



## STANDARD & POOR LOWERS RATING OF KARDAN TO 'D'

**Amsterdam, February 8, 2018 - Kardan N.V. ("Kardan" / "the Company"), active in Real Estate and Water Infrastructure in emerging markets announces that Maalot, the Israeli subsidiary of Standard & Poor's ("S&P"), has reported today that it has lowered the rating for Kardan and for its Debentures Series A and Series B from 'iICC' to 'D'.**

The adjustment of the rating is due to the fact that the Company did not pay its obligations to debentures Series B (due on February 1, 2018) on time, and following its announcement on January 31, 2018, Kardan is also not expected to pay the upcoming repayment to debentures Series A.

The release of S&P is attached as an annex to this press release.

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### About Kardan

Kardan identifies and develops assets in promising emerging markets, mainly in Asia (predominantly China), Africa and selected CEE and CIS countries. Its activities are mainly focused on two sectors that benefit from the rising middle class: Real Estate and Water Infrastructure. Company headquarters are in the Netherlands. Kardan aims at holding controlling interests in its investments and is actively involved in the definition and implementation of their strategy through its local business platforms. Total assets as of September 30, 2017 amounted to € 643 million; revenues totalled € 7.1 million in the first nine months of 2017. Kardan is listed on Euronext Amsterdam and the Tel Aviv Stock Exchange.

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### 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 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 and in the related "Periodic Report" (published by Kardan N.V. in Israel) published in April, 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.

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

# Kardan N.V.

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February 8, 2018

## Research Update

### Rating Lowered To 'D' On Default On Obligation And On Our Assessment That The Company Is Unable To Serve Its Obligations In The Short Term

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## Research Update

# Rating Lowered To 'D' On Default On Obligation And On Our Assessment That The Company Is Unable To Serve Its Obligations In The Short Term

### Summary

- Principal and interest payments to Series B bond holders totaling about €64 million have not been repaid when due, namely on February 1, 2018, or in the course of seven days from the original due date, i.e. by February 8, 2018.
- On January 31, 2018, the Company announced that it would not pay its February 2018 principal and interest payments, totaling about €114 million, when due. Therefore, principal and interest payments to Series A bond holders, totaling about €50 million and due February 25, 2018, are not expected to be paid when due.
- The Company is currently negotiating a new debt settlement with the trustees.
- We are therefore lowering our rating on Netherlands-based operating holding company Kardan N.V. and the rating on its Series A and B bonds to 'D' from 'ilCC'.

### Rating Action

On February 8, 2018, S&P Maalot lowered its rating on Netherlands-based operating holding company Kardan N.V. and on its Series A and B bonds to 'D' from 'ilCC'.

### Rationale

The downgrade on Kardan N.V. and its Series A and B bonds to 'D', according to our criteria, is due to the fact that the Company did not repay on time, i.e. on February 1, 2018, its obligations to Series B bond holders totaling about €64 million, nor did it pay them after a grace period of seven days from the original due date, by February 8, 2018.

In addition, according to its announcement of January 31, 2018, the Company is not expected to pay its obligations to Series A bond holders, totaling about €50 million, due February 25, 2018. The Company is currently negotiating with its trustees regarding a new debt settlement.

In accordance with our criteria, we consider an obligation which was not paid in full and on time by the end of the grace period to be in default. Therefore and under the current circumstances, including our assessment that the Company is unable to serve its obligations in the short term, and its intention to reach a new debt settlement, we are lowering the Company's issuer rating and the rating on its Series A and B bonds to 'D'.

## Related Criteria And Research

- [Use Of CreditWatch And Outlooks](#), September 14, 2009
- [Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings](#), October 1, 2010
- [Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers](#), November 13, 2012
- [Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings](#), October 24, 2013
- [Group Rating Methodology](#), November 19, 2013
- [Corporate Methodology: Ratios And Adjustments](#), November 19, 2013
- [Corporate Methodology](#), November 19, 2013
- [National And Regional Scale Credit Ratings](#), September 22, 2014
- [Standard & Poor's Maalot \(Israel\) National Scale: Methodology For Nonfinancial Corporate Issue Ratings](#), September 22, 2014
- [Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), December 16, 2014
- [Methodology: Investment Holding Companies](#), December 1, 2015
- [S&P Global Ratings' National And Regional Scale Mapping Tables](#), August 14, 2017
- [S&P Global Ratings Definitions](#), June 26, 2017

## Rating Details (As of 18-Jan-2018)

### Kardan N.V.

#### Issuer rating(s)

Local Currency LT	D
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#### Issue rating(s)

##### Senior Unsecured Debt

Series A, B	D
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#### Issuer Rating history

Local Currency LT	
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08-Feb-2018	D
18-Jan-2018	iICC/Negative
03-Oct-2017	iCCC
03-July-2017	iB/Watch Neg
09-July-2015	iB/Negative
07-Jan-2015	iCCC/Negative
06-Jan-2015	D
03-Sept-2014	iCC/Negative
06-Aug-2013	iB/Negative
19-March-2013	iBB/Watch Neg
12-Aug-2012	iBBB-/Negative
12-Aug-2012	SD
16-July-2012	iCC/Negative
18-June-2012	iBBB/Negative
13-June-2011	iBBB+/Positive
24-Jan-2011	iBBB+/Stable
06-May-2010	iBBB+/Negative
13-April-2010	iA-/Watch Neg
12-Nov-2008	iA-/Negative
19-Feb-2007	iAA-/Stable

#### Other Details

Time of the event	18/01/2018 10:09
Time when the analyst first learned of the event	18/01/2018 10:09
Rating requested by	Issuer

### Credit Rating Surveillance

S&P Maalot is the commercial name of S&P Global Ratings Maalot Ltd. S&P Maalot conducts surveillance activities on developments which may affect the creditworthiness of issuers and specific bond series which it rates, on an ongoing basis. The purpose of such surveillance is to identify parameters which may lead to a change in the rating.

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