PRESS RELEASE
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2015 RESULTS KARDAN N.V.

'Kardan's ('Kardan' or 'the Company') operating subsidiaries all contributed a positive result to the Company's 2015 consolidated net result. However, this profitable contribution was more than off-set by an increase of EUR 41 mn in financing expenses totaling to EUR 60 mn in the year (2014: EUR 19 mn expenses).
This significant increase arose predominantly from adverse foreign exchange rate movements on the Company's Israeli Shekel ('NIS') denominated debentures. As a result, despite the positive contributions of the operating subsidiaries, Kardan is reporting a consolidated net loss of EUR 22.9 mn in 2015 (2014: EUR 5.1 mn profit).
In Q4 2015 alone, financing expenses amounted to EUR 16.7 mn (Q4 2014: EUR 2.5 mn income). Q4 2015 resulted in a net consolidated loss of EUR 18.1 mn (2014 EUR 16.5 mn profit).

Looking back on 2015, the agreement which we came to with our Debenture Holders mid-year was a significant milestone, giving us additional time to generate cash to fulfil our obligations to them in the coming years albeit at a price of a higher interest rate and the provision of collaterals, among other things. We also successfully sold KWIG, our water infrastructure company in China, of which we completed the first phase (75%) at the beginning of 2015 and we are due to complete the second phase in the coming months. The sale of KWIG, with a transaction value of approximately EUR 86 mn, contributed a gain of EUR 20 mn to our 2015 results. Moreover, we recently announced that we have signed an agreement to sell TBIF, holding our banking and retail banking activities – pending certain conditions precedent - for an initial consideration of approximately EUR 69 mn.

2015 was an important year for Kardan Land China. In August, the shopping mall of our, award winning new, large Europark project, Galleria Dalian, opened its doors offering its visitors a meeting place for entertainment, leisure and shopping and connected to a brand new subway. For the full year 2015 therefore, a significant EUR 20.9 mn fair value adjustment could be recognized with respect to the mall. In addition, Building B of the Europark project was sold. Although the façade, core and shell of the building was completed, the entire interior needs to be constructed according to the buyer's specifications to make it a high quality apartment hotel, and therefore we expect the handover to take place in the fourth quarter 2017. Kardan Land China did, however, receive 50% of the transaction value which it is using to further develop the Europark project. During 2015 we saw an increase in sale contracts for the residential apartments of our joint venture projects. Moreover, significantly more apartments were handed over during 2015 than in the previous year.

Our water infrastructure subsidiary Tahal reported a larger (y-o-y) profit from continuing operations in 2015, albeit at lower margins on a different mix of projects. The results were also impacted by a one-off charge relating to the early repayment of a loan following the sale of KWIG and by the strong USD and NIS versus the Euro. The decrease of the global oil price and its impact on budgets of some countries which consequently postponed a number of planned projects affected Tahal as a few of the many tender proposals outstanding were delayed.

TBIF, our banking and retail lending segment, reported continued excellent improvement (y-o-y) in its net result for 2015; a product of good organic growth of its well performing portfolio combined with efficient liquidity management and cost control. Avis Ukraine (reported under equity earnings) also reported improved earnings. The lower (y-o-y) result of the fourth quarter 2015 for this segment was mainly due to one-off items relating to the recently announced sale of TBIF.

Last week my decision to step down after four fascinating years as CEO of Kardan, and the appointment of Ariel Hasson, currently CEO of Kardan Financial Services, were announced. I have full confidence in Ariel Hasson as new CEO of Kardan and wish him well. Under Ariel's leadership our financial services division has moved from a loss making to a very profitable entity. The future is likely to continue to be challenging for Kardan, as we continue to face the task of repayment of the still substantial amount of outstanding debentures and the forex exposure risk they pose. We remain confident, however, that our operating activities will continue to strengthen and we remain committed to fully meeting our repayment obligations', states Shouky Oren, CEO of Kardan N.V.

Highlights Q4 + FY 2015:

Kardan N.V.

Q4 2015:

- EUR 18.1 mn net loss to equity holders (Q4 2014: profit of EUR 16.5 mn)
- Financing expenses of EUR 16.7 mn (2014: EUR 2.5 mn income) including EUR 10 mn impact predominantly due to adverse NIS/Euro foreign exchange movement (Q4 2014: EUR 6.2 mn positive impact)

2015

- EUR 22.9 mn net loss to equity holders (2014: EUR 5.1 mn net profit)
- Financing expenses of EUR 60.1 mn (2014: EUR 19 mn) including EUR 33 mn impact predominantly due to adverse NIS/Euro foreign exchange movement (2014: EUR 3.8 mn negative impact)

Real Estate

Q4 2015

- EUR 4.0 mn net loss predominantly due to one-off impairments (Q4 2014: EUR 20.6 mn net profit, including delivery of A2 building and gain on sale of Galleria Chengdu)

2015

- EUR 8.9 mn net profit primarily on the revaluation of Galleria Dalian (completed in Q2 2015), mitigated by low equity earnings and higher financing expenses (2014: EUR 24.6 mn profit)

Water Infrastructure

Q4 2015

- EUR 1.3 mn net profit (Q4 2014: EUR 6.8 mn net loss)
- Improvement in profit from continuing operations

2015

- EUR 21.5 mn net profit including EUR 20.1 mn net profit on discontinued operations of KWIG and a one-off charge (EUR 3 mn) relating to a correlating early repayment of the FIMI loan (2014: EUR 1.5 mn net loss),
- Profit from continuing operations (adjusted for the FIMI loan) improved to EUR 4.4 mn from EUR 2.4 mn (2014)
- Positive impact of strengthening of USD and NIS versus the Euro

Banking and Retail Lending

Q4 2015

- EUR 1.7 mn net profit (2014: EUR 2.1 mn net profit)

2015

- EUR 13.3 mn net profit on growth in revenues, better equity earnings and increased account service including F/X (2014: EUR 7.6 mn net profit)

The quarterly results 2015 of Kardan N.V. are shown in the table below:

Condensed Consolidated Income Statement Kardan N.V.

Condensed consolidated income statement 2015 Kardan NV by Quarter*

	Q1/2015	Q2/2015	Q3/2015	Q4/2015	2015
	In € millions				
Total revenues	48.5	61.6	54.2	51.8	216.1
Total expenses	48.4	57.9	53.6	54.3	214.2
Profit (loss) from operation before fair value adjustments, disposal of assets and financial expenses	0.1	3.7	0.6	(2.5)	1.9
Profit (loss) from fair value adjustments and on disposal of assets, investments and other income (expenses)	0.8	21.1	0.1	(0.7)	21.3
Result from operations before finance expenses and income taxes	**0.9**	**24.8**	**0.7**	**(3.2)**	**23.2**
Financing income (expenses), net	(27.7)	(17.7)	2.4	(17.4)	(60.4)
Share of profit of associates and joint ventures according to equity method	0.4	(1.9)	1.7	2.5	2.7
Profit (Loss) before income tax	(26.4)	5.2	4.8	(18.1)	(34.5)
Income tax (expenses)/benefit	(1.0)	(6.1)	(0.3)	(1.1)	(8.5)
Profit (Loss) from continuing operations	**(27.4)**	**(0.9)**	**4.5**	**(19.2)**	**(43.0)**
Profit (Loss) from discontinued operations	20.0	(0.8)	(0.2)	1.1	20.1
Profit (Loss) for the period	(7.4)	(1.7)	4.3	(18.1)	(22.9)
Attributed to share holders	**(7.6)**	**(1.5)**	**4.3**	**(18.1)**	**(22.9)**
Other Comprehensive income / (loss)	15.5	(8.7)	(12.6)	3.8	(2.0)
Total Comprehensive income/(loss) to equity holders	**7.9**	**(10.2)**	**(8.3)**	**(14.3)**	**(24.9)**

(*) Numbers are rounded.

The 2015 condensed consolidated income statements, split into the different segments of Kardan N.V. is shown in the table below. It is noted that the comparable results of 2014 and 2013 have been adjusted to reflect the impact of the discontinued operations of KWIG.

Condensed consolidated income statement Kardan N.V.

For the **full year** ended December 31, 2015:

	Real Estate	Water Infrastructure	Banking and Retail lending	Other	Total 12M - 2015	Total 12M - 2014	Total 12M- 2013
	In € millions						
Total revenues	6.7	167.9	41.5	-	216.1	230.4	184.0
Total expenses	17.0	160.3	31.8	5.1	214.2	223.8	188.5
Profit (loss) from operation before fair value adjustments, disposal of assets and financial expenses	(10.3)	7.6	9.7	(5.1)	1.9	6.6	(4.5)
Profit (loss) from fair value adjustments, disposal of assets, investments and other income (expenses)	21.3	0.3	0.5	(0.8)	21.3	26.7	(4.2)

Result from operations before finance expenses	**11.0**	**7.9**	**10.2**	**(5.9)**	**23.2**	**33.3**	**(8.7)**
Financing income (expenses), net	(1.6)	(2.1)	3.4	(60.1)	(60.4)	(19.3)	(44.3)
Share of profit of associates and joint ventures according to equity method	2.6	(1.5)	1.7	(0.1)	2.7	6.7	12.3
Profit (Loss) before income tax	12.0	4.3	15.3	(66.1)	(34.5)	20.7	(40.7)
Income tax (expenses)/benefit	(3.1)	(2.9)	(2.0)	(0.5)	(8.5)	(13.0)	(11.8)
Profit (Loss) from continuing operations	**8.9**	**1.4**	**13.3**	**(66.6)**	**(43.0)**	**7.7**	**(52.5)**
Profit (Loss) from discontinued operations	-	20.1	-	-	20.1	(2.6)	(69.5)
Profit (Loss) for the period	8.9	21.5	13.3	(66.6)	(22.9)	5.1	(122.0)
Attributable to:							
Non-controlling interest	-	-	-	-	-	-	(20.6)
Net result for equity	**8.9**	**21.5**	**13.3**	**(66.6)**	**(22.9)**	**5.1**	**(101.4)**
Other comprehensive income/(loss)					(2.0)	26.9	-
Total Comprehensive Income / (Loss) to Kardan equity holders					**(24.9)**	**32.0**	**(101.4)**

<u>Overall summarized review of 2015 results</u>

If developments are specifically attributable to Q4 2015, these are mentioned separately in all following analyses.

For the full year 2015 **Kardan** recognized a consolidated net loss of EUR 22.9 mn (2014: EUR 5.1 mn net profit). All operating segments contributed positive results from continuing operations and additionally a net gain of EUR 20.1 mn on the sale of KWIG in China was recognized. These profitable contributions were, however, more than off-set by an increase of EUR 41 mn in financing expenses totaling to EUR 60.1 mn in the year (2014: EUR 19 mn expenses). The increase in financing expenses was due to primarily a substantial impact arising from adverse foreign exchange rate movements on the Company's Israeli Shekel ('NIS') denominated debentures and a movement in the CPI, together totaling EUR 33 mn, (2014: negative impact of EUR 3.8 mn) and higher interest payable in line with the Debt Settlement.

For Q4 2015 Kardan recognized a consolidated net loss of EUR 18.1 mn (Q4 2014: EUR 16.5 mn net profit) on the back of positive results of the Water Infrastructure and Banking & Retail Lending segments which were more than off-set by EUR 16.7 mn financing expenses of the holding company (2014 EUR 2.5 income), which included a negative impact of EUR 10 mn predominantly due to the weakening of the Euro/NIS (Q4 2014: positive effect of EUR 6.2 mn).

Taking into account the direct equity impact of foreign currency translation differences and changes in the hedge reserves combined with the net result, the Total Comprehensive Loss to Kardan shareholders in 2015 amounted to EUR 24.9 mn.

The full year 2015 contribution of the **Real Estate** segment amounted to EUR 8.9 mn net profit (2014: EUR 24.6 mn net profit) on comparatively (y-o-y) lower revenues and equity earnings, which were impacted by various one-off impairment items, combined with higher net financing expenses but mitigated by a higher fair value adjustment on the completion of the Europark Dalian shopping mall and an on average much stronger RMB.

For Q4 2015, Real Estate contributed a loss of EUR 4.0 mn (Q4 2014: EUR 20.6 mn profit) to the consolidated net result of Kardan, mainly due to lower equity earnings and higher financing expenses. In addition, it is noted that the comparative Q4 2014 result included substantial revenues generated by the delivery of the A2 building comprising 201 apartments and the significant gain on the sale of Galleria Chengdu.

The full year 2015 contribution of the **Water Infrastructure** segment amounted to a net profit of EUR 21.5 mn (2014: EUR 1.5 mn net loss). Strong y-o-y revenue growth was recognized in 2015 predominantly on a marked positive impact of the appreciation of particularly the USD versus the Euro and on progress in existing projects, albeit with a lower annual gross margin. Total financing expenses in 2015 included a one-off charge of EUR 3 mn relating to an early repayment of a loan subsequent to the sale of KWIG. Excluding the early repayment charge, the water infrastructure segment improved its year on year result from continuing operations from EUR 2.4 mn (2014) to EUR 4.4 mn in 2015. Finally, the gain on the sale of KWIG amounting to EUR 20.1 mn, reported under net profit from discontinued operations, contributed to the net contribution in 2015.

Water Infrastructure recorded a net profit contribution of EUR 1.3 mn in Q4 2015, which included EUR 1.1 mn profit from discontinued operations. In comparison, in Q4 2014 a net loss of EUR 6.8 mn was recognized, including EUR 6.5 mn loss from discontinued operations. Although comparatively (y-o-y) lower revenues were recognized in Q4 2015, this was mitigated by low financing expenses and substantially lower tax expenses.

For the full year 2015 the **Banking and Retail Lending** segment contributed EUR 13.3 mn net profit to Kardan's consolidated result, a significant improvement on the 2014 net profit contribution of EUR 7.6 mn. The 2015 result was mainly underpinned by better performing portfolios, effective liquidity policies and improved equity earnings, albeit mitigated by higher staff and operating expenses.

In Q4 2015, the Banking and Retail Lending segment reported a net contribution of EUR 1.7 mn profit predominantly on a lower gross profit and higher tax expenses than in the comparative period last year (Q4 2014: EUR 2.1 mn net profit).

Included in **"Other"** are the expenses and finance costs of Kardan and GTC RE. For the full year 2015, the net contribution to Kardan's consolidated net result amounted to a loss of EUR 66.6 mn, which includes a negative impact of EUR 33 mn predominantly due to foreign exchange revaluation (Euro / NIS) (2014: EUR 3.8 mn negative impact).
In Q4 2015 the net contribution was a loss of EUR 17.1 mn, predominantly on the back of a EUR 10 mn negative impact on the net financing expenses mainly resulting from the weakening of the Euro against the NIS (Q4 2014: positive impact of EUR 6.2 mn).

The 2013 net consolidated result of Kardan amounted to a loss of EUR 101 mn, predominantly due to substantial impairment of assets in the real estate sector in Central and Eastern Europe.

Equity

Kardan N.V. (company only, in € millions)	**December 31, 2015**	**December 31, 2014**
Total Assets	574.3	459.0
Total Equity	71.5	92.4
Equity/Total assets (%)	12%	20%

The shareholder's equity of Kardan N.V. decreased from EUR 92.4 mn as of December 31, 2014 to EUR 71.5 mn as of December 31, 2015, as the result of the loss of EUR 22.9 mn for 2015 combined with the negative foreign exchange revaluation during the reporting period, albeit partially off-set by the issuance of shares as part of the Debt Settlement. For further details, reference is made to the Statement of changes in Equity in the 2015 consolidated Financial Statements.

Covenants

As at December 31, 2015, the Company and its subsidiaries met all their covenants.

Highlights per segment:

The result from operations before finance expenses of each segment is presented in note 28 of the 2015 consolidated financial statements called "Segment result". In this press release, additional segment information is provided for information purposes.

REAL ESTATE

Kardan is active in development and management of Real Estate through the segment Real Estate, which comprises its 100% subsidiary Kardan Land China ('KLC') operating in China.

Real Estate Asia

General developments China and Kardan Land China

China's economy grew by 6.9% (y-o-y) in 2015, the lowest in 25 years but only just short of the Chinese government's expectation of 7% (2014: 7.3% y-o-y growth). After years of ardent expansion, China's economy is now decelerating as the government aims to become less dependent on export – given the worldwide macroeconomic situation – by shifting growth away from manufacturing, export and debt-fueled investment to the services sector and domestic consumer spending. As export of goods decreased in 2015 due to subdued global demand and the strong RMB, manufacturing growth slowed to an annual 6% in 2015 (7.3% in 2014) but the services sector expanded by 8.3% (2014: 7.8%). Concurrently, during 2015 consumption continued to strengthen, as evidenced by a y-o-y growth in total retail sales of consumer goods by 10.7% supported by an annual increase by 8.9% of the national per capita disposable income of residents and the fact that the inflation rate only went up by 1.4% in 2015 (y-o-y).
In November 2015, the Chinese government published its 13th Five Year Plan (2016 – 2020), comprising its key economic and social development measures which are expected to become effective soon. The key objective is to maintain the economic growth at a medium pace, driven mainly by internal consumption. This is generally referred to as 'the New Normal'. Furthermore, the focus is to speed up urbanization whilst improving people's livelihood, to encourage innovation and entrepreneurship, to promote the use of the internet and to continue to open up the markets to foreign investors.

To counter slowing growth and to boost the real estate market, the Chinese government cut interest rates six times since November 2014 until the end of 2015 and eased the reserve requirement ratio for banks. Moreover, the minimum down payment for first and second home buyers was reduced and certain taxes on real estate transactions were made more accommodating. These measures lifted home buying demand and therefore prices of apartments, particularly in tier 1 and a number of tier 2 cities particularly during the second half of 2015. Investment in real estate, however, climbed significantly more slowly by 1% (y-o-y) in 2015 than in the previous year (up by 10.5% y-o-y), hampered by the overhang of unsold properties. Overall, therefore, the Chinese real estate sector as a whole remained weak during 2015.
It is expected, however, that the cautious upward trend in the real estate sector will continue. Due to the ongoing urbanization an additional 170 million people will move to the 60 largest and growing cities by 2025, which is expected to have a positive impact on residential real estate. Concurrently, buyers are becoming more critical and developers will need to meet more of their requirements. For instance, the recently introduced legislation (as of January 2016) allowing every Chinese couple to have two children as a proactive response to the ageing population is impacting the demands of own home buyers.

The retail real estate sector is expected to benefit from a significant growth of the middle class, in number and in economic wealth. The already visible trend of the rising sophistication of consumers is expected to continue.
Not only do consumers want malls to offer food, fashion and beverage shops, they look for shopping centers that are meeting places for entertainment and leisure – currently referred to as 'experiential' - and hence offer cinemas, restaurants, fitness centers, kid's corners etc. Location of malls is increasingly important as well. In line with the growing awareness towards protecting the environment, connection to public transport is deemed beneficial to the success of a mall, as is the vicinity of parks or green areas.

KLC has – since its initiation some 10 years ago - based its strategy on such trends and fundamentals and has accordingly developed both residential apartments in various joint venture projects and retail projects. Galleria Chengdu, the first shopping mall that KLC opened in November 2010, was sold in 2014. Galleria Dalian, the shopping mall of the large Europark project in Dalian, was officially opened in August 2015 and currently has 71% signed lease contracts, which are expected to result in such occupancy rate in the first half of 2016. With this project KLC specifically focuses on consumers and individuals with high quality requirements by offering them a comprehensive lifestyle concept: a complete shopping and leisure area combined with small office - as well as luxury apartments situated around a green park and connected to the city’s new subway line. Moreover, the mix of tenants reflects Galleria Dalian’s objective to include family entertainment features as a key element and increasingly links to the concept of ‘O-2-O’, referring to online to offline shopping, by offering various digital applications to visitors of the mall.

Real estate developers in general are still hesitant to initiate new construction until the market has digested the inventory of unsold apartments and houses. Similarly, KLC is cautious in further developing its residential joint venture projects in order to control its inventory. Concurrently, KLC focused on selling apartment buildings of the Europark Dalian project en-bloc: in 2014, the A2 building (comprising 201 apartments) was sold and delivered and in August 2015 the service apartment building B (262 apartments) was sold. Delivery of the Building B is expected to take place in Q4 2017; whereas the façade, core and shell of the building is already completed the entire interior needs to be constructed according to the design as agreed with the buyer.

In 2015, KLC sold 1,120 apartments from joint venture projects (2014: 1,043). With the exception of the first quarter 2015, a better trend of sale contracts (compared to the comparative quarters in 2014) was noticeable throughout 2015. The total number of apartments in inventory (i.e. including the Dalian apartments) as at December 31, 2015, decreased by 27% compared to the situation as at year-end 2014. Of the total inventory 62% was sold at year-end 2015 (year-end 2014: 59%), albeit that the percentage of unsold completed apartments - including those of Dalian - in the inventory increased to 11% as at December 31, 2015 (December 31, 2014: 9%).

Residential projects Kardan Land China				
Units sold in the period				
	2015	**2014**	**Q4/15**	**Q4/14**
Joint Venture projects*				
Olympic Garden	563	550	146	133
Suzy	64	162	8	21
Palm Garden	70	75	17	38
City Dream	423	256	132	73
	1,120	**1,043**	**303**	**265**
100% owned				
Dalian	269***	211**	2	2
Total	**1,389**	**1,254**	**305**	**267**

* 100% number presented; KLC holds approx. 50%
** Includes 201 apartments of Building A2
** Comprises 7 apartments of Building A1 and Building B in total (262)

Results Real Estate Asia

	For the year ended December 31,		For the three months ended December 31,	
	In € millions			
	2015	**2014**	**2015**	**2014**
Delivery of units	0.8	46.9	0.3	37.7
Rental income	1.8	-	0.8	-
Management fee and other revenues	4.1	5.1	1.4	1.7
Total revenues	6.7	52.0	2.5	39.4
Cost of delivery of units	0.9	44.2	0.4	36.6
Cost of rental income	1.5	-	0.6	-
Other expenses and management & service recharge expenses, net	3.2	3.3	1.2	1.5
Gross profit	1.1	4.5	0.3	1.3

KARDAN N.V.

SG&A expenses	11.4	8.9	2.8	3.1
Adjustment to fair value (impairment) of investment property	20.9	8.9	(0.7)	4.4
Gain on disposal of assets and other income	0.4	16.8	-	16.8
Equity earnings (losses)	2.6	7.2	2.4	7.2
Result from operations before finance expenses	**13.6**	**28.5**	**(0.8)**	**26.6**
Financing income (expenses), net	(1.6)	5.4	(3.1)	2.0
Income tax (expenses) / benefit	(3.1)	(9.3)	(0.1)	(8.0)
Net profit (loss) to Equity holders	**8.9**	**24.6**	**(4.0)**	**20.6**

Additional information Kardan Land China	**2015 (31.12)**	**2014 (31.12)**		
Balance sheet *(in € millions)*				
Share of investment in JVs	69.6	60.7		
Investment Property Under Construction	-	181.1		
Investment Property	250.3	-		
Inventory	99.7	98.1		
Cash & short term investments	43.0	66.6		
Total Assets	523.2	470.3		
Loans and Borrowings	100.7	120.7		
Advance payments from buyers	34.3	0.2		
Total Equity	324.5	305.6		
Operational Information Residential	**2015**	**2014**	**Q4/15**	**Q4/14**
Revenue Residential - JV (in € millions)	69.6	50.0	30.4	28.1
Gross profit residential - JV (in € millions)	16.0	14.6	8.1	8.1
Apartments sold in period (a)	1,389	1,254	305	267
Apartments delivered in period (Dalian, 100%)	4	250	2	204
Apartments delivered in period (joint venture, 50%)	2,008	1,480	777	949
Total apartments sold, not yet delivered	2,208	2,832	2,208	2,832

(a) All residential apartments, incl. Dalian (100%), which includes in 2015: 7 Building A1 and 262 Building B, in 2014: 211 Dalian apartments.
(b) Includes approximately EUR 24 mn gross profit (Kardan Land China share)

Result analysis 2015

The Real Estate segment, fully comprising Kardan Land China, contributed EUR 8.9 mn profit to Kardan's consolidated 2015 net result compared to EUR 24.6 mn profit in 2014 which included EUR 16.8 mn on the sale of Galleria Chengdu. The result in 2015 was due to significantly lower revenues, less equity earnings and higher financing expenses, but mitigated by a higher fair value adjustment on the Europark Dalian shopping mall and an on average much stronger RMB in 2015 (18% y-o-y versus the Euro).
In the fourth quarter of 2015, a net loss of EUR 4.0 mn was recognized which included impairments of inventory mainly on the apartments from joint venture projects and a write-off of deferred tax assets. The net profit of EUR 20.6 mn in the comparative quarter of 2014 included the revenue of the delivery of the Europark A2 building comprising 201 apartments and the gain on the sale of Galleria Chengdu.

"Delivery of units" relates to the revenue resulting from the handover of apartments of the Europark Dalian project (100%) whilst the results of KLC's joint venture residential activities are reported as "Equity in net earnings of joint ventures". Although Galleria Chengdu was sold in Q4 2014, KLC is still the asset manager of the mall. "Management fee and other revenues" accordingly predominantly relates to the 100% asset management activities for both Galleria Chengdu and Galleria Dalian, the shopping mall of the Europark project.

The substantial (y-o-y) drop in total revenues in 2015 can be explained by the fact that the 2014 revenue was generated by the delivery of 250 Dalian apartments (including the 201 of the A2 building), whilst in 2015 only 4 apartments of the Europark A1 building were delivered. Following the opening in August 2015 of Galleria Dalian rental revenues could be recognized, which were absent in 2014. The decrease (y-o-y) of management and service recharge revenues is due to the different fee structure for the services rendered to Galleria Chengdu after its sale.

In 2014, the total gross margin (9%) was lower due to the sale and delivery of building A2. In 2015, the gross margin improved to 16%. Galleria Dalian recorded a gross margin of 17% during 2015.

SG&A expenses showed a marked annual increase primarily due to additional marketing efforts for the Europark Dalian project and one-off expenses relating to the change in management in Q2 2015. Excluding the impact of the stronger RMB however, the G&A expenses in 2015 decreased by 3% (y-o-y).

The substantial adjustment to fair value of investment properties in 2015 is fully attributable to Galleria Dalian, which was completed in the second quarter.

Thanks to a strong fourth quarter in terms on handovers of apartments (39% of the full year handovers) and thus revenue, markedly more apartments from joint venture projects were delivered in 2015 (2,008) than last year in the same period (1,480). The relating revenue for the full year 2015, however, was lower by 26% with a gross margin of23% (2014: 29%). Similarly, KLC also impaired inventory of the joint venture projects in the net amount of EUR 3.3 mn in 2015. Ultimately this resulted in significantly lower equity earnings in 2015 (profit of EUR 2.6 mn) than in 2014 (EUR 7.2 mn profit) which did still include the result of KLC's 50% stake in Galleria Chengdu.

A noteworthy change in net financing expenses occurred: whereas in 2014 over EUR 5 mn financing income was recognized, in 2015 financing expenses amounted to EUR 1.6 mn. This can be explained by substantially higher (y-o-y) financing expenses since as of Q2 2015 the interest expenses relating to Europark Dalian project loan could no longer be capitalized mitigated by the difference in forex contribution: in 2015 the appreciation of the RMB versus the Euro contributed EUR 7.2 mn whereas this was EUR 4.2 mn in 2014.

Income tax expenses in 2015 decreased (y-o-y), albeit including a write-off of EUR 0.9 mn in the fourth quarter of 2015 relating to deferred tax assets, compared to 2014 which included the tax (EUR 5.5 mn) on the gain on the sale of Galleria Chengdu.

Additional Information

The value reported under Investment Property as at December 31, 2015, fully reflects Galleria Dalian – which was completed in Q2 2015 and consequently no longer reported under Investment property under construction – and includes the effect of the appreciation by 5% of the RMB versus the Euro at reporting date compared to year-end 2014. The strengthening of the RMB additionally impacted the inventory (although the number of apartments in inventory decreased y-o-y by 32% as at December 31, 2015, the value increased marginally). "Loans and borrowings" decreased following the refinancing of the Europark Dalian construction loan.
Following the sale of Building B in Q3 of 2015 and the 50% payment of the transaction amount (in line with the sale agreement; for further information see the Main Events paragraph in the Director's Report), 'advance payments from buyers' was significantly higher at December 31, 2015 than as at year-end 2014. The increase of Equity as at December 31, 2015 (versus year-end 2014) can mainly be ascribed to a combination of the profit in the period and the foreign currency effect of the RMB.

WATER INFRASTRUCTURE

Tahal Group International B.V. ('TGI'), Kardan's water infrastructure company, focuses on executing water related projects worldwide through its subsidiary Tahal, which is active in Africa, Central and Eastern Europe, India and in other regions and countries, such as Israel. TGI's subsidiary KWIG, which focused on developing water assets (e.g. wastewater, water treatment and water supply plants) in China was sold at the beginning of 2015 and the first phase of the sale (75%) was completed. The completion of the second phase (25%) is expected to take place before the end of H1 2016.

General developments water infrastructure markets and Tahal

The availability of water is a prerequisite for nearly all of society's commercial activities: from agriculture to electricity generation to production of (consumer) goods, water is a key component. Accordingly, water is vital to economic growth in all countries, particularly in emerging markets. Moreover, access to safe drinking water and sanitation is also a human right. As populations increase, middle classes expand and grow wealthier – leading to a trend of increasing water intensive food consumption, such as meat – and industrialization continues, the demand for water expands significantly. Supply of and access to (potable) water, however, is limited and is becoming increasingly so due to the impact of climate change and pollution. The United Nations predicts that if nothing is done, water demand could outstrip water supply by up to 40% by 2030 (compared to 2015).

When taking into account that of all water available in the world some 10% is used for domestic purposes, 20% for industrial production and 70% for agriculture, it is evident that the growing gap between supply of and demand for water has become a significant topic on the agenda of the world leaders. Climate change, energy, food, health and sanitation, environmental issues, economic prosperity and water are all interrelated and therefore the increasing scarcity of water exacerbates each topic – as mentioned - individually, which inherently can create significant risks. Although there is worldwide recognition for the challenges and risks that water scarcity brings, solutions are hampered – particularly in emerging countries – by funding, infrastructure issues and water management and by potential for cross border coordination issues. The required investment funds for water projects are generally not (fully) provided for in national or community budgets. Equally, pay-back of the investment is challenging as proper metering and billing for water (both for domestic use as well as in agriculture) is generally lacking. Nevertheless, macroeconomists recently estimated the size of the global water market in 2014 to be about USD 591 billion, and expected it to increase to USD 1 trillion by 2025.

Tahal, a multinational, reputable organization in the water infrastructure market, sees the opportunity of the water sector, and is fully abreast of the market characteristics and situation. The project company Tahal provides comprehensive quality and sustainable EPC (Engineering, Procurement and Construction) solutions to its clients, including proposals how to arrange the funding for the relevant project. Tahal is specifically focused on and experienced in water related projects, including agricultural development, solid waste and natural gas. Its projects are predominantly based on contract licenses signed with governments or municipalities. During 2015, Tahal was managing and conducting a number of large projects with an integrated agricultural and regional development focus, as well as other water related projects in various countries (i.e. Angola, Russia, India, Ghana, Israel etc.) which all drive to improve water availability, agricultural development and to combat pollution simultaneously. Tahal made good progress in its EPC projects in the field of water and agriculture and is reaching the final stages of two substantial projects in Africa (Angola and Ghana). Tahal does, however, experience the effect of the drop in the global oil prices which is affecting available budgets and thus delaying potential new project assignments.

During 2015, Tahal signed up new projects amounting to a total of approximately USD 140 mn predominantly on the back of the significant Karnataka project in India (USD 71 mn) to design, build and operate a water supply system to provide treated potable water to approximately 131 villages in the Gadag District. The recently installed local team in India is moving this project forward according to plan and construction activities have started.
During Q4 2015 new projects amounting to nearly USD 20 mn were signed up. At December 31, 2015, the backlog of Tahal amounted to USD 311 mn (year-end 2014: USD 358 mn) as the result of newly signed agreements was more than off-set by the effect of the progress of execution (and thus revenues) of projects. Tahal currently has many project tender proposals in the pipeline. As mentioned, some pending projects were put on hold following the lower oil price impact on potential clients' budgets.

Results Water Infrastructure

	For the year ended December 31,		For the three months ended December 31,	
	In € millions			
	2015	**2014**	**2015**	**2014**
Contract revenues	167.9	142.8	38.1	40.1
Contract cost	142.9	118.6	33.2	33.5
Gross profit	25.0	24.2	4.9	6.6
SG&A expenses	17.4	14.5	5.0	4.0
Equity earnings / (losses)	(1.5)	(0.6)	-	-
Gain on disposal of assets and other income	0.3	(0.2)	0.2	(0.4)
Result from operations before financing expenses	**6.4**	**8.9**	**0.1**	**2.2**
Financing income (expenses), net	(2.1)	(4.8)	0.1	(1.6)
Income tax (expenses) / benefits	(2.9)	(3.0)	-	(0.9)
Profit (loss) from continuing operations	**1.4**	**1.1**	**0.2**	**(0.3)**

Net profit (loss) from discontinued operations	20.1	(2.6)	1.1	(6.5)
Net profit (loss)	21.5	(1.5)	1.3	(6.8)
Attributable to:				
Equity holders (Kardan N.V.)	**21.5**	**(1.5)**	**1.3**	**(6.8)**

Additional Information Water Infrastructure*	**2015 (31.12)**	**2014 (31.12)**
Balance sheet (in € millions)		
Cash & short term investments	24.0	16.6
Total Assets	171.2	289.4
Net debt / (cash)	(21.9)	40.0
Equity	64.8	102.1
Equity / Assets	37.9%	35.3%
Other (in USD million)		
Backlog	311	358

* On the basis of Tahal Group International consolidated

Result analysis 2015

It is noted that, following the completion of the first phase (75%) of the sale of TGI's 100% shares in KWIG in Q1 2015, the segment Water Infrastructure Assets is no longer presented. Consequently the results of the water infrastructure activities are presented as one segment, predominantly reflecting Tahal's global water infrastructure projects activities. The comparable results of 2014 have accordingly been reclassified and the result of KWIG is presented as discontinued operations. The completion of the second phase (25%) of the sale of KWIG is expected to take place by the end of Q2 2016.

Water Infrastructure contributed EUR 21.5 mn net profit in 2015, which includes EUR 20.1 mn net profit from the sale of KWIG and a one-off charge of EUR 3 mn relating to the early repayment of the FIMI loan following this sale. Excluding the impact of KWIG and FIMI, the underlying result of the ongoing water infrastructure activities increased from EUR 2.4 mn in 2014 to EUR 4.4 mn profit in 2015.
In 2014, the EUR 1.5 mn loss includes a loss of EUR 2.6 mn from the discontinued operations of KWIG. Furthermore, the 2015 result was significantly impacted by the fact that on average the USD and the NIS appreciated significantly (y-o-y) versus the Euro in 2015.

Although revenue showed a (y-o-y) decrease in Q4 2015 of 5%, for the full year 2015 an increase of 18% y-o-y was recognized, which can predominantly be explained by the substantial foreign exchange impact as the USD and the NIS (the currencies in which the majority of the projects are denominated) appreciated against the Euro. The slower revenue and gross margin in Q4 2015 (compared to Q4 2014) can be ascribed to some delays in project execution. It is noted that revenue of new projects generally starts to be recognized according to the relevant agreed upon milestones, which is usually after the first invoice has been sent or the first agreed upon phase of the project has been completed. The gross margin decreased in 2015 (15%) compared to in 2014 (17%) particularly on a different mix of projects than last year.

Although savings in running wages and salaries were achieved in local currencies, SG&A expenses were 20% higher (y-o-y) in 2015. As over 50% of Tahal's staff is located in Israel and the G&A expenses are accordingly NIS denominated, the marked on average appreciation (of 10%) of the NIS versus the Euro during 2015 partly explains the growth in SG&A expenses. In addition, higher amounts relating to management fees and employee stock option and bonus plans were included.

The improved net financing result in 2015 is the result of a combination of low utilization of credit lines, a significantly higher positive foreign exchange revaluation than in 2014 which was more than off-set by a one-off charge of EUR 3 mn which is attributable to the early repayment of the USD 25 mn loan in Q1 of 2015, using the proceeds from the sale of KWIG.
The profit from discontinued operations relates to the sale of KWIG. The majority of the funds from the sale of KWIG was earmarked for Kardan NV and for Tahal's ongoing business operations. In Q4 2015, the amount relates to the revaluation of the net consideration to be received on the second phase of the sale.

BANKING AND RETAIL LENDING

Kardan is active in the financial services sector through its 100% holding in Kardan Financial Services (KFS) which operates through its wholly owned subsidiary TBIF, primarily in banking and retail lending in Bulgaria and Romania. In addition, KFS is active in Ukraine with leasing activities through its 66% holding in Avis Ukraine.
The results of Avis Ukraine and two other small entities are presented according to the equity method. In February 2015, the sale of TBI Credit – comprising a non-performing credit portfolio and other non-banking financial operations – was completed. In March 2016, the Company announced that it had signed a sale agreement to sell TBIF, holding its banking and retail lending activities.

General developments Bulgaria and Romania and TBIF

The economic recovery in the Euro area and the European Union has been resilient and widespread among member states but - despite declining oil prices, accommodative monetary policy and a relatively weak external value of the Euro - also slow in 2015. In its Winter 2016 economic forecast the European Commission concludes that the risks to further economic growth in 2016 have become larger - i.e. slower growth in China and other emerging market economies, weak global trade and geopolitical and policy related uncertainties. Private consumption is expected to remain a considerable driver of growth during 2016, supported by an improving labor market and growing real disposable incomes. Investment should also gradually improve as demand increases, profit margins expand, financing conditions remain favorable and deleveraging – both corporate as private – has generally taken place. GDP growth rates will, however, continue to differ substantially throughout the European Union due structural features among others.

Bulgaria

The Bulgarian economy continued to strengthen and grew by 3.0% (y-o-y) in 2015 (2014: 1.5%), mainly on the back of exports and falling oil prices. GDP growth in Q4 2015 stabilized at 2.9% y-o-y (Q3 2015: 3.0% y-o-y) and is forecasted to moderate to 1.5% in 2016, before picking up again in 2017 primarily on the back of growing domestic demand.
The unemployment ratio continues to decrease, on the back of robust export oriented industries and taking into consideration that the working population keeps shrinking (aging and immigration). Although inflation was less negative than in 2014 and wages improved slightly, private consumption during 2015 was relatively subdued as consumers remained cautious and continued to deposit possible savings. Consequently, the liquidity in the banking system remains high and therefore interest rates on bank deposits decreased further during 2015. Bulgaria's financial sector remains exposed to the situation in Greece as it comprises many subsidiaries of Greek banks. In order to mitigate this situation, the European Central Bank put in place credit lines in the midst of 2015 for Bulgaria and Romania as part of a broader effort to convince foreign regulators not to give up on subsidiaries of Greek banks.

TBI Bank Bulgaria continued to experience strong competition in 2015 but managed to generate nearly 10% (y-o-y) more new business, particularly in its SME portfolio with a main focus on agricultural loans, through intensified marketing efforts and the introduction of new products. Notwithstanding some early repayments, the net portfolio as at December 31, 2015, grew by 7% compared to year-end 2014 particularly spurred on by retail clients.
As at December 31, 2015 TBI Bank recognized some 11% (y-o-y) lower deposits, a combination of a substantial drop in corporate deposits and a growth of retail deposits in line with market sentiment. Accordingly, given the low interest rates, this resulted in significantly lower interest expenses for the full year 2015.

Romania

Despite the unexpected resignation of the prime minister and the subsequent election of a technocrat government, the political situation in Romania was fairly stable during 2015. Private consumption was the main driver of the y-o-y 3.7% GDP growth in Romania in 2015 (2014: 3%), buoyed by higher disposable income, deflation, supporting tax and monetary measures and the recovery of lending in local currency. Accordingly retail sales grew and the services industry also benefitted. The contribution of net exports remained negative as rising domestic consumption drove the demand for imports. Following the cut in VAT for food in June 2015, the standard VAT rate was cut in January 2016 by 4 pps. Moreover, a 19% increase in the minimum wage is projected as of May 2016. These factors, combined with a downward trend in unemployment, could underpin continued private consumption. Recently, however, a law was passed by parliament allowing people to transfer the ownership of mortgaged assets to banks, which could lead to a negative effect on credit growth, consumer and investor sentiment and ultimately on domestic demand. Whilst consumer sentiment peaked in 2015, consumers remained cautious to obtain credit facilities or loans and continued to deleverage their household balance sheets. Nevertheless, a relaxation of the monetary policy helped to spur a slight increase in corporate lending growth in 2015. Given continued savings, the banks in Romania remained highly liquid in 2015.

Despite the hesitance in the market by consumers with respect to taking on loans, as at year-end 2015 the net loan portfolio of the Romanian branch of TBI Bank showed an increase by over 17% (y-o-y) particularly driven by SME clients. TBI made an effort to attract more business from consumers, such as signing partnerships with some business retailers to initiate on-site credit facilities for consumers. Even so, in line with market sentiment, the net retail portfolio as at year-end 2015 was only slightly higher than as at year-end 2014. The intensified sales efforts, however, did result in the generation of 44% new business in 2015 primarily from SME clients. Moreover, both the retail and the SME portfolio are of a good quality with a low to very low ratio of non-performing loans.
Total deposits as at year-end 2015 stood higher by 40.5% than the comparative date in 2014, evenly spread over retail and corporate deposit growth.

Avis Ukraine focuses on operational leasing services mainly to international corporations. As the socio-political situation of Ukraine continues to be instable, this aggravates the already long-lasting economic crisis. The start of an IMF program, along with some measures that the National Bank of Ukraine has taken, has contributed to a gradual improvement of confidence in the domestic currency and in the banking system. However, big risks still remain and TBIF continues to closely monitor the situation.
Notwithstanding the difficult market circumstances, Avis Ukraine managed to grow its car fleet and generate new business. The rent-a-car business remained flat as tourism remained very slow.

Results Banking & Retail Lending

	For the year ended December 31,		For the three months ended December 31,	
	In € millions			
	2015	**2014**	**2015**	**2014**
Banking and retail lending activities	38.4	33.3	10.8	8.8
Other revenues	3.1	2.3	0.4	0.7
Total revenues	41.5	35.6	11.2	9.5
Costs of banking & lending activities	28.6	25.6	9.3	7.0
Other expenses, net	3.0	2.6	0.4	0.7
Gross profit	9.9	7.4	1.5	1.8
SG&A expenses	0.2	-	0.1	(0.3)
Equity earnings (losses)	1.7	0.2	0.1	(0.1)
Gain on disposal of assets and other income	0.5	1.2	0.6	0.4
Result from operations before financing expenses	**11.9**	**8.8**	**2.1**	**2.4**
Financing income (expenses), net	3.4	(0.9)	0.5	(0.4)
Income tax (expenses) / benefits	(2.0)	(0.3)	(0.9)	0.1
Net Profit (loss) to Equity holders	**13.3**	**7.6**	**1.7**	**2.1**

Additional information Banking & Retail Lending

	For the year ended December 31,		For the three months ended December 31,	
	In € millions			
	2015	**2014**	**2015**	**2014**
Interest income	40.6	38.4	11.1	10.2
Interest expenses	4.5	6.2	1.0	1.5
Net Interest income (expense)	36.1	32.2	10.1	8.7
Fees and commissions income, net	8.7	9.2	1.8	2.3
Other operating income, net	3.1	3.2	1.1	1.0
Total income, net	**47.9**	**44.6**	**13.0**	**12.0**

Impairment losses on loan portfolio, net	6.4	9.2	1.2	2.3
Staff and other operating expenses	31.5	27.1	9.7	7.3
Gain on disposal of assets	0.3	-	-	0.6
Operating profit	**10.3**	**8.3**	**2.1**	**3.0**
Other income, net	4.4	0.7	0.7	(0.5)
Other financing expenses	1.1	1.3	0.3	0.4
Equity earnings	1.7	0.2	0.1	(0.1)
Profit before tax	**15.3**	**7.9**	**2.6**	**2.0**
Income tax	(2.0)	(0.3)	(0.9)	0.1
Net profit	**13.3**	**7.6**	**1.7**	**2.1**

Additional balance sheet Information Banking & Retail Lending (KFS)	**2015 (31.12)**	**2014 (31.12)**
Balance sheet *(in € millions)*		
Net loan portfolio	171.6	152.1
Cash & short term investments	61.1	71.0
Total Assets	295.3	304.4
Deposits	192.1	189.5
Total Equity	52.0	37.8
Portfolio quality		
Provisions / non-performing loans	70%	66%

Result analysis 2015

The Retail Banking and Lending segment contributed EUR 13.3 mn profit (2014: EUR 7.6 mn profit) to Kardan's 2015 consolidated net result.

In the *first table* presenting the results of the banking and retail lending activities, total revenues include impairments on the loan portfolios and interest expenses. In addition, the result of account services including F/X is presented in the line item 'Financing income / (expenses), net'.

In order to provide more clarity, *a second table* has been added disclosing the key operational line items of the banking and retail lending activities, in which net loan impairments and interest expenses are presented separately as well as account services including F/X (in "other income / (expenses), net").

The following analysis mainly refers to the second table:

The slightly lower (y-o-y) net profit as recognized in Q4 2015 can mainly be ascribed to higher staff and operating expenses due to a year-end retail marketing campaign and one-off employee option expenses, in connection to the recently announced sale of TBIF and its relating transaction value, as well as higher income tax expenses.

A better performing and increased net portfolio and significantly lower interest expenses on lower deposit taking (resulting from stringent liquidity management and lower interest rates) in the full year 2015 accounted for a 12% increase in net interest income. Mainly due to a decrease in net fees and commissions, specifically in Q4 2015, total income grew slower in 2015 - by 6% (y-o-y). Given the quality of the portfolio, and in line with the better performing economies in both countries of operation, lower impairment losses were recognized than in 2014. Staff and other operating expenses increased in 2015 by 16% (y-o-y), mainly due to provisioning of employee stock option plan expenses. The growth of 'Other income (net)' primarily reflects the increase in account services including F/X.
The contribution of Avis Ukraine (reported under equity earnings) was significantly higher in 2015 than in 2014, on impressive new business generated. In addition, the results were positively influenced by foreign exchange movements as income is generated in USD and the operating costs are in Ukrainian Hryvnia. Furthermore, Avis Ukraine managed to increase its market share in very difficult market circumstances.

"Other" (Expenses)

	For the year ended December 31,		For the three months ended December 31,	
	2015	**2014**	**2015**	**2014**
	In € millions			
General and administration expenses	5.1	6.1	1.3	2.2
Other (income) expenses	0.8	-	(1.0)	
Equity earnings (losses)	(0.1)	(0.1)	-	0.2
Financing income (expenses), net	(60.1)	(19.0)	(16.7)	2.5
Income tax expenses (benefit)	0.5	0.4	(0.1)	-
Net profit (loss) to equity holders	**(66.6)**	**(25.6)**	**(17.1)**	**0.5**

General

The net profit (loss) to equity holders presented in "Other expenses" relates to the holding and finance expenses of Kardan N.V. and its direct subsidiary GTC Real Estate Holding BV (GTC RE).

The provision in relation to the claw back liability for which a settlement was reached between GTC RE and the buyer of GTC SA in February 2016, in the amount of EUR 1.0 mn, was reported under 'other expenses' in Q4 2015. For further details, reference is made to the financial statements.

It is noted that the Company's equity is mostly exposed to the Chinese RMB on its assets side and to NIS on its liabilities side. Changes in the NIS exchange rate mostly impact the income statement while changes in RMB mostly impact the equity directly. Although the outstanding debt in NIS decreased as of December 31, 2015 compared to December 31, 2014 following repayment of a bank debt and repayments of Debentures, the net financing expenses in 2015 were significantly higher than in the same period last year. This is predominantly due to a significant negative foreign exchange revaluation of EUR 36.3 mn (NIS appreciated against the Euro) mitigated by a change in the CPI of EUR 3.6 mn, resulting in a total impact of EUR 33 mn (2014: negative impact of EUR 3.8 mn). Moreover, financing expenses were impacted by the additional interest payable in line with the Debt Settlement as reflected in the Amended Deeds of Trust.
In the fourth quarter 2015, financing expenses were negatively impacted by EUR 10 mn mainly resulting from the weakening of the Euro against the NIS mitigated by a positive CPI change (Q4 2014: EUR 6.2 mn positive impact).
The income tax expense relates to deferred tax on hedge instruments.

OUTLOOK 2016

Kardan N.V.
In the interest of all of Kardan's stakeholders, management of Kardan continues to work with its business segments to improve their results and consequently their value to Kardan. Given that Kardan is exposed to the currency movements of the NIS and the RMB versus the Euro – as its liabilities are in NIS, its assets are predominantly in RMB and it reports in Euro – the Company's results are dependent to a large extent on these currency movements and therefore the Company cannot give guidance on its results

Management is committed to succeed both in strengthening its financial position and in improving Kardan's existing businesses. A cash flow forecast for the coming two years can be found in the Directors' Report on page 12, and the accompanying Assumptions and Notes to the Cash Flow forecast.

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

Macro-economic reports
National Bureau of Statistics, China
International Monetary Fund, *World Economic Outlook: Subdued demand, Diminished prospects* (January 2016)
European Commission; *Economic Forecast Winter 2016: Weathering new challenges* (February 2016)
OECD; *Economic Outlook: Stronger growth remains elusive: urgent policy response is needed* (February 2016)
KBC; *Economic Outlook*

Real Estate:
National Bureau of Statistics, China
CBRE; *2016 Greater China Real Estate market outlook (2016)*
JonesLangLasalle; *China60: From fast growth to smart growth (2015)*

Water Infrastructure
United Nations: *World Water Development Report 2015*
IMF; *Issues in managing water challenges and policy instruments* (June 2015)
World Economic Forum; *Global Risks Report 2016*
Global Water Intelligence; *Global trends in water spending, the shape of things to come in 2016 (June 2015)*
RobecoSAM; *Water: the market of the future (June 2015)*

Financial Services
Bulgarian National Bank, *Economic Review Summaries*
Ministry of Finance Bulgaria, *Bulgarian Economy, monthly report*
National Institute of Statistics Romania

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

Analyst & Investor Call

An analyst and investor call will be held ***on Thursday, March 24, 2016* at 11.30 CET**.
To take part in the call, please use the following dial-in number:

Dial in number NL: +31(0)20 716 8295 Conference ID: **4777885**

Dial in number UK: +44(0)20 3427 0503 Conference ID: **4777885**

A sound recording of the conference call will be made and will be available on the Kardan website (www.kardan.nl) shortly after the call.

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

Please confirm your attendance to eventmanagement@citigateff.nl.

KARDAN N.V.

About Kardan

Kardan identifies and develops assets in promising emerging markets, mainly in Asia (predominantly China), Africa and selected CEE and CIS countries. Its activities are mainly focused on three sectors that benefit from the rising middle class: Real Estate, Water Infrastructure and Banking & Retail Lending. Company headquarters are in the Netherlands. Kardan aims at holding controlling interests in its investments and is actively involved in the definition and implementation of their strategy through its local business platforms. Total assets as of December 31, 2015 amounted to EUR 976 mn; revenues totaled EUR 216 mn in 2015.
Kardan is listed on Euronext Amsterdam and the Tel Aviv Stock Exchange.

The Directors' Report including the non-statutory consolidated financial statements, drawn up in line with the Dutch and Israeli regulations, are presented in a separate document and form an integral part of this release.

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