PRESS RELEASE

KARDAN SUBSTANTIALLY INCREASES INVESTMENTS IN ITS UKRAINIAN FINANCIAL SERVICES OPERATIONS

Amsterdam, 26 October 2005 – Kardan N.V. (Kardan) announces that its Group company, TBIH Financial Services Group N.V. (TBIH), has signed an agreement for the purchase of up to 50% of JSC VA Bank, a Ukrainian bank.

JSC VA Bank (Va Bank) is a universal commercial bank active in the Ukraine since 1992. Va Bank has a network of 52 branches and offices in the Ukraine and is engaged in corporate banking, retail banking, trade finance and investment banking. As per 1 October 2005 Va Bank had total assets amounting to more than USD 350 million and a loan portfolio of more than USD 200 million.

TBIH will initially purchase a 9.55% stake in Va Bank in newly issued shares for a consideration of USD 8.75 million and will grant a USD 16.25 million loan. After receiving the necessary regulatory approvals TBIH will increase its stake to 27.3% by converting the loan into equity.
In addition, TBIH and the existing controlling shareholders have agreed to further invest USD 50 million in Va Bank during the first half of 2006. Following these investments, TBIH and the current controlling shareholders will hold at least 98% of the shares of Va Bank in equal parts.
Furthermore the parties committed to provide Va Bank additional financing, estimated to be approximately USD 60 million until 2010 in order to meet Va Bank's financial requirements.

In the event that TBIH will not obtain the necessary regulatory approvals by June 2006, the the USD 16.25 million loan will be repaid and TBIH will have the option to sell its 9.55% stake back to the current controlling shareholders at cost.

Ukraine is an attractive market for TBIH given the low level of penetration of financial services, the large market size (over 50 million people) and its strategic geographical position between Russia, and Central and Western Europe. TBIH has already established the first Ukrainian voluntary pension fund and invested in a Ukrainian insurance company.
Va Bank has achieved substantial success in the Ukrainian market and represents a strong foundation for accelerated growth and developing new banking and other financial products. The cornerstones of the strategy are to gradually turn Va Bank into a retail oriented banking and financial institution, reorient the corporate banking side more towards the SME segment, and to expand the national coverage and product range with emphasis on consumer credit and credit cards. As a result of the investment in Va Bank, TBIH has decided to manage its leasing operations in the Ukraine through Va Bank and accordingly agreed with Ukravto to terminate their leasing venture that was reported in July 2005.

TBIH is a leading investor in financial services, including general and life insurance, pension fund management, asset management, mortgage finance and lending activities in several CEE countries. Kardan indirectly holds approximately a 50% equity interest in TBIH.

KARDAN

About Kardan

Kardan is an international investment company active in three main sectors: Real Estate, Financial Services and Infrastructure. Kardan is primarily active in Central and Eastern Europe, where it conducts more than 75% of its activities. Kardan holds controlling interests in its investee companies and is actively involved in the definition and implementation of their strategy. Total assets per December 31, 2004 amounted to USD 1,437 million, with revenues of USD 337 million. The number of employees engaged by the group amounted to approximately 4,160 as of December 31, 2004. Kardan is listed on Euronext Amsterdam and the Tel-Aviv Stock Exchange.

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