



PRESS RELEASE

KARDAN'S INFRASTRUCTURE SUBSIDIARY TO DEVELOP WATER SUPPLY INFRASTRUCTURE AND AGRO-COMMERCIAL PROJECT IN BOTSWANA

Amsterdam, 10 May 2007 - Kardan N.V. (Kardan) announces that its infrastructure subsidiary, Tahal Group B.V. (Tahal), signed a framework agreement with the government of Botswana regarding the development of water supply infrastructure and an agro-commercial project.

The Zambezi Integrated Agro-Commercial Development Project will provide the infrastructure to develop commercial agriculture. This includes on-farm water distribution systems, agricultural machinery and the implementation of commercial agricultural businesses.

The framework agreement is for a period of 15 years and describes the general terms of the project. The first component of the project involves the development of the main water supply and infrastructural systems on a turn key basis, to ensure reliable water supply to the entire project. The parties estimate the size of this component can amount up to approximately USD 450 million. The start of the first component is subject to feasibility studies and certain conditions precedent, including an agreement on the use of river water with neighboring countries. The feasibility studies are expected to take approximately 24 months and the government of Botswana estimates that the agreement regarding the use of river water will take 18 months to conclude.

The final size of the first component may vary according to the results of the feasibility studies and planning. According to the outcome of these, the parties shall agree on the phases of development and the consideration Tahal is to receive for each phase.

The second component of the project is the development of commercial agriculture including on-farm water distribution systems, agro-industries, implementation and commercial operation. The parties estimate the size of this component can amount up to approximately USD 300 million and is expected to start after the completion of the first component. Prior to the start of the second component, Tahal will conduct feasibility studies at its own cost. These will determine the scope of this component. Tahal will also be responsible for arranging the financing from financial institutions and investors.

Tahal is the holding company of the infrastructure activities of Kardan. Tahal operates internationally in the fields of investments, planning, design, construction and project management as well as in turnkey and 'build operate transfer' projects. Approximately 90% of the activities of Tahal are directly related to water and sewage systems.

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, 2006 amounted to USD 2.9 billion, with revenues of USD 700.7 million. The number of employees engaged by the group is approximately 7,980 as of December 31, 2006. Kardan is listed on Euronext Amsterdam and the Tel-Aviv Stock Exchange.

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