalf of GTC RE. Until December 13, 2013, Lone Star may opt – under certain conditions – to replace this EUR 10 million (partly or in total) with debentures (series A) and debentures (series B) of Kardan N.V. (in a 80% - 20% ratio) as listed on the Tel Aviv Stock Exchange (the "Debentures") with a total par value of EUR 14 million. As of the date of the announcement (November 17, 2013), Lone Star did not hold any Debentures. If Lone Star opts to replace the above mentioned amount with Debentures, it would not start purchasing Debentures until after Kardan had published its Q3 2013 financial statements. If the Consideration of the Transaction includes a debentures component, this component shall be recorded at its liability value.

In addition, the share purchase agreement contains a "claw back clause" which is conditional upon GTC SA achieving two specific business targets, one by March 31, 2015 and one by December 31, 2015. If a target is not met in time Lone Star has the right to receive an amount of EUR 3.15 million per target. As the GTC SA shares were pledged to a lending bank in order to secure a loan of approximately Euro 106 million, the Consideration is expected to predominantly be used to repay this loan (in whole or in part).

The decision of the Company to sell assets is mainly due to the liquidity needs of Kardan in relation to the upcoming repayments of principal and interest of Kardan's debentures in February 2014 and 2015. The Transaction with Lone Star (Lone Star Real Estate Fund III) is the result of a controlled process aimed at value maximization in the interest of Kardan and its stakeholders and has been led and managed by Citigroup Global Markets Limited.

- In October 2013, following the letter received in May 2013, the ISA ordered the Company to make public ISA's final report regarding an audit of the valuation of certain real estate assets in the financial statements as of December 31, 2009, which were owned by group companies of Kardan's then consolidated subsidiary GTC SA, which company is separately listed on the Warsaw Stock Exchange. As of Q1 2013, GTC SA was no longer consolidated in the financial statements of Kardan NV. As of September 30, 2013 Kardan held 27.75% of the shares of GTC SA. From the start, the Company has consistently strongly opposed the position of the ISA on this matter and has provided ISA with lengthy and thorough argumentation in this respect, such as, among other, independent opinions of internationally reputed valuation firms.
For further details see Note 1 of the Financial Statements.
As of November 22, 2013, the Company no longer holds a stake in GTC SA.

- In November 2013, following the announcement on June 11, 2013, it was announced that the intended agreement by Kardan's wholly owned subsidiary TBIF to sell its 66% share in the leasing company Avis Ukraine to its co-owner Kardan Vehicle Ltd. ("Kardan Vehicle") ("the Transaction") had not been endorsed by Avis Europe Holdings ("Avis Europe").
In light of Avis Europe's notice, TBIF is considering to take actions which may be necessary to realize the Transaction as was outlined originally or alternatively to sell to a third party, as it deems appropriate.

- In November 2013, the Board of Directors reapproved an option grant with respect to four employees of the Company. The grant comprises 250,000 options with respect to Kardan N.V. shares. The fair value of the grant is not material.

- In November, GTC RE signed a conditional agreement with the lending bank for a credit facility in the amount of up to EUR 33 million. The credit amount will bear interest of 6 months Euribor + 5.5% (subject to adjustments). EUR 28 million of the credit facility will mature in December 2014, and the rest in December 2015. As collateral for the credit facility, the Company will pledge the shares of KFS and TGI in favor of the bank and GTC RE will pledge the shares of KLC (according to the limitations as agreed with the debenture holders, as described in Note 6A of the financial statements). The credit facility is subject to certain conditions in order to sign a detailed financing agreement. The financing agreement will include acceptable financial covenants and it was agreed it will be signed no later than January 15, 2014. On the date that the detailed financing agreement is signed, GTC RE will repay the bank a liability of approximately EUR 8 million.

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 September 30, 2013 and December 31, 2012 (amounts in EUR millions):

Holding Company	Name of subsidiary	Share in subsidiary	Book Value in Kardan NV	Share-holders Loans*	Total Investment in books 30.09.13	Total Investment in books 31.12.12
Kardan NV	GTC RE Holding	100%	259.6	60.5	320.1	365.9
	KFS	100%	33.0	55.6	88.6	106.7
	TGI	98.4%	46.0	57.9	103.9	103.0
	Emerging Investments XII *	100%	173.9	**	173.9	169.7

Holding Company	Name of subsidiary	Share in subsidiary	GTC RE Book Value	Total Investment in books 30.09.13	Total Investment in books 31.12.12
GTC RE Holding	GTC SA	27.75%	150.6	150.6	204.1
	Kardan Land China	100%	261.8	261.8	254.0
	GTC Investments	48.75%	-	-	-

Holding Company	Name of subsidiary	Share in subsidiary	KFS Book Value	Loans granted by KFS	Total Investment in books 30.09.13	Total Investment in books 31.12.12
KFS	TBIF	100%	76.3	13.7	90.0	101.8

(*) In October 2012, the Company assigned its shareholders' loans (provided to its subsidiaries) to Emerging Investments XII. For convenience, the shareholder's loans are presented as part of the investments in subsidiaries.
(**) The Company's repurchased debentures are mostly held by Emerging Investments XII, the shareholder loan which Kardan N.V. provided to Emerging Investments XII is presented net of the debentures.

1.4. Financial Position of holding companies of the Kardan Group as of September 30, 2013

- **Net debt**

The net debt position of Kardan N.V., GTC RE BV, Emerging Investments XII, KFS BV and TBIF BV as of September 30, 2013 increased to EUR 476 million from EUR 425 million as of December 31, 2012, 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 September 30, 2013:

Company	Net Debt (in EUR million)	
Kardan NV / GTC RE / Emerging Investments XII**	**Liabilities:**	
	Debentures	(431)
	Loans from banks *	(106.9)
	Loan from others	(14)
	Assets:	
	Loan to KFS	55.6
	Loan to TGI	10.1
	Cash and short term investments	17.7
	Net debt	**(468.5)**
KFS / TBIF	**Liabilities:**	
	Loans from Kardan NV	(55.6)
	Assets:	
	Cash and short term investments	0.6
	Loans to others	25.1
	Loans to subsidiaries	22.5
	Net debt	**(7.4)**
TGI	**Liabilities:**	
	Loans from others (and related warrant)	(16.7)
	Assets:	
	Cash and short term investments	0.4
	Net debt	**(16.3)**

(*) 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 operations and 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 (Eastern) 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.

<u>Disclaimer</u>

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.

KARDAN N.V.

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)

	September 30, 2013	September 30, 2012	December 31, 2012	Notes
Total balance sheet	1,078,756	3,157,380	2,968,648	The material decrease in all the balance sheet items relates primarily to the deconsolidation of GTC SA in Q1 2013. As of the end of Q3, the investment in GTC SA is presented as 'Assets Held for Sale', as part of the current assets. For additional information see note 6 to the interim financial statements.
Current assets	626,313	941,637	843,068	
Non-current assets	452,443	2,215,743	2,143,580	
Current liabilities	584,794	698,144	666,745	
Long term Debentures	329,534	553,690	543,909	
Long term Interest-bearing loans and borrowings	72,353	933,472	885,521	
Equity attributable to equity holders of the parent	63,245	198,024	166,174	The decrease as of September 30, 2013, (from December 31, 2012) is mainly a result of the net loss for the period.

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

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012	Year ended December 31, 2012	Notes
Revenues						
Contract revenues	107,844	104,818	32,543	46,087	142,967	The y-o-y increase in contract revenues in 9M 2013 is a result of new projects mainly in Africa.
Banking and retail lending activities	18,047	8,044	6,452	6,450	10,966	The y-o-y increase in revenues from the banking and retail lending activities in 9M 2013 is largely as a result of an increase in the working portfolios and a decrease in provisioning for credit losses.
Management fees and other income	4,919	4,842	1,619	1,670	7,845	-
Total Revenues	**130,810**	**117,704**	**40,614**	**54,207**	**161,778**	

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012	Year ended December 31, 2012	Notes
Expenses						
Contract costs	86,101	88,787	25,456	39,667	121,962	See explanations for the changes in revenues from contract works.
Cost of banking and lending activities	20,740	16,778	7,917	4,985	23,601	-
Other expenses, net	1,840	4,668	547	2,575	5,353	-
Total expenses	**108,681**	**110,233**	**33,920**	**47,227**	**150,916**	
Gross margin	**22,129**	**7,471**	**6,694**	**6,980**	**10,862**	
Selling and marketing expenses	5,279	5,466	1,679	2,002	8,210	-
General and administration expenses	18,975	21,161	6,049	6,127	27,757	The decrease in general and administration expenses is primarily attributable to the reorganization in the Group's infrastructure – projects segment and reduction of costs on the corporate level.
Profit (loss) from operations before fair value adjustments, disposals of assets and financial expenses	**(2,125)**	**(19,156)**	**(1,034)**	**(1,149)**	**(25,105)**	-

Adjustment to fair value of investment properties	5,196	-	1,619	-	10,383	Adjustment to fair value of investment properties in 9M 2013 relates to the revaluation of the Dalian shopping center in China.
Impairment losses on goodwill	(3,406)	(850)	(3,406)	(400)	(3,850)	Impairment losses on goodwill relate to KFS.
Gain on disposal of assets and other income	2,538	30	(12,847)	(364)	(1,816)	The loss on disposal of assets and other income relates primarily to the sale of a building in Tel Aviv, more than offset by a write down of the water projects operation in Poland and the impairment of an intangible asset.
Profit (loss) on disposal of assets and investments	(748)	(820)	(14,634)	(764)	4,717	-
Profit (loss) before finance expenses and income taxes	**(2,873)**	**(19,976)**	**(15,668)**	**(1,913)**	**(20,388)**	-
Financial income	13,101	67,922	3,502	49,067	62,370	Financial income is mainly the result of interest on the cash balances and deposits of the Group and exchange rate differences on financial instruments.
Financial expenses	(53,229)	(45,050)	(13,983)	(19,044)	(53,687)	The financial expenses are mainly related to financing costs of loans and debentures in the group. The y-o-y increase in the financial expenses in 9M 2013 is mainly a result of CPI and exchange rate differences related to the Company's NIS debentures.
Adjustments to fair value of other financial instruments	-	(1,480)	-	(480)	1,073	-
Total financial expenses, net	**(40,128)**	**21,392**	**(10,481)**	**29,543**	**9,756**	-

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012	Year ended December 31, 2012	Notes
Profit (loss) from operations	**(43,001)**	**1,416**	**(26,149)**	**27,630**	**(10,632)**	-
Share of profit (loss) of companies accounted for using the equity method	3,985	913	3,158	(1,055)	4,662	The y-o-y increase in share of profit of companies accounted for using the equity method in 9M 2013 relates primarily to the real estate operations in China.
Net profit (loss) before income taxes	**(39,016)**	**2,329**	**(22,991)**	**26,575**	**(5,970)**	-
Income tax (benefit) expenses	9,324	1,101	(272)	2,062	938	Tax expenses increased in 9M 2013 compared to 9M 2012 primarily due to taxation on the sale of a building in Tel Aviv and deferred tax related to hedge instruments.
Net profit (loss) for the year from continuing operations	**(48,340)**	**1,228**	**(22,719)**	**24,513**	**(6,908)**	-
Net profit (loss) from discontinued operations	(78,699)	(43,166)	(43,231)	(24,340)	(131,948)	The increase in net loss from discontinued operations in 9M 2013 compared to 9M 2012 relates primarily to the deconsolidation classification of GTC SA as held for sale 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	**(127,038)**	**(41,938)**	**(65,950)**	**173**	**(138,856)**	-
Net profit (loss) attributed to equity holders of the parent	**(106,515)**	**(5,324)**	**(65,628)**	**20,234**	**(32,852)**	-
Net profit (loss) attributed to non controlling interest holders	(20,523)	(36,614)	(322)	(20,061)	(106,004)	-

2.1.3 Cash Flow and source of funding (in EUR thousands)

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,	Notes
	2013	2012	2013	2012	2012	
Net cash provided by (used in) operating activities	(24,955)	(38,524)	475	1,487	(50,994)	-
Net cash used in investing activities	(252,665)	27,614	(44,275)	(27,435)	188,433	In 9M 2013 EUR 197 mn were reduced from the Group's cash balance as a result of the deconsolidation of GTC SA and EUR 48 mn were provided from sale of assets and other investments. In 9M 2012 EUR 60 mn were used for the purchase of fixed assets and investment properties, EUR 85 mn were provided from the sale of an investment in a joint venture and EUR 38 mn were provided from collection of long term loans. In 2012, EUR 78 mn were used for the purchase of fixed assets and investment properties, EUR 41 mn were used for granting bank loans, EUR 146 mn were provided from the sale of assets and investments and EUR 85 mn were provided from the sale of an investment in a joint venture.
Net cash provided by financing activities	34,363	(7,541)	58,558	(7,146)	(95,841)	In 9M 2013 EUR 49 mn were used for repayment of debentures, EUR 45 mn were used for repayment of long term loans and EUR 99 mn were provided from bank deposits. In 9M 2012 EUR 101 mn were provided from long term loans, EUR 217 mn were used for repayment of long term loans, EUR 72 mn were provided from the issuance of rights of a subsidiary, EUR 45 mn were provided from bank deposits. In 2012, EUR 427 mn were used for repayment of long term loans, EUR 100 mn were used for repurchase and repayment of debentures, EUR 198 mn were provided from long term loans, EUR 72 mn 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 September 30, 2013 includes an emphasis of matter paragraph related to the Company's financial position and in the Company only 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.
In accordance with the Israeli Securities Authority regulations the Company hereby provides the cash-flow forecast:

Forecast cash flow	**October 1, 2013 – December 31, 2013**	**January 1, 2014 - December 31, 2014**	**January 1, 2015 – September 30, 2015**
	in EUR millions		
Cash and cash equivalents at the beginning of the period – Kardan NV*	**15.4**	**38.6**	**107.8**
Cash and cash equivalents at the beginning of the period – GTC RE	**0.5**	**0.4**	**0.4**
Company only resources			
From operating activities			
General and administration expenses	(1.6)	(6)	(4.5)
From investing activities			
Sale of assets	157.4	120	-
Other		0.2	0.1
From financing activities			
Loan from bank	-	33	-
Resources from investee companies			
From operating activities in investments – Loan repayment or grant	10.1	27.2	0.7
From operating activities in investments – Management fees	0.2	0.3	0.2
Total Resources	**182.0**	**213.7**	**104.7**
Expected Uses			
From financing activities			
Repayment of a loan and liability to the bank	105.2	36.0	-
Interest payment of loans	2.7	1.8	-
Interest payment of debentures – Series A	0.9	5.0	3.6
Interest payment of debentures – Series B	5.7	13.3	12.4
Principal payment of debentures – Series A	9.1	31.0	40.9
Principal payment of debentures – Series B	19.4	18.4	42.2
Total Uses	**143.0**	**105.5**	**99.1**
Cash and cash equivalents at the end of the period	**39.0**	**108.2**	**5.6**

(*) 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 prepared 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 see below under point 8.

2. The forecasted General and administration expenses are based on estimates of the Company according to its past experience.

3. In 2013, 'Sale of assets' includes the sale of GTC SA: After the balance sheet date, the transaction was closed and GTC RE received an amount of EUR 150 million. An amount of EUR 112 million was transferred directly to a lending bank to secure the repayment of a loan for which 25% of the shares of GTC SA were pledged. An additional amount (EUR 10 million) was deposited in a notary account and is expected to be transferred to GTC RE in December 2013, in accordance with the terms of the transaction agreement. As a replacement to the EUR 10 million, the Purchaser is allowed to transfer to transfer debentures issued by the Company with a liability value of EUR 14 million. In this cash flow projection, the Company assumed the entire consideration will be received in Cash.

   In 2014, Sale of assets includes the sale of shares in subsidiaries and other group companies and of real estate assets.
   Possible scenarios 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 investee companies and redeeming the underlying loan, whereby the potential surplus amount will be paid to Kardan NV.

4. In 2013, Loan repayments from investee companies includes a repayment of shareholders loans from TGI, from which an amount of EUR 8 million was already received subsequent to the balance sheet date. In 2014, most of the loan repayments is due to be received from KFS. The balance of the shareholder's loan to KFS amounted to EUR 55.6 million as of the balance sheet date. This loan was assigned to Emerging Investments XII BV, which in its turn distributed the proceeds as dividend. The remainder of the payment in 2014 is expected to be received as dividend or a loan grant from a subsidiary.

5. The amount of Management fees from investee companies 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 September 30, 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 (wholly owned subsidiaries of the Company) but not net of the debentures which are held by TCE (a subsidiary of TGI).

7. The cash flows do not include any additional investments which 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.

8. Limitations on transferring funds: transfer of funds between Kardan NV and GTC RE is done through the repayment of a shareholder's loan, which balance amounts to EUR 60.5 million as of September 30, 2013. In addition, GTC RE has free distributable reserves according to Dutch law amounting to EUR 167 million as of September 30 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.

9. Restrictions on transfer of funds: money transfer from Emerging Investments XII to the Company is done by dividend payment from Emerging Investments XII. Retained earnings according to the Dutch law are in the amount of EUR 173.9 million as of September 30, 2013.

10. Additional information with respect to sources which will be used to pay material liabilities which are due six months or less from the balance sheet date:

In February 2014, the Company is expected to pay an amount of EUR 67.7 million (subsequent to an early repayment of EUR 35 million which is expected in December), the expected sources are as follows:

Source	Amount (EUR million)	Additional details
Net consideration from the sale of GTC SA	56	Sale price, less transaction costs and repayment of an underlying loan for which 25% of the shares of GTC SA were pledged.
Cash balances as of the date of issuance	17	
Repayment of shareholders loans or Dividend	15	Based on available balances of subsidiaries.
Loan from a lending bank, net of repayment of a bank liability	25	The Company has received a signed agreement to receive credit from a lending bank.
Early repayment of debentures	(35)	After the balance sheet date, the Company transferred an amount of EUR 35 million to a trustee account, to be used for an early repayment of the debentures.
	78	

As mentioned earlier, the Company and its subsidiaries are conducting negotiations these days for the sale and refinance of several assets. These negotiations may lead to transactions earlier than 6 months from now. However, it is impossible at this time to estimate the cash flow or probability of these transactions.

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.

KARDAN N.V.

2.2 Fair Value Disclosure

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 Dalian

Country	City	Project name	Use of asset	KNV share of the asset	Right on the asset	Estimated NRV Sqm	Value of the project in the Financial Statements (€ 000')	Valuation gain recorded in the period (in €' millions)	Valuation Yield (%)	Developer profit in the valuation (%)	Rent per Sqm assumed in the valuation	Valuation Method	External valuer	Date of the last valuation
China	Dalian	Galleria Dalian	Under construction Shopping Center	100%	Lease	65,875	107.9	1.6	8.5%	15%	Euro 30.4 per Sqm	Residual, Comparison and Direct Capitalization Approach	Internal valuation	For September 30, 2013 the company performed an internal calculation based on external valuation performed by CBRE for December 31, 2013

2.3 Issuance of debt

The following are details regarding the marketable debentures of Kardan NV as of September 30, 2013:

	Debenture series A	Debenture series B
Par value of issued debentures	EUR 249 million (NIS 1,190,000,000)	EUR 279 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 September 30, 2013	EUR 187 million (NIS 892,500,000 par value)	EUR 279 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 122 million (net of debentures held by subsidiaries) (*)	EUR 305 million (net of debentures held by subsidiaries) (*)
Market capitalization as of September 30, 2013	EUR 61 million (net of debentures held by subsidiaries)	EUR 141 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	B (August 2013)	B (August 2013)

Understandings with debenture holders

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%.

General meeting of the debenture holders

The General meeting of holders of debentures Series A and Series B convened in October , 2013. The following items were on the agenda: 1) Appointment of joint representatives to Debentures Series A and Debentures Series B, 2) Number and selection of the representatives, 3) Appointment of a Dutch Lawyer.

All the agenda items were approved by the majority of the votes. Four joint representatives were selected. The identity of the Dutch lawyer will be determined at a later date.

November 27, 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
E. Seinstra