



KARDAN N.V.

STANDARD & POOR'S RETAINS RATING OF KARDAN

Amsterdam, June 27, 2013 - Kardan N.V. ("Kardan" or "the Company"), active in Real Estate, Water Infrastructure and Financial Services in emerging markets, announces that Maalot, the Israeli subsidiary of Standard & Poor's ("S&P"), today has reported that it retains the rating of Kardan as announced in the press release on March 20 last; for both the Company and its Debentures Series A and Series B iBB Watch Negative.

In addition, S&P will keep the Company and the Debentures on CreditWatch with negative implications for approximately six weeks, when it will again review the ratings.

The Release of S&P is attached as an annex to this Press Release.

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 (jointly "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 N.V.'s listings on NYSE Euronext Amsterdam and the Tel-Aviv Stock Exchange 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 Group's ability to achieve its objectives and (v) from any of the risk factors specified in Kardan N.V.'s Annual Report 2011 and in the "Periodic Report for 2011" published by Kardan N.V. in Israel on March 30, 2012 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. Company headquarters are in the



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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, 2013 amounted to EUR 1.1 billion; revenues totaled EUR 41 million in the first quarter of 2013. Kardan is listed on NYSE Euronext Amsterdam and the Tel Aviv Stock Exchange.

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“This press release contains regulated information (gereguleerde informatie) as defined in the Dutch Act on Financial Supervision (Wet op het financieel toezicht)”

Annex: Rating Report Maalot

Kardan N.V.

June 27, 2013

Rating Update

'iBB' Rating Still On CreditWatch Negative

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Please note that this translation was made for the company's use only and under no circumstances obligates Standard & Poor's Maalot. In the case of any discrepancy with the official Hebrew version published on June 27, 2013, the Hebrew version shall apply.

Ratings Update

'iBB' Rating Still On CreditWatch Negative

Overview

- In our opinion, Kardan faces the need to sell significant assets in order to meet debt repayments of about €110 million, most of which are due in February 2014.
- We understand that the company is concentrating its efforts on rapid asset realization, and we believe that any further delay in these plans will significantly increase the company's credit risk in the immediate term.
- As asset divestments are delayed, execution risks increase significantly, in our opinion, against a background of very low financial flexibility for the group due to weak characteristics of the investment portfolio and very high leverage,
- We are leaving the 'iBB' rating of the Netherlands-based operating holding company, Kardan N.V., on CreditWatch with negative implications.

Rating Action

On June 27, 2013, Standard & Poor's Maalot announced that the 'iBB' rating on Netherlands-based operating holding company, Kardan N.V., remains on CreditWatch where it was placed on March 20, 2013, with negative implications.

Rationale

The CreditWatch with negative implications reflects our expectations of a material worsening of the company's liquidity profile, should the company not reach agreement on a sale of assets within the next few weeks. Such divestments need to be sizeable in order to bridge a cash flow deficit which we estimate will reach €90 million in 2014. In our opinion, the most realistic option, amongst several options under consideration, is the sale of Kardan's listed holdings in GTC SA. However time pressure is of the utmost and we believe the company faces continued execution risk. Furthermore, we believe that the likelihood that the company will face a 'going concern disclosure' statement in its financial reports will increase significantly should the company incur additional delays in securing the cash which it required to cover its debt amortization needs in 2014. We note that such delays will have dire implications, such as a payment default in the short term.

CreditWatch

We aim to resolve the CreditWatch within six weeks. At the end of this period, if the company has not reached a final and binding agreement on asset divestment (or finalize an alternative form of capitalization), the proceeds of which, in our opinion, being sufficient to cover the company's uses in 2014, we will lower the rating on the company and its bond series (A and B) to 'iIB' or 'iICCC'.

On the other hand, we would consider affirming the current 'iBB' rating at the end of the six weeks, if our base-case liquidity scenario for 2014 indicates with great certainty that the company's sources will be sufficient to cover its uses for the next 18 months (at least).

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Related Criteria And Research

'How Standard & Poor's Uses Its 'CCC' Rating', Dec. 12, 2008

Ratings List

	To
Kardan N.V.	
Issuer credit rating	iIBB/Watch Neg
Series A	iIBB/Watch Neg
Series B	iIBB/Watch Neg

Standard & Poor's Maalot ratings are based on information received from the Company and from other sources that Standard & Poor's Maalot believes to be reliable. Standard & Poor's Maalot does not audit the information it receives nor does it verify the correctness or completeness of such information.

It is hereby clarified that Standard & Poor's Maalot rating does not reflect risks relating to and/or arising from breaches, through intent or oversight, of any of the obligations included in the bond documents and/or the incorrectness or inaccuracy of any of the representations contained in the documents relating to the bond offering that is the subject of this rating, Standard & Poor's Maalot report or the facts that form the basis for the opinions expressed to Standard & Poor's Maalot as a condition for the giving of the rating, fraudulent or dishonest acts of commission or omission, or any other act that contravenes the law.

The ratings could be revised as a result of changes to the information received or for other reasons. The rating should not be perceived as expressing any opinion concerning the price of the securities on the primary or secondary market. The rating should not be perceived as expressing any opinion concerning the advisability of buying, selling or holding any security.

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