



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

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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 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:

- 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 and its place of business is outside of Israel.
- 2.3. The Offeror has an average annual turnover from activities in the construction and infrastructure industry amounting to at least USD 300,000,000 over the last three financial years prior to the last day for submitting offers.

- 2.3.1. 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.

- 2.3.2. For the purpose of complying with this condition only, it is possible to recognize the income of a subsidiary of the Offeror as well, if it has any, in the field of construction and

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infrastructures, over the last three years prior to the final date for submitting proposals, provided that the Offeror has owned at least 75% of the subsidiary over a period of at least a year prior to the final date for submitting proposals. In such case, it will be possible to recognize only up to half the amount stipulated in this section.

2.4. The Offeror has a net financial debt to equity ratio at the rate specified below:

2.4.1. The Offeror has an average annual sales income from its activities in the construction and infrastructure industry amounting to between USD 300,000,000 and USD 900,000,000 (inclusive) over the last three financial years prior to the final date for submitting proposals – a debt-equity ratio that does not exceed 60%.

2.4.2. The Offeror has an average annual sales income of its activities in the construction and infrastructure industry that exceeds USD 900,000,000, over the last three financial years prior to the final date for submitting proposals – a debt-equity ratio that does not exceed 80%.

2.5. The Offeror has stock amounting to 30% of all the Offeror's fixed property (property, plant and equipment) on average over the last three financial years prior to the final date for submitting proposals, with a value of at least USD 2,000,000.

2.5.1. For the purpose of this section, the value of the equipment will be valued in such a way that it includes the value of the

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equipment as it appears in the company's balance sheets together with the "Leasing Costs of the Equipment".

- 2.5.2. The Leasing Costs of the Equipment will include the cost of leasing the equipment only, apart from the office rental expenses, if any, and this will be multiplied by 10.

Example:

Value in the Books (In millions of USD)	Section
20	Machines, Equipment and Work Vehicles
6	Lease Costs (not including office rental)
100	Fixed Property (including machines, equipment and work vehicles)

Calculation for purposes of the Call for Proposals:

$$\text{Value of Equipment} = 20 + 60 (10 \times 6) = 80$$

$$\text{Value of Fixed Property} = 100 + 60 = 160$$

$$\text{The percentage of the Offeror's equipment} = 80/160 = 50\%$$

- 2.6. Over the five 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.

"Residential Construction" – Residential housing units, including, but not only, hotels, retirement homes and student dormitories.

2.7. The Offeror – as the Performance Contractor in the field of residential construction – has carried out and completed at least one of the alternatives listed below over the last five years prior to the final date for submitting the proposals:

2.7.1. At least one residential project 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**”) of at least USD 30,000 according to the World Bank Index as of 2014.

2.7.2. At least one residential / office building of 25 floors or more, in a country outside the Mother Country other than Israel, that is subject to different regulatory rules to those in effect in the Mother Country, in the field of residential construction.

2.7.3. At least one residential / office building of 25 floors or more, in the Mother Country, and, in addition, two residential / office buildings, each of 15 floors or more, in a country outside of the Mother Country, other than Israel, and which

is subject to different regulatory rules to those in effect in the Mother Country, in the field of residential construction.

2.7.4. For the purpose of Section 2.7 and the subsections thereof, “Mother Country” means: the country in which the Offeror is incorporated and operates in the field of residential construction over the last five years prior to the final date for submitting the proposals.

2.8. Over the last five 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 at least 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:

- 3.1. An affidavit by the manager of the Offeror declaring that the Offeror's place of business is outside of 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 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);
- 3.8.6. The financial scope of the project (namely the purchase agreement) that was executed by the Offeror. The Ministry reserves the right to demand the Expenditure General Ledger;

- 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 (see Section 2.3 above).
- 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

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. Confirmation by the Offeror's accountant providing details of the Offeror's compliance with Section 2.5, including details of the value of the equipment, the fixed property and the rental expenses (excluding office rental) of the Offeror, together with a detailed accompanying form.
- 3.18. Submission of the affidavits and the forms 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
Section 4.1 Quality Criteria Constitutes a maximum of 64 points of the final mark	<p style="text-align: center;">The size in square meters built for housing – A maximum of 12 points of the final mark</p> <p>The Offeror – as the Performance Contractor – has carried out and completed various residential construction projects, over the last five years prior to the final date for submitting the proposals, which meet the threshold conditions prescribed in Section 2.6 above.</p>	<p>Average construction over the last five years covers an area of 45,000 sq. meters – 1 Point</p> <p>Average construction over the last five years exceeding 200,000 sq. meters – 12 Points</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 – A maximum of 10 points of the final mark</p>	<p>15 such projects – 1 Point</p> <p>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>The execution of residential construction projects in the Mother Country over the last five years with a size of 3,000 sq. meters, depending on the GDP per Capita in the Mother Country (as specified in Section 2.7) – a maximum of 10 points of the final mark.</p>	<p>Construction in a country where the GDP per Capita is below \$ 10,000 – 1 point</p> <p>Construction in a country where the GDP per Capita is between \$10,001 and \$20,000 – 3 points</p> <p>Construction in a country where the GDP per Capita is between \$20,001 and \$30,000 – 6 points</p> <p>Construction is a country where the GDP per Capita exceeds \$30,000 – 10 points</p>
	<p>Execution of residential construction projects of at least 3,000 sq. meters, over at least the last five years, outside of the Mother Country (apart from</p>	<p>Construction in a country where the GDP per Capita is below \$ 10,000 – 1 point</p>

	<p>Israel) depending on the amount of the GDP per Capita in the country (according to what is specified in Section 2.7) – a maximum of 10 points of the final mark</p>	<p>Construction in a country where the GDP per Capita is between \$10,001 and \$20,000 – 3 points</p> <p>Construction in a country where the GDP per Capita is between \$20,001 and \$30,000 – 6 points</p> <p>Construction in a country where the GDP per Capita exceeds \$30,000 – 10 points</p>
	<p style="text-align: center;">The type of experience acquired by the Offeror in the field of Residential Construction over the last five years in residential projects exceeding 3,000 sq. meters</p> <p style="text-align: center;">A maximum of 10 points of the final mark</p>	<p>Any project in the field of texture construction (3-9 floors) will receive 1 point up to a maximum ceiling of 1 point.</p> <p>Any project in the saturated construction sector (10-15 floors) will receive 1 point, up to a maximum ceiling of 2 points.</p> <p>Projects in the residential sector (exceeding 16 floors) will receive points according to the following details:</p> <p>1 – 2 projects: 1 Point</p> <p>3 – 5 projects: 2 Points</p> <p>More than 6 projects: 7 Points</p>

	<p style="text-align: center;">References</p> <p style="text-align: center;">A Maximum of 4 Points of the final mark</p>	<p>A positive impression from the references attached by the Offeror.</p> <p>The Ministry is entitled to contact all or some of the references, according to its sole discretion.</p>
	<p style="text-align: center;">General impression</p> <p style="text-align: center;">A Maximum of 8 Points of the final mark</p>	<p>The general impression gained from the Offeror's experience, its financial strength, the documents attached to its proposal and the scope of its activity.</p>
<p>Section 4.2</p> <p>Manpower Criteria Constitutes a maximum of 6 Points of the final mark</p>	<p>Seniority of performance engineers –</p> <p style="text-align: center;">A Maximum of 6 Points of the final mark</p> <p>The average number of years of professional experience of the performance engineers in projects detailed in Form 5.</p>	<p>Average experience of up to 8 years – 1 Point.</p> <p>Average experience of 20 years – 6 Points.</p> <p>Average experience between the minimum and the maximum specified above will be awarded the proportional number of points.</p>

<p>Section 4.3</p> <p>Financial Criteria</p> <p>Constitutes a maximum of 30 Points of the final mark</p>	<p>The net financial debt to total asset ratio –</p> <p>A maximum of 8 Points of the final mark</p> <p>The net financial debt to total asset ratio on average over the last three years.</p>	<p>Companies with an average income of USD 300 – 900 million</p> <p>A rate of 60% – 1 Point A rate of 30% – 8 Points</p> <p>Any percentage of 30% and more but below 60% will receive the proportional part of the points of this section.</p> <p>Companies with an average income above USD 900 million</p> <p>A rate of 80% – 1 Point A rate of 40% – 8 Points</p> <p>Any percentage of 40% and more but below 80% will receive the proportional part of the points of this section.</p>
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	<p>The rate of operational profitability – a maximum of 10 Points of the final mark</p> <p style="text-align: center;">EBIT</p> <p>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>The annual turnover – a maximum of 12 Points of the final mark</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 300,000,000 – 1 Point</p> <p>An average annual turnover of USD 900,000,000 – 12 Points</p> <p>An average annual turnover between the minimum and the maximum specified above will receive the proportional part of the points.</p>
In Total 100 Points		

5. The Procedure for Selecting the Winners

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

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.

- 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:

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

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the employment of the foreign workers in Israel by the companies.

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

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.

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 (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.
- 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 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 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. This section has been cancelled.
- 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 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 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 20.5.2016 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.
- 9.4. The proposals must be in the tender box of the Ministry of Construction and Housing at No. 3 Clermont-Ganneau Street, Jerusalem, Building A, Ground Floor, mailroom, by not later than 1.8.16 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.
- 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.
- 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.
- 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.