KARDAN N.V.

KARDAN: SPIN-OFF OF ISRAELI ACTIVITIES; NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Amsterdam, August 4, 2011 – Kardan N.V. ("Kardan" or "the Company"), active in Real Estate, Water Infrastructure and Financial Services in emerging markets, announces that today an Extraordinary General Meeting of Shareholders of Kardan ("EGM") has been convened to be held on Thursday September 15, 2011. Convening the EGM is a next step towards the intended spin-off of Kardan's 74% direct stake in Kardan Israel Limited ("KIL") and its indirect 97% stake in Milgam Municipal Services Ltd. ("Milgam") as announced on June 22, 2011 ("Spin-Off"). The Management Board of the Company, with the approval of its Supervisory Board, proposes to the General Meeting of Shareholders to resolve to effectuate the Spin-Off as a distribution to Kardan's shareholders of the issued shares in the capital of Kardan Yazamut (2011) Ltd. ("Yazamut"). The proposed distribution of Yazamut shares, whereby each Kardan share will give right to one Yazamut share, will be made out of Kardan's share premium ("Distribution"). Following the Distribution, the shares in the capital of Yazamut will be listed for trading on the Tel Aviv Stock Exchange ("TASE"). The Distribution requires the publication of a prospectus ("Prospectus") to be approved by the Israel Securities Authority ("ISA"). Subject to publication of the Prospectus and the adoption of the proposed Distribution at the EGM, Kardan will sell and transfer to Yazamut its 74% stake in KIL and its indirect stake in Milgam.

As announced on June 22, 2011, the intended Spin-Off is in line with Kardan's strategy to create a clear and focused portfolio of activities in emerging markets, further optimizing the efficiency and transparency of Kardan. As further described in the explanatory notes to the EGM agenda, Kardan estimates that the Distribution will result in an increase of its equity of approximately EUR 20 million. In addition, as a result of the contemplated Spin-Off the combined net debt of Kardan and the intermediate holding companies GTC Real Estate BV and Kardan Financial Services BV is expected to be further reduced by approximately EUR 45 million. This is line with its declared strategy to further deleverage at the (intermediate) holding companies level.

The EGM will be held on Thursday September 15, 2011 at 14:30 CET at the Rosarium, Amstelpark 1, Europaboulevard, Amsterdam, the Netherlands. The EGM convening notice and agenda, the explanatory notes and other relevant information is available on Kardan's website www.kardan.nl.

Shareholders who are registered on one of the registers as mentioned in the EGM convening notice and agenda on August 18, 2011, after the processing of settlements on that date, and who have given notice of their wish to attend the EGM in accordance with the procedure set out in the EGM convening notice and agenda will have the right to attend the EGM. Further information on attendance and voting at the EGM can be found in the EGM convening notice and agenda.

The Prospectus and an unofficial English translation thereof are currently expected to be published on Kardan's website ultimately by the end of August 2011 and prior to the EGM. Further information on Yazamut may be found in the explanatory notes and the Prospectus. The Netherlands Authority for the Financial Markets confirmed that Kardan is not required to publish a prospectus in the Netherlands in respect of the Spin-Off.

In addition to the resolution by the Kardan shareholders during the EGM to effect the Distribution, the contemplated Spin-Off remains subject to, inter alia, the approval of the

Prospectus by the ISA and approval of the listing of Yazamut shares on the TASE. It is the Company's intention to complete the Spin-Off by the end of 2011. The explanatory notes contain an indicative timetable for the Distribution process. However, the completion of the Spin-Off involves a complicated process which is subject to different regulatory requirements in Israel and in the Netherlands. Therefore, there is no certainty that the process will be executed or that it will be executed according to the timeline as set forth in the explanatory notes to the EGM agenda.

DISCLAIMER

This press release contains forward-looking statements and information, for example concerning the financial condition, results of operations, businesses and potential exposure to market risks of Kardan N.V. and its group companies ("Kardan Group").All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements (including "forward looking statements" as defined in the Israeli Securities Law).. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. These forward-looking statements are identified by the use of terms and phrases such as ''anticipate'', ''believe'', ''could'', ''estimate'', ''expect'', ''intend'', ''may'', ''plan'', ''objectives'', ''outlook'', ''probably'', ''project'', ''will'', ''seek'', ''target'', ''risks'', ''goals'', ''should'' and similar terms and phrases. A variety of factors, many of which are beyond Kardan Group's control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of Kardan Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For Kardan Group, particular uncertainties arise, amongst others but not limited to and not in any order of importance, (i) from dependence on external financing with the risk that insufficient access to capital threatens its capacity to grow, execute its business model, and generate future financial returns (ii) from concentration of its business in Central Eastern Europe and China as a result of which Kardan Group is strongly exposed to these particular markets (iii) from risks related to the financial markets as a result of Kardan's listings and (iv) from it being a decentralized organization with a large number of separate entities spread over different geographic areas in emerging markets, so that Kardan Group is exposed to the risk of fraudulent activities or illegal acts perpetrated by managers, employees, customers, suppliers or third parties which expose the organization to fines, sanctions and loss of customers, profits and reputation etc. and may adversely impact Kardan's ability to achieve its objectives and (v) from any of the risk factors specified in Kardan's Annual Report 2010 and in the "Periodic Report for 2010"published by Kardan N.V. in Israel on March 31, 2011 and which is also available at the Kardan website. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Kardan N.V. does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

About Kardan

Kardan identifies and develops assets in promising emerging markets, mainly in Central and Eastern Europe, China and CIS. Its activities are mainly focused on three sectors that benefit from the rising middle class: Real Estate, Water Infrastructure and Retail Lending. In addition, the company has some investment activities in Israel. Company headquarters are in the Netherlands. Kardan aims at holding controlling interests in its investments and, through the development of local business platforms, is actively involved in the definition and implementation of their strategy. Total assets as of March 31, 2011 amounted to EUR 5.6 billion; revenues totaled EUR 181 million in the first quarter of 2011. Kardan is listed on NYSE Euronext Amsterdam and the Tel-Aviv Stock Exchange.

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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)"