ISRAEL INVESTOR SUMMIT

LONDON STOCK EXCHANGE
23 February 2015

UK ISRAEL BUSINESS
Creating Opportunities

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Contents

INVESTOR DELEGATION TO ISRAEL

18-20 May 2015

Following the Israel Investor Summit, UK Israel Business and the Sponsors and Partners of the Summit will be arranging a two day trip to Israel for institutional investors.

The delegation will include meetings with London listed Israeli companies, large private companies, government officials and early-stage companies, giving attendees a clear view of the Israeli company eco-system from start-up to IPO.

For further information on joining the delegation, please contact hugo.bieber@ukisraelbusiness.co.uk

UK ISRAEL BUSINESS
Creating Opportunities

ISRAEL INVESTOR SUMMIT

Agenda

8:15 – 8:50	Registration and Coffee
8:50 – 9:00	Welcoming Remarks *Xavier Rolet, Chief Executive, London Stock Exchange*
9:00 – 9:20	Keynote speaker *Professor Leo Leiderman, Chief Economist, Bank Hapoalim*
9:20 – 9:40	Why Israeli IPOs in London are back in fashion *Gal Haber, Plus500* ***in conversation with*** *Anthony Silverman, StockWell Communications*
9:40 – 10:25	What are institutional investors looking for from growth businesses? *Moderator: John V Millar, London Stock Exchange* *Richard Penny, Legal & General* *Guy Feld, Hargreave Hale* *Justin Waine, Puma Investments*
10:25 – 11:55	Coffee & Networking
10:55 – 11:40	Demystifying the new world of digital advertising *Moderator: Peter McNally, ShoreCapital* *Ofer Druker, Matomy* *Ran Goldstein, Crossrider* *Hagai Tal, Marimedia* *Ory Weihs, CEO, XLMedia*
11:40 – 12:30	The Next Generation of IPOs *Moderator: Louise Wolfson, Pinsent Masons* *Tal Brenner, GetTaxi* *Chris Nicholls, Deloitte* *Nimrod Rosenblum, ERM Law* *Nadav Zohar, Impact Equity*
12:30 – 12:40	Closing Remarks *Hugo Bieber*
12:40 – 14:00	Networking lunch

Welcome from John V Millar

Head of Primary Markets, *London Stock Exchange*

London Stock Exchange is delighted to be partnering with UK Israel Business to promote Israel's dynamic, fast growing and entrepreneurial businesses to London investors. The Israel Investor Summit is a demonstration of our commitment to working in partnership with Israel to power growth in both of our economies.

London Stock Exchange is ideally positioned to help Israeli businesses expand globally, having more international companies on our markets than any other exchange in the world. A London listing allows businesses access to a deep pool of international equity and support from a rich and diverse investor base, with an unparalleled understanding of global investment.

The Summit comes at a time of buoyed interest from Israeli businesses seeking capital abroad. 2014 was a record year for Israeli companies listing in London. We welcomed six Israeli firms to London, the highest number of companies from a country outside of the UK, bringing the total number of Israeli firms to 19 on our markets - a clear demonstration of London's ability to attract and support businesses from across the world.

The Israel Investor Summit is vital to showcasing the country's phenomenal source of innovation, particularly in technology, and helping encourage more Israeli businesses to raise capital in London. We look forward to continuing to develop the strong friendship and business ties between both of our countries and supporting Israel's entrepreneurial spirit, a force driving the country's economic success.

ISRAEL INVESTOR SUMMIT

Welcome from Hugo Bieber

Chief Executive, *UK Israel Business*

In 2014, more Israeli companies listed on London Stock Exchange than from any other country, excluding the UK. A number of those companies are here today at the first Israel Investor Summit, to explain more about the unique eco-system that helps create such high growth companies; to tell the story behind the growth of their own businesses and the creation of new marketplaces; and to explain how a company can grow from being a new start-up in 2011 to floating in London in 2014 at a market-cap of around £150m.

The speed of evolution in the Israeli business landscape has reached a frantic pace. The phrase "start-up nation" only entered the vernacular around 2008/9 before the label rapidly evolved to "sell-out nation" as the start-ups of 2008/9 were acquired by global technology giants for $100m's. In December 2014, The Economist described Israel becoming the "scale-up nation". The Israel Investor Summit is therefore coming at a time when more Israeli companies are listing internationally than ever before, providing investors with exposure to global businesses underpinned by Israeli innovation. Nineteen Israeli companies came to market in 2014, split almost evenly between London and New York.

The London markets are open to Israeli companies and it should come as no surprise that these vibrant businesses choose to list in London. The size of our capital markets, the maturity of investors and the proximity to Israel all make London a natural home for Israeli companies.

We have organised the Summit to further inform the investor community as to the huge opportunities available in investing in high growth Israeli companies. By broadening investor appetite, this event hopes to attract more Israeli companies to consider a London listing.

In May 2015, we will be taking a delegation of institutional investors on a short trip to Israel, in order to meet with companies – listed; private and also early-stage; so investors can fully appreciate the eco-system. We very much hope that you'll join us on this delegation, where there will be opportunity to meet with a cross-section of screened companies.

We are proud to have forged a strong partnership with London Stock Exchange and the market opening ceremony preceding the Summit underpins the importance of this event and the on-going commitment to continue to attract more Israeli businesses to London. Our media partnership with Bloomberg has ensured a wide reach amongst the investor community for the Summit.

The Summit has been made possible by the generous sponsorship of five leading advisory firms: Deloitte, Epstein Rosenblum Maoz (ERM), Pinsent Masons, Shore Capital and StockWell Communications. These sponsors all have extensive market knowledge and experience in the UK and Israel, bridging the gap between the two countries.

As the bilateral chamber of commerce between the United Kingdom and Israel, UK Israel Business serves as the non-governmental bridge between the two countries. We facilitate trade and investment; create new opportunities, new relationships, representing and connecting our members in both countries. Today is but a taster and we are here to further assist you in exploring the multitude of opportunities in Israel.

Keynote Speakers

Xavier Rolet, *Chief Executive, London Stock Exchange*
Xavier Rolet was appointed to the Board of London Stock Exchange Group in March 2009 and appointed Chief Executive on 20 May 2009. From 2000 to 2008 he was a senior executive at Lehman Brothers and, most recently, CEO of Lehman in France. Prior to Lehman Brothers, he held senior positions at Dresdner Kleinwort Benson from 1997 to 2000, Credit Suisse First Boston from 1994 to 1996 and Goldman Sachs from 1984 to 1994.

Professor Leo Leiderman, *Chief Economist, Bank Hapoalim*
Leonardo Leiderman is Professor of Economics at Tel Aviv University and the Chief Economic Advisor of Bank Hapoalim, the largest commercial bank in Israel. Previously, Prof. Leiderman held several other senior positions, including Managing Director and Head of Emerging Markets Research at Deutsche Bank (based in New York and London), Senior Director and Head of the Research Department at the Bank of Israel, and Chairman of the School of Economics at Tel Aviv University. Leiderman holds a Ph.D. degree in Economics from the University of Chicago, USA.

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Why Israeli IPOs in London are back in fashion

Gal Haber, *Chief Executive Officer, Plus500*
Gal Haber has over 15 years' experience in software programming and business development. One of the founders of Plus500, Mr. Haber holds the position of Chief Executive Officer. In particular, he has led the design of the user-friendly trading platform, which represents one of the key competitive advantages for the business.

Before founding Plus500, Mr. Haber served as Chief Operating Officer of InterLogic Ltd, a 'skilled games' programme provider for the internet, digital television and mobile devices, which he co-founded in 2004. Previously, Mr. Haber worked for Top Image Systems Ltd, the enterprise content management specialist. Mr. Haber holds a B.Sc. in Computer Science from the Technion, Israel.

IN CONVERSATION WITH

Anthony Silverman, *Partner, StockWell Communications*
Anthony is a partner at StockWell Communications. He has particular experience advising business leaders on managing their personal reputations and the reputations of their companies. He has an interest in the impact of digital media on reputation management and specialises in providing strategic advice in this sensitive area.

What are institutional investors looking for from growth businesses?

Speaker biographies

Moderator: John V Millar, *London Stock Exchange*

John Millar joined the London Stock Exchange Group in June 2014 to co-ordinate its efforts globally to attract and serve companies listing on the London Stock Exchange and Borsa Italiana. He has nearly 30 years of capital markets experience including: International Equity Capital Markets origination at Citigroup; co-ordinating the Investment Banking operations in London of Espirito Santo; and Corporate Finance and Equity Capital Markets origination and execution at Merrill Lynch International. While he was head of Merrill's London Equity Syndicate team he was responsible for the marketing, placing and pricing of over 300 equity and equity-linked transactions raising over $240 billion.

Guy Feld, *Fund Manager, Hargreave Hale*

Guy Feld is a portfolio manager at Hargreave Hale Limited. He has been involved in the running of Barclays Unicorn UK smaller company unit trusts, set up the UK smaller companies research product at broker Teather & Greenwood, served on the UK Smaller Companies Equities Research team at UBS, was head of research and software & computer services analyst at Teather & Greenwood, and currently co-manages the Marlborough UK Micro Cap and Marlborough Nano Cap Growth unit trusts.

What are institutional investors looking for from growth businesses?

Speaker biographies

Richard Penny, *Senior Fund Manager, Legal & General*

Richard Penny started his investment career in 1992 and has been a fund manager since 1994. Most recently he has been the manager of the Legal and General UK Alpha Trust, winner of the Money Observer best UK Growth fund award in 2009, 2010 and 2011. The fund is an aggressive stock-picking fund looking for investments that can double or more over three years. It uses a mix of deep value and strong growth strategies.

Justin Waine, *Investment Director, Puma Investments*

Justin Waine joined Puma Investments in 2014 as an Investment Director. He is responsible for the Puma AIM IHT Portfolio Service, which seeks to mitigate inheritance tax through investing in a portfolio of AIM listed equities. In 2003, Justin joined Polar Capital Partners as a fund Manager on its European Funds. This included managing a significant portion of the award-winning European Forager Fund; an absolute return fund focused on Pan-European small and mid-sized companies. Prior to that he worked at Cazenove & Co as a sell side research analyst responsible for small and mid-sized companies. He has sixteen years' experience of analyzing small and mid-sized companies.

Demystifying the new world of digital advertising

Speaker biographies

Moderator: Peter McNally, *Technology Analyst, ShoreCapital*

Peter McNally covers Digital Media and Technology companies for Shore Capital. He grew up in Silicon Valley and began his research career with Merrill Lynch in 1999 in San Francisco. He was brought over to London in 2000 to help build out the European Software team which was subsequently voted number 1 in Institutional Investor's poll of buy-side institutions. He moved to Lehman Brothers in 2001 where he did equity research and global technology specialist sales. In 2005, he joined Callaway Venture Partners working between San Francisco and London with start-up technology companies as a placement agent and corporate advisor. He moved to Charles Stanley Securities in early 2011 to focus on UK technology company analysis before joining Shore Capital. He graduated from UC Berkeley with a BA in Law (Legal Studies).

Ofer Druker, *CEO, Matomy*

With over 12 years experience in online media and internet advertising, Ofer Druker is widely regarded as an online marketing industry veteran. He is responsible for the overall growth and positioning of Matomy as an international leader in online marketing solutions. Ofer has founded and co-founded a succession of 3 leading media sites in the last 10 years. He co-founded Oridian in 1998 and took it from a start-up to a company of over 70 people, effectively heading international business growth and development as well as sales. In 2005 he founded Soho Digital International, a subsidiary of Direct Revenue, and a leader in the contextual targeted media industry. In 2006, Ofer created Xtend Media, a leading international media solutions provider and one of the world's fastest growing ad networks.

Ran Goldstein, *Vice President Mobile, Crossrider*

Ran ("Goldi") serves as Vice President, Mobile at Crossrider, running the group's mobile division. He played a significant role in Crossrider's 2014 IPO on the London Stock Exchange's AIM Market, helping the Company raise $75m. Prior to joining Crossrider, he was Head of Investments in Advertising and Cyber Technologies within a private equity firm and Director of Business Development for a number of start-ups in Israel and the US. Between 2002 and 2007, Ran served in the Israeli Defence Forces' 8200 Intelligence unit as a project manager, and won the highest Israeli award for national security.

Demystifying the new world of digital advertising

Speaker biographies

Hagai Tal, *CEO, Marimedia*

Hagai Tal joined Marimedia in 2010 as a major shareholder and became the Company's Chief Executive Officer in December 2013. Hagai has invested in, led and developed a number of companies through successful growth, continued investment and the IPO/disposal process. These companies include Kontera, Amadesa, Payoneer, BlueSnap (formerly Plimus) and Spark Networks (NYSE:LOV). Hagai's previous positions include being Co-Founder and Chief Executive Officer at BlueSnap (formerly Plimus) and Vice President of Marketing at Spark Networks. Mr Tal holds a Masters in Management Information Technology from the University of Sunderland. Hagai is also a member of The Aspen Global Leadership Network.

Ory Weihs, *CEO, XLMedia*

Ory is one of the founders of, and leads, XLMedia's business development and key strategy. An entrepreneur who has been deeply involved in the online gambling industry for over ten years, he is a frequent speaker at industry events and is known as an expert in online marketing & advertising technology. He holds a B.Sc. in Industrial Engineering from the Technion – Israeli Institute of Technology, from 2007.

The Next Generation of IPOs

Speaker biographies

Moderator: Louise Wolfson, *Partner, Pinsent Masons*

Louise Wolfson is a partner at Pinsent Masons LLP, with experience in the full range of corporate matters. Louise has a particular focus on corporate finance including equity capital markets transactions and mergers and acquisitions, as well as reorganisations and joint ventures. She is co-head of the firm's Israel Desk.

Tal Brener, *CFO, GetTaxi*

Tal Brener is the CFO of GetTaxi. Tal is a former Financial Manager and Controller for Dan transportation, where he managed the finances of several public companies and joint funds for both Dan and the Israeli Ministry of Transportation. Tal is a certified Aikido expert who finds throwing other martial artists across the room relaxing after a long day wrestling with financial figures.

Chris Nicholls, *Partner, Deloitte*

Chris joined Deloitte in 2014 as a partner and head of IPO and Equity Advisory. He has 20 years of UK corporate finance experience having previously worked at Deutsche Morgan Grenfell, Lehman Brothers and, most recently, J.P. Morgan Cazenove. Chris has advised companies from over 20 countries on LSE listings.

The Next Generation of IPOs

Speaker biographies

Nimrod Rosenblum, *Partner, ERM*

Nimrod's practice is focused on M&A and capital markets and he heads the firm's corporate and M&A practice.

Working in London and Israel, Nimrod has acted on high-profile transactions for leading international and Israeli corporate clients, financial institutions, private equity houses and venture capital funds. The deals he has advised on include private and public M&A; equity, debt and hybrid investments; and various capital markets transactions, including IPOs in Israel and the UK. Prior to co-founding Epstein Rosenblum Maoz (ERM), Nimrod worked in the corporate department of Freshfields Bruckhaus Deringer LLP in London.

Nadav Zohar, *Senior Advisor, Impact Equity*

Nadav Zohar is an investment banker and senior adviser to Impact Equity. Nadav has been an investment banker with Lehman Brothers and Morgan Stanley, setting up the Morgan Stanley investment banking office in Israel. Nadav has a wealth of experience on fundraising and M&A for technology and new media companies in global market. Nadav is a non-executive member of Matomy's Board and the Chairman of Soluto prior to its sale to Asurion in 2013.

ISRAEL INVESTOR SUMMIT

UK Israel Business – Selected 2014 Events

Israel Private Equity Opportunity Summit – March 2014



British Israeli Business Awards Dinner – June 2014




UK Israel Business – Selected 2014 Events

Breakfast with Ross McEwan, CEO of The Royal Bank of Scotland - May 2014



Networking event with Carolyn McCall OBE, Chief Executive of easyJet - October 2014



Avi Hasson, Chief Scientist of Israel in conversation with Tim Hames, Director General of the BVCA - November 2014



Ahead of the curve: the growth of European technology deals

Pinsent Masons

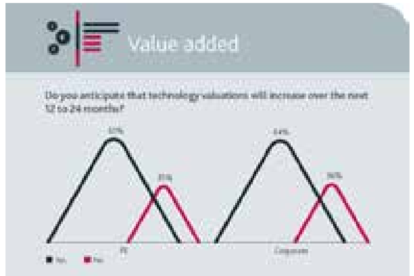
A resurgence in megadeals, a stronger economic environment in Europe and beyond, burgeoning balance sheets and a renewed confidence appear to have brought the 'animal spirits' back to corporates and private equity buyers alike. What does the future hold?

Against a background of soaring volumes and values in the M&A market, 2014 in particular was a banner year for the technology sector. Seldom has a week gone by without another huge tech story hitting the international headlines.

In the third quarter of 2014, Remark, the events and publications arm of Mergermarket, on behalf of Pinsent Masons interviewed over 150 of the most senior corporate executives and private equity professionals across Europe specialising in the technology, media and telecoms sector. They were interviewed on their thoughts on the drivers, geographical trends and challenges for technology transactions over the next 12 to 24 months.

The survey participants, all of whom have completed significant deals over the past year, indicated that a desire to expand geographical reach and potential future growth as key drivers when evaluating their purchasing decisions. Around 80% of those questioned anticipate an increase in both the volume and the value of tech deals in Europe over the next 12 months.

Value add



According to our survey, IPO markets have an impact on technology valuations. A decisive majority of survey respondents (71%) think so. But they were divided over the extent and nature of their impact on valuations.

"IPO markets deliver technology valuations that are high as they create and develop wider markets and trade for investment platforms," says a Swedish private equity partner. An IPO can also help to boost the standing and profile of a company. "IPO markets help firms to improve their market reputation and value through extensive marketing of their portfolios," notes a French private equity partner.

Some expressed scepticism about the impact of the IPO market. "Technology will not lose its value based on the importance it has gained over the past few years, which will leave it unaffected by the IPO market," says the finance director of a German corporate.

The CFO of a Swedish corporate put it more bluntly: "IPOs have lost their sheen and the market has repeatedly failed to recover. Even some of the most hyped companies failed to showcase the performance expected. Unless the market improves significantly, IPOs will not affect technology valuations."

IPOs and valuations

Tech IPOs hit the headlines in September when the flotation of China's e-commerce giant Alibaba on the New York stock exchange raised US$25bn, a new world record for a public offering.

Signs of a post-Alibaba valuation hike are thin on the ground. "I do not think that we have seen evidence in Europe of there being more IPOs since Alibaba," observes Andrew Hornigold, Partner at Pinsent Masons. "Equally, I am not sure that we have seen a huge uplift in IPO valuations as a result of that, although I do think a lot of people in the market were watching that one very closely."

A third of those surveyed said they expected the value of deals to increase 'significantly', with a continued rise of cash-rich bidder and the influence of big recent IPO valuations such as Alibaba, expected to be a significant pricing drivers.

Private Equity

According to Mergermarket figures, technology buyouts are at a seven-year high, with 480 deals undertaken in 2014. This past year, buyout value amounted to US$70.4bn, the greatest figure since 2008. Although value is still below 2007 levels (US$143.1bn), it has recovered strongly from the low of 2009 (US$16.7bn).

With a healthier global economy, soaring valuations, a robust IPO market and an abundance of capital chasing assets, the temptation for private equity firms to exit their investments is growing. Investor pressure to take profits is also likely to be a factor, particularly for private equity firms that have held portfolio companies for long periods of time.

Seven out of ten respondents predict a rise in exits over the next 12 to 24 months. But opinion is split over what form those exits might take. Trade sales are seen as the most likely route out, with secondary buyouts coming in second place. IPOs trail home in third, although by only a narrow margin. Only a handful of respondents think that there would be any decrease in exits, underlining continuing confidence in the market.

Legal Challenges

Pinsent Masons highlights that the regulatory environment remains the biggest legal challenge for technology transactions, with 45% citing it as their toughest hurdle during their last deal. Regulatory scrutiny places greater emphasis on the need for effective due diligence, particularly in cross-border transactions for which the fundamental differences in law must be fully recognised.

Conclusion

Abundant corporate cash and private equity dry powder could spur transactions to new heights in 2015 as the battle for tech assets intensifies. But investors need to be wary of macroeconomic headwinds and whether those transactions will take the form of M&A or IPOs remains to be seen.

Either way the future for the sector in Europe certainly looks bright for both corporates and their private equity counterparts.

To view the full report, please visit the report microsite
http://www.pinsentmasons.com/en/aheadofthecurve/
or contact Andrew Hornigold, Partner at Pinsent Masons on +44 (0) 121 626 5708 or
andrew.hornigold@pinsentmasons.com

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Corporate reputation about much more than financial performance

STOCK WELL

Last summer, StockWell Communications undertook research on institutional investor's attitudes to the reputation of companies amongst wider society. The findings point to a sea change in how the financial community looks at companies and strongly suggests that non-financial performance factors now have a significant bearing on corporate valuations and investment decisions.

96% of investors saw reputation as having increased in importance for importance of investment decisions in recent years

Almost all of those questioned saw reputation as having increased in importance over the past few years. In a world where there have been many high profile casualties and the volume and variety of corporate risks has expanded dramatically, an overwhelming majority (96%) saw serious consequences for companies that misjudge their relationship with society.

80% of investors think that a strong Society Brand is critical to a company's long term commercial future.

More than two-thirds of respondents cited reputation as a critical risk factor, with a large number referencing a more volatile and challenging external landscape. This did not mean, however, that companies were performing poorly, with nearly two thirds of respondents stating that companies are effective at managing their reputation. Further, this move towards better reputation management was being driven, in part, by the financial community and their desire to minimise the high level of downside risks that have arisen of late. As such, four fifths (81%) of the audience agreed that a strong Society Brand (a company's societal reputation reflecting its products and services, business values, how it operates and its relevance and worth to society) was critical to a company's long term commercial future.

Although wider society's impact on a company's reputation was seen to be important, there was still a clear view that a company's financial reputation takes precedence over its societal reputation. No-one we spoke to, however, felt that a company's reputation was solely about its Financial Brand, and just under a third (31%) felt a Society Brand was either of equal, or more, importance than the financials when it came to reputation of a listed company. And, at 54%, the majority were of the view that over the past few years there had been too much emphasis placed on the financials.

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More than half of the audience saw reputation as having a moderate to high impact on corporate value, although a majority felt it would be impossible to put a figure on the value of reputation. In line with this finding, when considering the relevance of a company's Society Brand to investment decisions, just under half of the respondents felt it would be a factor. This means that for the financial community, the management of reputation and a company's Society Brand is now mainstream and no longer the sole domain of socially responsible investment (SRI) funds, but relevant to all investors.

The lack of metrics around reputation and Society Brands was seen as a challenge for this audience. Yet, when asked about specific considerations of corporate value, 61% agreed that the market priced in a discount for companies with poor Society Brands. Almost three quarters were also of the opinion that corporate risk was increased for companies with a poor Society Brand, even if for some sectors returns might also be raised as a result.

Corporate Social Responsibility (CSR) was not seen as the answer. The financial community was strongly sceptical of CSR programmes and CSR reporting, and did not see it as an answer to a reputational challenge. The top five strength factors cited by respondents in what makes for a strong Society Brand, were – trust and integrity; purpose; transparency; products and services; and, profit.

61% of investors think companies with a poor Society Brand trade at a discount because of reputational risk

When asked about who manages their societal relations well and which companies have the strongest Society Brand, John Lewis remained on top, with Unilever in second place. The audience, however, struggled to name companies with good Society Brands, with half of them (46%) unable to list just three companies and 12% not able to name a single company. The financial sector was the only sector with a net negative score when it came to the quality of the explanation of their worth to society.

The research points to significant progress in the investment and financial communities' awareness and consideration of reputational issues and the impact of societal issues on corporate value. The audience also accepted that Society Brand issues can come to the fore and affect companies' operations and earnings, as well as their ability to manage their own destinies, or even impact their very survival. CSR is not the answer and reporting and communications in this area is seen to be patchy at best. There is, however, an expectation that the corporate world will manage their Society Brands effectively. The financial community remains rightly more focused on the financials, however, there is strong recognition that companies must do more to demonstrate how they play a positive role in the societies in which they operate. And, rather than dismissing this, the investment community recognised the role it has to play in driving this forward.

For more information visit www.stockwellgroup.com/stocktake

Israel market overview

Deloitte.

Israel is one of the most developed market economies with a substantial government participation. The main driver of the economy is science and technology sector. The Local economy is affected more by global economic trends and less sensitive to local conflicts.
Israel's GDP per capita is growing at 3.7% annually with relatively low inflation and interest rate and high stock market yearly returns.

Macroeconomic indicators

- GDP per capita in 2013 stands at $34K (OECD average - $36K). GDP Growth Rate in Israel averaged 1.04 percent from 1980 until 2014
- Population: 8,170,000
- Full member of the OECD since 2010; member of MSCI Developed Markets Index since 2009
- Ranked #16 in the UN's Human Development Index (higher than France and Singapore)
- Unemployment rate stands at 6.2%

Israel the innovation nation

"Israel is the most promising Investment hub outside of the U.S." Warren Buffet
(The Tower Magazine, 4 Feb 2013)

Israel, often referred to as the "Start-up Nation", has the highest per capita concentration of high-tech companies in the world outside the Silicon Valley and the highest number of NASDAQ-listed technology companies, after the U.S. and China.

#1
In expenditure on private sector R&D as percentage of GDP

4#
In registered patents per capita

63
Israeli co's traded in NASDAQ, more than Europe, Japan, Korea and India combined

#2
Among OECD countries in high-tech employment as a portion of the total workforce

39%
Of high-tech employees work in a substantial R&D extension of leading global companies

8%
Of the national GDP comes from the internet economy

Israel is a preferred choice for leading multinational companies. More than 300 multinational businesses, 60% of which are US based have established innovation and R&D centers in Israel. More than 80 Fortune 500 companies have established technology accelerators, incubators, corporate venture capital offices, and R&D centers in Israel.

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High-Tech concentration in Israel

Life science
First in the world for Medical Device Patents per Capita, Fourth for Bio-Pharma Patents.

Water technologies
The Israeli Water market is internationally recognized as highly developed, having benefited from years of experience in managing scarce water resources. Israel is considered to be a world expert in the fields of desalination, water treatment and reclamation, water safety, drip irrigation etc.

Communications, IT & Software
In Q4/2014, 36 Internet companies led capital raising, with $320 million (29 percent of total capital raised). This was the largest amount ever raised by the sector in one quarter. the software sector raised $230 million (21 percent).

Homeland Security (HLS)
An estimated 600 Israeli companies are active in the security sector, broken down as follows: 35% Technologies, 35% Products, 20% IT & Software, 10% Services
Israel is the world's sixth largest defense exporter.

Agritech
Agricultural community benefits from synergies with the local high-tech sector, resulting in a truly exciting array of innovative agricultural developments. Israel world renowned achievements of the Israeli agricultural sector include genetically modified crops, advanced livestock solutions and satellite imagery, information technology, and geospatial tools.

Internet
More than 800 internet & new media companies are active in Israel. Tel Aviv, along with other Israeli cities, has become a global city for high tech and innovative companies, with a beach lifestyle and many incubators and accelerator programs helping to grow its unique innovation ecosystem. This dynamic atmosphere has been the background for the launch of many new media companies and has also nurtured them to success.

According to Deloitte's 2015 Israel Venture Capital survey, 7 out of 10 most promising high tech companies are in the internet sector

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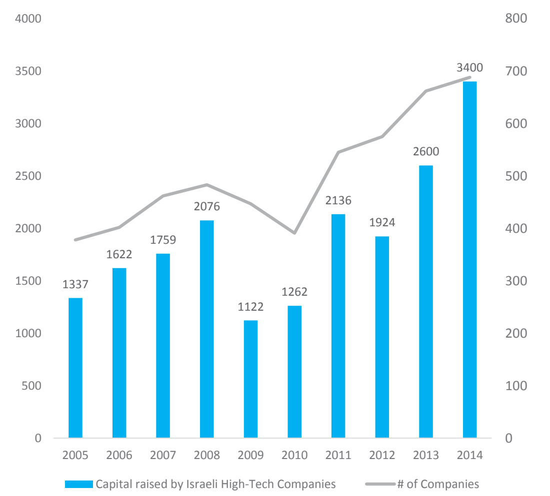
Israeli start-up market - Fundraising and Investments

After a significant slowdown following the global recession, the market bounced back to raise a high record amount of capital.

Total capital raised by Israel high-tech companies



Sources: IDC, IVC Research Center, 2014

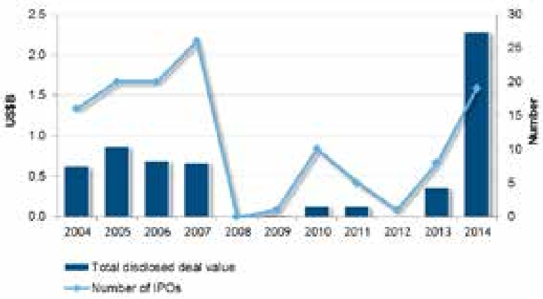
2014 in focus

- This surge was derived from higher investments rather than more companies, with SaaS (Software as Service) companies leading the way
- VCs were responsible for 69% of investments (392 VC-backed deals totalled $2.36 billion)
- Tech companies raised a total of $ ~17B in the last decade
- "Discounted" valuations, time-to-market and scouting resources compared to Silicon Valley

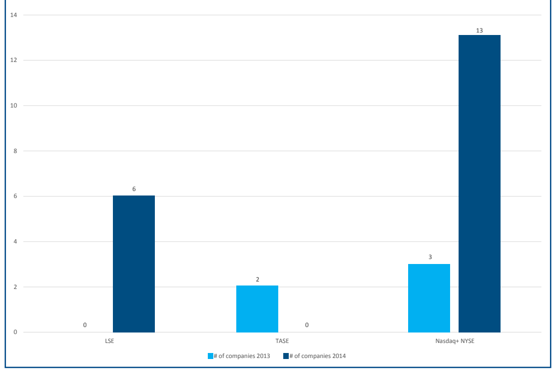
Israeli start-up market- Exits: M&A and IPOs

After no IPOs in 2012, Israeli high-tech companies are revisiting the stock market as an exit alternative. 2014 saw the highest IPO activity in 10 years - $2.25 billion.

*Israeli High-Tech IPOs, 2004-2014**



The number of Israeli High-Tech IPOs, 2013-2014



2014 in focus

- 18 IPOs accounted for $2.25 billion
- 2014 has seen the revival of IPOs on London Stock Exchange for Israeli high-tech companies. 6 Israeli companies raised nearly $400m, the highest amount raised on London Stock Exchange since 2006
- The majority of the mature Israeli high-tech companies are in the internet sector, and in particular in the Ad-tech (advertising technologies) vertical. For those companies it becomes harder to raise money on Nasdaq and thus we believe that London Stock Exchange will be their preferred alternative for years 2015 - 2016
- Among stock exchanges, the NASDAQ dominates Israeli IPOs, but many companies are dually-traded in the TASE
- The year 2014 was characterized by notable growth in both the number and size of IPO exits.
- In July MobilEye, which makes software to avoid car accidents– raised slightly over $1 billion on the NYSE, a record for an Israeli company going public in the U.S.
- The second largest IPO in 2014 was made by SafeCharge on London Stock Exchange

Going public is a significant milestone for a company. A successful IPO constitutes a dramatic change in the company and shareholder position with many new opportunities and benefits, as well as a lot of new risks. We, at Deloitte Israel, have been advising and assisting many companies in the process of going public for many years. We serve more than 120 public companies with over 150 offerings, whose shares are traded in Israel, the U.S.A. and Europe. Deloitte aids businesses with initial public offerings (IPO) readiness by assisting in evaluating and implementing the requirements for going public and reporting as a public company. Drawing on our experience we built an IPO team which consists of specialists in accounting, auditing, tax, and capital markets. Our team will take you step by step through the process with added-value assistance, based on extensive experience and "know how".

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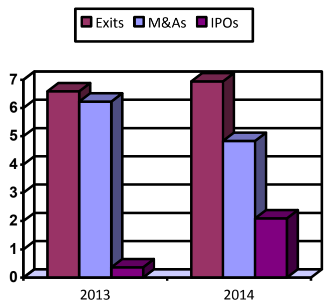
3 steps for London to obtain a greater share of Israeli IPOs

Epstein Rosenblum Maoz
Law Office



The Israeli high-tech industry is moving to the next level, and an increasing number of Israeli companies wish to become publicly traded. Can London increase its piece of the pie?
Over the course of several years, carried on a wave of a global high-tech boom, Israel has turned from 'Start-Up Nation' into 'Exit Nation'. Some predict that the country is now becoming a 'Global Listed Companies Nation'. The fact that in 2014 more Israeli companies listed in London than from any other country other than the UK, validates this prediction and adds perspective to the opportunity.

THE CHALLENGE

From the outside, the Israeli high-tech industry looks like a closed, US-biased, club. In practice, by taking a proactive approach and spending relatively little money, within 2-3 years, UK investors could win a front row seat, get access to the best Israeli companies and attract many more of them to the London markets. Below is a brief summary of Israeli high-tech: where it is at and where it is heading, and a list of 3 action points which are required in order to increase London's chances of competing for a greater share of Israel's top-quality IPOs.

MORE EXITS, LESS M&A, MORE IPOs

In 2014, Israeli high-tech sector 'exits' reached $6.94bn, which is 29% above the 10-year average.
In terms of M&A activity, 2014 saw Israeli high-tech companies being acquired for approx. $4.84bn, and less than 2 months into 2015, the number is already approx. $1bn. However, 2014 still represented a decline from 2012's $9.74bn and 2013's $6.23bn 'exit' by M&A figures.

At the same time, 2014 was a 10-year record for Israeli IPOs, with 17 Israeli companies raising approx. $2.1bn, compared with only $360m raised in 8 IPOs during 2013 (and $0 raised in 2012).

WHAT THE FUTURE HOLDS

In terms of M&A activity, Israeli companies will continue to be acquired by the likes of Google, Apple, Intel and Microsoft. In recent years, Asian giants such as Alibaba, Fosun, Rakuten, SingTel and others joined the ranks of investors in, and acquirers of, Israeli high-tech companies, a trend which is expected to increase. At the same time, many predict that the longstanding 'exit-by-M&A route will be supplemented'', and in certain sectors even matched, by a much more interesting development as far as the Israeli economy is concerned: Israeli companies willing and able to remain independent and float on the international markets.

This movement may be further encouraged by the implementation of recent controversial 'anti-concentration' legislation aimed at breaking-down Israel's leading conglomerates. The new legislation is predicted to lead to the acquisition of many Israeli companies by private equity funds and trade buyers and the floatation of others as stand-alone entities.

WHERE WILL THESE COMPANIES FLOAT?

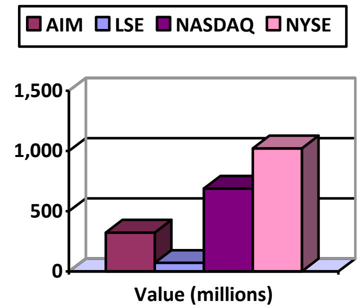
Historically, Israeli companies first look to the US when they seek to raise funds from the public. In 2014, approx. $1.7bn was raised by Israeli companies on the NYSE and NASDAQ compared to approx. $391m on the London markets and insignificant amounts elsewhere.

Despite an impresive 2014, London is still lagging behind NY in relation to Israeli IPOs, and many of the Israeli companies who choose London over NY do it either because they are smaller or they operate in industries in which London has an inherent advantage over NY.

Although UK buyers would find it difficult to compete against the American and Asian technology giants in the M&A arena, it is not a force of nature which prevents London from further increasing its share of Israeli IPOs.

3 main characteristics of the Israeli high-tech sector described below may present an interesting opportunity for London to attract more Israeli IPOs in the coming years.

1. THE ISRAELI HIGH-TECH MILIEU IS TINY AND SURPRISINGLY OPEN – GET TO KNOW IT



Israel is a global leader in R&D, in some sectors, second only to the US. At the same time, unlike the US, the Israeli high-tech milieu is small. Entrepreneurs, VCs, Angels and advisers, all sit within a 15km perimeter, know each other, compete against one another and collaborate. In a few well-planned trips, one could come to know most of the ones that count. Then, it is just a matter of maintaining relationships. Getting access to the best IPO candidates when they are young is crucial.

2. YOUNG ISRAELI START-UPS ARE DESPERATE AND UN-SPOILED – SPOIL THEM

Israeli start-ups enjoy significantly lower valuations and much inferior access to money than their US counterparts. This means that they are always on the look-out for funds. Once the most interesting start-ups are identified, an intelligent co-investment (lead-investing requires more sophistication and knowledge of the market and is normally not recommended for new-entrant financial investors) of a few hundred-thousand pounds could win gratitude, and more importantly, a place around the table and a say as to where the company is headed. Even if one is not in the business of investing in start-ups, one could always introduce someone who is and stay in the picture.

3. SUCCESSFUL ISRAELI START-UPS ARE SELF-CONFIDENT – BE PROACTIVE

Once start-ups begin to stir interest, their valuations rocket. At this stage, well-negotiated investment documents, good relationship with management and sufficiently deep pockets (or partners with the same) could and should enable one to remain seated around the table. Then, an aggressive and pro-active approach may allow one to have strong influence on a company's decision as to whether, and where, to go public. The current trend of huge pre-IPO private placements offers an opportunity to do exactly the same.

THE DECISION

Implementing the above rules of thumb (depending on the industry, significant investment may normally only be required in the 1-3 years preceding IPO) should strategically-place an investor prior to listing. Indeed, at the end of the day, a company will, as it should, choose to list where it can obtain the best valuations and trading prospects. However, it is not set in stone that the US markets will always offer improved valuations and liquidity (even if the US will continue to offer the main target market for a company's products), and, all other terms being materially equal, strategic, long-standing, relationships may prove critical.

February 2015.

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UK ISRAEL BUSINESS

About us

UK ISRAEL BUSINESS has an extensive network of over 2,000 companies and more than 10,000 key decision makers.

We provide vital access and cutting-edge information necessary to take advantage of emerging business opportunities in the UK and Israel.

As a member-led organisation, we offer a comprehensive range of services including specialist knowledge, networking opportunities, platforms to exchange ideas and share information, as well as professional contacts. Our bespoke market intelligence reports provide comprehensive sector research and analysis, and outline emerging business trends in the UK and Israel.

These specialised services, our influential network and our unparalleled access and expertise make UK ISRAEL BUSINESS the central port of call for all business, trade, industry and investment activity between the UK and Israel.

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