

PRESS RELEASE

KARDAN TO RAISE USD 200 MILLION THROUGH ISSUANCE OF NON CONVERTIBLE DEBENTURES

Amsterdam, 21 February 2007 – Following the press release dated 13 February, Kardan N.V. (Kardan) announces that it will raise approximately USD 200 million through a private placement of non convertible debentures to Israeli institutional debentures.

Kardan has successfully completed a tender to Israeli institutional investors and will issue non convertible debentures with a par value of approximately USD 200 million. The debentures will have an AA⁻ rating obtained from Standard & Poor's affiliate in Israel, Ma'alot. Since the issue was approximately five times oversubscribed, Kardan decided to increase the issuance from USD 100 million to USD 200 million.

The debentures bear an annual interest rate of 4.45% linked to the Consumer Price Index published in Israel and will mature in 2016. The principal will be repaid in 4 annual installments during the years 2013 until 2016, while the interest will be paid annually.

Kardan has committed to list the debentures for trading on the Tel Aviv Stock Exchange within 12 months after the placement of the debentures. Until the moment of listing, the debenture holders shall be entitled to increased interest of 5.25% per annum. In case the debentures are not listed within 12 months, the debenture holders shall be entitled to early repayment.

Since the debentures were denominated in NIS, Kardan intends to convert the debentures from NIS to Euro at either a fixed or floating interest rate.

Kardan intends to use the majority of the funds for further expansion of its activities and approximately USD 50 million for refinancing existing debt.

About Kardan

Kardan is an international investment company with a focus on three sectors: Real Estate, Financial Services and Infrastructure. Kardan is primarily active in Central and Eastern Europe, where it conducts most of its activities. Kardan holds controlling interests in its main businesses and is actively involved in the definition and implementation of their strategy. Total assets per December 31, 2005 amounted to USD 1,769 million, with revenues of USD 547 million. The number of employees engaged by the group is approximately 6,100 as of December 31, 2005. Kardan is listed on Euronext Amsterdam and the Tel-Aviv Stock Exchange.

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