



STATE OF ISRAEL

MINISTRY OF INDUSTRY  
TRADE AND LABOR

MINISTRY OF FINANCE

SPOKESPERSON OFFICE  
INTERNATIONAL AFFAIRS  
DEPARTMENT

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**Joint Press Release**

**Another step towards the establishment of life sciences investment funds – tender documents published:**

**The Four Groups that Passed the Initial Sorting Stage to Establish Life Sciences Investment Funds will Begin Fundraising Today**

**If all of the four funds are to be established, then at least \$ 400 million would flow into the Bio-Tech market**

The Tender's Committee, in association with the Ministry of Finance and the Ministry of Industry, Trade and Labor published the tender's documents for the establishment of life sciences investment funds (Bio-Tech Funds) today. The four groups that met the primary conditions will begin fundraising in Israel and abroad. There is an anticipation that these groups will succeed in bringing new investors, among them Israeli institutional investors, due to governmental premiums.

Minister of Finance, **Dr. Yuval Steinitz**, commented that "today we are taking a major step forward with the Bio-Tech Funds project. This project is a central part of the government's strategy to promote hi-tech industries. These industries are the engine of the Israeli economy, and as a government we must strengthen them in order to make the most out of our comparative advantage. We recognized bio-technologies as a great potential and we will do as much as we can to promote it.

Minister of Industry, Trade and Labor, **Benjamin Ben Eliezer**, praised the progress according to schedule, and noted that this progress acts as a proof of the government's commitment (and the Ministry of Industry, Trade and Labor among it) to fix market failures that delay the development of hi-tech industries in Israel. "The aid given to new firms in the field of pharmaceuticals, bio-technology and medical equipment through these funds is another step taken by the ministry to achieve our vision of establishing the future industries of the state of Israel on life sciences, nano-technology and clean-tech."

The Chief Scientist in the Ministry of Industry, Trade and Labor, **Dr. Eli Ofer**, noted that the response of investment bodies and the world-wide capital market to this project, announced last year, and the fact the not less than four groups were found to be compatible to establish these funds indicate the great business potential regarded by investors to Israel in bio-technologies. It is possible to assume that now, after



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investors see that the government is willing to take part in these high-risk investments, this industry will gain a major financial boost needed for its expansion.

If all of the four groups are to succeed in the fundraising, and all of the four funds are to be established, then, in conjunction with the government's aid, at least \$ 400 million would flow into the Bio-Tech market (whereas the anticipation is that the groups would leverage the governmental sum even beyond \$ 400 million).

The establishment of investment funds is part of the policy of promoting growth, led by the Ministry of Finance and the Ministry of Industry, Trade and labor (Chief Scientist). The funds are expected to preserve Israel's status as a technological leader and support the expansion of the GDP. Both the government and the market are putting their hopes on this project and anticipate that it would boost the Israeli Bio-Tech Market.

The tasks standing in front of the managing groups are not easy, especially in light of the recent global economic crisis. Each group is required to raise at least \$ 76 million to receive a \$ 24 million governmental investment, each particular group. The groups are given one year of fundraising, and at the end of that year the group with the highest sum is to receive another \$ 8 million from the Israeli government. In light of the great importance this project gains in the government, and the understanding that the start-up companies in this field are greatly affected by these funds, the beginning of activities in each of the funds will be allowed with the completion of the minimum sum, even before the 12 months of fundraising have passed.

As a reminder, in November 2009 the Ministry of Finance and the Chief Scientist in the Ministry of Industry, Trade and Labor published a call to major venture capital fund groups to offer their candidacy to lead life sciences investment funds, where the government would act as an anchor investor. In order to continue with the tender, the groups had to pass the initial sorting stage, where high primary conditions, set to ensure that the best groups would pass to the next stage. This initial stage was completed with great success and allowed to continue. The Tenders Committee decided to expand the frame and allow four groups, with international and local experience, to be led by industry executives from Israel and abroad, continue the process.