KARDAN N.V.

STANDARD & POOR'S ADJUSTS RATING OF KARDAN DOWNWARDS

Amsterdam, August 12, 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"), has today reported that it has adjusted the rating of Kardan downwards to ilB Negative for the Company and ilB for its Debentures Series A and Series B (from ilBB Watch Negative as per end of June 2013).

S&P has taken the Company off the CreditWatch, but will review the rating of the Company again in the coming weeks or months.

In June 2013, S&P had retained the rating of Kardan for both the Company and its Debentures Series A and Series B ilBB Watch Negative and had announced to keep the Company and the Debentures on CreditWatch with negative implications for approximately six weeks, when it would again review the ratings.

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

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, 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 (gereglementeerde informatie) as defined in the Dutch Act on Financial Supervision (Wet op het financieel toezicht)"

Annex: Rating Report Maalot

STANDARD & POOR'S MAALOT

Kardan N.V.

August 12, 2013

Rating Update

Rating downgraded to 'ilB'; Divestments To Meet Significant Debt Repayment in February 2014 Remain Unexecuted

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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

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Overview

- In our opinion, Kardan N.V. faces the need to sell significant assets in order to meet debt repayments of about €112 million in 2014, most of which are related to bond repayment due in February 2014.
- While we believe that company management is making a concentrated effort to secure the needed sources for debt amortization, such asset realizations have yet to be concluded. As a result, the company's liquidity profile continues to deteriorate and there is a significant rise in Kardan N.V.'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 due to weak characteristics of the investment portfolio and very high leverage,
- We are downgrading our rating for the Netherlands-based holding company, Kardan N.V., to 'ilB' from 'ilBB' and removing all ratings from Credit Watch with Negative implications.
- The Negative outlook reflects continued significant pressure on the company's liquidity profile and very high likelihood for further rating downgrades in the coming weeks or months, should the company be unable to bridge its near term funding needs.

Rating Action

On August 12, 2013, Standard & Poor's Maalot announced that it has lowered the rating on Netherlands-based operating holding company, Kardan N.V., to 'ilB/Negative' from 'ilBB'. All ratings have also been removed from Credit Watch Negative originally placed on March 20, 2013.

Rationale

The downgrade reflects the noncompletion of significant divestments for the purposes of securing additional cash to meet the company's significant debt amortization needs of about Euro 112 million in the first quarter of 2014. In accordance with our liquidity assessment methodology, there has been a worsening of the company's liquidity profile over the past six weeks, as the company's coffers (including GTC RE Real Estate Holdings BV) have not seen additional cash, while two significant bond maturities dates grow closer. In light of this fact, we have chosen to reflect the heightened credit risk with a downgrade.

We believe that the forecasted funding gap in early 2014 is a significant challenge demanding a prompt response, especially against a background of extremely high leverage (we estimate LTV of 66%) and very limited financial flexibility as reflected by the fact that held assets are predominately privately held and operations are concentrated in emerging markets (CEE) which are inherently high risk. In our opinion, management is working diligently on several plans of action to acquire the needed cash at the holding levels. We also continue to believe that the most realistic and expedient course of action, amongst several options under consideration, is the divestiture of Kardan N.V.'s listed shares (27.8%) in GTC

SA. As previously mentioned, time is of the essence and the pressure created with each delay in the realization of assets increases execution risks and overall credit risk. We also believe that the likelihood that Kardan N.V. will face a ‘going concern disclosure’ statement in its financial reports is increasing with each delay in securing the cash required to cover its debt amortization needs in 2014. It is critical to note that further delays in asset realizations and/or a potential “going concern disclosure” statement will have dire implications, such as a payment default in the short term.

In our estimation, Kardan N.V.’s asset portfolio value as of the end of July 2013 was Euro 775 million while its gross holding level debt (includes bank debt at GTC RE Holdings BV) was Euro 526 million. We estimate loan-to-value of about 66% (which includes netting out of Euro 11 million in cash).

Liquidity

Kardan N.V.’s liquidity is 'weak' according to our criteria. We estimate that its ratio of sources to uses in 2014 is 0.5x. According to our base case liquidity scenario, the company will need to bridge a funding gap of about Euro 65 million in order to meet its bond maturities in the first quarter of 2014. Kardan N.V. has several financial covenants with which it is currently in standing, except for a minimum equity (test) covenant pertaining to Euro 100 million of bank debt for which it has secured a waiver until November 30, 2013.

In our base-case scenario, we assume that company sources as of July 31, 2013 are:

Cash and liquid financial assets of Euro 11 million;

Loan repayments from subsidiaries of Euro 36 million by the end of 2014;

Cash dividends from subsidiary of Euro 16 million by the end of 2014.

Our assumptions for the company's uses as of July 31, 2013 are:

Debt maturities (principal and interest) of Euro 120 million to the end of 2014;

General & Administrative expenses of Euro 9 million to the end of 2014;

Outlook

The Negative outlook reflects continued significant pressure on the company’s liquidity profile. We think that there is a very high likelihood for further rating downgrades in the coming weeks or months should the company be unable to bridge its near term gap between its sources and its uses.

We will lower the issuer and issue ratings (bond series A and B) to ‘ilCCC’ within the next 3 months if the company does not reach a final and binding agreement to sell assets (or secure other funding sources), the proceeds of which, in our estimation, will be sufficient to cover Kardan N.V.’s liquidity needs in 2014. We will also act immediately to lower all ratings to ‘ilCC’ (one rating level prior to a “Default” rating) in the event of a “going concern disclosure” statement in the company's financial reports, or in the event of a negotiation with creditors to reschedule the current amortization timetable or any kind of a "distressed exchange". The latter development will certainly lead to a 'Default' rating under our criteria.

Ratings List

	To	From
Kardan N.V.		
Issuer credit rating	ilB/Negative	ilBB/Watch Negative
Series A	ilB	ilBB/Watch Negative
Series B	ilB	ilBB/Watch Negative