Debt Market In Israel
The Opportunity

There’s a growing demand for corporate bonds of strong income-producing international companies in Israel.

Yields: the very strong revival in the Bond market is mainly driven by the drop in margins and the low interest rate environment. Yields have become very attractive for companies that raise unsecured debt.

Rates of interest published by the Bank of Israel
Overview

The lowest interest environment rates in the last years along with prosperity in the market led to a unique opportunity for foreign real estate companies, to raise debt capital in the Israeli market with low interest costs.

Demand:

The stream of bond offerings by Tel Aviv Stock Exchange companies is growing stronger, and in 2013 the total amount of debt capital raised was NIS 40B, and in the total of offerings made for 2014 is NIS 28 billion (USD 8 Billion).

Ratings

Better local rating can be achieved due to the difference in country’s credit scoring level and the unique Israeli corporate bond structure. A BB-rated company in a AAA-rated country would most likely receive a better rating in a A-rated market.
## Credit Rating Scale global - Israel

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<th>Moody's</th>
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<th>S&amp;P</th>
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A Typical Candidate

A player with experienced and conservative management team, strong and diversified income-producing asset base can access the local capital market and enjoy a very attractive pricing environment.

- **Significant transaction size and scale**
- **Local Rating \( \geq 'A-' / A(A3/A2)' \)**
- **LTV \( \leq 60\% \)**
- **Equity (market value) \( \geq $100\) Million**
- **Operation and asset base need to be located in well developed and known market**
- **The company has to be able to demonstrate growth in relevant parameters (revenue, profitability, cash flow)**

Added value strategy
Estimated time line

- Portfolio selection and structure DD, Preparing materials for the Board of Directors (Debt structure, time schedule, rates etc.)

- Prospectus preparation including audited financial statements with market Valuations for assets, Preparing all the materials to the Credit Rating agency

- Rating (can start simultaneously with the preparation of the prospectus), building a presentation to the capital market, preparing the loan agreement / trust deed

- Discussions with the securities authority, Appointment of a trustee

- Going to road show & Bond raising and managing the issuance, as well as the tender (simultaneously with the discussions with the securities authority)
Bond raising in Israel

BROOKLAND UPREAL
Raised 120 Million NIS
Interest - 6.4%

EXTELL
Raised 945 Million NIS
Interest – 4.95%

THE ZARASAI GROUP
Raised 350 Million NIS, Interest – 5.05%
Raised 340 Million NIS, Interest – 4.95%

GFI
Raised 225 Million NIS
Interest – 7.9%

All Year Holdings
Raised 400 Million NIS
Interest – 5.85%

Spencer Equity Group
Raised 291 Million NIS
Interest – 6.9%
The characteristics of the debt

- The bonds can have a term of 5-8 years with CPI linked interest rates in the 3%-6% range, depends on the company local rating, with a possibility for a grace in the principal payments of 2-3 years.

- Interest & Principal payments are expected to be made from the portfolio’s existing and future cash flow.

- The bonds are unsecured and no collateral is provided.

- The proceeds from the Bond issuance can be used as equity to purchase additional income producing real estate or develop new income producing assets (ground up) or to refinance mezzanine or preferred equity in the existing portfolio or purchase partners rights in the existing portfolio.
Deloitte Global Network
The Global Firm - Overview

• In FY15 Deloitte demonstrated its strength with annual revenue of more than US $ 35.2 billion.

• Deloitte is devoted to excellence in consultation, professional services and advice, focused on clear service through a global strategy executed locally. Deloitte provides audit, tax, consulting and financial advisory services to more than 80% of the World’s largest companies, accomplished by more than 225,000 staff members, located in more than 150 countries.
The Global Firm - Overview

Deloitte’s main professional areas:

- **Audit**: 30%
- **Consulting**: 33%
- **Financial Advisory**: 8%
- **Enterprise Risk Services**: 9%
- **Tax**: 19%
Our Global Firm - Overview

We are focused on client service, operate a global strategy executed locally in **150 countries and operate in a variety of industries:**

- Consumer Business & Transportation and Aviation
- Energy & Resources
- Life Sciences & Health Care
- Financial Services
- Manufacturing
- Public Sector
- Real Estate
- Technology, Media & Telecommunications
Our Global Firm - Overview

• In the dynamic environment of the industries, a company's success is dependent on recognizing opportunities and responding to the market's trends.
• Complex business issues require a wide array of professional advisory services and experienced risk management. Deloitte assists you by using its many significant advantages, assuring you are always one step ahead.
• Deloitte is an integrative firm. It’s partner and employees work according to international standards based upon the most advanced methodologies and tools.
Overview
The Israeli Firm: Deloitte

- Deloitte is one of the leading accounting and consulting firms in Israel
- 80 partners and directors and more than 1000 employees serve domestic and international clients, public institutions and promising fast-growth companies whose shares are traded on the Israeli, US and European capital markets
- The firm provides a wide range of services to private companies and public companies in diversified sectors
- Deloitte provides services to 59% of the companies traded on the Tel Aviv 100 index

The firm has eight offices throughout the country:

- Tel Aviv (Main Office)
- Ramat-Gan
- Petah Tikva
- Netanya
- Haifa
- Jerusalem
- Beer-Sheba
- Eilat
Deloitte’s Multidisciplinary Approach

• As a One-Stop-Shop for professional services, Deloitte is in a unique position to offer its clients a holistic approach to solving their business issues.

• Our objective is to help executives overcome difficult cross-functional issues and improve business performance.

• It’s not about maximizing a single point, but about optimizing the whole.
Our Advantages

**Being Global**
Access to consultants and unique worldwide databases that include business insights and methodology

**Best Practices**
Professionals and consultants with a wide variety of experience using processes, methodology and technological tools that have been developed by Deloitte experts

**Senior Consultant**
Senior consultants with expertise in a variety of industries, which most of them come from senior positions in large organizations

**Industry Expertise**
Unique approach that provides the client with a global outlook and understanding of all his business needs in the industry in question

**One Stop Shop**
Integrated Solution for all your business challenges
Our people
Our people

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Real Estate industry

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