KARDAN N.V.

RESTRUCTURING OF KARDAN INSURANCE ACTIVITIES RESULT IN A NET PROFIT OF EUR 13 MILLION

Amsterdam, 23 December 2008. International investment company Kardan N.V. (Kardan) announces that its group company TBIH Financial Services Group N.V. (TBIH) has reached an agreement on the sale of part of its insurance activities to Vienna Insurance Group (VIG), the majority (60%) shareholder of TBIH. The sale concerns the insurance companies in Bulgaria, Albania, Macedonia, Kosovo and Croatia. On these transactions, Kardan estimates it will realize a gain of EUR 13 million.

The restructuring will substantially improve the financial position of TBIH.
The expected consideration for TBIH of the sale amounts to approximately EUR 197 million of which EUR 100 million will be used to redeem existing debt. The improved financial position will be sufficient to support the activities of TBIH for the next coming years.

After the restructuring, which also includes the transfer of rights related to Russian Insurance Company (RIC) from TBIH to Kardan Financial Services Company (KFS), TBIH will have insurance activities in Turkey, Ukraine, Georgia and Romania, and pension activities in Bulgaria, Croatia, Georgia, Romania, Russia, Turkey and Ukraine. The total annualized insurance premiums after the restructuring will amount to EUR 240 million. As at 30 September 2008, the pension activities serve 1.8 million members, with assets under management amounting to EUR 812 million.

The closing of the sale of the Croatian insurance operations, the 49% of the Bulgarian insurance operations as well as the transfer of the rights relating to RIC is expected by 31 December 2008 while the sale of the remaining 51% of the Bulgarian insurance activities, and the sale of the operations in Albania, Kosovo and Macedonia are subject to regulatory approval which are expected during 2009.

Based upon the figures of 30 September 2008, Kardan estimates that it will realize a gain of approximately EUR 13 million from the entire transaction after receipt of all regulatory approvals spread over this year and next; it will recognize a profit of approximately EUR 2 million in 2008 and a profit of approximately EUR 11 Million in 2009 after receipt of regulatory approvals. The insurance activities being sold contributed to Kardan a loss of EUR 1 million over the first nine months of 2008.

TBIH is a group company of KFS, the financial services division (80% owned) of Kardan and is jointly controlled by KFS and VIG. TBIH is a leading retail financial services provider active in several Central and Eastern European (CEE) and Commonwealth of Independent States (CIS) countries.

About Kardan
Kardan is an international investment company based in Amsterdam with a focus on three sectors: Real Estate, Financial Services and Infrastructure. The company is primarily active in emerging markets in Central and Eastern Europe and China, 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. Kardan has a consistent track record of creating long-term shareholder value through active management of investments in the group companies and by leveraging on its business experience, financial resources and local and international network.

Total assets per 30 September 2008 amounted to EUR 5.2 billion, with revenues including financial income of EUR 710 million in the first nine months of 2008 (first nine months 2007: EUR

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545 million). The number of employees engaged by the group is approximately 16,900 as per 30 June 2008. Kardan is listed on NYSE Euronext Amsterdam and the Tel-Aviv Stock Exchange.

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