KARDAN N.V.

KARDAN INITIATES BIGGEST WATER INFRASTRUCTURE PROJECT IN ITS HISTORY

Amsterdam, September 1, 2011 - Kardan N.V. ("Kardan"), active in Real Estate, Water Infrastructure and Financial Services in emerging markets, announces that yesterday its subsidiary Tahal initiated a substantial integrated agricultural and regional development project in Angola, the Quiminha project ("the Project"). The Project includes among others, the development and construction of the water supply, sewage and drainage system for a new rural settlement and irrigation of farm land. Total revenues to be generated by the Project will amount to approximately EUR 143 million.

Further to the press releases of July 7, 2008 and January 31, 2010, yesterday, the first down payment for the Project has been received, which was a condition precedent to initiate activities on the planning and establishment of a rural settlement. The down payment constitutes 15% of the total project revenues, i.e. EUR 21.5 million. The financial closing, entailing that four financing banks led by ING Bank Structured Export Finance have signed the financing agreements for the Project, became effective on August 25, 2011.The financial arrangements were initiated by Tahal.

The Project is a so-called EPC project: Tahal is responsible for the engineering, procurement of materials and construction. Tahal expects to complete the Project in 3 years. The Quiminha activities are located south east of the capital Luanda, near the Quiminha Dam in the river Bengo. The aim is to develop fertile land increasing local production of agricultural products. Following completion of the Project, Tahal will provide a training program to the farmers for a period of another two years.

Tahal is already active in the Angolan capital of Luanda, where it is constructing a water distribution system. Tahal Projects considers Africa as an important continent for expansion of its activities. In addition to Angola, Tahal has projects in Africa that, among others, are currently being executed in Ghana, Botswana and Ethiopia.

Tahal is active in (Water) infrastructure in two divisions, Tahal Assets and Tahal Projects. Tahal Assets is developing and investing in water related assets such as water and waste water treatment plants, water supply and sewage systems and desalination plants. Tahal Projects is active in planning, engineering, procurement and construction of projects.

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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 the CEE, CIS and China. 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 June 30, 2011 amounted to EUR 5.6 billion; revenues totaled EUR 395 million in the first half year of 2011. Kardan is listed on NYSE Euronext Amsterdam and the Tel-Aviv Stock Exchange.

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