



KARDAN N.V.

Debt Restructuring Principles

December 25, 2014

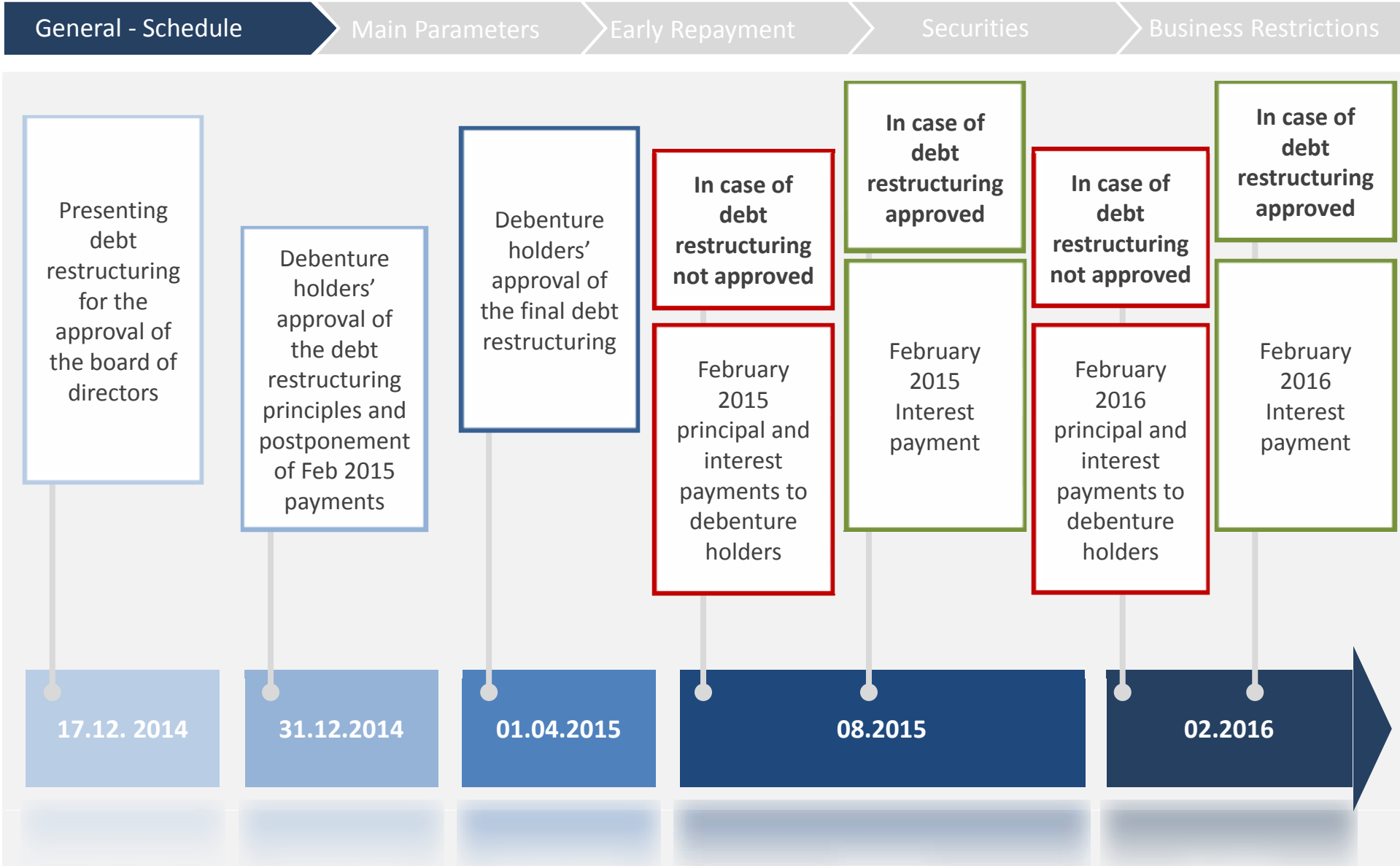
Disclaimer

This presentation is for the purpose of illustration and presentation only and therefore it is not binding “Kardan” or “the Company”. The Trust Deeds Amendment and the Agreement in Principle, as published by Kardan on December 18 2014, are the official documents for this purpose.

Some of the information included herein is forward-looking information within the meaning of the law, and it includes projections, estimations and future events of which their fulfillment depends, in part, on third parties, external approvals, consents of financing entities, etc. Naturally, the occurrence of these estimations and future events is uncertain and is not controlled by the Company and may not occur or occur materially different than expected. Therefore, Kardan cannot determine with certainty that the assumptions presented below will occur in practice.

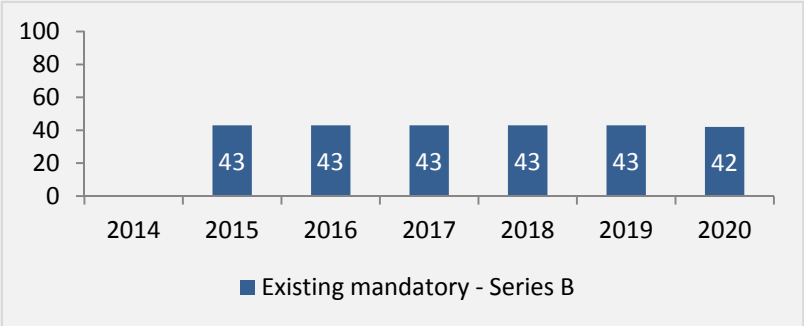
This presentation is intended solely for presenting an outline of the proposed Agreement in Principle between Kardan and the debenture holders and the information contained in it should not be used beyond its intended purpose.

Debt Restructuring Tentative Schedule

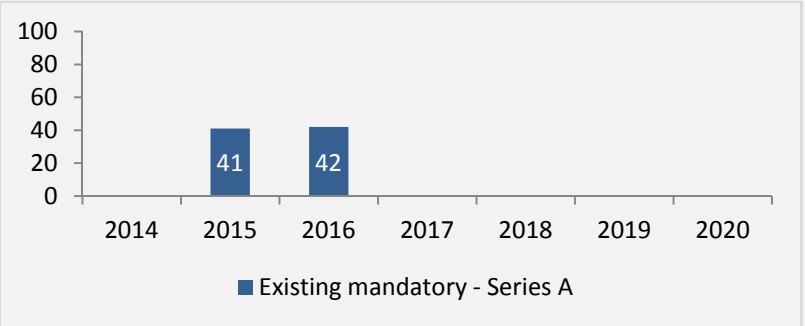


The Debt Restructuring deals with Principal Payments Postponement of 2 Years

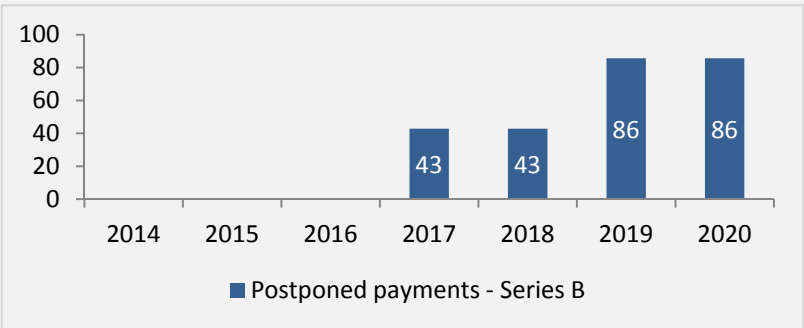
Series B – Existing mandatory payments



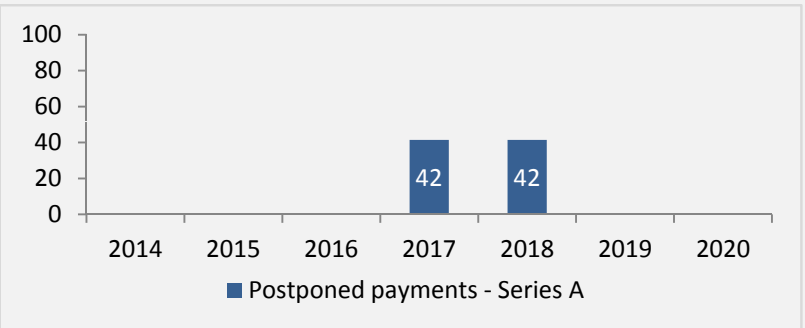
Series A – Existing mandatory payments



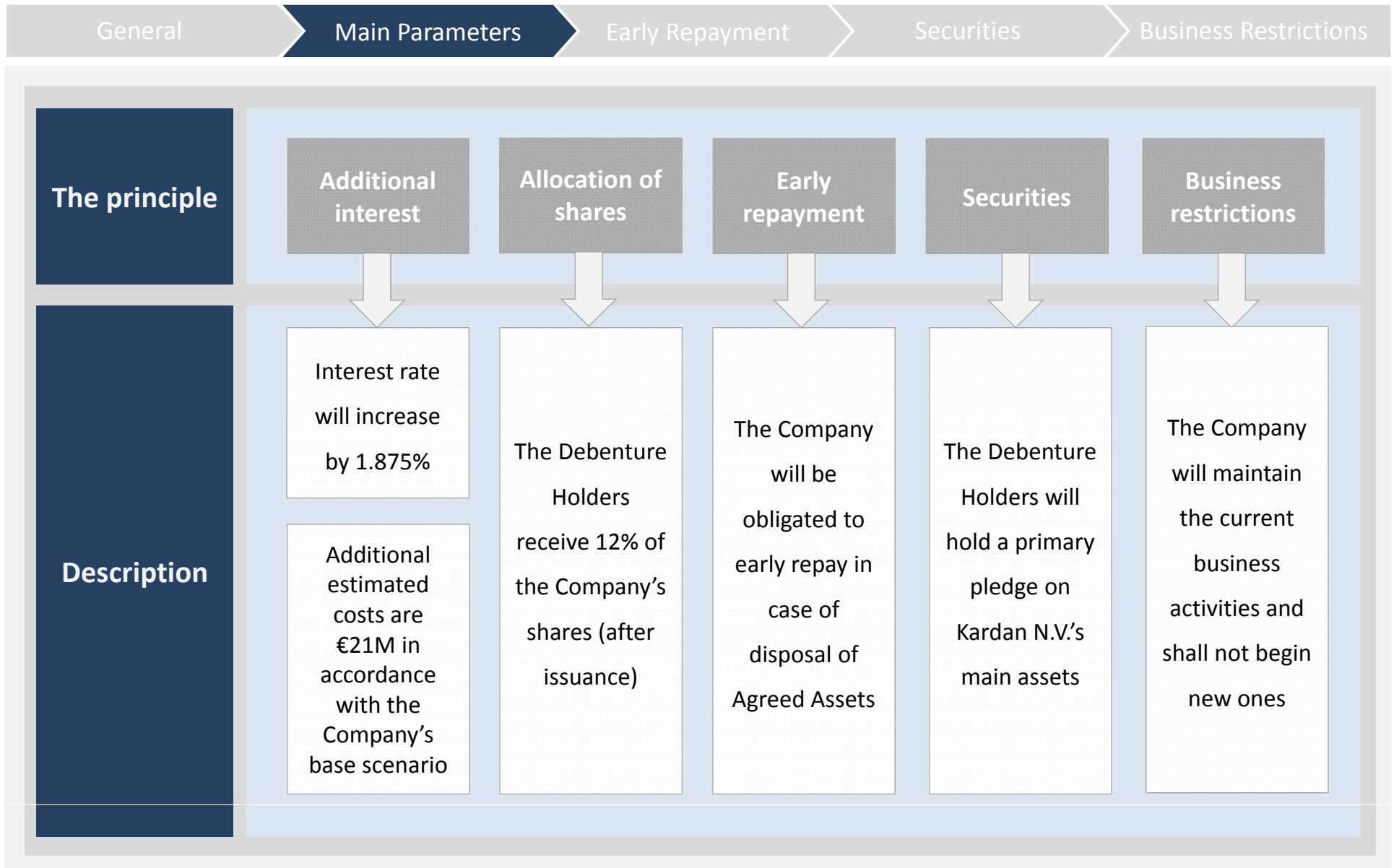
Series B – mandatory payments - debt restructuring



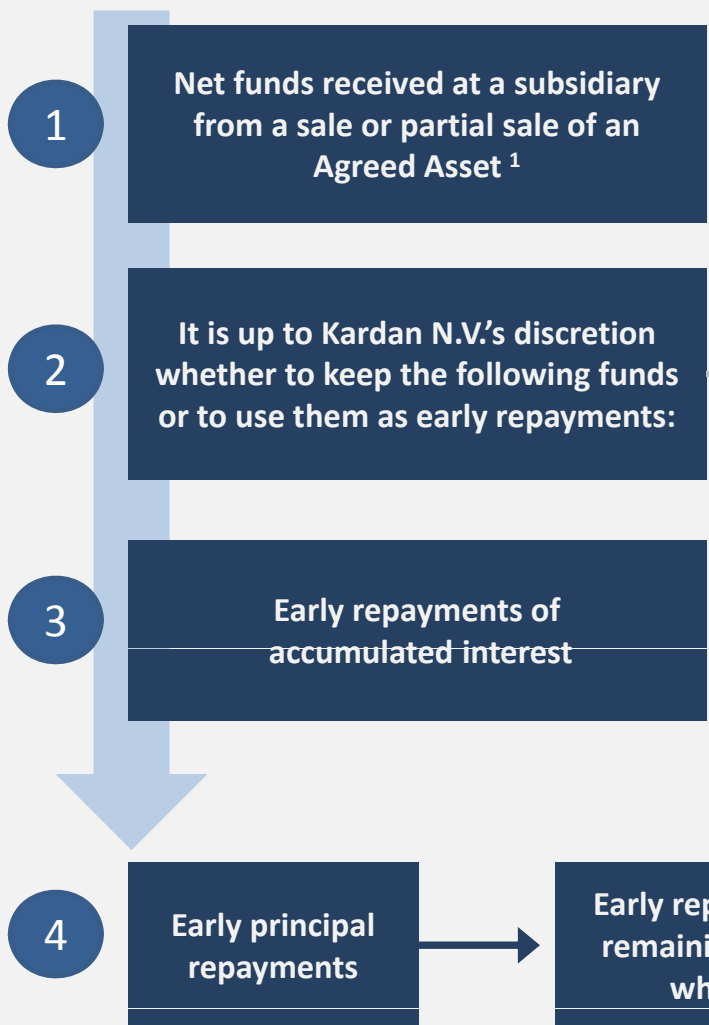
Series A – mandatory payments - debt restructuring



The Debt Restructuring is Composed of 5 Principles



Early Repayment will be Carried Out according to the Following Waterfall:



Known obligations for the upcoming 12 months in the subsidiary company that sold the asset	?
Kardan N.V.'s G&A expenses for a year (excluding certain agreed upon expenses)	€4.5 - €4.8 M
Interest for the upcoming 12 months (est.)	€22 M
Kardan N.V other obligations	€6.3 M
One time amount to support subsidiaries	€7.5 M

1. The agreed assets are Galleria Chengdu project, Dalian project, Lucky hope companies, TBI Bank, TBI Credit, AVIS Ukraine, KWIG and Tahal Group
 2. After payment of 55% of debt to debenture holders (including the purchase of company bonds) and Coverage ratio > 180%

Once Reaching Chengdu and KWIG Disposal, an additional Payment Waterfall is Relevant:

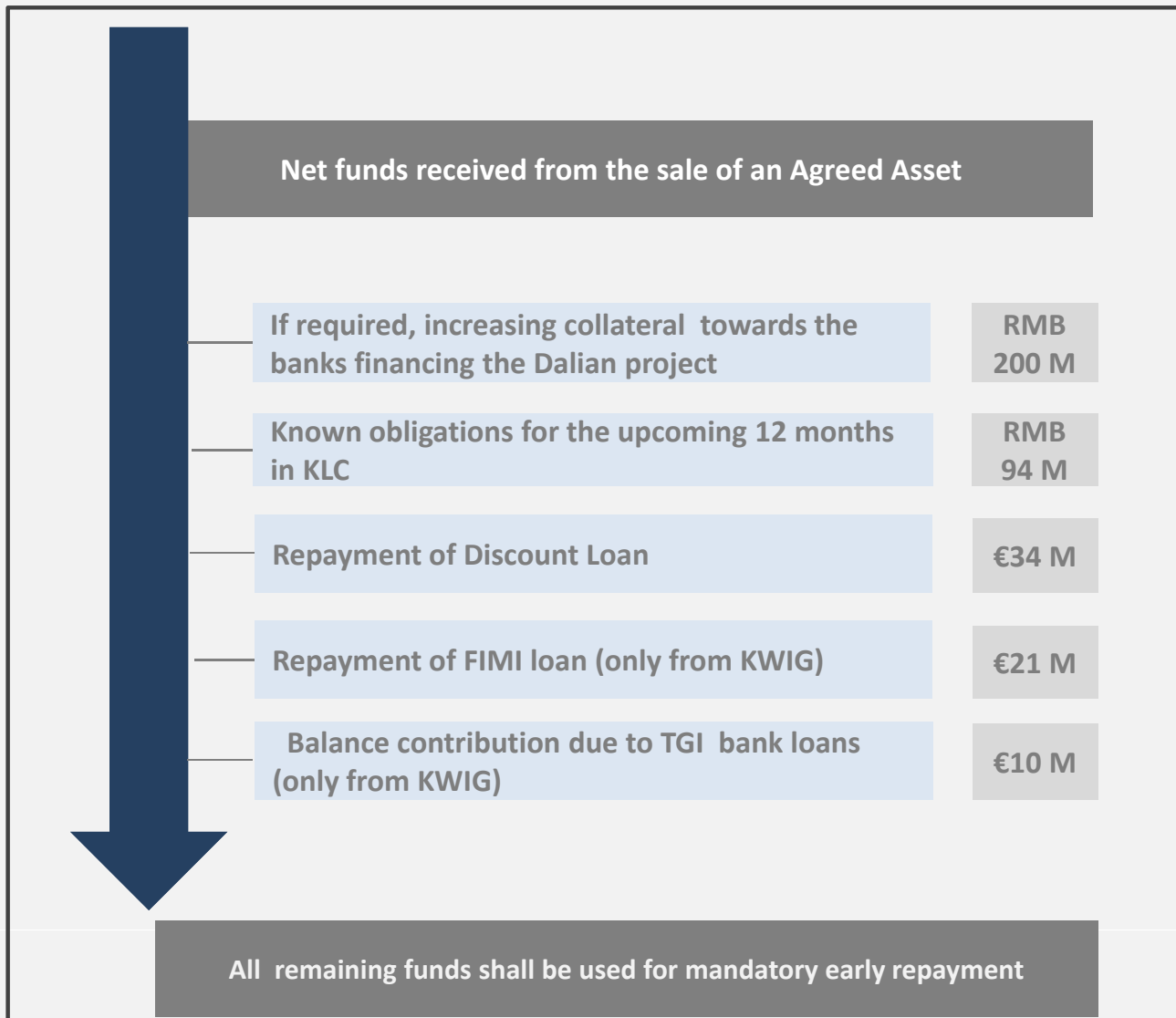
General

Main Parameters

Early Repayment

Securities

Business Restrictions



The Following Securities will be Provided to the Debenture Holders

General	Main Parameters	Early Repayment	Securities	Business Restrictions
Primary exclusive pledges	<p>The following agreed corporations will be pledged in favor of the Debenture Holders</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin: 2px;">EMERGING</div> <div style="border: 1px solid black; padding: 5px; margin: 2px;">GTC RE</div> <div style="border: 1px solid black; padding: 5px; margin: 2px;">KLC</div> <div style="border: 1px solid black; padding: 5px; margin: 2px;">KFS</div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px; margin: 2px;">TBIF</div> <div style="border: 1px solid black; padding: 5px; margin: 2px;">TGI</div> </div>			
	<p>The pledged assets can be sold only if the following conditions are met</p> <ul style="list-style-type: none"> ▪ Their value at time of the sale is higher than 80% the asset's book price ▪ Kardan shall hold at least 50.1% of the company 's share capital (excluding TGI shares which can be sold in whole or in part) <p style="text-align: center;">Funds shall be used as mandatory early repayment</p>			
Company bank accounts	All the Company's funds shall be deposited and kept in pledged unrestricted accounts excluding a "free amount" of €3 M.			
Negative pledge	Negative pledge on KFS assets and KWIG			
Revocation of pledges	<ul style="list-style-type: none"> ▪ Authorization of a majority at a debenture holders general meeting OR ▪ When reaching trigger point and provided that the cover ratio is kept 		Excluding the pledge on KLC which cannot be revoked	
Guarantee	KLC shall be a guarantor for Kardan N.V. in a maximum amount of €100 M, after repayment of all Dalian project loans			

Business Restrictions – Financial Covenants

General

Main Parameters

Early Repayment

Securities

Business Restrictions

Kardan N.V (stand-alone)	Base scenario ¹
Adj. total assets	426
Adj. total liabilities	352
Coverage ratio ²	1.21

Minimal coverage ratio 2015-2017	Minimal coverage ratio from 2018 onward
1.0	1.2

KLC (consolidated)	Base scenario ¹
Adj. total assets	427
Adj. total liabilities	150
Coverage ratio ²	2.85

Minimal coverage ratio 2015-2017	Minimal coverage ratio from 2018 onward
1.8	1.8

1. Base scenario as of 30.09.2014

2. Adjusted assets/adjusted liabilities = Coverage ratio

Business Restrictions

General

Main Parameters

Early Repayment

Securities

Business Restrictions

KLC

KLC subsidiary companies will solely maintain the current business activities

Dalian project

- Dalian project company is allowed to increase existing loan from RMB 900 M to RMB 1,260 M for the purpose of developing the project
- May use KLC guarantee for this purpose

Lucky Hope

- Lucky Hope companies are allowed to take loans for the purpose of developing existing projects
- All LH lands will be considered as one project

KFS

- KFS subsidiary companies will maintain the current business activities.
- KFS subsidiary companies may develop new projects in existing business activities from their current profits (but not from the proceeds from the Agreed Assets)
- KFS subsidiary companies may take loans for the purposes mentioned above

TGI

- TGI subsidiary companies will maintain the current business activities, Tahal may pursue and develop new fields of business
- TGI subsidiary companies may develop new projects in existing business activities from their current profits (but not from the proceeds from the Agreed Assets)
- TGI subsidiary companies may take loans for the purposes mentioned above

Additional General Restrictions

General

Main Parameters

Early Repayment

Securities

Business Restrictions

Other major restrictions

- 1 Restrictions on distributions (including dividends) - will be removed when the Company has repaid 75% of the outstanding debentures and reached the trigger point
- 2 In case the control over the Company has passed to a prohibited controlling shareholder (as defined), the Debenture Holders shall have a cause for immediate repayment of the debt
- 3 Kardan N.V.'s general and administrative expenses are restricted to 4.5 -4.8 M Euro indexed to the HICP
- 4 A deviation (greater than 5%) from the G&A expenses will effect the CEO annual bonus and payments to controlling shareholders
- 5 The debt restructuring agreement will be under the Israeli law jurisdiction until the payment of February 2015 principal payment
- 6 Minimum of 80% Value for disposal of an Agreed Asset
- 7 The Debentures Holders will nominate a Dutch director to Kardan N.V.'s board and to KLC's board

Reaching the Trigger Point will have Various Outcomes for the Company

General

Main Parameters

Early Repayment

Securities

Business Restrictions

Reaching the trigger point

After the Company paid 55% of debt to Debenture Holders (including the purchase of Company bonds)

AND

Coverage ratio > 180%

Outcomes of reaching the trigger point

- | | | |
|---|---|--------------------------|
| 1 | Pledges provided under the agreement (excluding KLC and provided that the cover ratio is kept) | Will be revoked |
| 2 | Early repayment using the remaining funds from a sale transaction | Will be decreased to 35% |
| 3 | Business restrictions on subsidiary companies | Will be removed |
| 4 | Restrictions on purchasing of the Company's debentures | Will be removed |
| 5 | Kardan N.V.'s general and administrative expenses restriction to €4.5 M indexed to the HICP | Will be removed |
| 6 | Nomination of a Dutch director to the Kardan N.V.s board and to KLC's board by the Debentures H Holders | Will be removed |
| 7 | Restriction of minimum 80% Value for disposal of an Agreed Asset | Will be removed |
| 8 | Negative pledge on KWIG | Will be removed |