



KARDAN N.V.

9M 2013 results

November 2013

Unique
investment
gateway
to emerging
markets

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

Current Strategic Focus

- **Improve operational efficiency:**
 - Continuous focus on cost efficiency and top line growth
- **Debt servicing (short to medium term):**
 - sources:
 - repayment of shareholder loans and dividend payments by some of the Company's subsidiaries and sale of assets

Q3 2013 Financial Highlights

- Loss of EUR 65.6 mn mainly due to:
- Impairment (EUR 44 mn) to market value (EUR 151 mn) as of 30.09.2013 of 28% stake in GTC SA as classified as held for sale as of same date, whereas sale completed for EUR 157 mn (after costs of sale) subsequent to balance sheet date
- Filing for insolvency by Tahal Projects' subsidiary in Poland leads to write-off (EUR 8 mn)
- Continued strenuous market circumstances result in impairment (EUR 3 mn) of goodwill of KFS Romanian activities
- Impairment of intangible asset of KFS (EUR 5 mn)

Subsequent to reporting date:

- Sale of 28% stake in GTC SA for a consideration of EUR 160 million

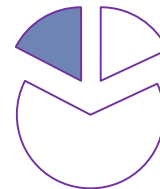
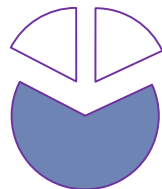
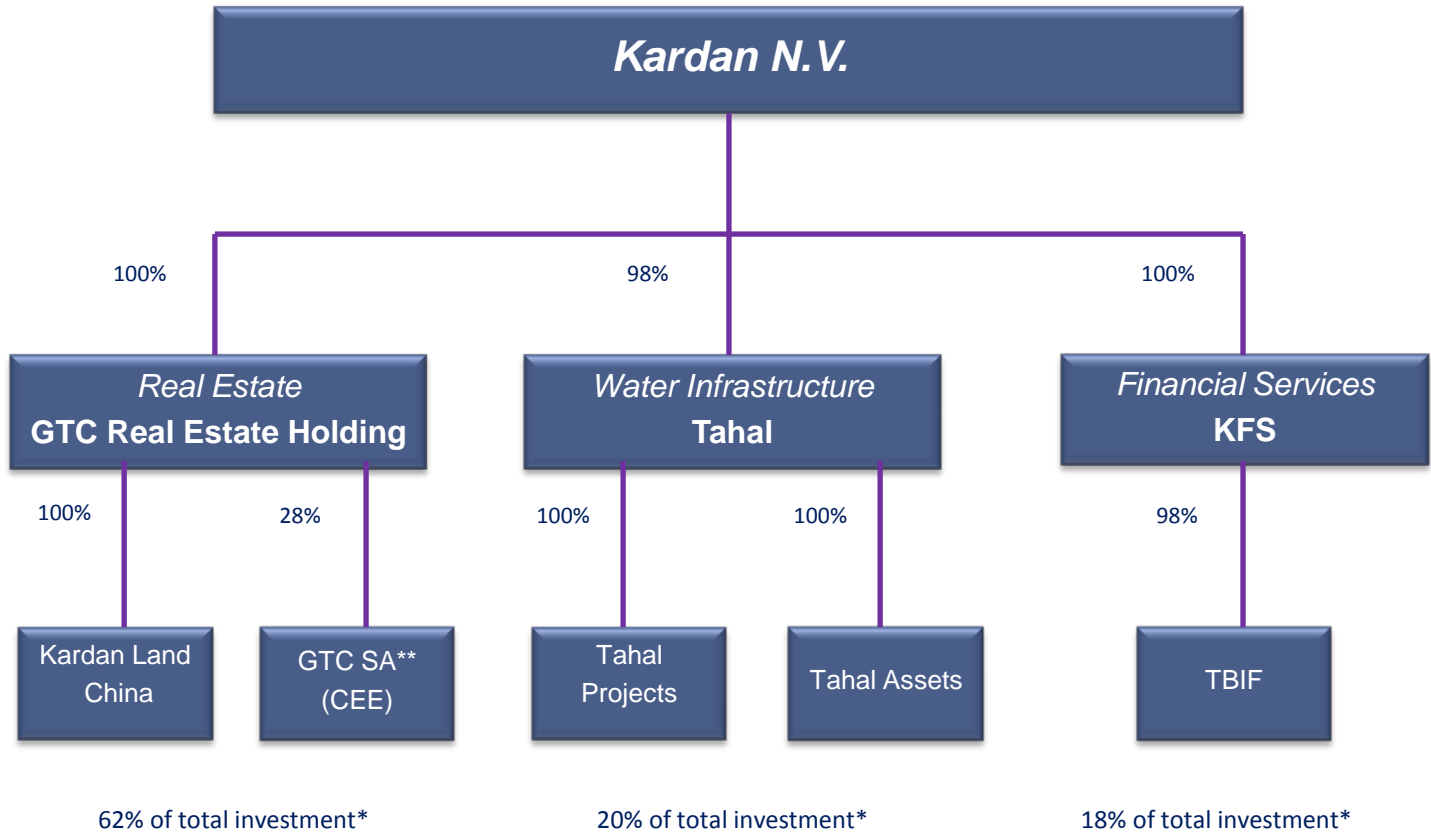
9M 2013

Condensed consolidated Income Statement



(in EUR millions)	Real Estate	Infrastructure		Banking and Retail lending		Total		
		Asia	Assets	Projects		Other	9M-2013	9M-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 (losses)	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)

(*) adjusted for IFRS 11 and for deconsolidation of GTC SA



Unique investment gateway to emerging markets

*On the basis of Equity investment and shareholders loans as of 30.09.13

** stake in GTC SA sold in November 2013

Kardan Land China – 100%

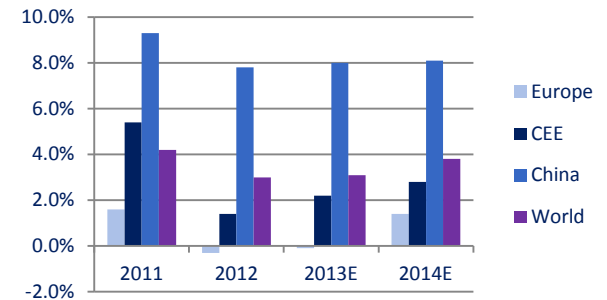
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China:

- 9M 2013: 7.7% y-o-y GDP growth on better industrial output and solid domestic demand
- Per capita disposable income up by 9.5% y-o-y
- Retail sales consumer goods up by 12.9% y-o-y
- Rise of new consumer class continues

GDP growth (estimates)



Highlights Kardan Land China:

- Progress development Europark Dalian on track
- Deliveries apartments in 9M 2013: 1,346 on track for target of 2,400 for full year 2013
- Significantly more apartments sold y-o-y in 9M 2013
- Dalian: September 30, 2013: signed pre-lease agreements for 15%, subsequent to balance sheet date Lol signed with TESCO for 6,000 sqm (approx. 9%) to open first smart store; completion expected end 2014



Europark Dalian

Real Estate Asia - Financials 9M 2013



	9M		Delta 9M 2013 versus 9M 2012
	2013	2012*	
	In EUR million		
Management fee and other revenues	3.6	3.4	
<i>Total revenues</i>	3.6	3.4	Mainly due to increase of service management fees for tenants
Other expenses, net	1.6	1.8	
<i>Gross profit</i>	2.0	1.6	
SG&A expenses	5.7	4.6	Mainly due to marketing expenses regarding Europark Dalian
Adjustment to fair value (impairment) of investment properties	5.2	-	Fully attributable to the retail center of Europark Dalian
Equity earnings / (losses)	6.8	5.8	The share of profit of residential projects (excluding Dalian) and retail center Chengdu
Result from operations before finance expenses	8.3	2.8	
Financing income (expenses), net	(0.2)	1.0	Primarily due to a foreign currency impact (RMB versus Euro)
Income tax (expenses) / benefit	(0.6)	0.4	Deferred tax charge on valuation gain on retail center Europark Dalian
Net profit (loss) attributable to Kardan N.V.	7.5	4.2	

(*) adjusted for the implementation of IFRS 11

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Operational Information Residential

(in EUR millions)

	9M 2013	9M 2012*	FY 2012*
Revenue Residential	41.2	48.7	60.4
Gross profit residential	13.4	11.9	18.0

Operational Information Retail

	9M 2013	9M 2012*	FY 2012*
Revenue Retail**	5.4	4.6	6.4
Gross profit Retail	3.4	2.4	3.8

(*) Adjusted for the implementation of IFRS 11

(**) Comprises rental income of 50% stake Chengdu and 100% service management fees Chengdu

Residential apartments	Q 1 12	Q 2 12	Q 3 12	Q 4 12	FY 2012	Q1 2013	Q2 2013	Q3 2013
Apartments handed over**	512	601	704	455	2,272	110	864	372
Apartments sold*	81	136	423	554	1,194	575	521	506
Sold apartments in inventory	4,684	4,219	3,938	4,037	4,037	4,502	4,159	4,293***

- Numbers relate to all residential apartments, including the Dalian apartments. Apartments are sold once the contract has been signed and a minimum deposit of currently 30% of the sale price has been paid, otherwise the apartment is "reserved" until 30% or more has been received by KLC. The remainder of the price is on average deposited within approximately two months after the contract has been signed. 9M 2013 includes 7% of mentioned sold apartments (1,602) as reserved, H1 2013 includes 22% of the total.

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

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

Tahal Group International – 98%

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Water Infrastructure

9M 2013 markets & highlights

Markets:

- Access to treated / natural water prerequisite for social and economic development
- Funding impacted by macro-economic circumstances worldwide
- China acknowledges environmental deficit as key focal area
- Public Private Partnership funding policies gradually being accepted in some countries

Highlights 9M 2013:

Tahal Assets

Kardan Water China

- Operational start of completed and expanded facilities
- Fewer construction activities than in 2012

Tahal Projects

- New projects in Africa (water irrigation)
- Continued focus on cost efficiency
- Backlog September 30, 2013: USD 346 mn
(YE 2012: USD 411mn) due to delays in closing
of several new projects to early 2014



Angola,
Luanda Water distribution System

Water Infrastructure Assets*

Financials 9M 2013



	9M		
	In EUR millions		
	2013	2012**	Delta 9M 2013 versus 9M 2012
Contract revenues	21.4	26.3	Revenue from rendering water treatment services up, but more than offset by substantially less construction activities
Contract cost	11.8	16.3	
<i>Gross profit</i>	9.6	10.0	
SG&A expenses	4.6	4.9	
Equity earnings (losses)	(0.2)	0.3	Relates to the joint venture activities in Turkey.
Gain (loss) on disposal of assets, other income and equity earnings (loss)	1.3	0.7	Primarily a VAT tax exemption following change in VAT in China
Result from operations before financing expenses	6.1	6.1	
Financing income (expenses) net	(2.3)	(5.3)	Mainly due to positive impact of valuation of warrant and call option re a loan (provided by PE investor in 2010).
Income tax (expenses) / benefit	(1.8)	(2.2)	
Profit (loss) from continuing operations	2.0	(1.4)	
Net profit (loss)	2.0	(1.4)	
Attributable to:			
Non-controlling interest holders	(0.7)	(0.7)	
Kardan N.V.	2.7	(0.7)	

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

(**) restated in line with implementation of IFRS 11

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- Active in secondary Tier cities
- Developer, owner & operator of wastewater treatment (WWT), water supply (WS) and water re-use (WR) projects
- 11 operations
- Capacity expected to increase in the next few years further to expansions:

	Number of operations	Designed Capacity ('000 t/day) <i>Expected - based on expansions</i>		
		2013	2014	2015
Tianjin Group	5	255	295	310
Dazhou	2	110	110	110
Dingzhou	1	20	20	20
Xuanhua	2	240	240	240
Zichuan	1	30	30	30
Total	11	655	695	710

(in EUR millions)	9M 2013	9M 2012
Revenues	16.6	21.9*
Gross profit	8.1	8.6
Gross profit margin	49%	39%
Operating profit	6.9	6.9
Net profit to shareholders	3.0	1.4

* Includes value increase recognized during construction / upgrade



Xuanhua Wastewater treatment plant

Water Infrastructure Projects*

Financials 9M 2013



	9M		
	in EUR millions		
	2013	2012	Delta 9M 2013 versus 9M 2012
Contract revenues	86.4	78.6	New projects mainly in Africa, mitigated by insolvency of subsidiary in Poland
Contract cost	74.3	72.4	
<i>Gross profit</i>	12.1	6.2	Mix of better performing projects & absence of loss making activities Poland
SG&A expenses	8.9	10.8	Continued cost control
Gain (loss) on disposal of assets, other income and equity earnings (loss)	(0.6)	(0.2)	Combination of gain on sale of leased real estate asset in Israel with write-off of subsidiary in Poland
Result from operations before financing expenses	2.6	(4.8)	
Financing income (expenses), net	(2.4)	(0.5)	Negative foreign currency effects and increased use of credit facilities
Income tax (expenses) / benefits	(3.8)	(0.1)	Primarily release of tax asset relating to Polish subsidiary and to sale of real estate asset
Net profit (loss)	(3.6)	(5.4)	
Attributable to:			
Non-controlling shareholders	0.2	0.3	
Kardan N.V.	(3.8)	(5.7)	

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

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Kardan Financial Services – 100%

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Kardan Financial Services

9M 2013 markets & highlights



Bulgaria:

- Economy still weak
- Insufficient domestic demand impeding growth recovery
- Financial sector relatively strong; lack of credit demand combined with continued deposit growth

Romania:

- Ongoing deleveraging of banks
- National Bank of Romania cutting interest rate to address stagnating consumption and decline in private lending

Highlights 9M 2013:

- Operations of TBI bank branch in Romania started
- Deposit taking in Romania started
- Continued growth in deposit taking by TBI Bank in Bulgaria, mainly from retail clients
- Sale intention of Avis Ukraine announced; Avis Europe does not endorse proposed sale, alternatives being investigated



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	9M in EUR millions		Delta 9M 2013 versus 9M 2012
	2013	2012*	
Banking and retail lending activities**	18.0	8.0	Better origination, less provisioning, better quality of portfolio
Other revenues	1.4	1.4	
<i>Total revenues</i>	19.4	9.4	
Costs of banking and lending activities	20.7	16.8	Higher costs in line with intensified business generation
Other expenses, net	0.2	2.5	
<i>Gross profit</i>	(1.5)	(9.9)	
SG&A expenses	1.0	1.0	
Equity earnings (loss)	(3.1)	0.8	Relates mainly to the result of the leasing activities of Avis Ukraine & includes impairment due to intended sale
Gain on disposal of assets and other income	(3.3)	(0.6)	A one-off recovery payment re a former investment in Serbia, a reversal of a provision on Bulgarian retail portfolio and an impairment of an intangible asset
Impairment losses on goodwill	(3.4)	(0.8)	On Romanian activities due to continued challenging market circumstances
Result from operations before financing expenses	(12.3)	(11.5)	
Financing income (expenses), net	(1.9)	(5.1)	Due to significant reduction of debt
Income tax (expenses) / benefits	0.2	-	
Profit (loss) from continuing operations	(14.0)	(16.6)	
Net profit (loss) from discontinued operations		0.5	
Net profit (loss) attributable to Kardan NV	(14.0)	(16.1)	

(*) Restated for implementation IFRS 11; relates to Avis Ukraine and two other small entities

(**) incl. Net interest income, net commission income and other operating income and provisions



*Kardan N.V. Expenses
&*

Former Real Estate Europe segment

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Other expenses & discontinued operations



	9M in EUR mn		Explanation 9M 2013 versus 9M 2012
	2013	2012	
General & administrative expenses	4.2	5.6	Downsizing of management at Kardan Holding & reduction of professional service costs
Financing income (expenses), net	(33.3)	31.2	2012 includes gain on repurchase of debentures; 2013 includes EUR 11 mn negative forex impact
Income tax (expenses) / benefit	(3.3)	0.8	
Profit (loss) from corporate activities	(40.8)	26.4	
Equity earnings / (losses)	0.6	(5.8)	Relates to GTC Investments only
Net profit (loss) from discontinued operations	(78.8)	(43.8)	GTC SA: share in results of GTC SA in 2013 and impairment to market value as at September 30, 2013, of (EUR 44 mn)
Net profit (loss)	(118.9)	(23.2)	
Attributable to:			
Non-controlling interest holders	(20.0)	(36.2)	
Equity holders (Kardan N.V.)	(98.9)	(13.0)	



Kardan additional financials

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Company Only – Kardan N.V. (and GTC Real Estate Holding B.V.)

(principal only as at September 30, 2013)

(EUR millions)	2013	2014	2015	2016	2017	2018	2019	2020	total
Debentures – Series A*	-	39	40	40					119
Debentures - Series B	-	42	42	42	42	42	43	43	296
Loans from Banks**	6	5	13	15	15	15	26	12	107
Total	6	86	95	97	57	57	69	55	522

(*) Net of debentures held by subsidiaries

(**) Expected repayment of total outstanding amount (EUR 107 mn)in Q4 2013 due to sale of GTC SA

Expected cash flow

Company only - Kardan N.V. & GTC RE holding 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 & cash equivalents beginning of the period – Kardan NV*	15.4	38.6	107.8
Cash & cash equivalents beginning of the period – GTC RE	0.5	0.4	0.4
<u>Company only resources</u>			
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
<u>From financing activities</u>			
Loan from bank	-	33	-
<u>Resources from investee companies</u>			
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
<u>Expected Uses</u>			
From financing activities			
Repayment of a loan and liability to 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

(**) Proceeds from sale of 27.75% stake in GTC SA

(***) Expected repayment of EUR 101 mn in Q4 due to sale of GTC SA

(*) Gross of Swap

Kardan N.V.:

- Strong focus on addressing debt position of Kardan NV and GTC Real Estate BV
- Continuation of cost optimization throughout Group

Real Estate Asia:

- Expect to deliver approx. 2,400 apartments during 2013 (Kardan Land China revenue share: 50%)
- Continuation of healthy sale of apartments
- Europark Dalian: 25% (signed or LOI) leases of the retail center by end of 2013

Water Infrastructure:

Assets: Aims to continue to increase revenue from rendering of water treatment services
Designed capacity of plants expected to increase to 695,000 m³ / day in the coming year

Projects: Revenue and profitability expected to increase from existing and recently signed contracts
Backlog expected to be at lower level than end of 2012, due to delays in closing of several new projects to early 2014

Banking and Retail lending:

- TBI Bank to continue raising deposits and generating new business in difficult market conditions
- TBIF expects to report a positive operating result in 2013 (excluding impairments on goodwill)

Thank you



Disclaimer

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