

January 26, 2026

Subject: **Clarification Questions and Answers – Tender for the Establishment of Investment Funds in the Defense - Tech**

- Question:** We did not find a reference to the Manager's Success Fees (Carried Interest), as opposed to Management Fees, which have a minimum of 1% as noted in the table in Appendix 1 of Part B in the Tender Documents. Are these fees determined through negotiations between the Manager and the investors?

Answer: Success Fees (Carried Interest), if applicable, shall be determined through negotiations between the Fund Manager and all Limited Partners (LPs), in accordance with accepted market practices and applicable law, and not within the framework of the Tender.
- Question:** Are Management Fees and Success Fees deducted for the purpose of calculating the Government Protection?

Answer: Management Fees and Success Fees, if determined, are not included in the Internal Rate of Return (IRR) calculation, in accordance with Section 22.1 of the Tender Documents.
- Question:** To the best of our knowledge, Success Fees are exempt from VAT, but no such ruling was provided in the Tender Documents. Are they indeed exempt from VAT, unlike Management Fees which are not exempt?

Answer: The Tender does not address VAT liability for management fees of any kind (whether regular Management Fees, Success Fees, etc.); they remain subject to the relevant tax laws.
- Question:** Is it correct that the only accounting with the government is between the investors' partnership which pays 10% of its return above 12% (after or before success fees to the fund manager)? and on the other hand receives the protection on the loss?

Answer: In accordance with Section 23 of the Tender Documents, the financial settlement executed between the Government and the Winner involves one of the following scenarios: the realization of the State Guarantee by the Purchaser to the Winner, or the payment of the Success Premium by the Winner to the Purchaser.

5. **Question:** Assuming the answer to Question 4 is affirmative, does a fund that marks "VAT Exemption" imply that only these two settlements occur?

Answer: The Tender does not address VAT liability for management fees of any kind (whether regular Management Fees, Success Fees, etc.); they remain subject to the relevant tax laws.

6. **Question:** Does the Tender regulate the status of the Fund with the Tax Authority, such that the Investors' Partnership has no VAT status?

Answer: The Tender does not address VAT liability or the manner of the Fund's registration with the Tax Authority. It is clarified that the Fund shall be subject to all relevant tax laws, as applicable.

7. **Question:** Is there an arrangement with the Tax Authorities establishing that the profits of the Investors' Partnership are considered capital gains, or is it necessary to obtain a specific approval for this (to ensure these are not treated as business profits, in which case institutional investors would not be tax-exempt)?

Answer: The Tender does not address the issue of tax liability or specific arrangements vis-à-vis the Tax Authority. The Fund shall be subject to all relevant tax laws, as applicable.

8. **Question:** The purpose of the Tender is to address market failure in financing defense-tech ventures at early stages, where the level of technological, regulatory, and commercial risk is exceptionally high. In practice, the critical risk is realized not at the Fund level but at the individual company level: underwriting decisions, resource allocation, and risk management are always made based on a specific deal. A protection mechanism at the Fund level is aggregate and distant, and does not effectively influence investment decisions in high-risk ventures that, without government intervention, would not receive financing from a leading venture capital fund. Therefore, even funds participating in the Tender are not incentivized to increase risk in the ventures the Tender targets. Why were a Fund-level protection mechanism chosen, and was an alternative focused on the individual deal level considered?

Answer: The tender's structure and composition were determined in accordance with the policies of the Accountant General and the Ministry of Defense and based on the reviews conducted prior to the publication of the tender and following receipt of the clarification questions. These policies have not changed, and the tender remains unchanged in these respects.

9. **Question:** Is it possible to examine the technical threshold conditions (experience and raising investors' funds) of the bidder with respect to a corporate entity that is not a fund (company, partnership, etc.), that met the requested total assets condition (525 million NIS or 150 million US dollars) whose essence is investment in various assets/companies, and the bidder functioned in it in a senior role/office holder?

Answer: Recognition of experience in a corporate entity that is not a fund that engaged in investments at a similar scale will be possible, in which the bidder held a parallel position and succeeded to prove that this is a position parallel to a position in an investment fund. The tender committee may request additional information in order to substantiate this claim. It is clarified that there is a change in the tender documents, as appears in Version 3 of the tender documents, in the description of the professional threshold conditions in Sections 4.3.1.1 and 4.3.1.2, and also in Appendices 8 and 9 to Chapter B in the tender documents describing the list of documents required for submission for the purpose of proving compliance with the threshold conditions.

10. **Question:** Regarding Section 8.9.5 in the tender booklet – is it possible to define the quantitative proposal as a commercial or professional secret. If not, is there a limitation on the information that can be blacked out within the proposal?

Answer: A bidder may request confidentiality on certain parts of its proposal (except the quantitative proposal) as stated in Section 14.5 in the tender documents, provided that it states this explicitly in the proposal booklet in the designated place. The decision regarding confidentiality is subject to the exclusive discretion of the tender committee. The committee may reject a confidentiality request but will inform the bidder in advance before disclosure of the information. It is emphasized that in accordance with Section 8.9.5 of the tender documents, it is clarified that the quantitative proposal within the proposal is not a commercial or professional secret.

11. **Question:** In Chapter C – detailing the services and the content of the engagement with the winning supplier we would appreciate clarification regarding the manner of receiving approval from the tender committee to join as a limited investor. Specifically, how is such approval obtained (is there a need for a separate request, additional documents, office approval and the like).

Answer: The tender Committee is the competent authority authorized to approve the admission of a Limited Partner to the Fund. The Committee's approval is subject to the applicant's cumulative compliance with the conditions set forth in Chapter C, Section 7.2.3. The procedure for submitting a request to the Tender Committee, as well as the documentation required for such request, will be provided to the successful bidders upon award of the tender.

12. **Question:** According to the tender booklet, at Stage B investment agreements in the scope of 350 million NIS or 100 million US dollars will be presented. Can such investment agreements also be an intention to enter into an agreement (LOIs) or must they be in the nature of an obligation to enter into such agreement?

Answer: Yes, provided that the LOI constitutes a binding commitment to invest the specified amount at the time set forth in the Soft Commitment, and provided further that the bidder with whom the LOI was executed is awarded the tender, in accordance with Section 7.7.7 of the Tender Documents.

13. **Question:** Why is there a prohibition on investing in a company traded on the stock exchange?

Answer: The tender's structure and composition were determined in accordance with the policies of the Accountant General and the Ministry of Defense and based on the reviews conducted prior to the publication of the tender and following receipt of the clarification questions. These policies have not changed, and the tender remains unchanged in these respects.

14. **Question:** Are there any restrictions regarding the identity of the General Partner(s) and the corporate structure through which the new Fund will be established and operated? Specifically, does the Tender impose any limitations on a GP being an Israeli or foreign entity, or on a GP held by a corporation that is partially publicly owned?

Answer: The entity to be established for the purpose of serving as the Fund's General Partner (GP) must satisfy all requirements set forth in Section 16 of the Tender Documents.

15. **Question:** Section 7.1 – We would appreciate clarification regarding the authorizations required in relation to intellectual property (IP). Specifically, is the Fund required to own the IP, hold a license to use it, or otherwise demonstrate rights of use, given the sensitivity of this matter among companies and startups in the defense-tech sector and generally?

Answer: Pursuant to Section 7.1 of the Engagement Agreement (Chapter D), the Fund Manager is not required to own the intellectual property used in connection with the Fund. The Tender requirement may be satisfied either by (i) ownership of the relevant IP, or (ii) holding all permits, rights, and licenses required under applicable law to use such IP for the purposes of the Fund's operations. This is intended to ensure lawful and efficient operation of the Fund and to prevent infringement of third-party rights. For the avoidance of doubt, this requirement applies only to the Fund Manager's IP used for managing the Fund and providing

services to the State and does not apply to the IP of portfolio companies, which generally remains with the invested companies. In addition, pursuant to Section 7.3, any work products prepared for the State shall be the exclusive property of the State, excluding the Fund Manager's general systems and methodologies.

16. **Question:** Bid Guarantee (Section 4.4) – Clarification is requested regarding whether a bid guarantee must be submitted as part of the proposal or only upon a specific request by the Tender Editor following submission of the proposal.
Answer: Pursuant to the decision of the Tender Committee, the Tender conditions have been amended such that bidders are no longer required to submit a bid guarantee. Only the winning bidder(s) will be required to provide a performance guarantee, in accordance with Section 12 of Chapter D of the Tender Documents.
17. **Question:** The State Guarantee – It is unclear how the State Guarantee will be allocated between two winning funds, and especially in a scenario where it is allocated among three winners. Please clarify whether the allocation will necessarily be equal or whether other allocations may apply.
Answer: Section 6.2.3 of the Tender Documents will be amended. Accordingly, under Version 3 of the Tender Documents, the State Guarantee will be allocated equally among the winning bidder(s), based on the following formula: NIS 200 million divided by the number of winners (one, two, or three, as applicable). Following this amendment, the relevant provisions regarding the State Guarantee cap will also be updated in Section 23.2.3 (Part C) and Section 11.7 (Part D) of Version 3 of the Tender Documents.
18. **Question:** Identity of Bidders – As this issue is not addressed explicitly, can a corporate entity (e.g., Elbit) establish an investment fund and participate in the Tender?
Answer: A Large Industry, as defined in Section 18.2.9 of the Tender Documents, is not eligible to submit a proposal under this Tender, in accordance with the policies of the Accountant General and the Ministry of Defense, and based on the reviews conducted prior to the publication of the Tender.
19. **Question:** There is unclear distinction between the term “fund” and the term “bidder”. Is it possible to combine managerial experience and the scope of managed funds of several people and several funds? (for example, two funds that join together and have together 525 AUM)?
Answer: It is required that the bidder (one legal entity) meets the threshold conditions. The threshold conditions may be satisfied through funds raised and

managed in aggregate by a single bidder, as required under the threshold conditions set forth in Section 4.3 of the Tender Documents, through multiple investment entities (as stated in the answer to Question 9) in which the bidder served in the relevant capacities as detailed in Section 4.3.

20. **Question:** The tender is for the establishment of a fund that does not yet exist and its potential investors have not yet invested in it. Is it possible to waive the required guarantees since these sums are not held by most potential bidders despite compliance with the other tender conditions? In addition, the management team of the future GP has not yet been formed and therefore there is great difficulty in raising the required guarantee. Is it possible to waive the guarantee?

Answer: Pursuant to the decision of the Tender Committee, the Tender conditions have been amended such that bidders are no longer required to submit a bid guarantee. Only the winning bidder(s) will be required to provide a performance guarantee, in accordance with Section 12 of Chapter D of the Tender Documents.

21. **Question:** In a fund of this type there are many partners and employees with many specialties (fundraising, science, security, sales, management, economics, etc.), some of whom will be recruited to the fund only after it begins to operate.

Alternatively, is it possible to bring more than two people to the interview stage?

Answer: In accordance with Section 5.2 it is possible to come to the interview with up to two key people in addition to the bidder itself. In the tender documents there is no requirement that all fund employees be recruited before the fund begins to operate.

22. **Question:** Small funds can provide great added value, especially in investing at early stages; is it possible to choose 5-6 fund managers who will win a smaller State guarantee and at the same time to make the threshold requirements more flexible?

Answer: The number of winners and the threshold conditions for submitting a proposal were determined in accordance with the policy of the Accountant General and the Ministry of Defense and in accordance with checks that were conducted it was decided thus.

23. **Question:** Regarding Appendix 9 in which you request all the details of the existing investors and attachment of their investment agreements to prove experience of raising funds in the past. Some funds cannot disclose the investment agreements with their investors for reasons of confidentiality and regulation. How can this be overcome?

Answer: It is clarified that there is an obligation to submit all relevant documents for the purpose of examining compliance with the bidder's threshold conditions. A bidder may request confidentiality on certain parts of its proposal (except the quantitative proposal) as stated in Section 14.5 in the tender documents, provided that it states this explicitly in the proposal booklet in the designated place. The decision regarding confidentiality is subject to the exclusive discretion of the tender committee. The committee may reject a confidentiality request but will inform the bidder in advance before disclosure of the information.

24. **Question:** Regarding Appendix 9 in which you request all the details of the existing investors and attachment of their investment agreements to prove experience of raising funds in the past. Some funds cannot disclose the investment agreements with their investors for reasons of confidentiality and regulation how can this be overcome.

Answer: It is clarified that there is an obligation to submit all relevant documents for the purpose of examining compliance with the bidder's threshold conditions. A bidder may request confidentiality on certain parts of its proposal (except the quantitative proposal) as stated in Section 14.5 in the tender documents, provided that it states this explicitly in the proposal booklet in the designated place. The decision regarding confidentiality is subject to the exclusive discretion of the tender committee. The committee may reject a confidentiality request but will inform the bidder in advance before disclosure of the information.

25. **Question:** Is this about raising new funds, or also about converting existing funds for defense purposes?

Answer: Establishment of a new limited partnership is required for the purpose of the fund's activity in accordance with what is stated in Section 17 in the tender documents.

26. **Question:** The intention is to join an existing fund? Or to establish something new?

Answer: Establishment of a new limited partnership is required for the purpose of the fund's activity in accordance with what is stated in Section 17 in the tender documents.

27. **Question:** Do you have to invest in cyber companies?

Answer: It is possible (there is no obligation to do so) to invest up to 10% of the Fund's capital in companies in the cyber field, in accordance with Section 3.5.4 of the Tender Documents.

28. **Question:** What is the definition of an investment agreement for the purpose of meeting the threshold conditions?

Answer: In accordance with Section 7.7.7.7 of the Tender Documents, an investment agreement is generally defined as an agreement that obligates the investor to invest the specified amount at the time set forth in the Soft Commitment, provided that the bidder with whom the agreement was executed is awarded the Tender.

29. **Question:** What are soft commitments?

Answer: In accordance with Section 7.7.7 of the Tender Documents, Soft Commitments are agreements that obligate the investor to invest the specified amount at the time set forth in the Soft Commitment, provided that the bidder with whom the agreement was executed is awarded the Tender.

30. **Question:** Can two people who meet most of the threshold conditions approach the tender?

Answer: The threshold conditions must be met by a single bidder (one legal entity). The threshold conditions may be satisfied through funds raised and managed in aggregate by the bidder, as required under the threshold conditions set forth in Section 4.3 of the Tender Documents, through multiple investment entities (as referenced in the answer to Question 9) in which the bidder served in the relevant capacities as specified in Section 4.3. One bidder must satisfy all threshold conditions defined in the Tender Documents.

31. **Question:** Does the fundraising required for submission to the tender need to be presented only in May?

Answer: For the purpose of submission, bidders are required to present only the investment agreements specified in Section 7.7.7, and in accordance with the timelines set forth in Appendix 11 of Chapter B of the Tender Documents. These agreements must be submitted by the date specified for the end of Stage B (4 June 2026).

32. **Question:** Is there an advantage in submission of several factors together (as GP)? Does the fact that an investment bank is part of the GP constitute an advantage?

Answer: For the purpose of submission, a proposal must be submitted by a single bidder that meets the threshold conditions. In accordance with the Tender conditions, additional parties may be included as key personnel in the Fund's activities. There is no inherent advantage to including key personnel or an investment bank as part of the Fund's key personnel, and the qualitative scoring

will be conducted in accordance with Appendix 7 of Part B of the Tender Documents.

33. **Question:** How in practice are funds expected to provide a guarantee? After all, the funds do not hold money but investment commitments from investors.

Answer: Pursuant to the decision of the Tender Committee, the Tender conditions have been amended such that bidders are no longer required to submit a bid guarantee. Only the winning bidder(s) will be required to provide a performance guarantee, in accordance with Section 12 of Chapter D of the Tender Documents.

34. **Question:** Regarding balance sheet requirements: If there were exits, how is it counted? After all, it is no longer on the balance sheet.

Answer: In accordance with Section 4.3.1.1.1 of the Tender Documents, bidders are required to present the required level of assets as of a balance sheet date that falls within the period specified in that section. Accordingly, a bidder may present a balance sheet dated prior to the completion of an exit in which the relevant company was held by the bidder.

35. **Question:** Small funds can provide significant added value, especially in early-stage investing. Is it possible to select 5-6 fund managers who will be awarded a reduced State guarantee, while simultaneously making the threshold requirements more flexible?

Answer: The structure and composition of the Tender were determined in accordance with the policies of the Accountant General and the Ministry of Defense, and based on examinations conducted prior to the issuance of the Tender.

36. **Question:** Is the entity submitting as the General Partner (GP), who must meet the threshold conditions, required to possess personal experience in defense investments, or can an entity with experience investing in companies in the field stand behind it?

Answer: The bidder must meet the threshold conditions as detailed in Section 4.3 of the Tender Documents. There is no obligation for the bidder to have prior experience specifically in investing in companies within the defense field. Furthermore, the bidder may (but is not required to) add key personnel with relevant experience to the team, who will serve as key figures in the Fund's activity. The qualitative score for the team will be determined in accordance with Appendix 7 of Chapter B in the Tender Documents.

37. **Question:** How does the protection mechanism work in practice? For instance, if the fund incurs a loss in the first company it invested in but later becomes profitable, does the State pay for the protection?
Answer: The return calculation is carried out in accordance with the formula presented in Section 22.5.5. If the final return is negative, the realization of the guarantee will be executed in accordance with the provisions of Section 23. It is clarified that the loss test is conducted at the Fund level and not at the level of the individual investment.
38. **Question:** Where is the specification regarding which documents are to be submitted in Part A and which in Part B?
Answer: All documents and requirements for submission are detailed in Chapter B of the Tender Booklet. Additionally, a list of documents for submission, categorized by Tender stages, was published as Appendix 11 to Chapter B of the Tender Documents.
39. **Question:** Does experience in managing investments also include managing investments within another entity, or must the experience come specifically from a fund?
Answer: Recognition of experience in a corporate entity that is not a fund, which engaged in investments on a similar scale, will be possible provided the bidder held a parallel position and successfully proves that this position is equivalent to a position in an investment fund. The Tender Committee may request additional information to substantiate this claim. It is clarified that there has been a change in the Tender Documents, as reflected in Version 3, regarding the description of the professional threshold conditions in Sections 4.3.1.1 and 4.3.1.2. This also applies to Appendices 8 and 9 of Chapter B, which describe the list of documents required for submission to prove compliance with the threshold conditions.
40. **Question:** Is the GP required to be an Israeli citizen? What if all other team members are Israeli?
Answer: There is no requirement that the bidder and/or key personnel be Israeli citizens. However, the dedicated company that will be established to serve as the GP of the Fund must be incorporated in Israel, in accordance with Section 16 of the Tender Documents.
41. **Question:** Based on which conditions was the minimum Assets Under Management (AUM) threshold determined? Can the management of the new fund

be included under that same AUM calculation? (Noting that approximately 85% of relevant players in the Israeli defense-tech sector today do not meet this condition).

Answer: The structure and composition of the Tender were determined in accordance with the policies of the Accountant General and the Ministry of Defense, and based on examinations conducted prior to the issuance of the Tender. The requirement to meet threshold conditions applies solely to funds that have been raised and managed in the past.

42. **Question: Does the GP need to exclusively possess the experience in defense investments, or can the key personnel bring the sector experience?**

Answer: The bidder is required to meet the threshold conditions as detailed in Section 4.3 of the Tender Documents. There is no obligation for the bidder to have experience investing in companies in the specific field. Furthermore, the bidder may (but is not required to) add key personnel with relevant experience to the team to serve as key figures in the Fund's activity. The qualitative score for the team will be determined in accordance with Appendix 7 of Chapter B in the Tender Documents.

43. **Question: Regarding the Tender parameters: There is a concern that the current structure may cause the Tender to miss its objective.**

Answer: The structure and composition of the Tender were determined in accordance with the policies of the Accountant General and the Ministry of Defense and based on examinations conducted prior to the issuance of the Tender.

44. **Question: When does one need to deposit the guarantee of 5 million NIS?**

Answer: In accordance with the decision of the Tender Committee, the Tender conditions have been amended such that bidders will not be required to provide a Bid Guarantee, but only a Performance Guarantee. That is, only the bidders who are awarded the Tender will be required to transfer a Performance Guarantee, in accordance with the rules set forth in Section 12 of Chapter D in the Tender Documents.

45. **Question: What is the size of the guarantee?**

Answer: Section 6.2.3 of the Tender Documents will be amended in Version 3 such that the State Guarantee will be distributed equally among the winners according to the following formula: 200 million NIS divided by the number of winners (one, two, or three, as applicable). The maximum protection rate will be as stated in Section 23.2.23 of Chapter C and Section 11.7 of Chapter D in Version 3 of the Tender Documents.

46. **Question:** What are the quantitative parameters that the bidder needs to propose, aside from the management fee amount?

Answer: In accordance with Appendix 1 of Part B in the Tender Documents, the parameters are the aggregate protection percentage and the protection percentage per single shekel.

47. **Question:** On which page can the list of all components for Part A be found?

Answer: All documents and requirements for submission are detailed in Chapter B of the Tender Booklet. Additionally, a list of documents for submission, categorized by Tender stages, was published as Appendix 11 to Chapter B of the Tender Documents.

48. **Question:** What exactly does the 5 million NIS guarantee cover? Does it cover a situation where a bidder wins but fails to raise the capital?

Answer: Please refer to the response to Question 43. In accordance with the decision of the Tender Committee, the Tender conditions have been amended such that bidders are not required to provide a Bid Guarantee. Only a Performance Guarantee is required from the winners, in accordance with Section 12 of Chapter D in the Tender Documents.

49. **Question:** How is the Fund's independence maintained vis-à-vis regulatory and security considerations?

Answer: Neither the Tender Committee nor the Government of Israel will intervene in decisions regarding investment policy, except for the rules specified in the Tender. Part of these rules (though not all) appear in Section 18 of the Tender Documents. Regarding the security aspect, there is no intervention other than the regulations that apply to all market players, including cases involving private funds.

50. **Question:** Does the State have veto rights or influence over investment decisions?

Answer: Neither the Tender Committee nor the Government of Israel will intervene in decisions regarding investment policy, except for the adherence to rules specified in the Tender. Regarding the security aspect, there is no intervention other than the regulations that apply to all market players, including cases involving private funds.

51. **Question:** Is it possible for a partnership that has already begun raising money (following the "First Close" of a partial amount) to approach the Tender?

Answer: No. The establishment of a new limited partnership is required for the purpose of the Fund's activity, in accordance with Section 17 of the Tender Documents.

52. **Question:** Is the protection applicable to a single investment or only to the loss of the entire portfolio? What is the maximum protection on a single investment (if applicable) and what is the maximum protection on the entire portfolio?

Answer: There is no protection on a single investment. The protection applies to the entire portfolio in accordance with Section 22 of the Tender Documents.

53. **Question:** Can a manager of an existing fund establish a new fund and still remain in their previous fund?

Answer: Yes, provided they meet the conditions set forth in Section 18.2.10 of the Tender Documents.

54. **Question:** How will the success of the program be measured over time beyond financial return?

Answer: Measurement of compliance with the Fund's objectives is determined in accordance with Section 1.5 of the Tender Documents.

55. **Question:** What occurs if an entity wins the Tender but fails to raise the required capital?

Answer: In accordance with the Tender rules, the Authority shall be entitled to forfeit the Performance Guarantee, as stated in Sections 12 and 17 of Chapter D in Version 3 of the Tender Documents.

56. **Question:** Did you consult with Israeli institutional investors regarding their appetite for investments of this type? Were they involved in the characterization process of the Tender?

Answer: The structure and composition of the Tender were determined in accordance with the policies of the Accountant General and the Ministry of Defense. This decision was reached following examinations conducted prior to the issuance of the Tender.

57. **Question:** Are additional points awarded in the Tender for international connections?

Answer: The scoring is determined in accordance with the rules governing the qualitative component of the Tender, as detailed in Appendix 7 of the Tender Documents.

58. **Question:** Can large defense companies in the economy also be part of the submission team?

Answer: A Large Industry, as defined in Section 18.2.9 of the Tender Documents, is not eligible to submit a proposal under this Tender, in accordance with the policies of the Accountant General and the Ministry of Defense, and based on the reviews conducted prior to the publication of the Tender.

59. **Question:** Is it possible to update or improve the proposal after the initial submission?

Answer: It is not possible to update or amend the proposal following the final deadline for the submission of proposals.

60. **Question:** Do you expect or require prior proven experience in defense-tech companies?

Answer: There is no requirement for the bidder to possess this experience exclusively. It is permissible to add key personnel to the team, as stated in Section 5, who will be examined alongside the bidder within the framework of the qualitative component assessment, as detailed in the Tender Documents.

61. **Question:** What is the level of reporting required from the Fund to the State, and at what frequency?

Answer: The reporting requirements and schedules are set forth in Section 19 of the Tender Documents.

62. **Question:** Is there an investment cap for a single company within the supported Fund? Is the support provided as an equity investment, a contingent loan, or another mechanism?

Answer: There is no investment cap for a single company within the Fund.

However, the Fund Manager is expected to invest in more than one company. The State support is not provided in the form of an equity investment, a contingent loan, or any other mechanism wherein the Fund receives capital from the State for investment purposes. The support provided within the framework of the Tender is contingent upon the fulfillment of conditions for realizing the guarantee, in accordance with Section 22 of the Tender Documents.

63. **Question:** Is it permissible for the Fund to have a single investor?

Answer: Yes.

64. **Question:** There are approximately 20-30 relevant investors in Israel capable of promoting investments in defense companies at early stages. The current Tender likely misses its purpose, as the protection is provided at the Fund level rather than at the single investment level. The premium for a 12.5% return is too low, whereas returns of leading funds are typically higher; effectively, there is no protection for leading funds, only an economic cost. If the purpose is to incentivize riskier investments in hardware/production companies, it is necessary to provide protection on a single investment. Furthermore, the requirement to establish a new investment fund disconnects from the standard fundraising cycle (which occurs once every 3-4 years). In practice, it appears that the Tender requires shifting fundraising dates specifically for this process, which is not sufficiently attractive. We request to know if there is a possibility to open the Tender conditions for discussion, as it would be regrettable to miss the objective.

Answer: The decisions regarding all issues raised concerning the Tender are in accordance with the policies of the Accountant General and the Ministry of Defense, and were determined based on examinations conducted prior to the Tender's issuance.

65. **Question:** 1) Will a PDF of the Tender agreement be provided to participants? 2) Can you clarify in further detail how the Fund size will be determined?

Answer: The PDF file is published online on the Ministry of Finance's Tender website. The Fund size will be determined based on the parameters proposed by the bidder, in accordance with the formula.

66. **Question:** Is the maximum amount the State will provide 200 million NIS, or is it determined by the investor?

Answer: The maximum amount is 200 million NIS (not USD), to be distributed among two or three winning funds.