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ΥΠΟΥΡΓΕΙΟ ΕΞΩΤΕΡΙΚΩΝ
ΠΡΕΣΒΕΙΑ ΤΗΣ ΕΛΛΑΔΟΣ
ΤΕΛ ΑΒΙΒ
ΓΡΑΦΕΙΟ ΟΙΚΟΝΟΜΙΚΩΝ & ΕΜΠΟΡΙΚΩΝ
ΥΠΟΘΕΣΕΩΝ

Πληροφορίες: Κωνσταντίνος Κουρούμαλος,
 Γραμματέας ΟΕΥ Α΄

ΑΔΙΑΒΑΘΜΗΤΟ – ΕΠΕΙΓΟΝ

Τελ Αβιβ, 10/5/2016
Α.Π. Φ. 2701/ΑΠ 176

- ΠΡΟΣ :** -B8 Δνση (μ.σ.)
ΚΟΙΝ. : - Διπλωματικό Γραφείο κ. Υπουργού (μ.σ.)
 - Διπλωματικό Γραφείο ΥΦΥΠΕΞ κ. Μάρδα (μ.σ.)
 - Γραφείο κ. Γενικού Γραμματέα (μ.σ.)
 - Γραφείο κ. Γεν. Γραμματέα ΔΟΣ & ΑΣ (μ.σ.)
 - Γραφείο κας Αν. Γεν. Γραμματέως ΔΟΣ & ΑΣ΄ (μ.σ.)
 - Γραφεία κ.κ. Α΄ και Β΄ Γεν. Δ/ντών (μ.σ.)
 - Α6, Β1, Β3 Δ/νσεις (μ.σ.)
- ΤΕΕ (μ.σ. - μέσω ΥΠΕΞ - FAX: 210-322504)
 - Γραφείο Προέδρου (υπόψη κας Μοροπούλου)
 - Τμήμα Διεθνών Σχέσεων
- Πανελλήνιος Σύνδεσμος Ανονύμων Τεχνικών Εταιριών (ΣΑΤΕ) – (μ.σ. - μέσω ΥΠΕΞ)
 - Σύνδεσμος Τεχνικών Εταιριών Ανωτέρων Τάξεων (ΣΤΕΑΤ) – (μ.σ. μέσω ΥΠΕΞ)
 - Πανελλήνια Ένωση Συνδέσμων Εργοληπτών Δημοσίων Έργων (ΠΕΣΣΕΔΕ) – (μ.σ. μέσω ΥΠΕΞ)
- Ε.Α. :** -Πρεσβεία της Ελλάδος ενταύθα (μ.σ.)
ΘΕΜΑ: **Ενημερωτική Ημερίδα για ευκαιρίες συνεργασίας αλλοδαπών κατασκευαστικών εταιριών με ισραηλινές για την υλοποίηση και αξιοποίηση οικιστικών σχεδίων οικιστικά σχέδια στην Ισραηλινή στεγαστική αγορά (Τελ Αβιβ, 9.05.16)**
ΣΧΕΤ.: (α) Έγγραφο μας με Φ.2701/ΑΠ 117/21.03.16
 (β) Έγγραφο μας με Φ.2250/ΑΠ 81 /25.02.16 (μη προς όλους)
 (γ) Έγγραφο μας με Φ.3360/ΑΠ 80 /25.02.16 (μη προς όλους)
 (δ) Έγγραφο μας με Φ.3360/ΑΠ 72 /22.02.16 (μη προς όλους)
 (ε) Έγγραφο μας με Φ.2701/ΑΠ 40 /04.02.16 (μη προς όλους)

Σε συνέχεια ανωτέρω σχετικών και εν θέματι ημερίδας, σε οποία συμμετείχαν, εκτός από το Γραφείο μας, και εκπρόσωποι χωρών της ΕΕ, άλλων μεγάλων χωρών (Βραζιλία, Κίνα κ.λπ.) αλλά και ισραηλινές κατασκευαστικές εταιρίες, αποστέλλουμε, συνημμένα, προς ενημέρωσή σας, και σε ηλεκτρονική μορφή, ενημερωτικό φυλλάδιο του Υπουργείου Κατασκευών και Στέγασης για τις διαφαινόμενες ευκαιρίες δραστηριοποίησης που εμφανίζονται στην Ισραηλινή στεγαστική αγορά, σε οποία περιγράφονται οι νέες κυβερνητικές πολιτικές στον στεγαστικό τομέα καθώς και η σχετική προκήρυξη (υπ' αριθμ. 2016032302272/23.03.2016).

Από ανωτέρω, επισημαίνουμε τα ακόλουθα:

- Συγκεκριμένες πολιτικές αποσκοπούν στη μείωση των τιμών, στην αύξηση του κατασκευαστικού όγκου και στην ανάπτυξη του εγχώριου οικιστικού τομέα, με στόχο την αντιμετώπιση της οικιστικής κρίσης που αντιμετωπίζει η χώρα.
- Συγκεκριμένη αγορά παρουσιάζει δυναμισμό, λόγω της συνεχούς αύξησης του πληθυσμού (8,46 εκ. - +2%/έτος), της αύξησης των νοικοκυριών (2,36 εκ.), προστίθενται ετησίως 50 χιλιάδες νέα νοικοκυριά, το αυξανόμενο ΑΕΠ (+ 2,5%/2015), σε οποίο ο κατασκευαστικός τομέας αντιπροσωπεύει το 5,5%, στη συνεχώς μειούμενη και ήδη σε χαμηλά επίπεδα διαμορφούμενη ανεργία (5,3%/2015), στον αποπληθωρισμό (-1%). Στα παραπάνω, προστίθεται το ανατιμούμενο Σέκελ, τα μηδενικά επιτόκια της Κεντρικής Τράπεζας του Ισραήλ (+0,1%), ο αυξανόμενος αριθμός οικοδομικών αδειοδοτήσεων και ολοκλήρωσης κατασκευών (48,5 και 43,5 χιλ. μονάδες, αντίστοιχα) καθώς και η έλλειψη εργατικού δυναμικού - εξειδικευμένου και μη - στον τομέα των κατασκευών (241,2 χιλ. εργάτες, εκ των οποίων 181,200 Ισραηλινοί και 60 χιλ. αλλοδαποί, προερχόμενοι κυρίως από Βουλγαρία, Ρουμανία και Ουκρανία).
- Ανωτέρω δεδομένα, σε συνδυασμό με την ανέγερση χιλιάδων κατοικιών (το 2016, αναμένεται να αδειοδοτηθούν 100 χιλ., με αυξητικές τάσεις), την απελευθέρωση οικιστικής γης από τη μετεγκατάσταση στρατιωτικών βάσεων και

εγκαταστάσεων αμυντικών βιομηχανιών από το Κεντρικό στο Νότιο Ισραήλ, καθώς και την ανάπτυξη του κατασκευαστικού τομέα του Ισραήλ δημιουργούν τις προϋποθέσεις για το σταδιακό άνοιγμα της κατασκευαστικής – στεγαστικής αγοράς με αρχική επιλογή έξι (6) αλλοδαπών εταιριών αλλά και ευκαιρίες και για τις ε/κατασκευαστικές εταιρίες για είσοδο και δραστηριοποίηση στην κατασκευαστική αγορά του Ισραήλ γενικότερα.

- Σε αρχικώς επιλεγείσες έξι (6) εταιρίες που θα συμπεριληφθούν σε σχετική βάση δεδομένων, αναμένεται σε κοινοπραξία με ισρ/εταιρίες, ή ως υπεργολάβοι αυτών να ανατεθούν ολοκληρωμένα οικιστικά έργα (σχεδιασμός, κατασκευή υποδομών, ανέγερση κατοικιών), ενώ έχει προβλεφθεί και το υγεινικό θεσμικό πλαίσιο, με το οποίο ενθαρρύνεται η ενοικίαση κατοικιών (με φορολογικά κίνητρα και εκπτώσεις στην τιμή απόκτησης δημόσιας γης).

- Σημαντικές ημερομηνίες ανωτέρω προκήρυξης είναι σύμφωνα με την εν θέματι παρουσίαση η 20.05.16 (έως ώρα 17:00) για την καταληκτική υποβολή ερωτημάτων και η 15.07.16 (έως ώρα 12:00), οποία παρατάθηκε σε σχέση με την αρχικά προβλεπόμενη (27.06.16).

-Βασικές προϋποθέσεις συμμετοχής μίας εταιρίας για την υποβολή προσφοράς, είναι:

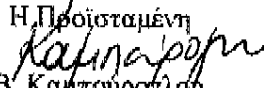
- η ύπαρξη εταιρικής μορφής ΕΠΕ ή άλλης μορφής καταχωρημένης σε κάποιο Μητρώο Εταιριών,
- η έδρα της να βρίσκεται εκτός του Ισραήλ,
- να έχει μέσο ετήσιο κύκλο εργασιών στον στεγαστικό τομέα και στον τομέα των υποδομών, ύψους 500 εκ. \$ τα τρία (3) τελευταία οικονομικά έτη,
- να έχει σχέση καθαρών χρηματικών χρεών/χρηματικά διαθέσιμα, όχι μεγαλύτερη του 60% κατά μέσο όρο τα τρία τελευταία οικονομικά έτη,
- να διαθέτει απόθεμα μηχανολογικού εξοπλισμού οικοδομικών υλικών που να υπερβαίνει το 30% των συνολικών του χρηματικών του διαθεσίμων,
- να έχει αναλάβει και διεκπεραιώσει, κατά τα τρία (3) τελευταία έτη, την κατασκευή, τουλάχιστον, δεκαπέντε (15) διαφορετικών οικιστικών σχεδίων, εμβαδού, το λιγότερο 3.000 τ.μ., εκ των οποίων ένα (1) τουλάχιστον έργο να είναι δεκαπέντε (15) ορόφων και άνω,
- να έχει υλοποιήσει, τα τελευταία τρία (3) χρόνια, σε ξένη χώρα, τουλάχιστον ένα (1) οικιστικό σχέδιο, εμβαδού 3.000 τ.μ., με πολεοδομικό πλαίσιο, διαφορετικό από το ισχύον στη χώρα προέλευσης (έδρα) και η οποία να έχει ακαθάριστο κατά κεφαλήν εισόδημα τουλάχιστον 30.000 \$ και τέλος
- να έχει απασχολήσει, τα τρία (3) τελευταία έτη, έναν (1) αρχιμηχανικό με εμπειρία στις στεγαστικές κατασκευές τα τελευταία πέντε (5) χρόνια και ο οποίος επέβλεψε επαγγελματικά τα έργα που παρουσίασε η εταιρία ως απόδειξη της επαγγελματικής εμπειρίας της.

Τα υπόλοιπα κριτήρια επιλογής περιγράφονται αναλυτικά στο κείμενο της προκήρυξης (αποστέλλεται).

-Κείμενο προκήρυξης μπορεί να αναζητηθεί στον ακόλουθο υπερσύνδεσμο του Ισρ/Υπουργείου Κατασκευών και Στέγασης: http://www.moch.gov.il/English/new_construction/Pages/call_for_proposals_from_foreign_construction_companies_for_construction_works_for_residential_housing_in_israel.aspx και μπορούν να υποβληθούν σύμφωνα με σχετική ανακοίνωση στην ιστοσελίδα του Υπουργείου στην ηλ/κή διεύθυνση: cfpr@moch.gov.il.

-Στόχος της Ισρ/πλευράς, δεδομένου της ακριβής στέγης, της χαμηλής ποιότητας των οικιών αλλά και των πιστικών οικιστικών αναγκών είναι η προσέλκυση εταιριών με τεχνογνωσία στην «βιομηχανική κατασκευή κατοικιών», με παράλληλη εισαγωγή εξειδικευμένου εργατικού δυναμικού (έως 1000 άτομα), ώστε και να αντιμετωπιστεί το οικιστικό πρόβλημα που αντιμετωπίζει η χώρα και να μεταφερθεί τεχνογνωσία, μέσω της συνεργασίας με εγχώριες εταιρίες.

Παρακαλούμε για τις κατά λόγο αρμοδιότητος, τυχόν, ενέργειές σας.

Η Προϊσταμένη

 Β. Καμπούρογλου
 Σύμβουλος ΟΕΥ Α΄

Συν.: Σελ.: Σαράντα έξι (46)
 ΚΚ/



State of Israel
Ministry of Construction and Housing
Strategy & Planning Policy Department

Jerusalem 23 March 2016
Ref. No: 2016032302272

Call for Proposals from Foreign Construction Companies
For the Execution of Construction Works for Residential Housing in Israel

1. **General**

Apartment prices in Israel have risen sharply in recent years. One of the reasons for this is the fact that over the years the volume of construction in Israel has been significantly lower than the growth in the demand for housing. This gap has created a shortage of hundreds of thousands of housing units, which affects the prices of housing in Israel.

Further to the initiative of the Minister of Construction and Housing to satisfy the huge demand for apartments, through the promotion of technologies and advanced construction methods that will lead to an improvement in the level of productivity in the industry and a shortening in the construction period, and on the initiative of the Minister of Finance to bring foreign construction companies to Israel, and pursuant to Resolution No. DR/60, dated 07.03.2016, of the Ministerial Committee for Planning, Construction and Housing (the "**Housing Cabinet**") dealing with bringing foreign construction companies, the Ministry of Construction and Housing (hereinafter: the "**Ministry**") wishes to invite foreign building companies with proven experience in the field of housing construction to submit their requests to be included in the database of registered foreign contractors for the construction of residential buildings in Israel (hereinafter: the "**Database**" or "**Database of Contractors**"). A foreign company that is included in the Database



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will be entitled to build residential buildings in Israel and to manage residential construction projects as the party responsible for all the engineering and performance aspects of the project.

A foreign company that submits a request pursuant to this call for proposals (hereinafter: the "Offeror"), and which is deemed eligible to be included in the Database of Contractors, will be registered in the Database for a period of 5 years only, in accordance with the discretion and decision of the competent officials at the Ministry of Construction and Housing. For the avoidance of doubt, it is brought to the attention of the Offerors that are deemed eligible to be included in the Database of Contractors, that the Ministry is entitled pursuant to its sole discretion – to add to or remove a contractor from the Database, without any Offeror having any claim and/or demand in this respect. In addition, the Ministry is entitled to extend the aforesaid period for an additional period of up to 3 years, pursuant to its sole discretion.

This call for proposals determines the procedure for selecting the foreign companies that will be included in the Database, including the threshold conditions and the criteria that the Offerors are required to meet and the conditions for being declared the winner; the conditions under which the companies will be entitled to perform the construction works for housing in Israel and the model for monitoring and controlling their work.

The Ministry intends selecting up to 6 Offerors that will be included in the Database.

2. Threshold Conditions

Only an Offeror that, on the last day stipulated for submitting proposals, meets all the following cumulative conditions:



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- 2.1. The Offeror is a legal entity that is a limited liability company or registered partnership.
- 2.2. The Offeror is incorporated outside of Israel, its place of business is outside of Israel and it has no registered place of business in Israel.
- 2.3. The Offeror has an average annual turnover from activities in the construction and infrastructure industry amounting to at least USD 500,000,000 over the last three financial years prior to the last day for submitting offers.

For the purpose of meeting this condition only, the revenue of the parent company of the Offeror, if any, from the field of construction and infrastructure, over the last three years prior to the final date for submitting proposals, can also be recognized, provided that the Offeror has been wholly owned (100%) by the parent company over the period of at least one year prior to the final date for submitting proposals. In such a case, up to only half of the amount specified in this section can be recognized.

With regard to this section, the Offeror's parent company can be a foreign company or an Israeli construction company which is a building developer or a registered contractor in a primary industry pursuant to the Registration of Contractors for Construction Engineering Works Law, 5729-1969.

- 2.4. The Offeror has a net financial debt to total assets ratio that does not exceed a rate of 60% on average over the three financial years prior to the final date for submitting proposals.
- 2.5. The Offeror has a stock percentage of mechanical equipment and materials for construction that exceeds 30% of the Offeror's total assets.



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2.6. Over the three years prior to the final date for submitting proposals, the Offeror – as a performance contractor – has carried out and completed at least 15 different residential construction projects outside of Israel, each project covering at least 3,000 sq. meters, of which at least one project is a residential building of 15 floors or more. For the purpose of this section, the following provisions shall apply:

2.6.1. The Offeror must provide details in the proposal of the kind of construction in the projects: residential buildings attached to the ground; textured construction (residential buildings of 3-9 floors); saturated construction (residential buildings of 10-15 floors); towers (residential buildings of more than 16 floors).

2.6.2. Projects will be defined as separate projects if one of the following conditions is satisfied:

- a. There was a different performance contractor for the building-frame stage for each of the projects.
- b. The construction sites of the projects are more than one kilometer apart.
- c. There are at least 5 buildings that have been constructed between the projects.

2.6.3. "Performance Contractor"– The contractor that engages in a contractual agreement with a principal who commissioned the work for the execution of construction works.

"Project" – Residential construction on one site, including public areas such as shelters, storerooms and covered parking, covering at least 3,000 sq. meters.



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2.7. The Offeror – as the Performance Contractor in the field of residential construction – has carried out and completed at least one residential project over the last three years prior to the final date for submitting the proposals, covering an area of at least 3,000 sq. meters, in a country which is outside the mother country, other than Israel, and which is governed by different regulatory rules to those in effect in the Mother Country in the field of residential construction, and which has a gross domestic product per capita (hereinafter: the “GDP per Capita”) is at least USD 30,000.

For the purpose of this section, “Mother Country” means: the country in which the Offeror is incorporated and operates in the field of residential construction over the last three years prior to the final date for submitting the proposals.

2.8. Over the last three years prior to the final date for submitting the proposals, the Offeror has employed a chief engineer who has a Bachelor's Degree in Civil Engineering and practical experience (after obtaining his license) in the field of residential construction over the last five years prior to the final date for submitting the proposals, and who provided professional advice with respect to the projects that have been presented as proof of the company's experience pursuant to Sections 2.6 and 2.7 above.

3. Details of the Documents that must be Attached to the Proposal

The Offerors must refer in their proposals to all the details required in this call for proposals and they must attach all the documents to them as listed below:



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- 3.1. An affidavit by the manager of the Offeror declaring that the Offeror's place of business is outside of Israel and that it does not have a registered place of business in Israel.
- 3.2. The Offeror's incorporation documents and confirmation by the Offeror's legal advisor, indicating the identity of the authorized signatories.
- 3.3. The Offeror's Articles of Association.
- 3.4. Affidavits by the Offeror's managers or controlling shareholders relating to the company's fields of activity.
 - 3.4.1. An affidavit by a manager of the Offeror confirmed by the Offeror's legal advisor declaring that the Offeror is a construction company and not a manpower company.
 - 3.4.2. A letter of waiver of confidentiality signed by the Offeror making it possible to verify with the authorities in the country where the Offeror is incorporated that the Offeror is a construction company and not a manpower company.
- 3.5. In the event that the Offeror is incorporated in a country where a license is required from the country for the purpose of construction works abroad, the following must be submitted:
 - 3.5.1. A license from the said country.
 - 3.5.2. A letter of waiver of confidentiality signed by the Offeror for the purpose of running checks with the authorities in the said country regarding receipt of such a license
- 3.6. A contractor's license or equivalent certificate from the Registrar of Contractors (or the equivalent to him) in the country where the Offeror is registered, or confirmation by the company's legal advisor that there is no



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Registrar of Contractors, or equivalent to him, in the country where the Offeror is registered.

- 3.7. The Offeror's profile and experience in residential construction projects.
- 3.8. A table must be attached with details of the projects/activities, in which the Offeror was involved, for the purpose of proving his fulfillment of the threshold conditions as well as for the purpose of giving a score to the quality, together with the appropriate references. In respect of each project, a separate page must be attached providing the following details:
 - 3.8.1. The name of the principal;
 - 3.8.2. A description of the projects/works and the places where they were carried out (full address);
 - 3.8.3. Information about the project: the number of residential units; the number of square meters built; the date of receipt of the permit; the date of completion of the construction and the date of approval of occupancy or handing over of the project; the number of building-frame workers who carried out the construction; an up-to-date picture of the project.
 - 3.8.4. The nature of the construction: residential buildings attached to the ground; textured construction (residential buildings of 3-9 floors); saturated construction (residential buildings of 10-15 floors); towers (residential buildings of more than 16 floors);
 - 3.8.5. The function that it fulfilled in the project (developer / main contractor / subcontractor / building-frame contractor);



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- 3.8.6. The financial scope of the project that was executed by the Offeror;
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- 3.8.7. The advanced construction method used in the construction of the building-frame and the type of materials used in the construction thereof (concrete/steel).
- 3.9. Names of at least 3 references, with respect to which the Offeror must indicate the contact details of the reference, the projects that the Offeror executed where the reference was involved and the construction methods used in these projects, and it must also attach pictures of the project.
- 3.10. Confirmation by the Offeror's accountant concerning the Offeror's annual turnover for the years 2013-2015.
- 3.11. Audited financial statements for the years 2013, 2014 and 2015.
- 3.12. Confirmation by the accountant of the Offeror regarding the Offeror's financial income from activities in the construction and infrastructure industry and the operating profit margin (Earnings Before Interest & Tax) of the Offeror over the last three financial years.
- 3.13. An affidavit by a manager of the Offeror, confirmed by the legal advisor of the Offeror, concerning the absence of losses or convictions in significant claims or settlements in administrative or disciplinary proceedings that have been conducted outside of Israel against the Offeror with regard to charging unlawful brokerage fees and human trafficking.
- 3.14. Details provided by the manager of the Offeror, confirmed by the latter's legal advisor, concerning significant claims or administrative or disciplinary proceedings that have been conducted outside of Israel against the Offeror with regard to worker's rights, including the safety of workers, as



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well as in relation to proceedings or convictions outside of Israel for giving bribes to foreign civil servants.

- 3.15. An affidavit in which the Offeror undertakes not to collect brokerage fees from the workers that are employed by it for the purpose of its activities in Israel or collateral which is in violation of Israeli law, and that it is aware that collection of such brokerage fees constitutes a criminal offense in Israel.
- 3.16. A document of questions and answers signed by the Offeror, as described in Section 9 hereunder.
- 3.17. Submission of the affidavits pursuant to this section constitutes an integral part of the threshold conditions as stipulated in Section 2 above.

4. Checking the Quality of the Proposals

The proposals will be checked in accordance with the weights set forth in the table below:

Type of Criteria	Explanation	Points awarded to the Criteria
Quality Criteria	The size in square meters built for housing – 15%	Average construction over the last three years covers an area of 45,000 sq. meters – 1 Point
	The Offeror – as the Performance Contractor – has carried out and completed various residential construction	Average construction over the last three years exceeding 200,000 sq. meters – 10 Points



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45%	<p>projects, over the last three years prior to the final date for submitting the proposals, which meet the threshold conditions prescribed in Section 2.6 above.</p>	<p>An Offeror with an average construction size between the minimum and the maximum specified above will be awarded the proportional part of the points.</p>
	<p style="text-align: center;">The number of projects carried out which meet the threshold conditions of Section 2.6 – 15%</p>	<p>15 such projects – 1 Point 30 such projects – 10 Points</p> <p>An Offeror that has carried out a number of projects between the minimum and the maximum specified above will be awarded the proportional part of the points.</p>
	<p style="text-align: center;">The number of projects executed outside of the Mother Country that fulfill the threshold conditions as prescribed in Section 2.7 in this regard –10%</p>	<p>1 such project – 1 Point 5 such projects – 10 Points</p> <p>An Offeror that has completed a number of projects between the minimum and the maximum specified above will be awarded the proportional part of the points.</p>



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	<p>The number of countries (other than Israel) outside of the Mother Country whose GDP per Capita is USD 30,000 where the Offeror carried out a residential construction project covering an area of at least 3,000 sq. meters – 10%</p>	<p>1 such country – 1 Point</p> <p>5 such countries – 10 Points</p> <p>An Offeror that has such experience in several countries – between the minimum and the maximum specified above – will receive the proportional number of points</p>
	<p>Fields of Activity – 10%</p> <p>The nature of the company's activities in the residential construction field over the last five years:</p> <p>Entrepreneurship – the rights holder in the land that engages in an agreement with the Performance Contractor for the execution of the construction works on the land, or that executes the works itself.</p> <p>Main Contractor – the one that engaged in a contractual</p>	<p>Any project covering at least 3,000 sq. meters of various types of activities, as described below, will receive half a point up to the maximum ceiling stated alongside them.</p> <p>Entrepreneurship – A maximum of 1 Point</p> <p>Main contractor – A maximum of 2 Points</p> <p>Subcontractor – A maximum of 2 Points</p>



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	<p>agreement with the entrepreneur to carry out the construction work.</p> <p>Subcontractor – the one that engaged in a contractual agreement with a Main Contractor to carry out construction work.</p>	<p>Building-frame contractor – A maximum of 5 Points</p>
	<p>The type of experience acquired by the Offeror in the field of Residential Construction – 20%</p>	<p>Any project of at least 3,000 sq. meters in the various fields of construction will receive half a point up to a maximum ceiling for each field.</p> <p>Attached to the ground – A maximum of 1 Point.</p> <p>Textured construction – a building of 3–9 floors – A maximum of 3 Points.</p> <p>Saturated construction – Construction of 10–15 floors – A</p>



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		maximum of 5 Points.
		Towers – Residential buildings of more than 16 floors –a maximum of 1 Point.
	References 5%	The impression from the references attached by the Offeror. The Ministry is entitled to contact all or some of the references, according to its sole discretion.
	General impression 15%	The general impression gained from the Offeror's experience, its financial strength, the documents attached to its proposal and the scope of its activity.
Manpower Criteria 28%	Seniority of foremen – 50% The average number of years of professional experience of all the Offeror's workers who are foremen of the Offeror – from the time of receiving certification as a foreman until the date of submitting the proposals.	Average experience of 5 years – 1 Point. Average experience of 10 years – 10 Points. Average experience between the minimum and the maximum specified above will be awarded the proportional number of points.



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	<p style="text-align: center;">Seniority of the performance engineers – 50%</p> <p>The average years of professional experience of all the Offeror's workers who are the Offeror's performance engineers – from the time of receiving certification as an engineer until the date of submitting the proposals.</p>	<p>Average experience of 10 years – 1 Point.</p> <p>Average experience of 20 years – 10 Points.</p> <p>Average experience of between the minimum and the maximum specified above will be awarded the proportional number of points.</p>
<p>Financial Criteria 27%</p>	<p style="text-align: center;">The net financial debt to total asset ratio – 30% of the Points</p> <p>The net financial debt to total asset ratio on average over the last three years.</p>	<p>Up to a rate of 30% – 10 Points.</p> <p>Any percentage between 30% and 60% will receive the proportional part of the points of this section.</p>



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	<p align="center">The rate of operational profitability –40% of the points</p> <p align="center">EBIT Earnings Before Interest & Tax</p> <p>An average of the last 3 years of the operational profitability rate of the Company.</p>	<p>An EBIT rate of 3% (min.) – 1 Point</p> <p>An EBIT rate of 7% (max.) – 10 Points</p> <p>An EBIT rate between the minimum and the maximum specified above will receive the proportional part of the points.</p>
	<p align="center">The annual turnover –30% of the Points</p> <p>An annual turnover from ongoing activities in the construction and infrastructure industry on average for the year, over the last three years prior to the final date for submitting the proposal.</p>	<p>An average annual turnover of USD 500,000,000 – 1 Point</p> <p>An average annual turnover of USD 900,000,000 – 10 Points</p> <p>An average annual turnover between the minimum and the maximum specified above will receive the proportional part of the points.</p>
<p>In Total 100%</p>		

5. The Procedure for Selecting the Winners

The procedure for selecting the winner will be carried out in two stages as follows:



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5.1. First Stage – Checking compliance with the threshold conditions

In this stage, all the proposals that are received by the final date set for submitting the proposals will be checked with respect to their meeting the threshold conditions. Only a proposal that meets the aforementioned threshold condition requirements will go forward to the next stage of examining the quality of the proposal.

5.2. Second Stage – Examining the quality of the Proposals

In this stage all the proposals that meet the threshold conditions will be examined. Each proposal will receive a score according to the Quality of the proposals Evaluation Table, as set out above, and all the proposals will be ranked from highest to lowest.

During the course of checking the quality of the proposals, as well as the Offerors, the Ministry is entitled to conduct interviews with all the Offerors and/or their representatives. The Offeror hereby confirms that the Ministry may conduct all the inspections associated with and involved in this.

5.3. The 6 (six) proposals that obtain the highest score will be included in the Database. The Ministry reserves its right to select a number of proposals that is higher or lower than the aforesaid number, according to its sole discretion.

5.4. **The Ministry reserves the right to disqualify a specific Offeror if it is found that false or misleading information was included by it or on its behalf in its proposal, or due to security considerations. Moreover, the Ministry reserves the right not to include more than two Offerors from the same country in the Database, according to its sole discretion.**



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5.5. The Ministry reserves its right – even after completion of this call for proposals process and selection of the companies that are to be included in the Database – to add additional Offerors, at any stage during the existence of the Database, which are ranked immediately after the companies that were originally included in the Database, all of which is according to the Ministry's sole discretion.

6. How the Database will be Operated

- 6.1. A Company that is included in the Database will be entitled to work in the residential building industry in Israel for a period of five years (hereinafter: the "Permit Period"), subject to compliance with the Company's obligations as set forth in Section 7 hereunder.
- 6.2. The Company will be entitled to work in the residential building industry as a performance contractor of residential construction works.
- 6.3. The Company will not be permitted to purchase land in Israel nor will be able to act as a developer, unless this is done in the scope of a joint venture (JV) with an Israeli company, subject to the rules relating to the allocation of land to foreigners pursuant to the Israel Lands Law, 5720-1960, and subject to any law.
- 6.4. The Ministry will, according to its sole discretion, be entitled to extend the period of the permit for companies that meet the construction targets prescribed in this call for proposals to additional periods that do not exceed 3 years cumulatively. In the last year of the permit, the Company may submit a request to the Ministry to extend the period of the permit in respect of its activities in Israel.
- 6.5. The Ministry will assist the companies in the following ways:



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- 6.5.1. Providing a recommendation to the Population and Immigration Authority for the allocation of permits, for the purpose of employing up to 1,000 foreign workers per company in Israel, for the purpose of employing them in professions that are defined as "Wet Works" in construction, according to the terms and conditions stipulated by the Ministry, *inter alia*, taking into account an initial signed agreement, of a significant extent, for the execution of residential construction works in Israel as a Performance Contractor of the building-frame stage, subject to a quota of foreign workers pursuant to the government resolutions that are in effect, and as they may be amended from time to time; and the procedures of the Population and Immigration Authority and any condition that is stipulated by it for the purpose of providing approval, including payments, guarantees and other obligations that apply to the employer of foreign manpower pursuant to the Manpower Contractors Law, 5756 –1996 and the related regulations, and according to the Foreign Workers Law, 5751–1991, and to the employers of foreign workers and any other procedure that is established by it in this regard, as may be amended from time to time, all according to its sole discretion, including a special procedure that will be established by it for regulating the employment of the foreign workers in Israel by the companies.

In this regard, "Wet Works" means: molding, structural ironworker, plastering, and flooring.



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- 6.5.2. Providing recommendations to the Population and Immigration Authority to allocate permits, for the purpose of employing workers of the foreign Company in Israel who are managers, senior managers, or trusted employees that are required for the routine management of the Company in Israel, subject to the rules and procedures of the Population and Immigration Authority and any conditions stipulated by it for the purpose of providing such approval, including payments, guarantees and other obligations that apply to the employer of foreign manpower pursuant to the Manpower Contractors Law, 5756 –1996 and the related regulations, and according to the Foreign Workers Law, 5751–1991, and to the employers of foreign workers and any other procedure that is established by it in this regard, as may be amended from time to time, all according to its sole discretion.
- 6.5.3. It is hereby clarified that the entry into and remaining in Israel, and the employment of foreign workers in Israel are subject to changes and they are affected by a variety of events and considerations, and therefore nothing stated in this call for proposals with regard to the quota of foreign workers and/or the permit for the employment of foreign workers or work permits for foreign workers should be construed as an assurance or undertaking to any Company, person or entity with respect to their entry into Israel, their stay in Israel, their employment, or the duration of the employment of the foreign workers or of a specific number of foreign workers during a specific period or periods.



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7. The Obligations of a Company that is included in the Database and Restrictions on its Activities in Israel

A company that is selected in this process and which is included in the Database (hereinafter: the "**Company**") will be required to fulfill the obligations set forth below:

- 7.1. Immediately upon the Company being selected for inclusion in the Database, the Company will be obliged to arrange its registration as a Registration of Contractors for Construction Engineering Works Law, 5729-1969 (hereinafter: the "**Contractors Registration Law**") and the regulations enacted by virtue thereof, which will be updated so as to allow for registration in the Register of Contractors and for giving a contractor's classification to a foreign construction company.
- 7.2. A Company that is included in the Database will be obliged to employ two engineers— in full-time positions as employees of the Company – who are registered in the Register of Engineers and Architects in the civil engineering sector, pursuant to the Engineers and Architects Law 5718-1958, and, as the case may be, also a license holder under the aforesaid law, in the appropriate cases for registration pursuant to the Contractors Registration Law, who have experience of at least five years, during the last seven years (after having been registered in the said register) in performing and/or supervising the execution of the engineering construction works as defined in the Contractors Registration Law, of residential construction including development of courtyards and the development of neighborhoods in Israel and in projects that have been implemented by contractors that are registered in the Contractors' Register which is kept in terms of the Law. In this regard, only experience within the scope of a C5 classification pursuant to the regulations for the Registration of Contractors for Engineering Construction Works



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(Classification of Registered Contractors), 5748–1988, as they may be from time to time, will be taken into account. These engineers will manage and carry out close and frequent professional supervision of all the construction works that the Company carries out in Israel and they will be responsible for all the professional activities of the Company with respect to residential construction in Israel.

7.3. The Ministry will conduct follow up tests throughout the entire registration period of the Company in the Database in order to ensure that the Company executes the minimum number of residential construction, as set forth hereunder, in Israel as the Performance Contractor or as a developer in a joint venture with an Israeli company, pursuant to what is specified in Section 6.3 above, which includes checking the Company's disbursements on raw materials for the purpose of residential construction and the use of suitable equipment that is designated for constructing frames of residential buildings:

7.3.1. During the second year of operating the Database, the Company will be required to prove that it is in the process of carrying out residential construction works at least on one site which covers not less than 100,000 sq. meters;

7.3.2. During the third year of operating the Database, the Company will be required to prove that it is in the process of carrying out residential construction works that cover a total area of not less than 150,000 sq. meters;

7.3.3. During the fourth year of operating the Database, the Company will be required to prove that it is in the process of carrying out residential construction works that cover a total area of not less than 250,000 sq. meters.



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- 7.3.4. For the purpose of carrying out such checking, the Ministry is entitled to conduct visits to the sites where the Company is executing residential construction works, by prior arrangement with the Company.
- 7.3.5. The residential construction works that are recognized for the purpose of compliance with this section will be on condition that the Company itself has performed 80% of the work hours in them during the building-frame stage.
- 7.4. The Company is required to be prepared to terminate all the residential construction works, that it carries out by virtue of this call for proposals, at the end of the original period of the permit. Without derogating from the foregoing, in the last year of the permit, the Company may submit a request to extend the period of the permit, for the purpose of completing the works for which it is responsible, for the period that will be required, but in any event not more than three additional years from the date specified by the Ministry for terminating the validity of the Database.
- 7.5. Prior to the commencement of the Company's activities in the construction industry in Israel, workers of the Company – as decided by the Ministry and according to the numbers that it determines – will be required to undergo training by the Safety Officer of the Ministry of Economy and Industry.
- 7.6. The Company will operate in Israel pursuant to any law, including the labor laws and the laws pertaining to workers' rights, safety in the workplace and requirements of the Israel law and the standards pertaining to construction equipment and those operating such equipment, the laws applicable to the execution of construction works and the sale of apartments, the laws pertaining to the employment of foreign workers, the



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consumer protection laws and the tax laws that are relevant to the Company's activities in Israel.

- 7.7. The Company will be required to comply with all the requirements of the laws of Israel with regard to the health and safety of the workers on the construction sites where it builds, including the appointment of a certified foreman, and equipment that complies with the requirements in Israel.
- 7.8. Regular monitoring will be conducted on behalf of the competent agencies in Israel – regarding the Company's compliance with the obligations imposed on it pursuant to Israeli law and according to the procedures of the Population and Immigration Authority – to ensure compliance with the employment terms of the foreign workers who are employed by the Company for the purpose of its work in Israel, including a monthly wage, medical insurance and housing conditions of these workers.
- 7.9. Pursuant to what is stipulated in Section 6.5 above, the Company may request to employ workers in Israel who have passports of the country in which it is incorporated and in which it has been operating in the field of residential construction over the last three years prior to the final date for submitting proposals. The employment of such workers is conditioned on the prior approval for granting work permits by the Population and Immigration Authority, and subject to the terms and conditions prescribed in the approval.
- 7.10. Without derogating from the foregoing, the Ministry is entitled, at its discretion, to recommend to the competent agencies in Israel to permit the Company to employ workers in Israel who do not hold passports of the country in which it is incorporated and has been operating in the field of residential construction over the last three years prior to the final date for submitting the proposals, *inter alia*, if it is found that these workers are



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entitled to work in the said country without requiring work permits or that there is no other prohibition against employing them in the Company, pursuant to an agreement and/or convention between the two countries. However, such a Company that is incorporated in the European Union will also be entitled to request to employ workers in Israel that are holders of passports of other countries in the European Union. The employment of such workers is conditional on the prior approval for providing work permits by the Population and Immigration Authority and subject to the terms and conditions that are prescribed in the approval.

- 7.11. The Company will not be entitled to bring workers to Israel from enemy countries, designated countries or risk countries, as defined at any time by the Israel Security Services.
- 7.12. The Company will not be entitled to employ foreign workers in the construction industry who are employed in Israel and/or who have been invited to work in Israel by the constructions companies that employ foreign workers as manpower contractors pursuant to Section 10 of the Manpower Contractors Law, 5756 -1996 (hereinafter: the "**Construction Companies**").
- 7.13. A Company in the Database can hire workers from other companies registered in the Database; however, this is only after it has brought at least 80% of the quota specified in Section 6.5 above to Israel.
- 7.14. In any residential construction project that the Company carries out as part of its activities in Israel, at least 80% of the work in the building-frame stage of the residential buildings is required to be performed by the foreign workers who are employed by the Company.
- 7.15. It is hereby clarified that the participation of the Company in tenders that are published by the State of Israel with regard to Israeli real estate will be



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subject to the rules concerning the allocation of land to foreigners
pursuant to the Israel Lands Law, 5720-1960

- 7.16. The Company will be registered with the Registrar of Companies in Israel as a foreign company, with a registered address for serving documents, and it is required to appoint an officer on its behalf in Israel who will be responsible for all the activities of the Company in Israel, including for the purpose of providing a warranty for the buildings that it builds – in accordance with the requirements of the Israeli law that applies to residential construction – guaranteeing the rights of workers and the employer's duties pursuant to the work safety laws in effect in Israel.

For the avoidance of doubt, it is hereby clarified that the Offeror's proposal constitutes an express undertaking to carry out everything stated above in the event that it is selected for inclusion in the Database.

8. Cancellation of the Registration in the Database

- 8.1. The Ministry is entitled to cancel a Company's registration in the Database, subject to a hearing, for the following reasons:

- 8.1.1. Where it is found that during the course of the Company's activities, the Company, or anyone acting on its behalf, has charged foreign workers – who it invited to Israel or hired in Israel – prohibited brokerage fees, or that there has been a serious infringement of the rights of workers that it employs in Israel.

- 8.1.2. Where the Company fails to fulfill its obligations towards the Ministry, as determined in this call for proposals.

- 8.2. In the event that the Ministry decides to cancel the registration of a Company in the Database or to shorten the period of the permit during



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which the Company will operate in Israel by virtue of this call for proposals, the Ministry will determine the rules for terminating the residential construction works that the Company is performing by virtue thereof, including with regard to the foreign workers that it invited to work in Israel for the purpose of performing the said works.

- 8.3. In the event that the Ministry cancels the registration of a Company in the Database, the Ministry will be entitled, according to its sole discretion, to include another company in the Database that was ranked, in the process, in the next place after the original winners in the process.
- 8.4. It is hereby clarified that cancellation of a Company's registration in the Database, pursuant to this section, will not derogate from the Ministry's other powers to act in relation to breaches as stated in Section 8.1.1 above.

9. How Proposals are to be Submitted to the Call For Proposals

- 9.1. Each Offeror is entitled to submit one proposal only.
- 9.2. Questions can be addressed in writing, up until 27.4.16 at 17:00 (Israeli time) to email cfp@moch.gov.il (there will be no other way of obtaining information or of clarifying any details whatsoever in connection with this call for proposals).
- 9.3. A document containing the replies will be sent to the Offeror's authorized representative, as required in Section 9.7 below, a reasonable time prior to the final time for submitting proposals, it will be signed by the Offeror and it will constitute an integral part of the documents submitted in the proposal.



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- 9.4. The proposals must be in the tender box of the Ministry of Construction and Housing at No. 3 Clermont Gano Street, Jerusalem, Building A, Ground Floor, mailroom, by not later than 27.6.16 at 12:00 (Israeli time).
- 9.5. A proposal that is not inside the tender box at the final time – that is determined for submitting proposals as stated above – will not be considered.
- 9.6. Sending the proposal by post or by any delivery service whatsoever will be the sole responsibility of the Offeror.
- 9.7. Every Offeror will be required to appoint a representative to act on its behalf, who will be authorized during this procedure to contact the Ministry on behalf of the Offeror, as well as to receive notices and instructions on behalf of the Offeror and in its name and whose signature will be binding on the Offeror for all intents and purposes associated with receiving and giving notices and documents in connection with a call for proposals.
- 9.8. Any public certificate originating outside of Israel, which the Offeror attaches to its proposal, will be submitted in the original and also certified by an Israeli diplomatic or consular representative, or in an apostille certificate in accordance with The Hague Convention abolishing the authentication of foreign public documents.
- 9.9. The proposals, and everything attached to them, as well as the questions pertaining to this call for proposals, will be in Hebrew or English. In addition to the foregoing, any document that is submitted in a language other than Hebrew or English must be translated into Hebrew or English, and the translation must be certified by a notary as being a translation that is a true copy of the original. If the certification of the translation is done abroad, this certification must also be certified as a foreign public document, as stated in Section 9.8 above.



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- 9.10. The Offeror is required – at its expense and on its responsibility, personally and independently – to check all the aspects of the call for proposals, including: the laws that apply to the execution of the residential construction works in Israel, the employment of foreign workers in Israel; the Planning and Building Law, 5725 – 1965 and regulations related thereto; the applicable regulations; the various tax arrangements, including the fees and levies that apply to those engaging in the field of residential construction and to employers in this industry; any legal, planning, engineering, execution or business information that is relevant for the purpose of submitting the proposal and performing all the obligations of the Offerors that are declared winners pursuant to the call for proposals and pursuant to any agreement that is signed with respect to the residential construction works in Israel by virtue of this call for proposals.
- 9.11. The full responsibility for checking the information and for carrying out the obligations of the Offeror is that of the Offeror only. The Ministry or anyone acting on its behalf shall not bear responsibility for damage, loss or injury of any nature that is caused to an Offeror or anyone acting on its behalf or any third party whatsoever, as a result of any action based – directly or indirectly – on this call for proposals.
- 9.12. It is hereby clarified that the Ministry does not warrant that the companies that are included in the Database will carry out any construction works in Israel at all. For the purpose of carrying out the construction works in Israel, it will be incumbent on the companies to compete in tenders and/or to engage in agreements for the execution of residential works in Israel, subject to any law.



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- 9.13. Any enquiry or question in connection with this call for proposals must be submitted by the Offeror, or anyone acting on its behalf, in accordance with the provisions prescribed in this call for proposals only.
- 9.14. In any event that a proposal does not fulfill any requirement of the conditions of the call for proposals, the Ministry reserves the right, according to its sole discretion:
- 9.14.1. To ignore the nonfulfillment of the requirement, if, in its opinion, the requirement in question is not material;
- 9.14.2. To approach the Offeror with a request for clarifications, and to receive additional information and documents, anytime that it deems fit, and to allow it to amend and supplement what is required for the purpose of fulfilling the requirement;
- 9.14.3. To disqualify the proposal.
- 9.15. The Ministry is entitled, according to its sole discretion, not to accept any proposal or to cancel the call for proposals, or the Database, at any stage, or to alter the rules of operating the Database pursuant to this call for proposals, without the Offeror/the Company having any claim or action in this regard. For the avoidance of doubt, in such a case, the Offeror will not be entitled to any compensation, payment or any right.
- 9.16. This call for proposals will be governed and construed pursuant to the provisions of the laws of the State of Israel.
- 9.17. The competent courts of Jerusalem will have sole and exclusive jurisdiction, pursuant to Israeli law, with regard to this call for proposals and the action taken pursuant hereto.



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- 9.18. This call for proposals is published in English as well; however, the authoritative version is the version that is published in Hebrew.
-
- 9.19. The call for proposal documents and notices pursuant thereto can be found on the website of the Ministry of Construction and Housing at www.moch.gov.il.

Israel Housing Market

Emerging
Opportunities



Government policies and initiatives aimed at reducing housing prices, increasing construction volumes and developing the housing construction sector


MINISTRY OF
**CONSTRUCTION
AND HOUSING**

Welcome Address



Upon the formation of the current government, the Ministry of Construction and Housing is determined to resolve the housing crisis in Israel by fully concentrating its efforts on central challenges in the housing sector. The complexity of the challenge has led us to promote solutions derived essentially from different sectors, which are interrelated: promotion of new construction, support and improvement of the public housing sector, strengthening peripheral communities, promotion of urban renewal processes, improvement of bureaucratic procedures and industrialization of the construction industry.

One of the main areas of economic activity in the State of Israel is the construction industry, whose importance is reflected in its significant scope, investments and accumulated capital. The industrialization and productivity levels in this area are relatively low compared to other sectors of the Israeli economy and worldwide.

As a growing state, with one of the highest rates of population growth in the developed world, increasing housing construction capacity is of crucial importance, both as an answer to an immediate need for new homes as well as a contributing factor to the growth of the Israeli economy.

The key factor for resolving the housing crisis is a conceptual change in the planning process, the land development and the construction methods. A fundamental change is required,

which, at the end of the process, will enable the entire population of the State of Israel to obtain appropriate housing solutions within a reasonable time and at reasonable prices.

The "Design and Build" plan, initiated by the Ministry of Construction and Housing, will enable large scale development of entire residential neighborhoods, by establishing partnerships with foreign construction firms, which, inter alia, will be responsible for providing the manpower and innovative construction techniques.

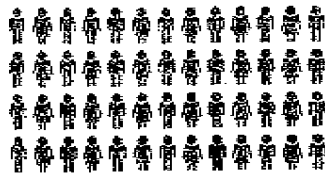
This course of action, alongside the training of local workers, introduction of new construction methods and making the planning system more efficient, is expected to shorten the construction period and to lower building costs.

MK Yoav Gallant
Minister of Construction
and Housing



Israel Key Figures

Population size



8,464,000



Annual growth rate



2.0%

Number of households



2,364,000



Annual growth



50,000

Gross Domestic Product



1,150.5 (Billion NIS)

Of which 5.5% within the construction sector



Annual growth rate



2.5%

Unemployment rate

5.3%

Inflation rate

-1.0%

Bank of Israel Interest Rate

0.1%



48,500 units

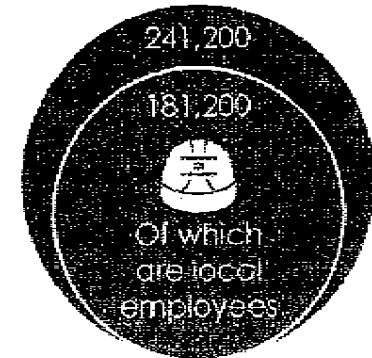
Housing starts



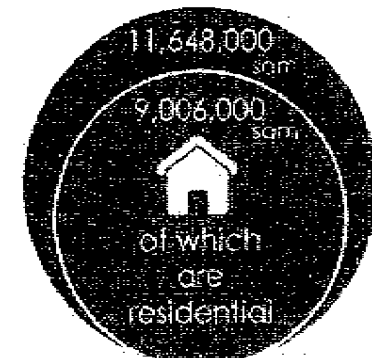
43,500 units

Housing completions

Number of employees working in the construction industry



Construction starts (total area)



Source: Ministry of Planning, Bank of Israel

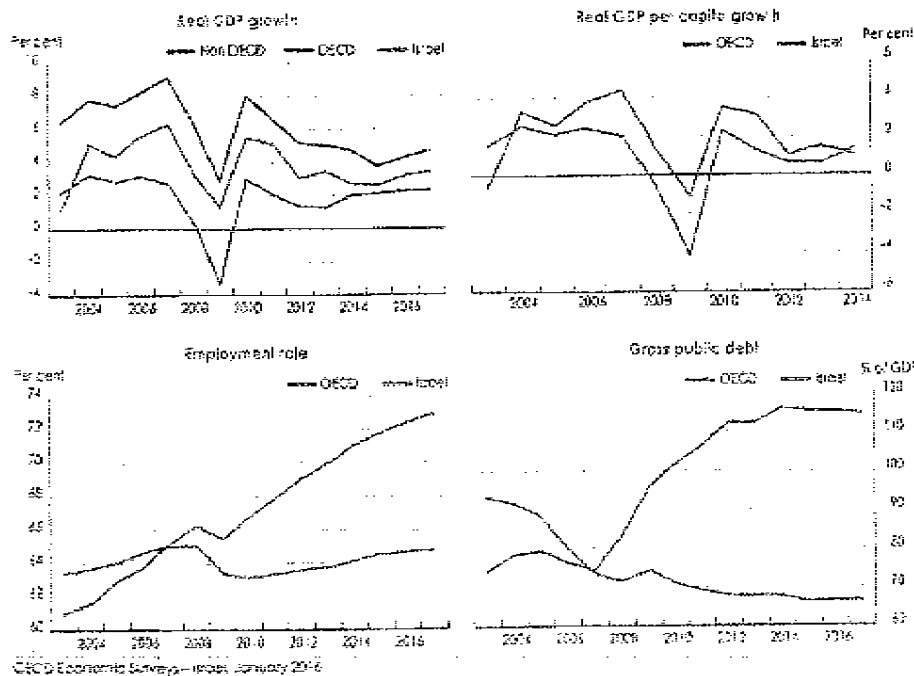
Background Review

Israel is a technologically advanced open economy, with exports that account for nearly one third of GDP. The local market is characterized by rapid growth of GDP compared to other developed economies, low level of unemployment, which has been decreasing for numerous years now and rising real wages. In recent years, the growth of the economy was driven by increase of private consumption along with increased demand for investments - especially in residential

construction. The low rate of interest alongside the shortage that has arisen over the years in residential apartments has led to an increase in investments in this sector.

In terms of fiscal policy, the deficit in the State's budget amounted to 2.4% of GDP in 2015. As a result, the ratio of public debt to GDP has declined to 65%. This is a relatively low level of debt, compared to the average in developed countries, close to Israel's long-term goal of 50%.

Israel's fiscal strength is reflected, inter alia, in its ability and willingness to promote projects in the infrastructure and residential housing sectors, which creates investment opportunities and attracts local and foreign developers.



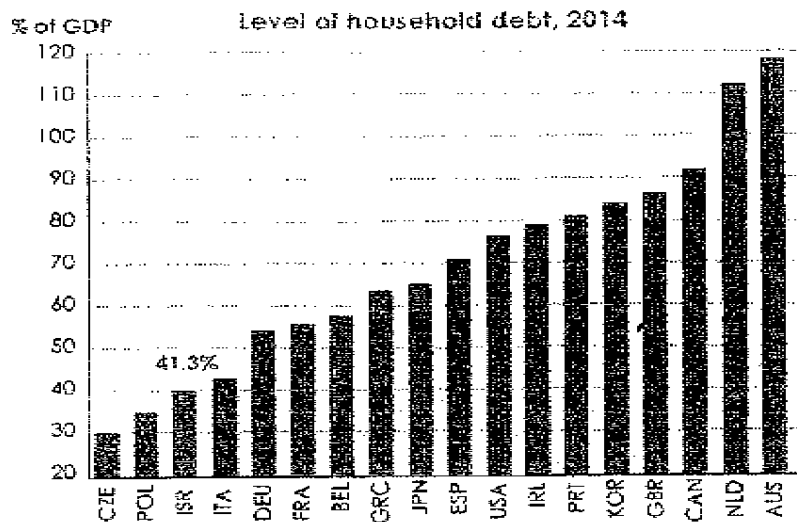
The State of Israel is characterized by a young population with an annual growth rate of 2%, which is significantly higher than the population growth rate in the European Union and the United States.

At present, there are 2.4 million households. This number grows by 50 thousand each year as new households that require housing solutions are formed. Nonetheless, between 2003 and 2009, the building starts in Israel were considerably lower than the housing needs. In fact, for nearly a decade the average number of annual building starts was 32.5 thousand, which according to estimates has contributed to an accumulated deficit of over 100,000 apartments.

In recent years, housing prices in Israel have risen sharply. The upsurge in prices has occurred

due to the rise in housing demand, against the backdrop of plunging interest rates after the global crisis of 2008. The increase in demand for apartments combined with rigid supply has had a continuing effect on price escalation. Thus, as of the end of 2008 until the end of 2015, the housing prices rose by more than 75% in real terms. In comparison, rental prices increased during this period by a lower rate, roughly 23%. The amount of mortgage debt outstanding has reached over NIS 300 billion in 2015. However, the leverage of households in Israel is relatively low, as one can see in the following diagram. The regulation in the field of consumer credit, and especially credit for housing, endeavors to limit the general risk level.

Background Review



OECD Economic Surveys - Israel, January 2014

Government Policy in the Housing Sector

In light of the above, the Israeli Government has set a goal of increasing housing supply by means of reducing the existing barriers in the planning and building processes, with regard to both new construction and urban renewal. In recent years, the government has taken several measures in order to simplify and streamline the "manufacturing" process for apartments.

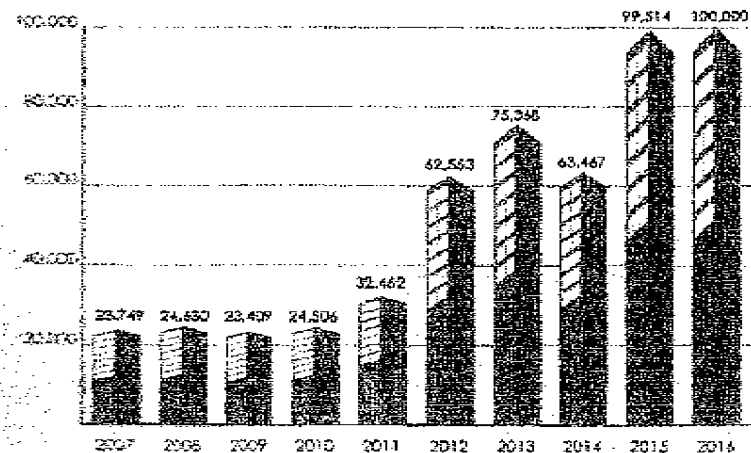
As a result, the total number of building permits issued by the planning committees has increased significantly. In 2015 the number of housing plan approvals has reached a record high of 100,000 housing units. One can

assume that the rate of planning approvals will continue to be high due to the streamlining of the planning system.

Along with the increased supply, the government is actively working through a number of additional channels, aimed at solving the housing crisis. These channels include integration of innovative construction technologies, enabling the participation of foreign companies alongside local companies in residential construction projects, and the improvement of the means of financing real estate projects via the equity market. In addition, the Israeli Government has been promoting affordable housing plans for long term rental and for first time apartment buyers.

The erection of hundreds of thousands of new housing units in the coming years together with the development of the residential construction sector in Israel, create opportunities for companies and foreign investors to step into the market in Israel and to be part of this process.

Units Approved by District Planning Committees, 2007-2014



2015 Development Targets



A Call for Proposals for Foreign Construction Companies to Perform Large Scale Residential Projects

Purpose – Expanding building activity and increasing productivity in residential construction sector, while exposing Israeli companies to advanced construction methods.



In compliance with the Government of Israel's resolution, the Ministry of Construction and Housing published a Call for Proposals on 23.3.2016, inviting foreign construction companies, with proven experience in the residential construction sector, financial strength and experience in industrialized methods of construction, to submit requests to be included in a pool of foreign contractors who are permitted to construct residential buildings in Israel.

The pool will consist of 6 foreign companies for a period of 5 years, with an option of a 3 year extension.

A foreign company that is included in the pool will be permitted to build residential buildings and manage residential construction projects in Israel as the entity in charge of all engineering and performance aspects of the project. The construction companies will be entitled to operate in Israel as performance contractors, even by subcontracting, or establishing joint ventures with Israeli firms. Each company will be entitled to bring up to 1,000 foreign workers for the purpose of employing them in professions that are defined as "Wet Works" in construction.

The admission of a construction company into the pool of foreign contractors is an opportunity to take part in building thousands of housing units in Israel.



The main threshold conditions for construction companies:

- The Offeror is a legal entity that is a limited liability company or registered partnership.
- The Offeror is incorporated outside of the State of Israel.
- The Offeror has an average annual turnover from activities in the construction and infrastructure industry amounting to at least USD 500,000,000 over the last three financial years.
- The Offeror has a net financial debt to total assets ratio that does not exceed a rate of 60% on average over the three financial years prior to the final date for submitting proposals.
- The Offeror has a stock percentage of mechanical equipment and materials for construction that exceeds 30% of the Offeror's total assets.
- Over the last three years the Offeror has

carried out and completed at least 15 different residential construction projects outside of Israel, each project covering at least 3,000 sq. meters, of which at least one project is a residential building of 15 floors or more.

- Over the last three years, the Offeror has executed at least one residential project of not less than 3,000 sqm, in a foreign country, which is subject to regulatory rules regarding residential construction which differ from those in force in the candidate's home country, and which has a gross domestic product per capita of not less than USD 30,000.
- Over the last three years, the Offeror has employed a chief engineer, who has practical experience in residential building over the last five years, and who professionally accompanied the projects which have been presented as proof of the company's experience.

Questions and Answers: Questions can be addressed in writing, up until May 20, 2016 at 17:00, to email: cp@moch.gov.il

Final Date for Submission: The proposals must be in the tender box of the Ministry of Construction and Housing, by no later than June 27, 2016 at 12:00 PM.

Selecting the Winner: The proposals that meet the threshold condition requirements will be ranked from highest to lowest. The six proposals that obtain the highest score will be included in the database of registered foreign contractors for the construction of residential buildings in Israel.

and may review the Call for Proposal in the following link:

http://www.moch.gov.il/english/new_construction/Pages/new_construction.aspx

Questions can be forwarded to the following e-mail address: cp@moch.gov.il

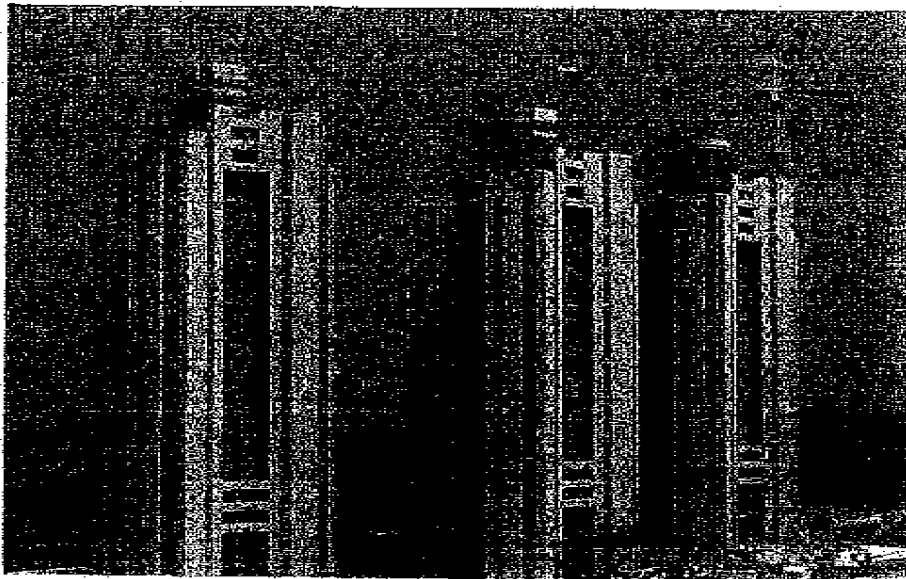


June 27, 2016 - Final Date for Submission of Proposals



"Design and Build" – Large Scale Development of Residential Areas

Main Goals – Shortening construction period, and reducing costs by implementing advanced construction methods in large residential projects.

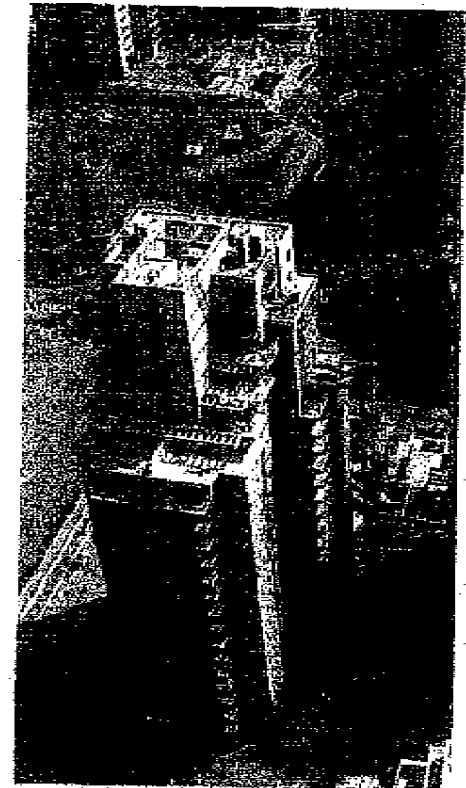


The development of residential neighborhoods in Israel is usually performed by numerous entities. Infrastructure and public facilities development are under the responsibility of the government and/or local authority. The construction of residential units is under the responsibility of land owners. The existence of numerous players involves bureaucratic and engineering complications of coordination, prolonging the planning and execution processes as well as increased costs.

The 'Design and Build' program will eliminate the above mentioned bureaucratic issues by casting the responsibility for development of an entire site (of at least 1,000 housing units) on a single contractor.

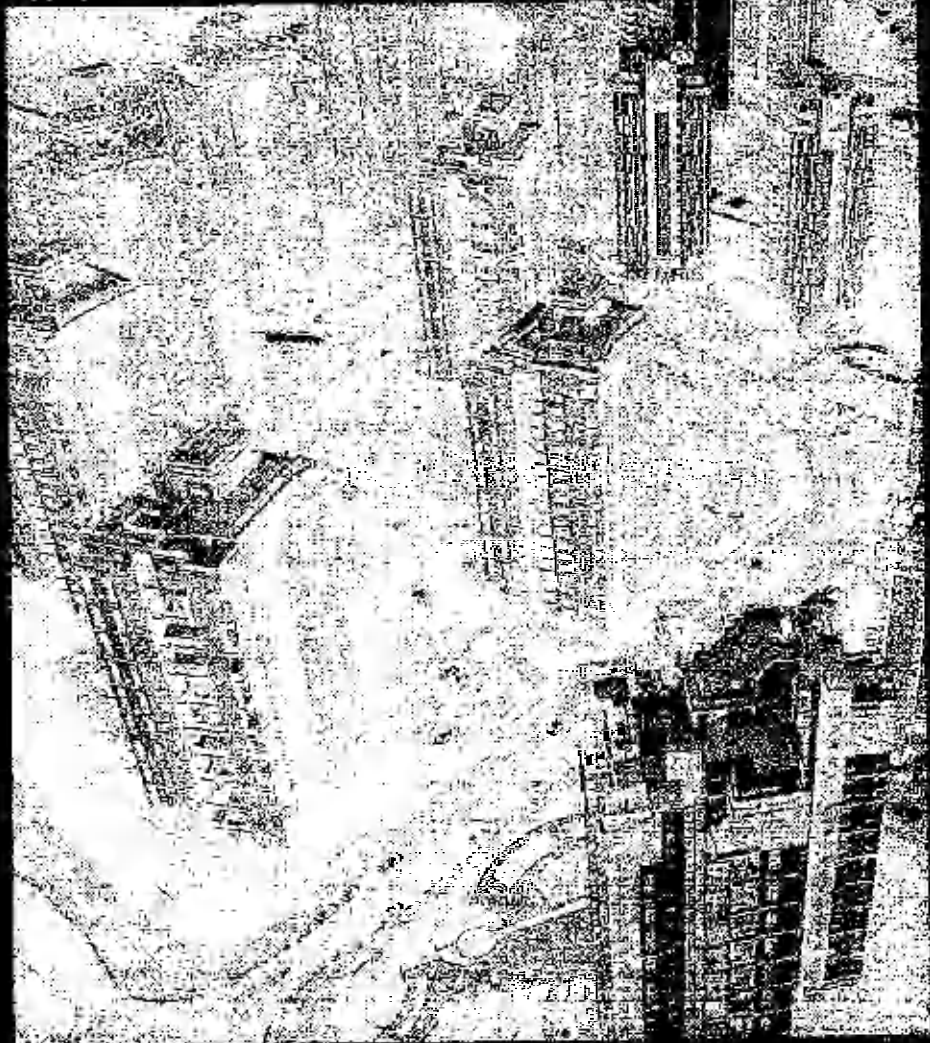
The method is expected to shorten the construction process and make it more efficient; however, beyond that – the merging of the responsibilities for construction of such a huge number of housing units and the development they require, in the hands of one entity, will encourage the implementation of new and advanced construction technologies,

which up until now have been utilized to a very limited extent in residential construction in Israel. The terms and conditions of the tender will require compliance with strict timetable, which will require the use of advanced technologies.





Israeli developers who meet the prerequisites will be entitled - for the purpose of executing the project - to establish a partnership with a foreign company which has been proven to be one that constructs residential buildings according to advanced methods. Proven experience in constructing large residential areas by means of progressive technology as well as work methods that can shorten and improve the efficiency of the construction processes, will be an advantage when competing in the tenders for the marketing of the sites.

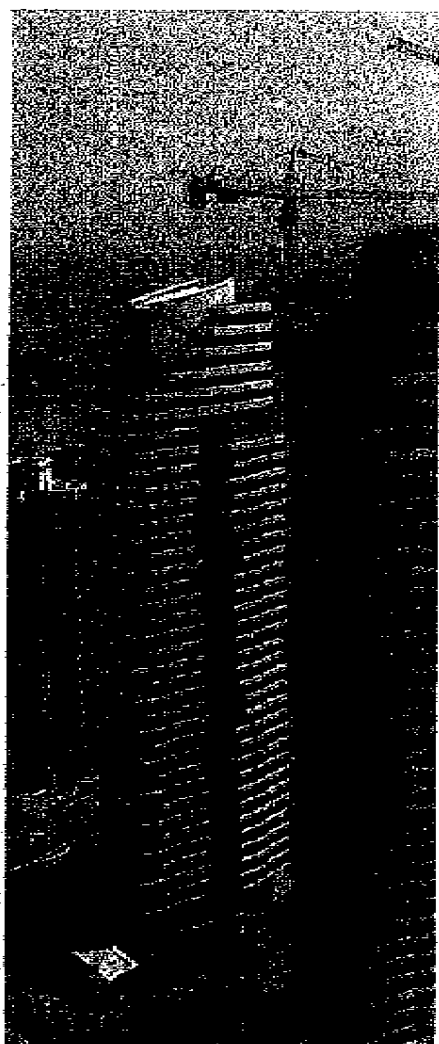


The principles of the "Design and Build" agreements

The participants in the tender will compete with respect to the price of the land, which, inter alia, will include the following requirements:

- A maximum price per apartment after a reduction of NIS 200,000 from the market price including VAT.
- Execution of the required developmental work included in the neighborhood.
- Frection of the compulsory institutions by the developer (partially financed by the Ministry

- of Education's budget).
- Getting the timetable for the completion of construction will require industrialized construction methods.
- Works included in the neighborhood.
- Execution of the compulsory institutions by the entrepreneur (with partial financing from the Ministry of Education's budget).
- Getting the timetable for the completion of construction will require industrialized construction methods.



Initiatives for Increasing the Housing Stock and Other Supply Side Solutions

1 | "Frame Agreements"

Main Goal – Construction of new residential quarters alongside existing cities, by significantly expanding the residential area and the population. This step is expected to substantially increase the housing supply in areas of demand in Israel in the short-term, and furthermore to create a secure planning inventory for years to come. Frame agreements are executed in cooperation with government agencies and local authorities.

Frame agreements are drawn up between the Government of Israel and the local authorities that have a potential for building more than 5,000 residential units in their areas pursuant to plans that have been approved, or plans expected to be approved, within not more than 18 months of the date of signature of

the agreement. The agreement provides comprehensive framework to the needs of the new neighborhood for public institutions, roads and all the necessary infrastructures.

The agreements are based on the principle that the expected revenues from the marketing of the land will cover the costs and expenses related to the development works and the construction of public buildings required for the neighborhood. The local authorities undertake to execute, by themselves and through other acting on their behalf, the planning and performance of the development works and the public structures via pre-financing which will be provided by the Israel Land Authority (ILA) on account of proceeds from future sales. The agreement will be accompanied on a regular basis by a steering committee that supervises the project, whose members are representatives of the government and the local authority. The full mobilization of the Israel Land Authority (ILA) and promotion of the plan to the top of the list of priorities ensures the creation of a high level of certainty amidst the developers and the potential buyers. Up until now, the government has signed frame agreements with more than 10 local authorities



with a total volume of about 140,000 new housing units, and discussions are being held for signing further agreements with approx. 10 other local authorities which will bring the volume of construction to above 210,000 housing units.

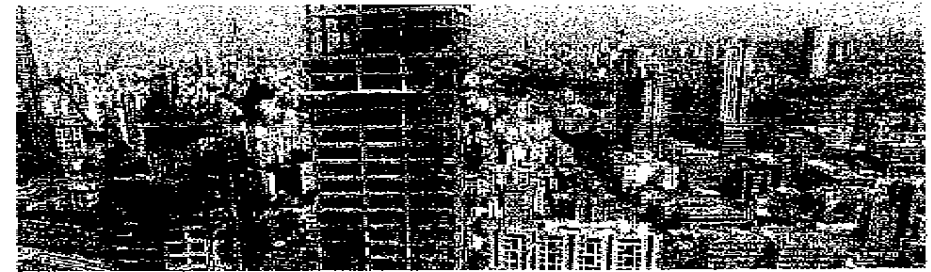
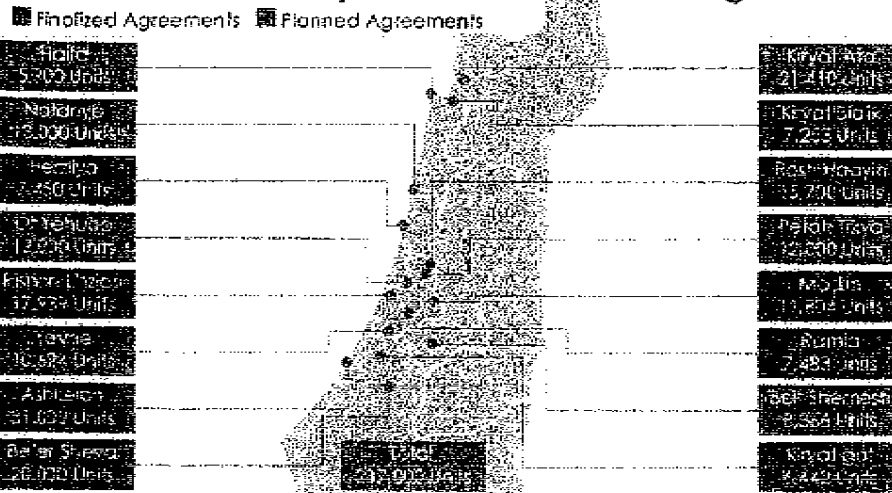
Principles of the Frame Agreements

- Pooling resources and mutual undertakings for a long-term solution in short-time schedules.
- The infrastructures are developed in one

process by the local authority and under its responsibility.

- The various government ministries are mobilized to ensure fast tracking the planning and its implementation.
- The marketing of the site by the Israel Land Authority (ILA) is being performed in close cooperation with the local authority – the local authority undertakes to allow marketing of the site of not less than 2,000 housing units per year.

Residential Units Anticipated within Framework Agreements



2 | Industrialization of Construction

Main Goals – Increasing productivity, shortening construction period, reducing construction costs and improving construction quality and safety of the workers by implementing advanced construction methods and technologies in the residential construction sector.

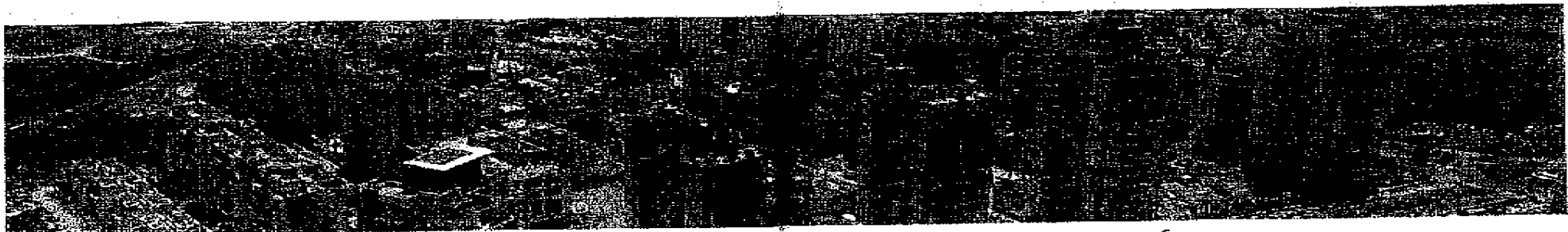
Alongside significant progress in the construction sector in Israel and the introduction of advanced technologies and work methods, especially in high-rise construction, a substantial amount of the new housing units in Israel are being constructed with methods based on extensive manpower and little use of industrialization and advanced technologies.

In July 2015, the Government of Israel decided to implement a comprehensive program to encourage industrialization of construction and to improve the productivity of workers in the construction sector. Among other things, this

program proposes the promotion of tenders for the marketing of residential sites for 1,000 housing units and more, where the winner is also responsible for the development of infrastructures and public buildings in a short period of time, which compels the use of industrialized methods as detailed above in the section "Design and Build".

In addition, the program stipulates the need to train skilled workers in the construction professions, to establish an Institute for the construction professions which will increase the knowledge and awareness in this field and initiate plans for increasing the number of authorized workers in the construction sector in Israel, as well as to introduce changes in the various regulations and standardizations which require or encourage the use of advanced technologies.

In order to import advanced technologies into the Israeli construction market, including technologies for steel construction which is rarely done in Israel, there is a need to establish joint ventures and to bring knowledge from companies and professionals in countries where the use of these technologies is more common.



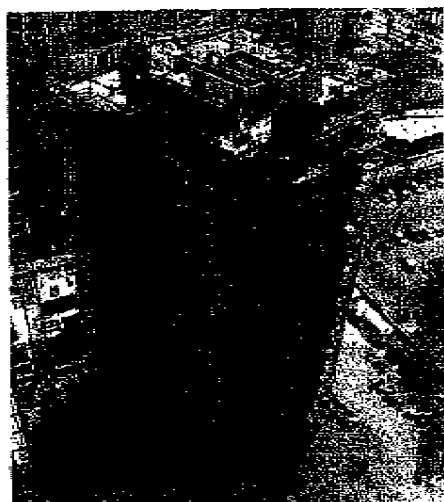
3 "Mechir Lamishtaken"

Buyers Price - Construction of Apartments at a Pre-Known Lowered Price

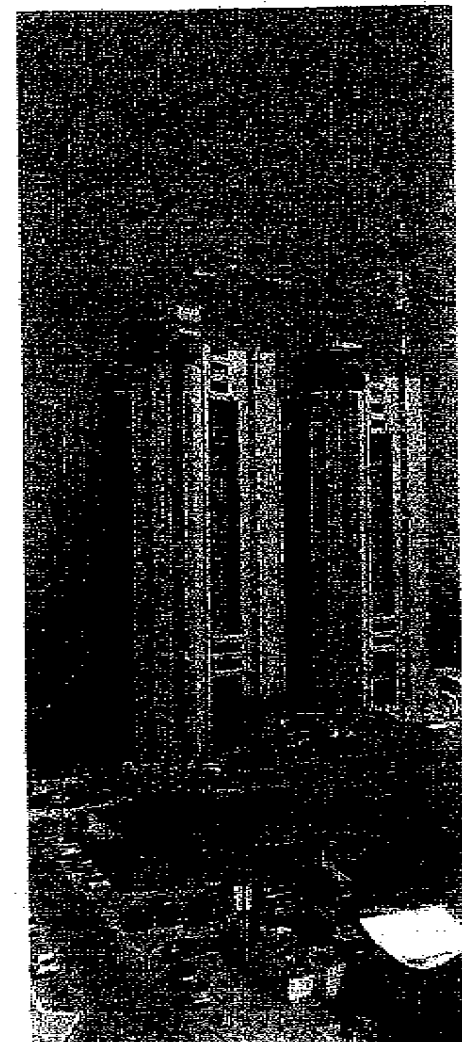
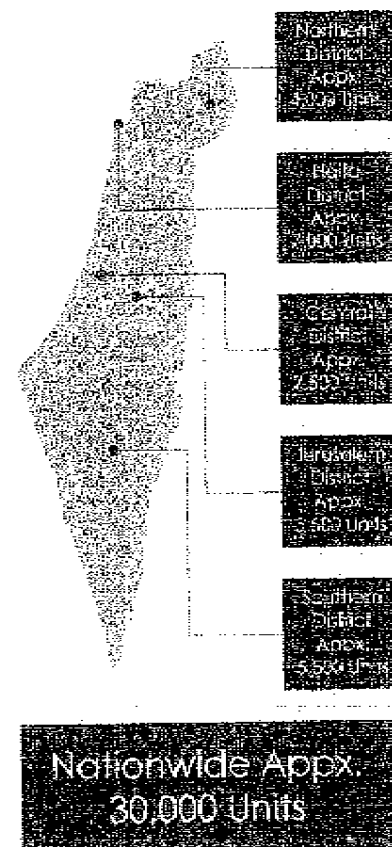
The Government of Israel has decided that in the years 2015-2017 all land tenders for the marketing of state lands intended for dwellings will be according to the "Mechir Lamishtaken" method, as opposed to the regular land tenders where the competition is based on the highest offer for the land. In the Mechir Lamishtaken tenders, the applicants compete on the lowest selling price per sqm. The land is offered with a large discount of up to 80%. In addition, subsidies and benefits are offered to the developers and the purchasers. The total package of benefits results in a discount of at least NIS 200,000 from the apartment market price.

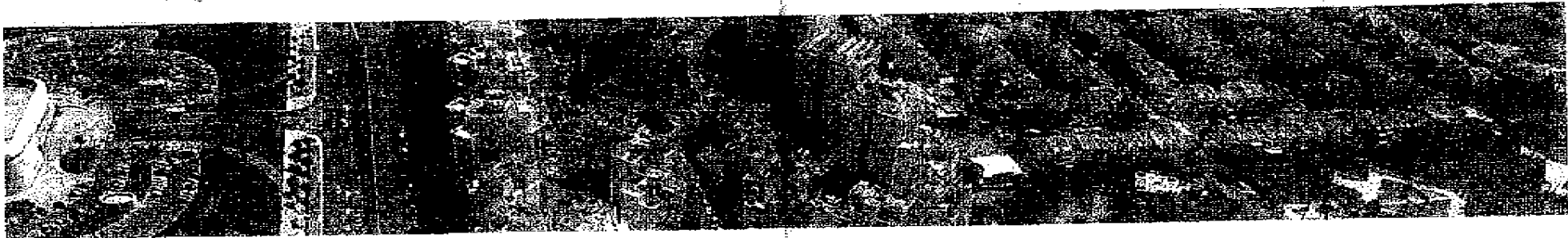
In general, the "Mechir Lamishtaken" is intended for first time buyers, and the criteria of entitlement are clearly and openly published. The purchasers of the apartments may not sell their apartments for a period of 5 years, but they may rent them out.

The "Mechir Lamishtaken" tenders include apartments in high-density buildings only, with an average surface area of 120 sqm. The apartments must be constructed pursuant to uniform technical specifications set by the Ministry of Construction and Housing, and it is forbidden to charge additional amounts for alterations or improvements to the technical specifications. The tenders that have been published up until now include approx. 30,000 housing units and new tenders are continuously being published.



The "Buyer's Price" Plan – summary of published tenders as of December 2015





4 | Long Term Rental Housing

Main Goal – Development of an institutional rental housing market in Israel, and creating feasibility for its operation by entities which specialize in this field, as an alternative to purchasing an apartment or to short term rent in the private sector.

The number of households in Israel that reside in rented apartments amounts to approx. 30% of the market, similar to the average in European countries. Notwithstanding this number, there is no institutional rental housing market in Israel, which, amongst other things, is due to the yield that has continuously diminished over the last few years because of the sharp increase in apartment prices and a moderate rise in rental fees of apartments.

As of the year 2012, the Government of Israel has approved several legislative changes aimed at encouraging and supporting rental housing:

The Capital Investment Encouragement Law tax benefits for projects where half of their area

has been rented for at least 5 years.

Exemption from Tax to Institutional Entities exemptions from current tax and tax on the sale of the apartments to institutions that invest in long term rental housing.

Amendment to the Income Tax Act – REIT Funds an amendment that enables the REIT funds to acquire property intended for rental housing and provides several tax benefits.

Amendments to the Planning and Building Law benefits of additional building rights when constructing apartments for long term rent.

IIA Tenders

Concurrently with the advancement of the aforementioned laws, the Government of Israel began marketing sites designated for long term rental without setting a minimum price for the land, in order to achieve economic feasibility and attractive rates of return.

The sites were marketed subject to the undertaking to rent all the apartments for at least 20 years. Upon the expiry of 20 years it will be permitted to sell all the housing units.

Until today, five sites have been successfully marketed. The tender results reflected a rate of return for the investor in rental housing of about 6%.

Apartment for Rent

The Rental Housing Government Company

Apartment for Rent - The Rental Housing Government Company Ltd is a company owned by the State of Israel, and which was incorporated in 2013 by the Government of Israel. The company was established for the purpose of promoting the issue of housing and solving the housing crisis in the country within the framework of the national housing project. The company is active in expanding the supply of housing solutions and reducing housing prices in Israel, both with respect to the sale of apartments as well as the support for long term rental housing. The company pursues this, inter alia, through the planning of new residential

neighborhoods, the marketing of land owned by the State for the purpose of erecting thousands of housing units for long term rental and supervision of the execution, and the construction and operation of the projects that it initiates. In this context the company is also active in developing an institutional market for long term rental housing and encouraging investments by real estate funds (REIT) in such rental projects.

The company is involved in promoting, planning and building housing units, including rental housing units, in significant numbers within the shortest possible periods of time, while paying special attention to meticulous and sustainable construction and at the same time to considerable savings of construction time and costs.

Integration of experienced international players in the institutional rental sector of the Israeli market is an opportunity, given the lack of local experience and knowledge in entrepreneurship, financing and management in this area. In view of the growing number of renters, especially among the young population who seek an assured tenancy under good terms – due to difficulties in acquisition and realizing the advantages of renting – this market is expected to grow and develop in Israel.



5 | Student Dormitories

Main Goal – Construction of student dormitories in the institutions of higher education, intended to strengthen the academic institutions and the students who study there and the development of the institutional rental housing market in Israel.

The Government of Israel – through the Rental Housing Government Company Ltd – promotes the construction of student dormitories in the institutions of higher education. The government resolution stipulates a planning target of an additional 20,000 beds by the year 2020.

There are 66 academic institutions in Israel in which there are approximately 261,000 students.

In 2013, the inventory of dormitories for students was estimated to include around 22,500 beds.

The number of beds compared to the number of students in Israel is very low by international standards.

Most of the tenders for the construction of student dormitories are published on a BOT method, where the project planning, its financing, performance and operation for a period of 25 years are executed by the private sector, after which the dormitory buildings are returned to the ownership of the institutions for higher education or the local authorities.

The tender normally includes a security net with respect to occupancy of the beds in the project.

The tender includes price competition on the scope of the minimal construction grant that is required by the developer, while the rental fees are defined in the tender (usually with a 20% reduction off market prices). In some of the tenders (especially in areas of demand) the competition is for the lowest rental fees, while the construction grant is set in the tender. In general, the project includes commercial areas as part of the dormitory area, which improves the developer's rate of return.

Ministry of
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