



KARDAN N.V.

S&P UPDATES RATING OF DEBENTURES DOWNWARDS

Amsterdam, June 18, 2012 - Kardan N.V. ("Kardan"), active in Real Estate, Water Infrastructure and Financial Services in emerging markets, announces that Maalot, the Israeli subsidiary of Standard & Poor's ("S&P"), reported that it has changed the rating of the debentures issued by Kardan, from iBBB+ positive outlook into iBBB negative outlook on higher leverage and difficult business environment.

S&P states that the change of the rating is based upon Kardan's increased LTV (loan-to-value ratio) to nearly 60% in June 2012 (July 2011: nearly 50%), mainly due to a sharp devaluation in Kardan's stake in the listed real estate company Globe Trade Centre S.A. as well as due to impairment in its private holdings, mostly stemming from very difficult business environments in Central and South Eastern European markets.

The negative outlook reflects the challenges that S&P believes Kardan will likely face in light of its liquidity profile in 2014.

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 N.V.

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 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, 2012 amounted to EUR 4.3 billion; revenues totaled EUR 85 million in Q1 - 2012. Kardan is listed on NYSE Euronext Amsterdam and the Tel-Aviv Stock Exchange.

The Q2 – 2012 and H1 - 2012 results of Kardan N.V. will be published on August 30, 2012.

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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