

PRESS RELEASE**Amsterdam/Tel Aviv, March 30, 2012****Number of pages: 19****KARDAN 2011 RESULTS:****LOSS OF EURO 148 MILLION MAINLY DUE TO SOUTH EASTERN EUROPEAN ACTIVITIES****DEVELOPMENT PACE ADJUSTED TO MARKET CIRCUMSTANCES****CHINESE ACTIVITIES PERFORMED WELL**

Highlights segments 2011:

Kardan N.V.

- Spin-off of Israeli activities effected
- Reduced net debt by EUR 266 million

Real Estate Asia

- Sale of 50% of shopping mall in Chengdu; profit of EUR 12 million recognized
- Delivery of units stable, but slowdown in sale of units due to measures of Chinese government

Real Estate Europe

- Sold 16% stake in GTC S.A.: currently holds 28% stake in GTC S.A.
- Substantial negative revaluations and impairments in South East Europe as purchasing behavior deteriorated
- Asset disposal, refinancing activities and renegotiations of loan covenants to improve liquidity and structure of liabilities
- Sale of 50% of Galeria Mokotow (net proceeds to GTC S.A. EUR 110 million)
- Newly opened malls with high occupancy

Water Infrastructure Assets

- Wastewater treatment plant in China (Xuanhua) adds capacity of 120 ton / day
- Milgam divested as part of the spin-off of Israeli activities by Kardan

Water Infrastructure Projects

- Substantial project in Angola (Quiminha) signed; will generate approximately EUR 143 million revenue in coming three years

Banking and Retail Lending

- Acquisition of TBI Bank (Bulgaria) provides banking license
- Agreement to sell TBIF's 50% stake in Sovcombank for EUR 123 million; closing expected in H2-2012
- Economic downturn in Romania and Bulgaria in H2-2011 led to impairments of goodwill and provisions in non banking portfolios

"In the second half of 2011, the Eurozone crisis led to worldwide instability and, among others, deterioration of consumer confidence and further weakening of financing possibilities, impacting the real economies and decreasing expectations of short- to mid-term economic growth in Central and Eastern Europe (CEE), and most specifically in South Eastern Europe (SEE). Growth in other parts of the world has also been impacted. The uncertainty in Europe has translated into a substantial decrease in the value of assets of GTC S.A. and TBIF (banking and retail lending) in SEE, significantly impacting our results for 2011 to a loss of EUR 148 million for Kardan shareholders. On the other hand, our activities in China performed well in 2011, considering the state of the world economy. The country is expected to remain an important growth engine of the global economy.

With the urbanization in the country continuing, there will remain a large need for apartments for own use. Similarly, as the Chinese government focuses on increasing the consumption and purchasing power, there are still far too few shopping centers in second and third tier cities. Kardan Land China is geared towards developing mixed use projects, i.e. apartments in combination with modern shopping centers, in Tier 2 and Tier 3 cities. We also aim to continue to grow our water infrastructure business in China, again in line with the plans of the Chinese government to deal with the water challenge in the country (scarcity, cleanliness, proper distribution etc.). The global demand for clean water is on a fast growth pace. Our water infrastructure company Tahal is continuously examining new growth opportunities in selected geographies.

We have taken measures in all our activities to align our development pace with market and macroeconomic circumstances, whilst maintaining our standards in developing high quality and sustainable assets. Simultaneously, we are focusing on bringing back our net debt position to strengthen our balance sheet. In Q4 – 2011, we spun-off our Israeli activities, leaving us with a focused company, aimed at initiating, developing and managing cash generating assets in emerging markets, specifically in commercial real estate and in water infrastructure activities.

The global economy in 2012 will continue to be challenging; in SEE we are dependent on the return of consumer confidence and improving investment climate, whereas we expect Poland to continue to perform well. However, as we believe Asia will continue to be a major global growth engine and water scarcity to be an ever growing concern, we intend to continue pursuing our strategy to further develop our assets in this area and expand our water infrastructure division worldwide,” says Alain Ickovics, Chairman of the management board of Kardan N.V.

Summary of Developments, Results and Movement in Equity of Kardan N.V. in 2011

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

Following the analysis of the condensed consolidated income statement of Kardan N.V., the results of every individual segment is analyzed in more detail.

Condensed Consolidated Income Statement Kardan N.V.

For the year ended December 31, 2011
(in EUR million)

	Real Estate		Infrastructure		Banking and Retail lending	Other	Total		
	Asia	Europe	Assets	Projects			2011	2010	2009
Total revenues	49	160	29	85	113	-	436	394	381
Total expenses	53	166	25	99	95	8	446	345	324
Profit (loss) from operation before fair value adjustments, disposal of assets and financial expenses	(4)	(6)	4	(14)	18	(8)	(10)	49	57
Profit (loss) from fair value adjustments and on disposal of assets and investments	33	(235)	2	1	(55)	-	(254)	56	(174)
Result from operations before finance expenses	29	(241)	6	(13)	(37)	(8)	(264)	105	(117)
Financing income (expenses), net	3	(87)	(5)	(2)	(12)	(20)	(123)	(125)	(87)
Profit (Loss) before income tax	32	(328)	1	(15)	(49)	(28)	(387)	(20)	(204)
Income tax (expenses)/benefit	(8)	(18)	(2)	1	(9)	(2)	(38)	(24)	22
Profit (Loss) from continuing operations	24	(346)	(1)	(14)	(58)	(30)	(425)	(44)	(182)
Profit (Loss) from discontinued operations	-	-	3	-	5	8	16	15	6
Profit (Loss) for the period	24	(346)	2	(14)	(53)	(22)	(409)	(29)	(176)

Attributable to:

Non-controlling interest	-	(262)	(1)	-	-	2	(261)	(2)	(84)
Net result for the segment	24	(84)	3	(14)	(53)	(24)	(148)	(27)	(92)
Profit (Loss) for the period	24	(346)	2	(14)	(53)	(22)	(409)	(29)	(176)

Total consolidated **net result from continuing operations** decreased by EUR 381 million to a loss of EUR 425 million in 2011. The only segments attributing profits in 2011 are Real Estate Asia and Tahal Assets.

Real Estate Asia is explained by the success of Galeria Chengdu (China, Sichuan Province), mainly due to the capital gain on the sale of 50% of the shopping mall in Chengdu and delivery of apartments.

The main contributor to the consolidated loss (from continuing operations) of 2011 is Real Estate Europe (mainly GTC S.A.) which reported a negative revaluation of investment property (including properties under construction) and impairment of land positions and residential properties mainly in SEE as well as in CEE in Real Estate amounting to EUR 307 million. These revaluations were made mainly due to lower estimated rental values and postponement of developments following the economic deterioration in the region, especially Romania and Bulgaria which were hit severely, contributing 65% of these losses. The sovereign debt crisis reduced consumer spending and capital investments in these countries.

The remainder of the loss in Real Estate Europe is largely due to tax charges (EUR 18 million) and one off financial expenses related to refinancing of loans and unwinding of hedge positions following the sale of properties (EUR 13 million).

Water infrastructure results were negatively impacted by provisions that had to be taken on several projects in Europe and Africa (EUR 7 million), as well as delays of some projects. Tahal Assets performed according to expectations, with a revenue growth in China following the expansion of the capacity of the wastewater treatment facilities.

The Banking and Retail Lending segment also suffered from the economic situation in Romania and Bulgaria, resulting in a decrease of the leasing and consumer finance portfolios, further impairment losses on these portfolio's and, consequentially, impairment losses on the goodwill related to these activities.

Included in "Other" are the expenses and finance costs of the holding companies Kardan N.V. and GTC Real Estate Holding BV.

The net result for equity holders of Kardan N.V. amounted to a loss of EUR 148 million (2010: loss of EUR 27 million).

In **2010**, the Kardan N.V. loss from continuing operations (EUR 44 million) was driven by negative results in Banking and Retail Lending mainly due to impairments totaling EUR 46 million, resulting from EUR 28 million on Goodwill as well as EUR 18 million on the loan portfolio, and "Other" (EUR 41 million) attributable to finance expenses of EUR 32 million and General and Administrative expenses of EUR 9 million. These losses were compensated by profits in both Real Estate Europe (EUR 28 million, driven by positive revaluations of EUR 45 million) and EUR 12 million in Real Estate Asia, attributable to the revaluation of the shopping mall in Chengdu.).

In **2009**, the loss was attributable to Real Estate (mainly negative revaluations amounting to EUR 172 million in Central and South Eastern Europe), Banking and Retail Lending (among others loss of VAB Bank in Ukraine of EUR 18 million) and "Other" (finance and holding expenses of EUR 21 million). Pension and Insurance (sold mid 2010) contributed positively with an amount of EUR 20 million.

The **profit from discontinued operations** in 2011 includes the results relating to the Israeli activities, mainly Kardan Israel, that were spun-off in October 2011, and distributed as dividend to the shareholders of Kardan N.V., and it includes a profit on the sale of Ukrainian VAB bank in the beginning of 2011.

In **2010**, the result was mainly attributable to VAB bank (loss of EUR 97 million), Sovcombank (Russian bank, recording a profit of EUR 74 million on the sale of 16% of the shares in September 2009 and subsequent revaluation to fair value of the remaining stake of 50%) and TBIH (former insurance and pension division sold to the partner generating a profit of EUR 31 million).

In **2009** the profit of EUR 6 million derived mostly from the same subsidiaries as mentioned above.

Equity as of December 31

Kardan N.V. – balance sheet (company only)	2011	2010
Total Assets (in EUR million)	864	1,030
Total Equity (in EUR million)	203	334
Equity/Total assets (%)	23%	32%

Shareholder's equity of Kardan N.V. decreased from EUR 334 million as of December 31, 2010 to EUR 203 million as of December 31, 2011, as a result of the loss of EUR 148 million, mainly reduced by the positive equity movement due to the sale of a 16% stake in GTC S.A. in Q1-2011.

Covenants

As of December 31, 2011 the Company did not meet financial covenants towards a lending bank relating to maintaining a minimum equity level. As a result, long term loans in the amount of EUR 30 million were classified to short term.

Within the Group, additional loans with the same covenant in the amount of EUR 144 million were also classified as short term liabilities.

In March 2012, the Company received a signed letter from the lending bank describing principal agreements between the Company and the bank relating to a change in the financial covenants required with respect to the aforementioned loans. According to the principal agreement, the financial covenants will be amended so that the Company is required to maintain a minimum shareholders' equity of EUR 160 million, and a ratio of equity to total stand-alone balance sheet of the Company of 21%. In addition, it was agreed to early repay an amount of EUR 35 million from the total outstanding loans of Kardan, GTC RE Holding and Tahal Assets. For additional information reference is made to note 29 in the financial statements.

Subsequent to the balance sheet date, GTC S.A. had amended a loan agreement with a lending bank in connection with a breach of covenants relating to its debt coverage ratio and project time table. As a result of the breach, a loan in the amount of EUR 25 million was reclassified as current liabilities.

GTC S.A. was in breach of an additional covenant which relates to debt coverage ratio. As a result of the breach, a loan in the amount of EUR 29 million was reclassified as current liabilities. GTC S.A. is negotiating with the lending banks in relation to this breach.

Highlights per segment:

Every segment result for 2011 is analyzed separately hereunder. It is noted that only if the development in Q4-2011 significantly differs from the 2011 annual development, Q4-2011 is discussed separately.

Real Estate

Kardan is active in development and management of Real Estate through two segments: 1) Asia, which includes its 100% subsidiary Kardan Land China, and 2) Europe, which includes GTC S.A., of which it holds 28%, and a relatively small investment in Western Europe (49% holding in GTC Investments).

Real Estate Asia

General market developments China

- GDP growth 2011: 9.2% y-o-y
- Real Estate market impacted by measures to combat speculation
- Consumer spending increasing, leading to more demand for shopping malls

The Chinese economy expanded by 9.2% in 2011 (y-o-y), slowing down gradually during the year according to plan as a result, among others, of measures taken by the Chinese government to fight inflation. Chinese export has slowed down in Q4-2011, as the demand from Western European countries deteriorated. Following years of GDP growth y-o-y of above 9%, the current Five Year Plan (2011 – 2015) focuses on rebalancing the economy, i.e. to bring GDP growth levels down somewhat over time (to approximately 7.5%), to prevent the economy from overheating and to become less dependent on export by stimulating internal demand and consumption.

During 2011, the Chinese government took several measures to cool down the speculative property market in particular, such as raising interest rates and decreasing the availability of mortgages. These measures generally led to pricing pressure and a slowdown in the sale of apartments also because potential buyers postponed their purchase decision in the expectation that prices will decrease further. The government, however, is anxious not to disturb the market for buyers who need to find housing for their own use, typically in Tier 2 and 3 cities. Researchers expect that this part of the real estate market will see an upside again during 2012, as the demand for housing will remain strong as a result of the urbanization combined with increasing average wages, the current prices of apartments as well as the expectation that banks will increase lending.

Kardan Land China's strategy is to focus on the development of mixed use projects, i.e. shopping malls in combination with residential apartments in China's Tier 2 and Tier 3 cities. Consumer spending power has increased over the years as a result of rising wages, as evidenced by a growth of total retail sales in 2011 of around 17% y-o-y. Chinese consumers are lured to the newly developed shopping centers by the concept of a managed mall offering a varied mix of tenants and good services.

Results Real Estate Asia

	Real Estate Asia			
	For the year ended December 31		For the three months ended December 31	
	In EUR million			
	2011	2010	2011	2010
Property rental and service recharge revenues	6	1	1	-
Sales of delivery of units	43	39	25	19
<i>Total revenues</i>	49	40	26	19
Costs of property rental and service recharge operations	3	1	1	1
Cost of delivery of units	34	33	19	15
Other expenses, net	1	2	-	-
<i>Gross profit</i>	11	4	6	3
SG&A expenses	(15)	(13)	(4)	(6)
Adjustment to fair value (impairment) of investment properties	17	29	-	11
Gain on disposal of assets and other income	16	-	-	-
Result from operations before finance expenses	29	20	2	8
<i>Financing income (expenses), net</i>	3	-	3	-
Income tax (expenses) / benefit	(8)	(8)	(1)	(4)
Profit (loss) from continuing operations	24	12	4	4

Net profit (loss)	<u>24</u>	<u>12</u>	<u>4</u>	<u>4</u>
Attributable to:				
Equity holders (Kardan N.V.)	<u>24</u>	<u>12</u>	<u>4</u>	<u>4</u>
	<u>24</u>	<u>12</u>	<u>4</u>	<u>4</u>

Additional information Real Estate Asia	2011 (31.12)	2010 (31.12)
Balance sheet (in EUR million)		
Completed investment property	68	110
IPUC	54	-
Inventory	231	132
Total Assets	514	465
Loans and Borrowings	43	143
Advance payments from buyers	136	103
Total Equity	247	161
Cash & ST investments	67	124
Other		
Units sold in period *	1,883	3,461
Units delivered in period *	1,767	1,748
Total units sold, not yet delivered *	5,115	4,999

*reflects 100%; Kardan Land China holds 50%

Revenues

"Property rental and service recharge revenues" is attributable to the shopping centre in Chengdu that was opened in November 2010. The occupancy rate as of December 31, 2011 is 97% compared to 89% as of December 31, 2010. At the end of August 2011, Kardan Land China sold 50% of the shopping mall to a Singapore investor; consequently as of September 1, 2011 Kardan Land China is only entitled to 50% of the rental income, but still to 100% of the asset management fees.

In 2011, Kardan Land China delivered 1,767 apartments vis-à-vis 1,748 in 2010 (these numbers represent 100%: Kardan Land China has a stake of approximately 50%, consequently the revenue shown represents 50% of the total revenues booked on these deliveries). The increase in revenues is due to price increases, as well as to a different mix of the type of apartments and parking spaces delivered.

In Q4-2011, 1,088 of the 1,767 apartments - delivered in the full year 2011 - were delivered, which is shown in the substantial revenue for Q4-2011.

Gross margin

The gross margin on retail was over 55%, after a full year of operation. The gross margin on delivery of units increased to 21% (from 15% in 2010), as a result of higher prices, as well as the mix of apartments sold.

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

The increase of EUR 2 million is mainly due to employee share option expenses amounting to EUR 5 million (2010: EUR 3 million).

Adjustment to fair value and gain on disposal of assets

The gain on disposal of assets of EUR 16 million is attributable to the sale of a project in Hangzhou in April 2011 (EUR 4 million) and the sale of 50% of the shares in the shopping mall in Chengdu. The adjustment to fair value in both 2011 and 2010 is the valuation gain attributable to the shopping mall in Chengdu.

Financing Income

The income includes a foreign exchange gain of EUR 5 million (2010: nil) due to the strengthening of the RMB against the Euro: the financial assets are all recorded in RMB and exceed the financial liabilities, some of which are denominated in Euro.

Finance expenses of EUR 2 million are relatively low. The company finances the acquisition of land with equity, and only borrows money for the construction and holding of commercial property. Consequently, interest expenses are relatively low.

Additional Information:

Total assets increased by EUR 49 million due to, among others, the fair value adjustment (EUR 16 million) for the shopping center in Chengdu, an increase in cash balances as a result of the sale of the Hangzhou project as well as the sale of 50% of Chengdu, both at a profit, and an increase of EUR 33 million due to advance payments of buyers. As at December 31, 2011, total unsold but completed units stood at 3% in comparison to 4% as at the same date last year.

“Advance payments received from buyers” reflects the amount of revenue that is expected to be recognized in the profit and loss account over the next two to three years, depending on the moment of hand over to the buyers.

From the outstanding “Loans and Borrowings”, approximately EUR 24 million relates to the shareholder loan. EUR 3 million needs to be paid down on the outstanding bank loan in 2012.

As can be seen in the table above, sale of units decreased by 45% in 2011; a result of the hesitation noticeable with buyers pending the measurements taken by the Chinese government. Whereas some 550 to 600 units were sold in each quarter of the first nine months of the year, a substantial slowdown occurred in Q4 to just over 100 units; a reflection of the unstable sentiment. It should be noted that a similar slowdown occurred in 2008.

Real Estate Europe

General Market developments Central and Eastern Europe (CEE)

- Macroeconomic developments in SEE changed for the worse sharply in H2-2011
- Real Estate appraisers adjusted their ERV expectations in CEE downwards, specifically for South Eastern European (SEE) countries
- Purchasing behavior remains subdued, due to negative sentiment following the sovereign debt crisis

In the first quarter of 2011, CEE / SEE countries continued to show careful macroeconomic recovery as a result of increasing external demand, recovery of capital flows and in some countries also an improvement in the domestic demand and labor markets. In the second and third quarter, however, the growth dynamic in CEE / SEE slowed markedly as the Eurozone began to stagnate mainly due to the sovereign debt crisis. Confidence in Europe as a whole deteriorated on the financial markets, leading to a significant change in sentiment and consequently to a downgrade of rental and sales expectations by real estate appraisers, specifically in SEE. The uncertainty regarding the sovereign debt crisis progressed during the fourth quarter of 2011. In addition, availability of debt funding deteriorated as banks were, and still are, forced to improve their solvency. Consumer confidence, and thus purchasing behavior, has deteriorated due to the unreliable macroeconomic situation, inflation rates and the reality of unemployment and fiscal measures taken by governments.

The various countries that make up CEE / SEE all have their own macroeconomic developments. They are, however, all strongly linked to the economies of Western European countries who are their main trading partners. Poland showed resilience in 2011; its GDP growth rate y-o-y was 4.0%. The economy in Romania also showed robust growth in Q1-2011, but tailed off in the second half of the year. However, y-o-y the country was able to report a GDP growth (1.7%) whereas in 2010 there was a GDP decrease of 1.9% (y-o-y). The Romanian labor market showed signs of improvement during 2011, but with consumers remaining hesitant and uncertain, purchasing behavior did not improve. The recovery in Bulgaria is slow and lagging behind that of other countries in the region. Consumer demand was constrained by a continued decline in employment, rising consumer prices and building of precautionary savings. Growth was largely reliant on external demand, which, as has been mentioned earlier, fell sharply as of Q3-2011 due to the sovereign debt crisis.

Results Real Estate Europe

Real Estate Europe comprises GTC S.A., as well as the small entity GTC Western Europe, in which Kardan holds 49% and which it intends to sell. As the 28% that Kardan holds in GTC S.A. is a controlling stake, the results of GTC S.A. are 100% consolidated in the financial statements of Kardan.

	Real Estate Europe			
	For the year ended December 31,		For the three months ended December 31	
	in EUR million			
	2011	2010	2011	2010
Property rental and service recharge revenues	136	130	33	33
Sale of delivery of units	24	45	4	23
<i>Total revenues</i>	160	175	37	56
Costs of property rental and service recharge operations	38	31	10	9
Cost of delivery of units	23	43	4	21
Operational Gross Profit	99	101	23	26
Other expenses, net	(77)	(4)	(24)	(3)
<i>Gross profit</i>	22	97	(1)	23
SG&A expenses	(28)	(28)	(8)	(12)
Adjustment to fair value (impairment) of investment properties	(221)	42	(94)	28
Gain on disposal of assets and other income	1	1	-	-
Impairment losses on goodwill	(11)	-	(1)	-
Equity in net earnings of associated companies	(4)	6	(2)	1
Result from operations before financing expenses	(241)	118	(106)	40
<i>Financing income (expenses), net</i>	(87)	(73)	(20)	(17)
Income tax (expenses) / benefit	(18)	(16)	(11)	(3)
Profit (loss) from continuing operations	(346)	29	(137)	20
Net profit (loss) from discontinued operations	-	-	-	-
Net profit (loss)	(346)	29	(137)	20
Attributable to:				
Non-controlling interest holders	(262)	11	(104)	10
Equity holders (Kardan N.V.)	(84)	18	(33)	10
	(346)	29	(137)	20

Additional information GTC S.A.	2011 (31.12)	2010 (31.12)
Balance sheet (in EUR million)		
Inventory & residential land bank	182	254
Investment property	1,704	2,118
Assets held for sale	134	-
Total Assets	2,314	2,728
Total Equity	724	1,053
Cash & ST	179	230
Total bank debts and financial liabilities	1,395	1,447
Other		
Loan to Value*	60%	51%
Completed commercial space(sqrm)	579,856	531,957
Value completed commercial space (EUR million)	1,465	1,617
Average occupancy	87%	83%
Average yield	8.1%	7.8%

*LTV = Loans net of cash and deposits / Investment Property, inventory and assets held for sale

Revenues

“Property rental and service recharge revenues” increased by 5% in 2011, despite the sale in Q3 - 2011 of 50% of Galleria Mokotow, the retail center of GTC S.A. in Warsaw. The increase is due to opening of new retail/office centers and an increase in occupancy.

The residential market in CEE/SEE is weak: the revenue from delivery of residential apartments decreased by 47% to EUR 24 million. Within the residential segment, GTC S.A. focuses on cash repatriation.

Operational Gross profit

The gross profit on property rental and service recharge revenue amounted to EUR 98 million, nearly equal to 2010, despite higher revenue. The reduction of the margin to 72% (2010: 76%) is the result of the policy to retain tenants, and thus occupancy, by increasing the rent free periods and contributing in the fit out expenses for example.

The gross profit on delivery of units decreased to EUR 1 million as the result of the lower number of deliveries and lower sale prices. .

Other expenses net

Included is an amount of EUR 75 million of impairments on Inventory (residential land bank and inventory). The impairment is the result of the weak residential markets in Romania and Hungary causing significant delays in the residential development program and consequently a decrease of the value of the land. Similarly, the value of land available for the development of office and retail was revalued downwards as the development has been postponed.

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

These costs did not increase compared to 2010. Additional expenses made for marketing to support footfall in the shopping malls were compensated by lower expenses for employee share option plans.

Adjustment to fair value/impairment losses goodwill

The negative revaluation result and the majority of the goodwill amortization are mainly attributable to the retail centers, including the commercial land bank. Despite Poland doing well, the weak purchasing behavior outside of Poland (notably in Romania, Bulgaria and Croatia) reduces the turnover of retailers (tenants) and consequently the rent payable to the owner of the shopping mall: a significant number of tenants pay rent related to their turnover. Due to the lurking forecasts for the retail segment, appraisers have revised the expected rental values (ERV) for coming years downwards. Combined with slightly higher yields compared to year-end 2010, resulting from increased uncertainty, the developments of ERV led to a significant negative revaluation of 12% of the book value (pre-adjustment) of the properties. 65% of the losses are attributable to Romania and Bulgaria.

Of the total impairment and adjustment to fair value amount of EUR (296) million at GTC S.A., 87% was recorded in Q3 and Q4-2011 combined (EUR (140) million and EUR (118) million respectively); indicating the dramatic change in sentiment that occurred in Europe resulting from the sovereign debt crisis. Please note that included in the total of EUR 296 million, EUR 75 million impairment charges with respect to inventory including residential land bank are booked under “Other expenses, net”.

In 2010 revaluation results were still positive (EUR 42 million) driven by higher rents.

Financing Income /expense

The financing expense increased mainly due to one off items amounting to EUR 13 million resulting from the break of hedges upon the (intended) sale of assets (Galleria Mokotow and Platinum Business Park, both in Warsaw) and prepayment of refinanced loans. The average interest rate payable by GTC S.A. in 2011 remained stable at 5% compared to 2010.

Direct result

The gross margin from operations less the SG&A and finance expenses and excluding the one off expenses is slightly negative: EUR 5 million in 2011 compared to a flat result in 2010. This demonstrates that the operating and financing expenses are serviced from the operations.



Income tax

The income tax charge is mainly attributable to a deferred tax liability which is attributable to the increasing difference between the value of assets according to the financial statements and the statements for tax purposes, resulting from the weakening of the PLN against the Euro.

Net profit/ (loss) attributable to Equity holders

In 2010, Kardan still held an indirect 43% stake in GTC S.A. As of 2011, Kardan indirectly holds 27.75 %. Consequently, the majority of the consolidated loss is attributable to the non-controlling shareholders. The 2011 result for the equity holders of Kardan from the Real Estate Europe segment was a loss of EUR 84 million (2010: profit of EUR 18 million).

Additional Information GTC S.A.

Total assets decreased mainly as a result of impairment/revaluations of inventory and investment property of EUR 296 million, sales of investment property (EUR 238 million), offset by expenditure on investment property under construction (EUR 155 million).

The loss for 2011 (EUR 338 million) was the main reason for the decrease in total Equity by EUR 329 million. Following the revaluation losses and impairments, loan to assets value arrived at 60%. The loans redeemable within one year amount to EUR 264 million. However, it should be noted that EUR 150 million is repayable only upon sale of the related assets (Platinum and residential apartments). For another EUR 25 million of repayable loans a waiver has been received. On balance, an amount of EUR 89 million is payable. Given the current cash position, slowdown of development, intended rights issue (reference is made to page 6 in the Additional Information report under Subsequent Events) and intended sale of investment property, the management of GTC S.A. expects to be able to meet its obligations. With respect to the bonds, EUR 21 million matures in 2012, EUR 103 million in 2013 and EUR 191 million in 2014.

GTC S.A. is listed on the Warsaw Stock Exchange. For full details on the GTC S.A. 2011 results, reference is also made to the company website: www.gtc.com.pl.

Water Infrastructure

Tahal Group International, the fully owned water infrastructure company of Kardan, focuses on developing water assets (e.g. wastewater and water treatment plants) and on executing water related projects worldwide. Tahal Assets is mainly active in China and Turkey, whilst Tahal Projects is mostly involved in projects in Israel, Africa, Central and Eastern Europe as well as Latin America.

General market developments water infrastructure

- Demand for water is ever increasing due to population growth, social mobility and industrial and agricultural expansion.
- Governments worldwide are allocating more funds to water infrastructure projects and – in some countries more than others – stimulating Public Private Partnerships (PPP's).
- In most emerging markets it is still uncustomary for individuals to pay for water; in various countries governments are taking measures to address this issue, to make people aware of the importance of saving water and to secure enough funds to meet the increasing demand on water consumption.

Today, China has approximately 20% of the global population, whereas it only has access to roughly 7% of the world's renewable water supply. With fertility, diets, health and life expectancy improving annually, the population in China is expected to grow substantially. By 2015, China is expected to have some 110 cities with over 1 million inhabitants, growing to more than 220 cities by 2025. Consequently, one of the focal areas of China's five year plan (2011 – 2015) is water conservation and treatment, particularly relevant for Tier 2 and Tier 3 cities, Tahal's target market in China. China encourages (international) Public Private Partnerships specifically with regard to wastewater treatment plants.

Water management is also a key focal area for instance in African countries, where water is imperative for food security and thus to the stability within countries. Tahal Projects initiated the biggest water infrastructure project in its history in September 2011 in Angola. The project includes,

among others, the development and construction of the water supply, sewage and drainage system for a new rural settlement and irrigation of farm land.

Results Infrastructure Assets (Tahal Assets)

	Tahal Assets			
	For the year ended December 31		For the three months ended December 31	
	in EUR million			
	2011	2010	2011	2010
Contract revenues	29	26	8	5
Contract cost	16	17	6	3
Other expenses, net	2	-	-	-
<i>Gross profit</i>	11	9	2	2
SG&A expenses	(7)	(7)	(1)	(2)
Gain on disposal of assets and other income	2	2	-	-
Result from operations before financing expenses	6	4	1	-
<i>Financing income (expenses) net</i>	(5)	(5)	-	-
Income tax (expenses) / benefit	(2)	(1)	(1)	(1)
Profit (loss) from continuing operations	(1)	(2)	-	(1)
Net profit (loss) from discontinued operations	3	2	-	1
Net profit (loss)	2	-	-	-
Attributable to:				
Non-controlling interest holders	(1)	(2)	-	-
Equity holders (Kardan N.V.)	3	2	-	-
	2	-	-	-

Additional Information Tahal Assets (in EUR million)

	2011 (31.12)	2010 (31.12)
Total Assets	171	186
Equity* / Assets	49%	37%
Net Debt (excl shareholder loans)**	44	58
Cash	17	15

*Group equity including shareholder loan

** Bank loans net of cash and cash equivalents

Revenues

Revenue increased by 12% compared to 2010, mainly attributable to Kardan Water in China, which activity accounts for approximately 2/3 rd of the total revenue of Tahal Assets. The acquisition of a new waste water treatment plant in Xuanhua with a capacity of 120 tons a day, accounts for the majority of the revenue growth. Please note that these figures no longer include the revenue attributable to activities that were divested during the year 2011 (e.g. Milgam).

Gross profit

The gross profit margin increased to 38% from 35% (2010) on the back of the revenue growth. The gross profit is largely attributable to Kardan Water in China.

In Q4-2011, the gross margin is 25%. The lower margin in the quarter is attributable to higher concession agreement costs.

Gain on disposal of assets and other income

In 2011, one out of the six plants operated in the Tianjin area (China) was sold to the local government, resulting in a gain of EUR 2 million. In 2010, the rights of a project in a Central American country were sold at a capital gain of EUR 2 million.

Result from operations before financing expenses

In the result from operations before financing expenses, the contribution of Kardan Water China is EUR 9 million (2011) and EUR 2 million (2010) respectively.

Net Loss from continuing operations

The net loss amounts to EUR 1 million (2010: loss of EUR 2 million). A higher gross profit of EUR 2 million compared to 2010 was offset by income tax of the same amount, compared to a tax income of EUR 1 million in 2010.

Net profit from discontinued operations

In both 2011 as in 2010, this includes the net contribution of Milgam, the Israeli company active in operation and management of municipal water networks and the collection of receivables. This company was sold as part of the spin-off of the Israeli activities which Kardan effectuated in Q3-2011.

Additional information Tahal assets

The capacity of the waste water treatment and water treatment plants in use in China increased in 2011 to 605,000 ton/day. This is attributable to the acquisition of the plant in Xuanhua.

Results Infrastructure Projects (Tahal Projects)

	Tahal Projects			
	For the year ended December 31		For the three months ended December 31	
	in EUR million			
	2011	2010	2011	2010
Contract revenues	85	112	19	33
Contract cost	76	88	20	26
Other expenses, net	3	-	1	-
Gross profit	6	24	(2)	7
SG&A expenses	(20)	(18)	(6)	(6)
Gain on disposal of assets and other income	1	1	-	-
Equity in net earnings of associated companies	-	1	-	-
Result from operations before financing expenses	(13)	8	(8)	1
Financing income (expenses), net	(2)	(5)	1	(1)
Income tax (expenses) / benefits	1	-	1	-
Profit (loss) from continuing operations	(14)	3	(6)	-
Net profit (loss)	(14)	3	(6)	-
Attributable to:				
Equity holders (Kardan N.V.)	(14)	3	(6)	-
	(14)	3	(6)	-

Additional Information Tahal Projects	2011 (31.12)	2010 (31.12)
Balance sheet (in EUR million)		
Total Assets	119	142
Equity* / Assets	30%	29%
Net debt (excl. shareholder loans)**	(18)	10
Cash	26	34
Other (in EUR million)		
Backlog at year end	316	183
New business in the year	203	98

*Group equity including shareholder loan

**Bank loans net of cash and cash equivalents

Revenues

Revenue decreased by 24% compared to 2010, as a result of the completion of some projects and simultaneous delay in the start of some new projects. In addition, EUR 2 million is caused by the weakening of the Dollar versus the Euro.

Gross profit

The gross profit margin decreased from 21% in 2010 to 7% in 2011. The decrease of the margin is caused by a combination of restructuring costs and additional provisions related to projects (EUR 7 million).

The other expenses mainly relate to restructuring costs of the engineering division including severance payments (EUR 2 million).

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

In 2011 the expenses increased due to the move to new offices and a couple of one off provisioning items, partly off-set by cost saving measures.

Financing expenses (net)

The reduction of finance expenses is partly due to a significant increase of cash following receipt of outstanding receivables and a down payment of EUR 21.5 million relating to the Quiminha project in Angola.

Net Loss from continuing operations

The net loss is mainly attributable to one off expenses by EUR 9 million reducing the gross profit.

Additional information Tahal Projects

The new business contracts signed in 2011 amounted to EUR 203 million. The main contract was with the government of Angola, worth approximately EUR 143 million.

After reporting date, Tahal Projects signed an agreement for a project to design, construct, expand and upgrade the drinking water systems in the Kumawu, Konongo and Kwahu region of Ghana (the 3K project). Estimated revenues for the Project are USD 97.5 million (approximately EUR 73 million), and will take approximately three years from commencement.

Banking and Retail Lending

Kardan operates in the financial services sector through its 100% holding in Kardan Financial Services (KFS), which at year end 2011 owned 92% (after reporting date: 100%) of TBIF (banking and retail lending), mainly in Bulgaria and Romania. In June 2011, an agreement was signed with TBIF's co-shareholder in Russian Sovcombank for the sale of TBIF's 50% stake in this bank. This agreement is expected to be closed in H2-2012. In July 2011, TBIF completed the acquisition of the Bulgarian bank TBI Bank, to upgrade its operation in Bulgaria into a full banking operation focused on retail and SME banking to be funded by deposit taking.

General market developments Bulgaria and Romania

- Sovereign debt crisis impacted activities in H2-2011
- Higher solvency requirements for banks
- Western banks withdrawing funds from SEE countries; occasionally pulling out their subsidiaries.

The year 2011 started on a slightly positive note. The sovereign debt crisis which became imminent in Q3 of 2011 as a result of the situation in Greece has impacted Central and Eastern Europe in general and some countries in South Eastern Europe more specifically. Anxiety with respect to a diminishing demand from the higher income European countries, the main trading partners of the CEE / SEE countries, in combination with the appearing credit crunch resulting from higher solvency requirements for banks, has slowed down the recovery in some of the SEE countries. Insecurity, tightened fiscal measures and increasing unemployment, to name some, have negatively affected purchasing power in particularly Bulgaria and Romania. Consequently, in November 2011, the European Commission published a downwards adjusted European Economic forecast, reflecting the deteriorated confidence in Europe. GDP growth for Bulgaria and Romania in 2011, however,

amounted to 2.2% (2010: 0.2%) and to 1.7% (2010: - 1.9%) respectively, and is expected for both countries to inch up slightly in 2012.

As Western European banks are withdrawing their funds from the SEE countries, and at times are pulling out of these countries all together, two main developments could and can be identified: 1) additional opportunities for local banks with an existing market share to increase/improve their position and 2) continuing non-performing loans affecting the results of banks in the short to mid-term.

Results Banking & Retail Lending

	For the year ended December 31		For the three months ended December 31	
	2011	2010	2011	2010
	in EUR million		in EUR million	
Banking and retail lending activities	107	35	20	17
Other revenues	6	7	1	-
Total revenues	113	42	21	17
Costs of banking and lending activities	88	43	25	15
Other expenses, net	4	5	1	1
Gross profit	21	(6)	(5)	1
SG&A expenses	(3)	(2)	-	(1)
Adjustment to fair value of investment properties	-	-	-	-
Gain on disposal of assets and other income	3	2	2	13
Impairment losses on goodwill	(58)	(29)	(35)	(8)
Result from operations before financing expenses	(37)	(35)	(38)	5
Financing income (expenses), net	(12)	(10)	(3)	(15)
Income tax (expenses) / benefits	(9)	(1)	(2)	-
Profit (loss) from continuing operations	(58)	(46)	(43)	(10)
Net profit (loss) from discontinued operations	5	(23)	-	(55)
Net profit (loss)	(53)	(69)	(43)	(65)
Attributable to:				
Non-controlling interest holders	-	(12)	-	(14)
Equity holders (Kardan N.V.)	(53)	(57)	(43)	(51)
	(53)	(69)	(43)	(65)

Additional Information KFS Banking & Retail Lending

	2011 (31.12)	2010 (31.12)
Balance sheet (in EUR million)		
Total Equity	61	112
Total Assets	979	912*
Cash & Short term investments	252	264
Gross loan portfolio	579	448
Other		
Provisions**	29.5%	15.9%

*excluding VAB bank

**Excluding Sovcombank. Including Sovcombank the percentages would be 9.7% and 8.5% for 2011 and 2010 respectively.

General

In 2010, Kardan sold 16 % of Sovcombank, and in the first half of 2011 Kardan signed a Share Purchase Agreement (SPA) to sell the remaining 50%. The SPA includes a pre-agreed fixed transaction price, which entails that there is no adjustment to the final consideration for the results

recognized between signing and closing of the SPA. The closing is expected to happen in the second half of 2012. Pursuant to the sale of 16% in 2010, Sovcombank is consolidated proportionally in 2011, whereas this was only the case in the last quarter of 2010. The results attributable to Sovcombank for the period January-September 2010 are included in the “Net profit (loss) from discontinued operations”.

Revenues

Excluding Sovcombank, the revenues in 2011 amounted to EUR 10 million compared to EUR 25 million in 2010; attributable to the leasing, mortgage and finance operations in Romania and Bulgaria as well as the leasing activities in Ukraine. This decrease in revenues is caused by the decrease of the average portfolio in 2011, a decrease of returns on the portfolio and impairments on non performing consumer credits and leasing; all developments result from the difficult situation in Bulgaria and Romania, leading to a slowdown in demand and consequently, in more and fiercer competition.

Gross profit

The gross profit excluding Sovcombank was EUR 28 million negative (2010: EUR 13 million negative) due to the impairments mentioned under “Revenues” and a portfolio which was too small to generate sufficient income to cover the overhead expenses.

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

These expenses comprise of employee and other expenses of KFS, the holding company of the banking & retail lending activities.

Impairment losses on goodwill

As the transaction price with respect to the sale of Sovcombank is fixed (see “Revenues”), any profit contributed by Sovcombank is offset by an impairment of the goodwill recorded in the books of TBIF of the same amount as the profit contribution. Consequently, the impairment losses on goodwill in 2011 include an amount of EUR 38 million relating to Sovcombank. The remaining impairment of EUR 20 million is mainly attributable to the consumer finance and leasing operations in Bulgaria and Romania resulting from an adjustment downwards in the expected cash flows to be generated by the businesses. The bulk of the impairment was taken in Q4-2011, when the overall consumer sentiment in both countries deteriorated further. In 2010, the goodwill impairment was also attributable to the operations in Romania and Bulgaria as well as to the banking operations in general.

Financing expenses (net)

The finance position improved and interest payment decreased – from EUR 10 million in 2010 to EUR 8 million in 2011 - due to the full benefit in 2011 of the reduction of the “interest bearing borrowing” of KFS resulting from a repayment of loans following the receipt of the sales price for the pension and insurance activities in the fourth quarter of 2010. In addition, in 2011 the receipt of a prepayment (EUR 40 million) to the purchase price by the potential buyers of Sovcombank was partially used to repay debt. However, total finance expenses (net) arrived at EUR 12 million following a EUR 4 million impairment on a call option on a Bulgarian pension fund.

Income tax

This item includes a tax amount of EUR 11 million related to Sovcombank (2010: a profit of EUR 1 million). The remaining income tax in 2011 concerns a deferred tax income of EUR 2 million as a result of the operating loss in the Bulgarian and Romanian operations.

Profit (loss) from continuing operations

In 2011, this loss is fully attributable to the activities in Bulgaria, Romania and Ukraine, whereas in 2010 a profit of EUR 8 million was attributable to Sovcombank.

Net profit (loss) from discontinued operations

In 2011, the profit is fully attributable to the sale of VAB Bank (Ukraine) which was sold in the beginning of the year. In 2010, however, a loss of EUR 97 million relates to VAB bank. This was offset by a profit of EUR 74 million of Sovcombank, which was recorded upon the sale of 16% in 2010. As the sale of the 16% stake generated a profit, combined with the loss of control, the remaining stake of 50% had to be revalued to its fair value. Consequently, net loss of discontinued operations in 2010 amounted to EUR 23 million. Reference is made to note 5 of the Financial Statements.

Additional Information

The increase in the gross loan portfolio is for the larger part attributable to Sovcombank, as well as to the first time consolidation of the Bulgarian bank portfolio, but was offset by a decrease in the portfolios of most other operations as a result of the deterioration of the macroeconomic situation in the countries of operation.

The substantially increased percentage of provisions, excluding Sovcombank, from 15.9% (2010) to 29.5% in 2011, reflects the deterioration of the economic situation for consumers and SMEs in Bulgaria and Romania during 2011.

Other Expenses

	For the year ended December 31		For the three months ended December 31	
	2011	2010	2011	2010
	in EUR million		in EUR million	
General and administration expenses	(8)	(10)	(4)	(3)
<i>Financing income (expenses), net</i>	(20)	(32)	(7)	(13)
Income tax (expenses) / benefit	(2)	2	2	2
Profit (loss) from continuing operations	(30)	(40)	(9)	(14)
Net profit (loss) from discontinued operations	8	36	7	(3)
Net profit (loss)	<u>(22)</u>	<u>(4)</u>	<u>(2)</u>	<u>(17)</u>
Attributable to:				
Non-controlling interest holders	2	1	1	(2)
Equity holders (Kardan N.V.)	<u>(24)</u>	<u>(5)</u>	<u>(3)</u>	<u>(15)</u>
	<u>(22)</u>	<u>(4)</u>	<u>(2)</u>	<u>(17)</u>

General

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

General & Administrative expenses (G&A) and others

In 2011 the expenses decreased by EUR 2 million. Due to a reduction in the number of management board members of Kardan N.V., personnel expenses decreased. The advisory expenses were lower due to, among others, less expenses made in relation to Israeli Sox (ISOX) and other legal, tax and general consultancy expenses.

In Q4 - 2011, expenses were higher than in previous quarters. This is mainly due to expenses attributable to the spin-off of Kardan Yazamut and audit and ISOX expenses. The latter 2 expense items are always higher in the fourth quarter as the majority of these services are provided towards year-end.

Financing expenses (net)

In the beginning of 2011, GTC RE sold a 16% stake of GTC S.A. (from 43% to 27% holding). The proceeds were partly used to early repay loans and to buy back debentures. This resulted in a decrease of the financing expenses. Later in 2011, the stake in GTC S.A. was increased to 28%. In addition, in 2010, an amount of EUR 7 million was recorded relating to foreign exchange losses. The foreign exchange results were nil in 2011. The main foreign exchange positions which the operating companies have, are attributable to obligations in Israeli Shekel (NIS) and investments in Chinese Renminbi (RMB) denominated assets.

Income tax

These amounts relate to hedge instruments; the reverse of the amounts recorded in the income statement are recognized directly in Shareholder's Equity. On balance there is no impact on Shareholder's Equity.

Profit (loss) from continuing operations

The decline of the loss is attributable to lower finance expenses and lower general and administrative expenses.

Net profit (loss) from discontinued operations

In 2010 the result is attributable to Kardan Israel Ltd. and TBIH, the pension and insurance division that was sold to the partner. In 2011 the result is attributable to Kardan Israel Ltd. The company in which Kardan N.V. held approximately 74% was spun-off in September 2011.

Outlook 2012

Kardan N.V.

Management attention in 2012 will be focused on the cash flow and debt position of Kardan N.V. and on its intermediate holding company GTC Real Estate Holding in view of coming redemption of (part of) the bonds, starting in 2013. For 2012 and 2013 the company believes to have sufficient funds to service its debt.

If the shareholders of GTC S.A. approve the announced rights issue (see under Real Estate Europe), Kardan is expected to participate to its pro- rata parte share, as Kardan believes in the return of the real estate market in CEE in the mid to long term. The timing will depend also on the development of Western European economies as exports from CEE/SEE are important drivers to the growth of the region.

Real Estate Asia

In China, sales are not expected to be high in the first half of 2012, due to the restrictive measures taken by the Chinese government to cool down the residential property sector. As buyers are postponing the take up of sold and paid apartments, we expect to deliver approximately 30% of sold apartments i.e. approximately 1,600 apartments in 2012, of which 50% of the revenue is attributable to Kardan Land China.

We expect to start the construction of the mixed-use project in Dalian (approximately 300,000 sqm of residential, retail and parking space) in the second half of 2012, pending local approvals and construction finance.

Kardan is investigating the possibility to enter into other Asian markets.

Real Estate Europe

In 2012, GTC S.A. will complete two new properties: one shopping mall in Burgas Bulgaria, currently 60% pre-let, and an office building in Warsaw, with a current pre-let of 75%. The leverage of GTC S.A. is 60% and GTC S.A. management aims to reduce this. In addition, GTC S.A. intends to raise Equity of approximately EUR 100 million and to sell assets, to prepare for redemption of debt and for funding of new developments of retail centers, particularly in Warsaw. The success and timing depends on market sentiment.

Water infrastructure

The company will increase its focus to investment in water related assets. In addition to China, where we expect the capacity of our plants to increase by 120,000 m³/day to 615,000 m³/day by the end of 2012. Revenues are consequently expected to increase. Entry into other markets is under review.

In the Project segment the spectrum of activities will be more focused on Engineering, Procurement and Construction Projects (EPC) projects in frontier countries, as well as on design and engineering activities in Israel (on shore and off shore). Revenues are expected to increase from existing and recently signed projects.

Banking and Retail Lending

In 2012, TBIF will convert existing branches of the consumer finance and leasing activities in Bulgaria into branches of the new bank, TBI Bank. Using the banking network, TBI Bank will start raising deposits and generating new business. Whether the volume of new business will exceed the decline of the portfolio due to regular redemptions depends to a significant extent on the development of the purchasing power and behavior of consumers and the viability of medium and small enterprises. The company is also trying to get a banking license in Romania, but this is not expected until late 2012.

Finally, the sale of Sovcombank is expected to be closed in the second half of 2012. In Q1-2012 all conditions precedent were met. The remaining part of the sales price amounting to EUR 81 million is expected to be paid in the second half of 2012. The proceeds will largely be used to reduce debt.

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

Real Estate:

Deutsche Bank, *China Outlook 2012* (December 2011)

World Bank; *Global Economic Prospects*, January 2012

Economist, *Serve the People, the new landscape of foreign investment into China* (Economist Intelligence Unit, 2012)

International Monetary Fund, *China Economic Outlook* (February 2012)

KBC Securities; *CEE Real Estate, Upside Lurking in battered sector* (February 2012)

Jones Lang LaSalle: *City Reports Q4-2011*

European Commission; *Economic Forecast Autumn 2011*

CBRE reports: *market views Q4-2011, CEE Property, EMEA, Warsaw Office & Retail*

Water Infrastructure

Responsible Research, *Water in China*, February 2010

Nomura (*Water & Environment, Asia* – February 2011)

www.globalwaterintel.com

Financial Services

European Commission, *Economic Forecast Autumn 2011*

Jones Lang LaSalle: *City Reports Q4-2011*;

World Bank; *Global Economic Prospects*, January 2012

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 today at 13.30 CET. To take part in the call, please use the following dial-in number:

Dial in number NL: +31 (0)45 6316905

Conference ID: 4521037

Dial in number UK: +44 (0)207 1532027

Conference ID: 4521037

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 2010 and in the “Periodic Report for 2011” published by Kardan N.V. in Israel on March 30, 2012 and which is also available at the Kardan website. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Kardan N.V. does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

About Kardan

Kardan identifies and develops assets in promising emerging markets, mainly in the CEE, CIS and China. Its activities are mainly focused on three sectors that benefit from the rising middle class: Real Estate, Water Infrastructure and Retail Lending. Company headquarters are in the Netherlands. Kardan aims at holding controlling interests in its investments and, through the development of local business platforms, is actively involved in the definition and implementation of their strategy. Total assets as of December 31, 2011 amounted to EUR 4.4 billion; revenues totaled EUR 436 million in 2011. 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.

Reference is also made to the Israeli Annual Report (“Barnea”) of which an English translation will be posted on the corporate site, www.kardan.nl, under Media / Company Information / Filings pursuant to Israeli Law.

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