



**KARDAN NV**

**Creating Value from the Growth of Emerging Markets**

Investor Presentation  
September 2009

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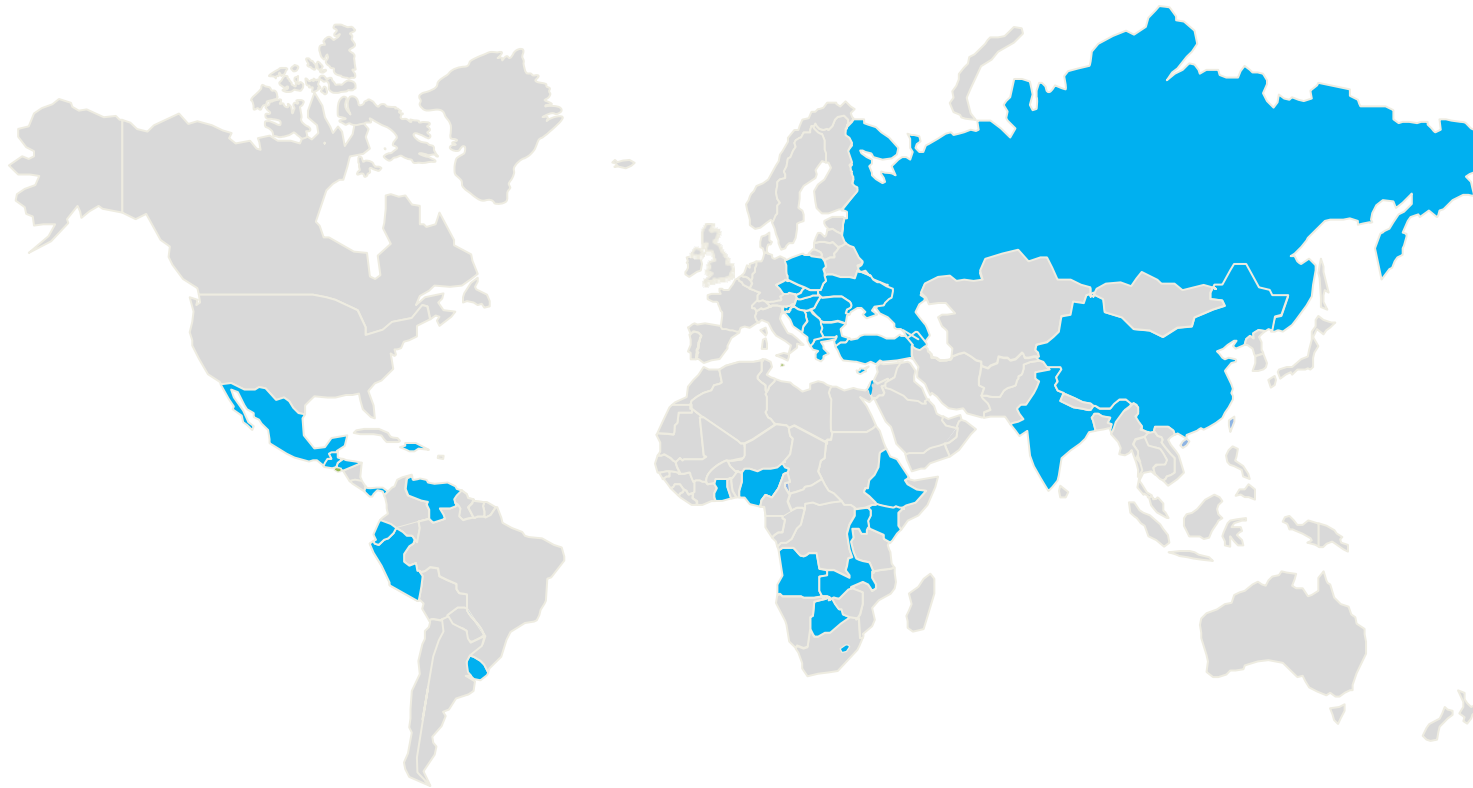
## Group Profile

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- ❑ An investment company with consolidated assets of € 5.4bn:
  - Focuses on **emerging markets**
  - Active in sectors that benefit from **rising middle class**
  - Decentralized management through **local platforms**
  - Holds **controlling stakes** in, and **actively manages** its core investments
  - Provides **know-how and access to capital**
  
- ❑ Creates **long-term value for shareholders**

## Geographical Presence

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- ❑ 13,000 employees in more than **40 emerging markets**
- ❑ Key markets: CEE, CIS & China

## Sectors Benefitting from Middle Class Growth

### Real Estate

% of consolidated revenues\*



#### GTC SA (CEE)

- Leading developer in CEE of office, retail & residential projects

#### GTC China

- Active in residential & commercial properties in 6 Tier II & III cities

### Financial Services

% of consolidated revenues



#### TBIF - Banking & Lending

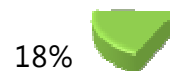
- > 6,000 branches and points of sale for SME & consumer lending in Russia, Ukraine, Romania and Bulgaria

#### TBIH - Pension & Insurance

- 1.7mn pension members

### Infrastructure

% of consolidated revenues



#### Tahal

- Focused on execution and ownership of water infrastructure projects
- 57 years of engineering experience

### Israeli Activities

% of consolidated revenues



#### Automotive

- Distributor of GM brands
- Joint control in Avis Israel

#### Real Estate

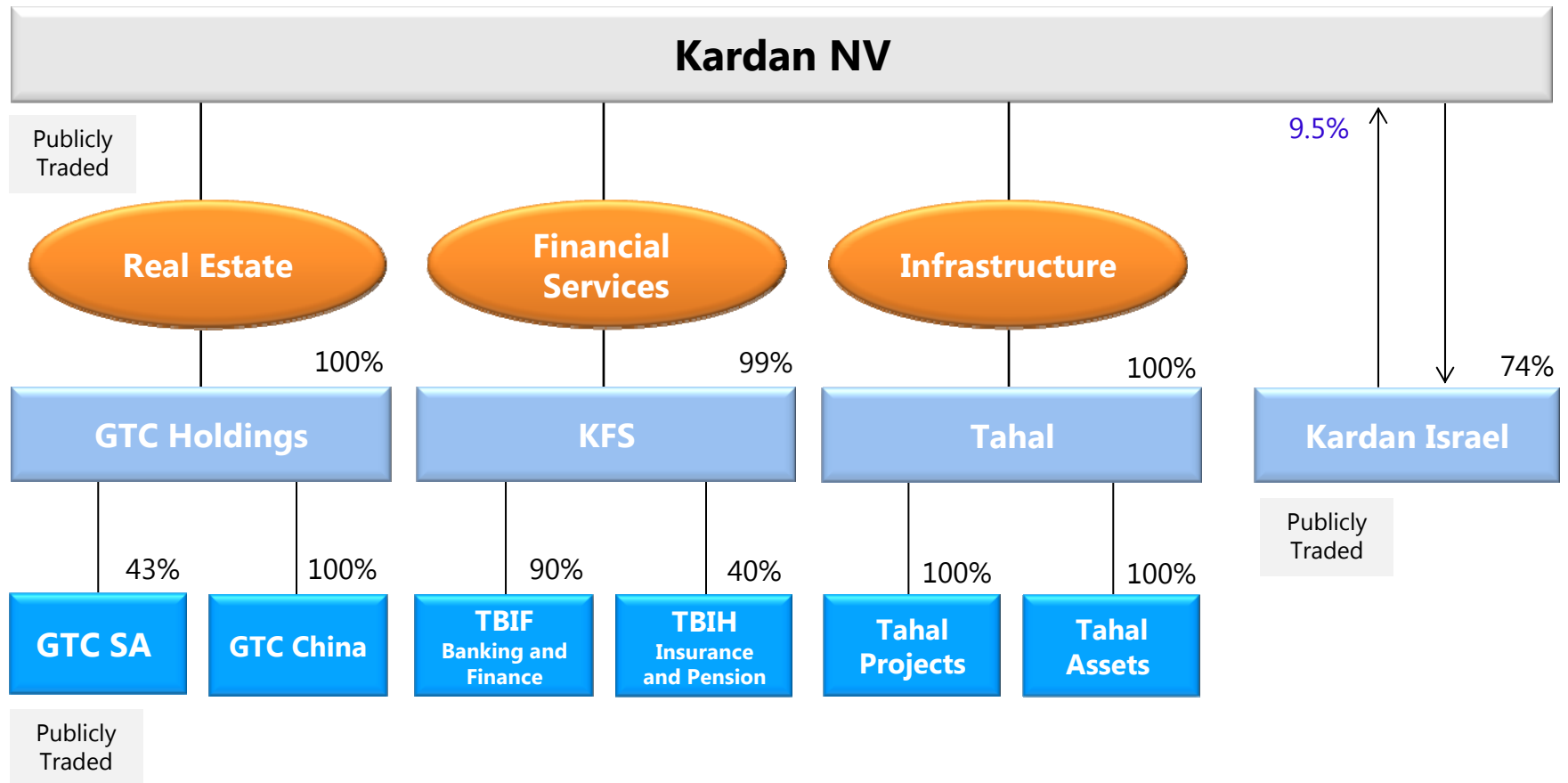
- Active in residential & commercial properties in Israel

#### Communications & Technologies

- Focused on companies beyond the start-up phase

\* Revenues in H1 2009, according to segmental breakdown (including equity in net profits of associates)

## Controlling Stakes in Core Assets



# Risk Management

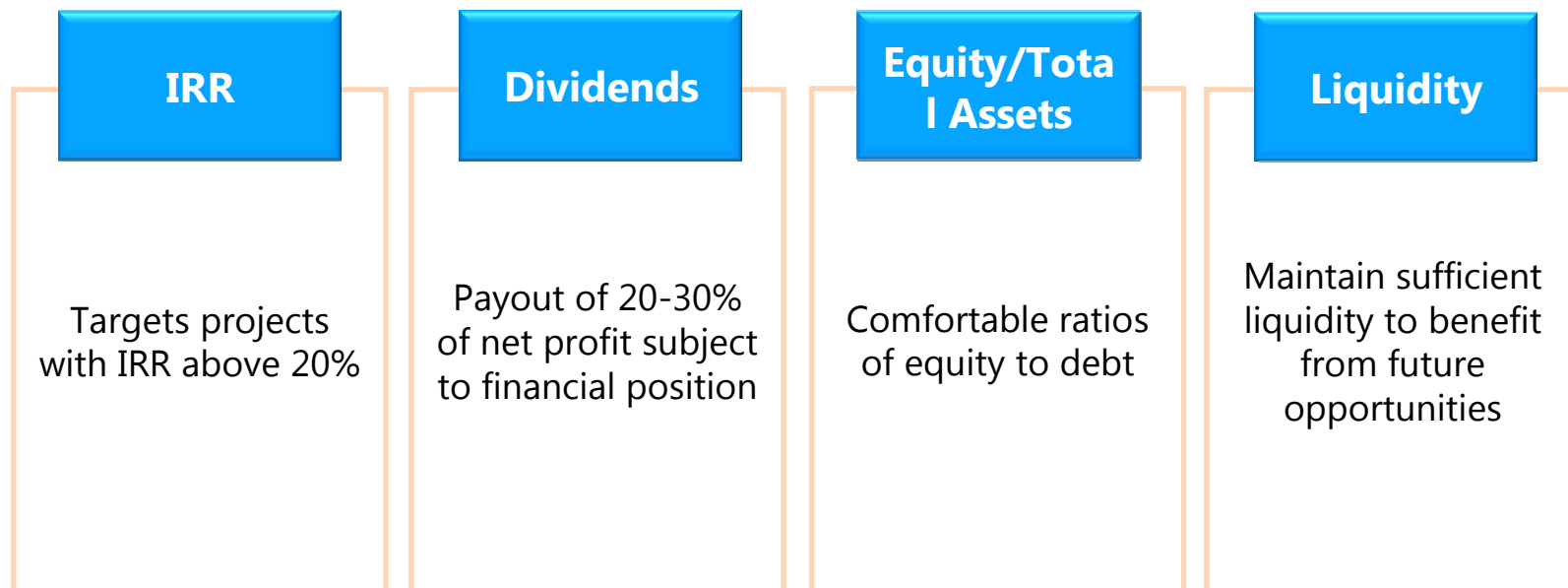
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- ❑ **Geographical diversification** - presence in more than 40 countries
- ❑ **Segmental diversification** - 3 core operating segments
- ❑ **No project value exceeds 5%** of the Group's consolidated balance sheet
- ❑ **Decentralization** - local expertise and management
- ❑ Each project in **separate SPV**
- ❑ Land purchased with **equity**
- ❑ Comfortable **loan-to-value** ratios
- ❑ **Phased development** of large projects

## Financial Objectives

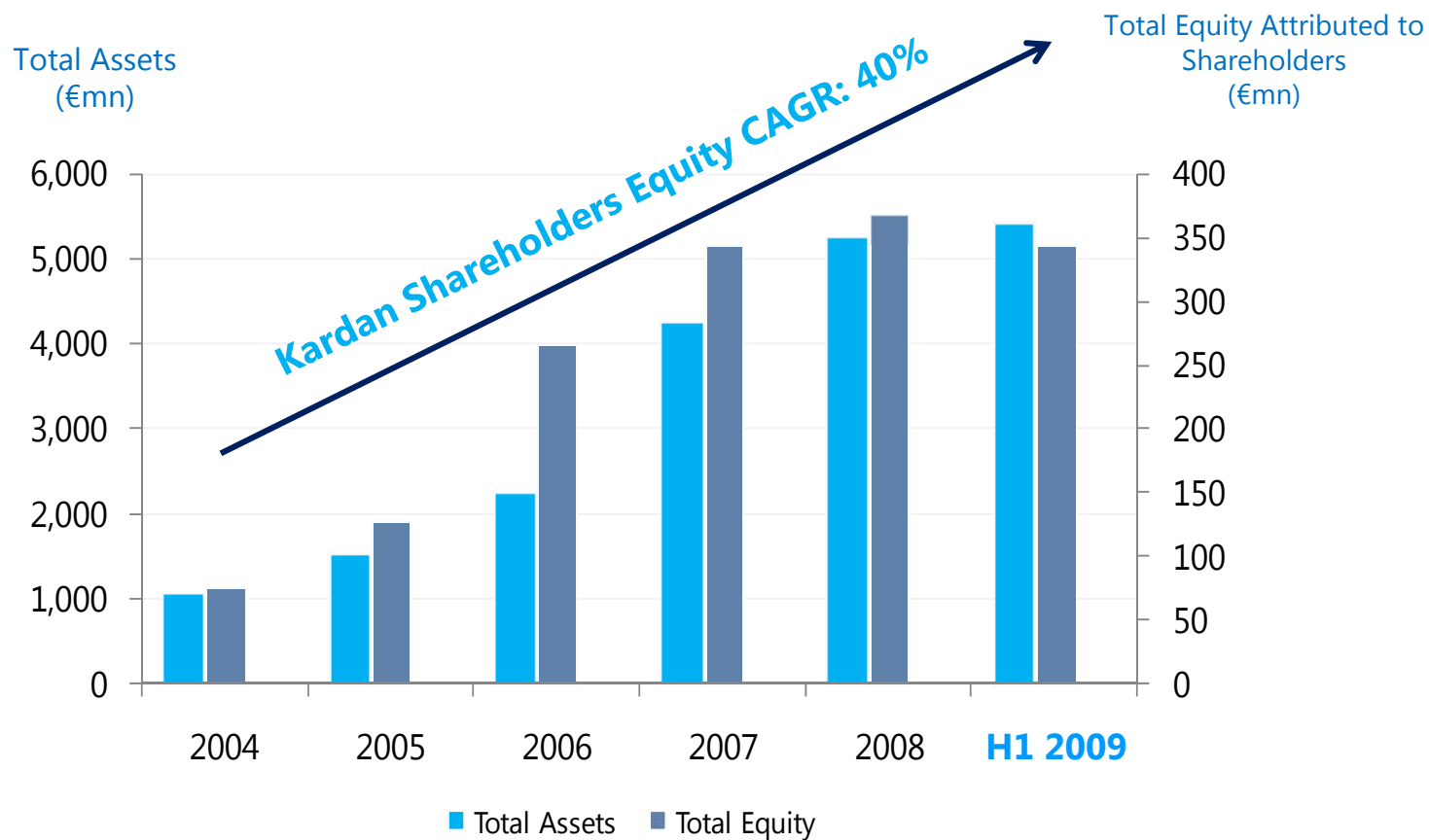
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- Kardan has set financial targets to create long-term value for shareholders:





## Strong Track Record of Value Creation



## Global Growth Projections (by GDP)

Country	2008	2009E	2010E
Global	2.8	(0.8)	4.1
US	0.4	(2.6)	2.0
UK	0.7	(4.2)	1.3
Poland	4.9	1.0	2.5
China	9.0	9.4	11.9
Russia	5.6	(9.5)	4.5
Ukraine	2.1	(15.0)	2.0
Hungary	0.6	(6.5)	(0.2)
Turkey	1.1	(7.0)	4.5
Israel	4.6	0.2	2.9

Source: Goldman Sachs research 15/09/2009

- ❑ Poland, China and Israel are expected to outperform global market in 2009
- ❑ Positive outlook in markets where Kardan operates in 2010

## Real Estate - Division Overview

### GTC SA

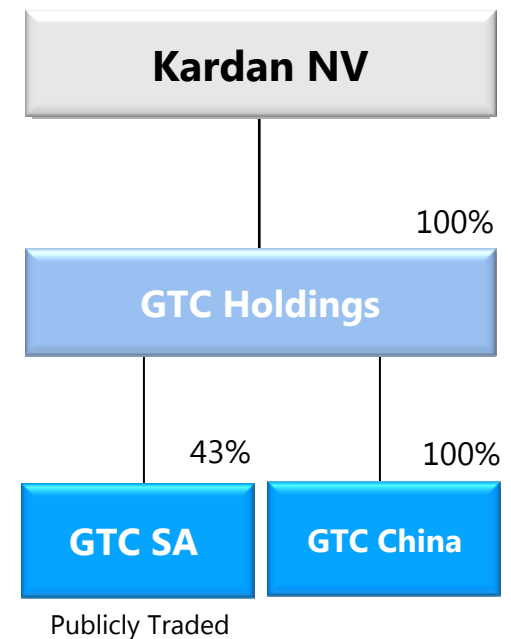
- ❑ Leading real estate developer in Central & Eastern Europe (CEE), established in 1994
- ❑ Active in office, retail & residential projects

### GTC China

- ❑ Established in August 2005 in Beijing
- ❑ Focuses on residential & commercial projects

### Vision & Strategy

- ❑ Identify areas with **strong middle class demand**
- ❑ **Retain ownership** of commercial properties for the long term



## GTC SA - Leading CEE Real Estate Developer

### KPIs

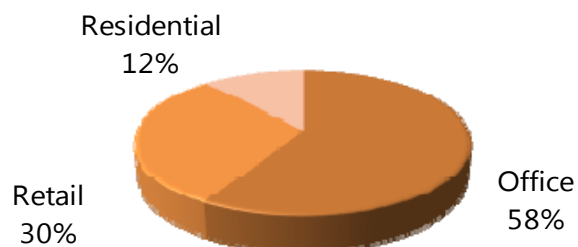
- ❑ **357,000 m<sup>2</sup>** of **completed<sup>(1)</sup>** office & retail space
- ❑ **278,000 m<sup>2</sup>** of office & retail space **under construction<sup>(1)</sup>**
- ❑ **Land** with total NRA & selling rights of **1.6mn m<sup>2</sup>**
- ❑ **Occupancy of 95% and more** in most of the completed properties
- ❑ Average cap rates of completed properties: Poland – 7.2%, Other CEE – 8.1%

### Key Financials in H1 09

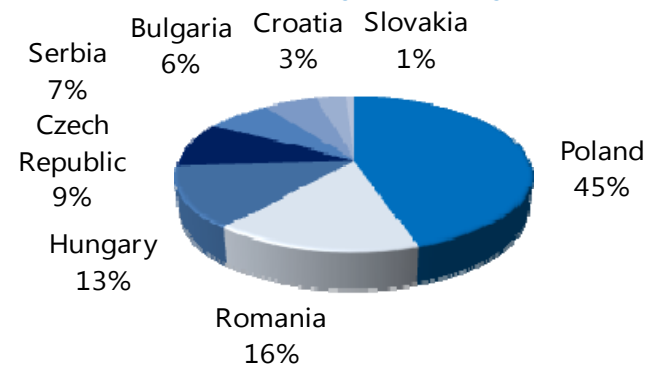
Revenues	€ 84mn (+138% yoy)
Profit (loss)	€ (10)mn
Total Assets	€ 2.6bn (+16% yoy)
Equity/ Assets	44%
Cash & Deposits	€ 151mn

**80% of debt matures in 2014 and later**

### Portfolio by Type<sup>(2)</sup>



### Portfolio by Country<sup>(2)</sup>



Notes:

1) Areas presented pro-rata to holdings as of 30/06/2009

2) According to NRA and selling rights of completed and under construction projects as of 30/06/2009

## CEE Markets Show Some Signs of Improvement

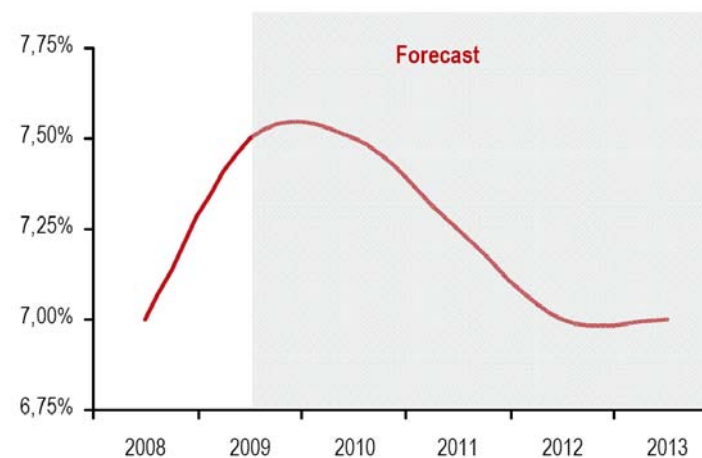
### Market Developments

- ❑ **Slower yield expansion** in Q2 (5-20 bps)
- ❑ Rents continued to fall in Q2
- ❑ More buyers with **high liquidity** looking at investment grades

### Market Outlook

- ❑ Markets to remain difficult throughout 2009
- ❑ Yields **may compress** in early 2010
- ❑ Latent demand for residential units awaits improvement in mortgage environment

### Prime Yield of Offices in Warsaw



Source: Jones Lang LaSalle, July 2009

## GTC SA is Well Positioned for the Future

### Recent Company Developments

- ❑ **Secured financing** for all projects under construction
- ❑ **Cost cutting** initiatives taken, including reduction of manpower and re-negotiation of prices with contractors
- ❑ **€205mn refinance** of Galeria Mokotow



Galeria Mokotow

### Company Outlook

- ❑ Pace of development to be adjusted to market
- ❑ **High pre-lease** for properties to be completed in 2009



Galeria Czestochowa

## GTC China - Gateway to High-Growth Asian Markets

### KPIs

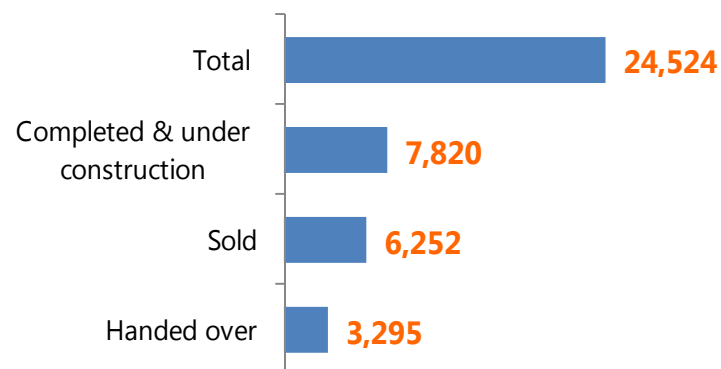
- ❑ 8 projects in **6 Tier II & Tier III** cities
- ❑ Over **3mn m<sup>2</sup>** of residential & commercial space **under construction**
- ❑ GTC's share is 50% and more in most of the current projects
- ❑ 5 retail centers under various stages of development

### Key Financials in H1 09

Revenues	€ 22mn
Profit (loss)	€ 2mn
Total Assets	€ 203mn
Equity/Assets	51%
Cash & Deposits	€ 10mn

Most of debt is shareholders loans

### Residential Units Progress as of 30/06/2009



### Geographic Footprint



## Continued Demand in Tier II & Tier III Cities

### Market Developments

- ❑ China's GDP increased by **7.9% in Q2** (yoy)
- ❑ Easing mortgage terms and decrease in stamp duty
- ❑ Slight increase in residential prices in Tier II & Tier III cities

### Market Outlook

- ❑ **Strong urbanization and higher incomes** will keep high demand for new residential space
- ❑ Increase in **private consumption** will drive need for commercial centres





## GTC China Results Improve in Light of Market Change

### Recent Company Developments

- ❑ Substantial **increase in sales** - **472** residential units sold in Q2 compared to **291** in Q1 2009
- ❑ **Secured construction loan** for Galeria Chengdu



Palm Garden

### Company Outlook

- ❑ Pace of development adjusted to market
- ❑ Galeria Chengdu expected to be opened in Q4 2010



Galeria Chengdu

## Financial Services - Division Overview

### TBIF

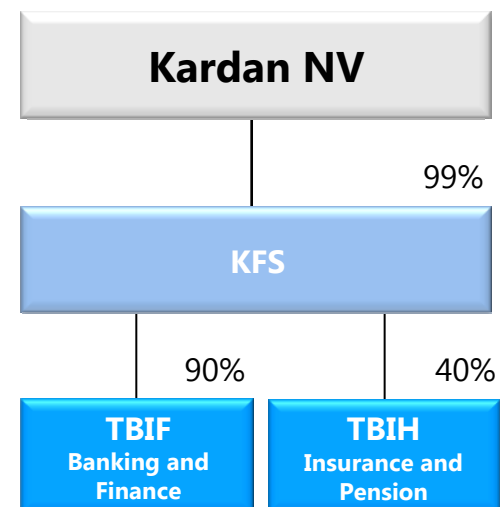
- Active in banking, consumer finance, leasing, mortgages and asset management since 2001
- Main holdings **2 banks and 4 non-banking institutions**

### TBIH

- Active in **insurance** and **pension funds** since 1998
- Main Holdings: Doverie & Ray Sigorta

### Vision & Strategy

- Benefit from **low penetration** of financial services and invest at early stage



		TBIF				TBIH	
		Banking	Consumer Finance	Leasing	Mortgages	Insurance	Pension
Ukraine		✓		✓	✓	✓	✓
Russia		✓	✓	✓	✓		
Romania			✓	✓			
Bulgaria			✓	✓	✓		✓
Croatia							✓
Georgia						✓	✓
Turkey						✓	

## TBIF - Extensive Platform in CIS & CEE

### KPIs

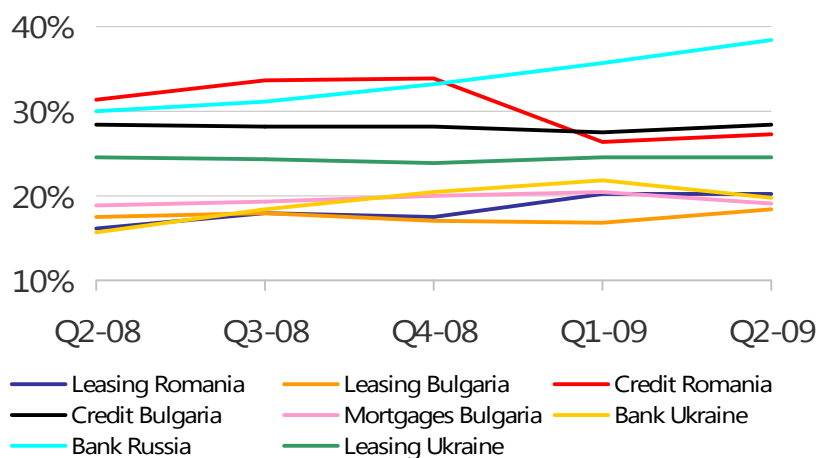
- ❑ Outstanding Portfolio: **€1.1bn**
- ❑ Total Branches: >500
- ❑ Total Merchants: >5,500
- ❑ Total Employees: >7,500
- ❑ Average NPLs – 7.4% in Q2 (5.3% in Q1 2009)

### Key Financials in H1 09

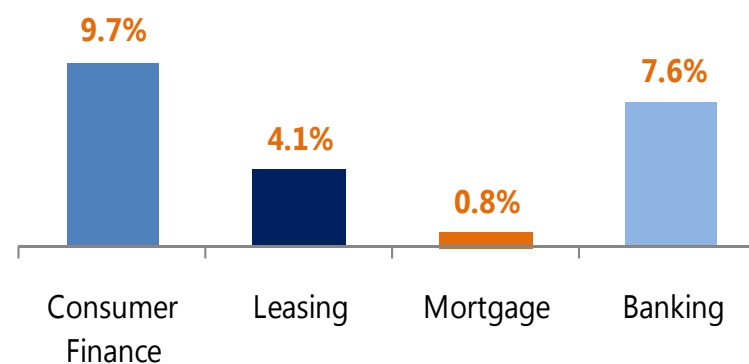
Revenues *	€ 93mn
Profit (loss)	€ (31)mn
Total Assets	€ 1.3bn
Equity/Assets	7%
Cash & S-T Invest.	€ 281mn

\* Before provisions of bad debt

### Lending Rates Remain High



### Percent of NPLs per Business in Q2



\* Before provision of bad debt

# Challenging Market Conditions

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## Market Developments

- ❑ **Russia:** Reduction of lending to corporates and individuals. **Stimulus packages implemented**
- ❑ **Ukraine:** Domestic **politics/economy remain uncertain** in the run-up to the presidential election
- ❑ **Romania:** Evidence of **stabilization in Q3** with improvements in productivity vs. wage growth
- ❑ **Bulgaria:** Recent financial and tourism data showed a **rapidly improving account balance**

## Outlook

- ❑ **Russia:** Market **anticipates rebound in Q4** based on global and domestic recovery
- ❑ **Ukraine:** Government likely to take steps to keep IMF program on course; **possible funding delays**
- ❑ **Romania:** **Recession may be less severe** than previously anticipated by IMF
- ❑ **Bulgaria:** Large external debt and current-account deficit, **might require some financial assistance** from the IMF and the EU

Source: Economist, UniCredit and Goldman Sachs

## TBIF is Adjusting to Market Conditions

### Recent Company Developments

- ❑ **Sovcom:**
  - Total **portfolio went down** by 16% in H1 in accordance with strategy
  - Total **deposits increased** by 2% in H1
- ❑ **VAB:** Decrease of 9% in total portfolio and decrease of 29% in deposits in H1
- ❑ **Other activities:** Focus on raising funds
- ❑ Cost cutting continued



### Company Outlook

- ❑ Raising new funds may remain challenging in the next months
- ❑ NPL may continue to rise

## TBIH - Proving Stability in Turbulent Markets

### KPIs

- Pension members: **1.7mn**
- Assets under management: **€ 915mn**

#### Pension Activities

H1 2009 Results	Bulgaria	Ukraine	Croatia
Name	Doverie	VAB	Erste
Members (Thousands)	1,288	137	231
AUM (€m)	457	2	450
Profit (loss) (€m)	1.6	(0.2)	0.8
Market Share (%)	34%	4%	13%

#### Insurance Activities

H1 2009 Results	Turkey	Ukraine	Georgia
Name	Ray Sigorta	UIG+ VAB	GPIH+ IRAO
Premiums (€mn)	55	18	19
Presence	9 branches	158 POS	21 POS
Profit (loss) (€m)	(1.7)	0.2	1.8
Market Share	2%	5%	35%

**KFS holds a put option to sell its 40% stake to VIG in 2011 at a FV of no less than €131mn**

## Infrastructure - Division Overview

### Tahal Group International

- ❑ Focusing on water, sewage & environment for 57 years
- ❑ **1,600 employees** working in 30 countries with local platforms in 12 countries
- ❑ Major clients: governments, public utilities, water agencies
- ❑ Two sub-divisions:
  - **Tahal Projects:** focus on design, consulting & Turn-key projects
  - **Tahal Assets:** focus on Investment/ Development of Assets, Build Operate Transfer (BOT) & Build Operate Own (BOO) projects

### Vision & Strategy

- ❑ To be a leading operator & developer/owner of water projects

#### Key Financials in H1 09

Revenues	€ 64mn
Profit (loss)	€ (6)mn
Total Assets	€ 240mn
Equity/Assets*	40%
Cash & S-T Invest.	€ 19mn

\* Including shareholders loans



## Water Infrastructure: Oil for the 21<sup>st</sup> Century

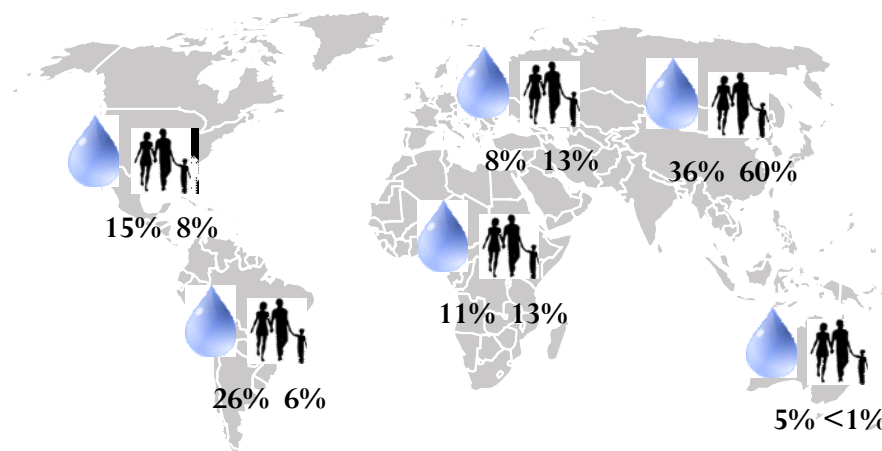
### Market Developments

- ❑ Heightened awareness to supply/ demand imbalances and quality & safety issues
- ❑ The global water sector is valued over **\$500bn in 2009**
- ❑ Only 3% of worlds water supply is fresh water

### Market Outlook

- ❑ Water sector is **expected to grow** in coming years
- ❑ Growth drivers include:
  - **Lack of adequate water supplies** in emerging markets
  - **Climate change** is adding further stress to the water equation

### Global Water Supply vs Population



Source: UN Educational, Scientific and Cultural Organization

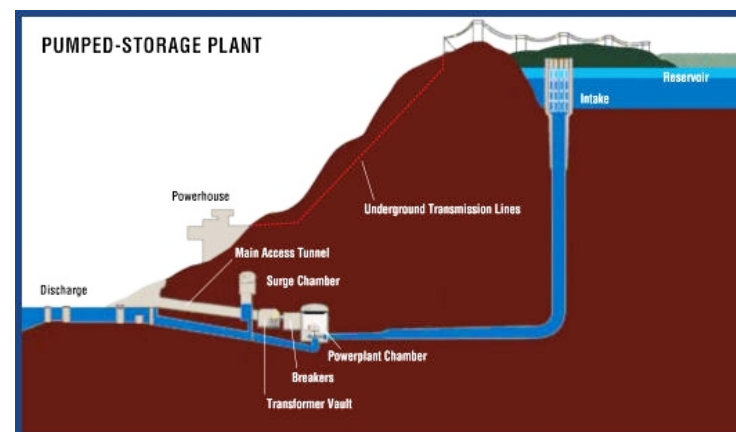
- ❑ **China has only 7%** of the renewable water supply, 21% of the population
- ❑ The number of people living in scarce water conditions globally is expected to double in 20 years, and those in water stressed geographies should increase six times



## Water Infrastructure: Increasing Backlog & Potential

### Recent Company Developments

- ❑ **Increased contracted backlog** to EUR 224 million (30/06/2009) from EUR 167 million (30/06/2008)
- ❑ **Licence granted** to construct electricity generating facility in Israel with 300 megawatt capacity



### Company Outlook

- ❑ Increase investments in assets and backlog of projects
- ❑ Make wastewater treatment plant in Dingzhou, China operational in Q4 2009
- ❑ Search for equity investor to boost activities and capitalize on significant deal flow

## Leveraging Know-How across Global Operations

### Key projects

Country	Description	Type	Scope (€mn)	Backlog (€mn)	Share (%)
Ghana	Rehabilitation and expansion of water supply systems in the South and North of Kpong	Turnkey	55	53	100
Angola	Design and building of a 400km water supply system in capital city of Luanda	Turnkey	35	32	100
Serbia	Design, construction & operation of water treatment plant for the city of Belgrade	Turnkey	20	15	100
Poland	3 contractual works related to sewage and water networks	Turnkey	37	30	100

### Key assets

Company	Description	Type	Investment Value (€mn)	Share (%)
KWIG (China)	20-year concession to operate & maintain 6 operation WWTPs	Concession	34	80
	30-year operations of WS & WWTP in Dazhou	B.O.O		91
Via Maris (Israel)	Construction & 25-year operation of Via Maris seawater desalination plant	B.O.O	13	28
Milgam (Israel)	Management & operation of urban water networks & collection from local authorities	Services	13	87
Task (Turkey)	35-year concession to manage, operate & maintain municipal water & sewage networks of Gulluk	Concession	10	50

## Kardan Israel - Division Overview

### Automotive

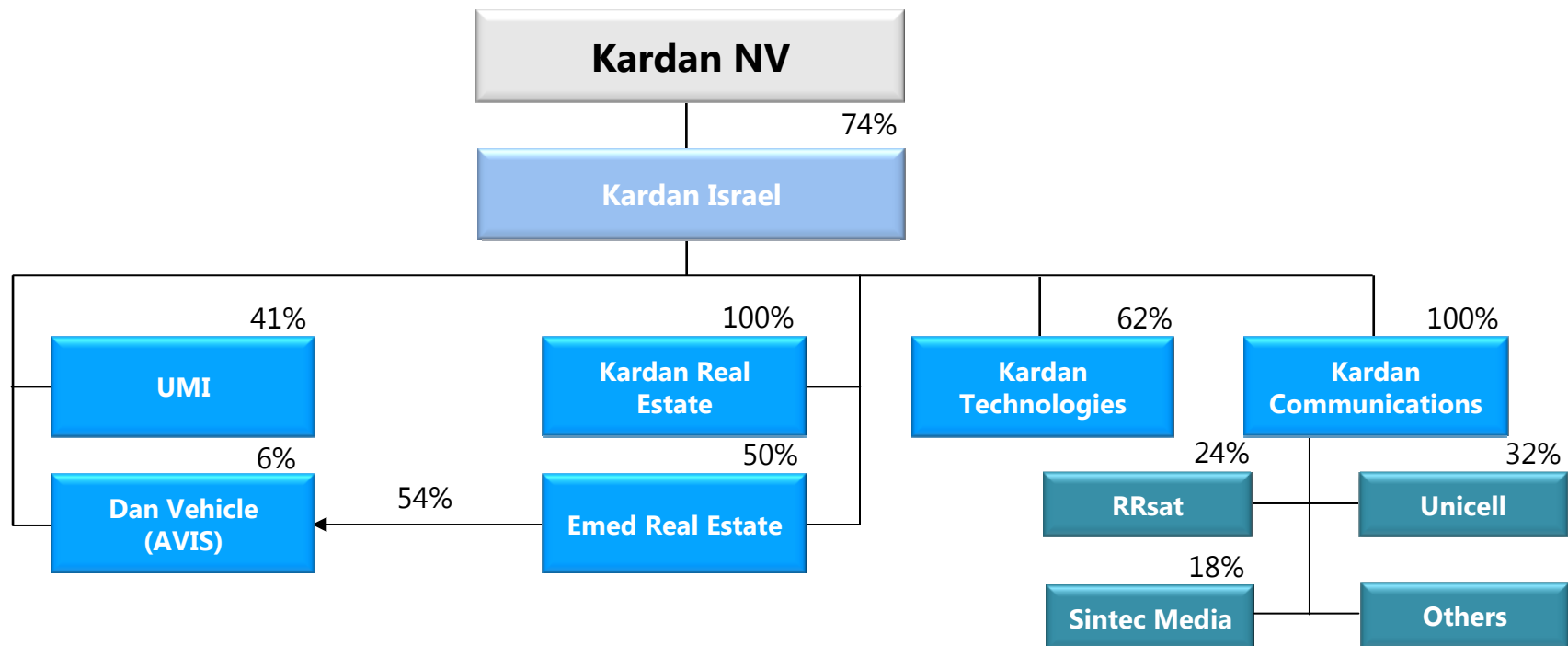
- ❑ UMI - leading car importer & distributor (GM)
- ❑ Avis - leading car rental & leasing

### Real Estate

- ❑ Active residential & commercial projects in Israel

### Communications & Technology

- ❑ Investments focused on small- to medium-sized companies that have moved beyond the start-up phase and have strong growth potential



## UMI - Company Overview

- ❑ Exclusive distributor for **GM Group** with brand names including: "**Chevrolet**", "**Buick**", "**Cadillac**", "**Chevy Trucks**", "**Opel**" and "**Isuzu**"
- ❑ GM holds a direct stake of 10% in UMI
- ❑ Strong distribution chain and maintenance network: 18 selling points and 60 service points & garages
- ❑ Ownership of its: Headquarters offices, Central garage, Pre-Delivery Inspection center, 4 showrooms, Logistic center and 14 selling points

### Key Financials in H1 09

Revenues	€ 168mn
Profit (loss)	€ 6mn
Total Assets	€ 198mn
Equity/Assets	46%
Cash & S-T Invest.	€ 2mn



New Chevrolet Cruze

## Dan Vehicle (AVIS Israel) - Company Overview

- ❑ A leading Israel car rental company
- ❑ Provides business and private customers with a variety of auto services at twenty seven locations in Israel
- ❑ Avis Israel fleet includes 32,000 vehicles (December 2008)
- ❑ As of September 22, 2009 Avis Israel traded at a value of € 63mn

### Key Financials in H1 09

Revenues	€ 145mn
Profit (loss)	€ 4mn
Total Assets	€ 455mn
Equity/Assets	18%
Cash & S-T Invest.	€ 17mn

## Kardan Real Estate

- ❑ Involved in several real estate projects in Israel including:
  - Residential
  - Office
- ❑ Purchased 50% in El-Har Engineering & Construction company
- ❑ Equity (including Shareholders loans) amounted to € 46mn as of 30/06/2009

### Residential Projects

Name	Location	Total Units	Kardan Share
Achuzot Hanassi	Rehovot	897	50%
Holiland Park	Jerusalem	966	30%
Sun Hills	Beit Shemesh	72	100%
Nofei Hashemesh	Beit Shemesh	380	50%
Notan	Herzelia	92	50%
Achtman	Tel-Aviv	160	100%
Andromeda	Tel-Aviv	171	50%
Ramat Elyashiv*	Lod	350	70%
Be'er Yaakov*	Be'er Yaakov	360	100%
Em Hamoshavot	Petach Tikva	280	100%
<b>Total</b>		<b>3,728</b>	

\* Subject to suspending conditions



## RRSat - Company Overview

- ❑ Leading provider of end-to-end content management and distribution network
- ❑ Operating in a USD 15bn fast growing TV and radio broadcasting market
- ❑ Coverage of 95% of populated regions worldwide
- ❑ Capitalising on Israel's unique location
- ❑ As of 22/09/2009 RR SAT was traded at a value of € 141mn



### Key Financials in H1 09

Revenues	€ 34mn (+21% yoy)
Profit (loss)	€ 4mn
Total Assets	€ 80mn (+9% yoy)
Equity/Assets	74%
Cash & S-T Invest.	€ 21mn

2001- 2008 revenues CAGR - 41%



## Kardan NV - Value Creation Case Studies

### Mokotow Business Park (GTC SA: Poland)

- ❑ The first project of GTC SA and first of its kind in Warsaw
- ❑ Land purchased from defunct chip company
- ❑ Existing buildings and available land were developed into office complex

### Bulstrad (KFS: Bulgaria)

- ❑ An insurance company purchased in 1999 through the Bulgarian government's privatisation process.
- ❑ Successful exit to VIG in 2008
- ❑ One of the leading insurance companies in Bulgaria

### RR Sat (Kardan Israel)

- ❑ Unique end-to-end content management and distribution network
- ❑ Successful IPO of RRSat in 2006

Notes:

1) Market value as of 22/09/2009

2) All exchange rates as of 22/09/2009

#### Key Figures

Construction Cost ('95 –'01)	€ 95mn
Invested Equity	€ 7mn
Yearly NOI	€ 13mn
Sale Price in 2006	€ 194mn
<b>Profit</b>	<b>€ 99mn</b>

#### Key Figures

Total Investment (2003-2006)	€ 26mn
Sale Price in 2008	€ 155mn
<b>Profit</b>	<b>€ 129mn</b>

#### Key Figures

Total Investment (2001-2004)	€ 2mn
Received Dividends	€ 6mn
Current Market Value <sup>(1)</sup> (24%)	€ 34mn
<b>Profit</b>	<b>€ 32mn</b>



## Value Indicator

Segment	Value (€ mn)	Methodology	KNV Holding	Value to KNV (€ mn)
<b>Real Estate</b>				
GTC SA	1,308	Market <sup>(1)</sup>	43%	562
GTC Investments	35	Book Value <sup>(2)</sup>	46%	16
GTC China	142	Book Value <sup>(2)</sup>	100%	142
<b>Financial Services</b>				
KFS	216	Last transaction <sup>(3)</sup>	99%	213
<b>Infrastructure</b>				
Tahal Group BV	100	Book Value <sup>(2)</sup>	100%	100
<b>Kardan Israel</b>	<b>109</b>	Market <sup>(1)</sup>	<b>74%</b>	<b>80</b>
<b>Total assets</b>				<b>1,113</b>
Net liabilities <sup>(4)</sup>				(484)
<b>Net Asset Value</b>				<b>629</b>
<b>Market value<sup>(1)</sup></b>				<b>492</b>
<b>Discount</b>				<b>28%</b>

Notes:

1) Market values as of 22/09/2009

2) Book values as of 30/06/2009

3) Purchase from employees in July, 2009

4) Net liabilities as of 30/06/2009. Includes net liabilities in GTC RE Holding and proceeds from sale of GTC SA shares on 10/09/2009

5) Exchange rates as of 22/09/2009

## Value Propositions to Investors: Key Takeaways

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**Proven Track Record  
of Value Creation**

**Structure Facilitates  
Deal Flow & Risk  
Management**

**Emerging Markets**

**Attractive Market  
Value**

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# Appendices

## Divisional Breakdown of Profit (loss)

Profit (loss) attributed to shareholders in € mn*	H1 2009	H1 2008	Q2 2009	Q2 2008	2008
– Real Estate	(12)	19	(9)	9	89
– Financial Services – Banking and Retail lending	(25)	1	(11)	3	(54)
– Financial Services – Insurance and Pension	15	(6)	18	(2)	8
– Infrastructure – Projects	-	-	(1)	-	(5)
– Infrastructure – Assets	(1)	(3)	(2)	(2)	(16)
– Rental and Leasing of vehicles	(2)	3	(1)	-	-
– Sale of vehicles	2	-	-	2	6
– Other	(8)	2	(7)	(7)	24
<b>Total net result attributable to equity holders</b>	<b>(31)</b>	<b>16</b>	<b>(13)</b>	<b>3</b>	<b>52</b>
Profit (loss) per share (EUR)	(0.55)	0.20	(0.34)	0.04	0.63
Profit (loss) per share diluted (EUR)	(0.55)	0.02	(0.34)	0.03	0.28

\* The table shows the contribution of each of the businesses to the results of Kardan. As profits attributable to minority shareholders have already been deducted, these figures do not represent the full net profit realized in each segment.

## Maturities of Liabilities

€ Mn	Free Cash & Cash equivalents	Debt/loans maturing					
		As of 30/06/09	Before 30/06/10	Before 30/06/11	Before 30/06/12	Before 30/06/13	After 30/06/14
Kardan N.V.	<b>111</b>	68	11	6	57	448	590
GTC Group	<b>165</b>	54	43	114	191	899	1,301
KFS	<b>330</b>	282	87	41	42	256	708
Tahal Group International	<b>19</b>	26	3	4	9	26	68
Kardan Israel	<b>38</b>	142	55	26	33	98	354
<b>Total</b>	<b>663</b>	<b>572</b>	<b>199</b>	<b>191</b>	<b>332</b>	<b>1,727</b>	<b>3,021</b>

For KFS, the amount due before June 30, 2010 includes the support from the Central Banks in Ukraine and Russia amounting to € 89mn.

For Kardan Israel, an amount of € 116mn includes repayment of debentures issued by AVIS Israel which will be financed by the proceeds from lease installments and vehicles sales.

# Disclaimer

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