

MIRA INFORM REPORT

Report No. :	516770
Report Date :	29.06.2018

IDENTIFICATION DETAILS

Name :	EREZ HAZVI A.S. LTD.
Registered Office :	M.P. Efraim Rechelim 4482700
Country :	Israel
Financials (as on) :	2017 (Summarized)
Year of Establishment :	1997
Legal Form :	Private Limited Company
Line of Business :	Operating a winery and an olive press, exporters and marketers of wine, as well as olive oil (wine sales began in 2003, olive oil sales began in 2007), growing a vineyard and an olive orchard. Also operating a visitors' center.
No. of Employees :	18

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Israel	B1	B1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

ISRAEL - ECONOMIC OVERVIEW

Israel has a technologically advanced free market economy. Cut diamonds, high-technology equipment, and pharmaceuticals are among its leading exports. Its major imports include crude oil, grains, raw materials, and military equipment. Israel usually posts sizable trade deficits, which are offset by tourism and other service exports, as well as significant foreign investment inflows.

Between 2004 and 2013, growth averaged nearly 5% per year, led by exports. The global financial crisis of 2008-09 spurred a brief recession in Israel, but the country entered the crisis with solid fundamentals, following years of prudent fiscal policy and a resilient banking sector. Israel's economy also weathered the 2011 Arab Spring because strong trade ties outside the Middle East insulated the economy from spillover effects.

Slowing domestic and international demand and decreased investment resulting from Israel's uncertain security situation reduced GDP growth to an average of roughly 2.8% per year during the period 2014-17. Natural gas fields discovered off Israel's coast since 2009 have brightened Israel's energy security outlook. The Tamar and Leviathan fields were some of the world's largest offshore natural gas finds in the last decade. Political and regulatory issues have delayed the development of the massive Leviathan field, but production from Tamar provided a 0.8% boost to Israel's GDP in 2013 and a 0.3% boost in 2014. One of the most carbon intense OECD countries, Israel generates about 57% of its power from coal and only 2.6% from renewable sources.

Income inequality and high housing and commodity prices continue to be a concern for many Israelis. Israel's income inequality and poverty rates are among the highest of OECD countries, and there is a broad perception among the public that a small number of "tycoons" have a cartel-like grip over the major parts of the economy. Government officials have called for reforms to boost the housing supply and to increase competition in the banking sector to address these public grievances. Despite calls for reforms, the restricted housing supply continues to impact younger Israelis seeking to purchase homes. Tariffs and non-tariff barriers, coupled with guaranteed prices and customs tariffs for farmers kept food prices high in 2016. Private consumption is expected to drive growth through 2018, with consumers benefitting from low inflation and a strong currency.

In the long term, Israel faces structural issues including low labor participation rates for its fastest growing social segments - the ultraorthodox and Arab-Israeli communities. Also, Israel's progressive, globally competitive, knowledge-based technology sector employs only about 8% of the workforce, with the rest mostly employed in manufacturing and services - sectors which face downward wage pressures from global competition. Expenditures on educational institutions remain low compared to most other OECD countries with similar GDP per capita.

Source : CIA

COMPANY NAME AND ADDRESS

EREZ HAZVI A.S. LTD.

(Trading as TURA WINERY)

Telephone 972 2 650 88 82
Mobile 972 52 796 65 97 (Erez Ben Sa'adon)
Fax 972 2 571 62 66
Email: info@turawinery.com
M.P. Efraim
RECHELIM 4482700 ISRAEL

HISTORY & LEGAL FORMATION

A private limited company, incorporated as per file No. 51-405557-3 on the 27.11.2007, continuing activities which began originally in 1997.

SHARE CAPITAL

Authorized share capital NIS 105,000.00, divided into -
2 management shares,
104,998 ordinary shares, all of NIS 1.00 each,
Fully issued.

SHAREHOLDERS

1. Erez Ben Sa'adon, 50% of management shares and 51% of ordinary shares issued,
2. ELITE CAPITAL LLC, of USA, 50% of management shares and 49% of ordinary shares issued, owned by Shlomo Pessar, uncle of Erez Ben Sa'adon.
Shlomo Pessar is an inactive shareholder.

SOLE DIRECTOR

Erez Ben Sa'adon, General Manager.

BUSINESS

Operating a winery and an olive press, exporters and marketers of wine, as well as olive oil (wine sales began in 2003, olive oil sales began in 2007), growing a vineyard and an olive orchard.

Also operating a visitors' center.

Subject produces close to 100,000 wine bottles per annum.

20% of sales are export, to USA, Canada, Germany, Hong Kong and more.

33% of grape produce is used by subject; rest is sold to other wineries.

Sales are to wine shops, restaurants, etc., as well as via e commerce.

Among clientele: SHAY MASHKA'OT, SGULA Restaurant, JERUSALEM WINE CLUB, BASHER, ANGELICA Restaurant, WINE AND CIGAR WORLD, MAMILA Hotel, WINE ROUTE wine retail chain, and many more.

Operating from premises, owned by shareholders in Rechelim. The premises include: a winery on an area of 1,000 sq. meters, an olive press on an area of 600 sq. meters, 300,000 sq. meters vineyard and 300,000 sq. meters olive orchard.

Website: www.turawinery.com

Having 18 employees, as of mid-2017. Current number of employees unavailable.

MEANS

Stock (finished goods) was valued at NIS 2,500,000 in mid-2017.

Current stock value not forthcoming.

Other financial data not forthcoming.

There are 7 charges for unlimited and limited amounts (on total sum of several NIS hundred thousands) registered on the company's assets (financial assets, fixed assets and equipment), in favor of Bank Hapoalim Ltd. and a company.

REVENUES

2015 sales claimed to be NIS 4,200,000, 20% for export.

2016 sales claimed to be NIS 5,500,000, 20% for export.

Sales for the first 6 months of 2017 claimed to be NIS 3,000,000, 20% for export.

Erez Ben Sa'adon informed us that most of sales are in the 2nd half of the year.

Later sales figures not forthcoming.

BANKERS

Bank Hapoalim Ltd., Pisgat Zeev branch (No. 699), Jerusalem, account

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No. 466539.

A check with the Central Banks' database did not reveal any negative information regarding subject's a/m account.

CHARACTER AND REPUTATION

From our findings, in November 2016 the Jerusalem Magistrate Court convicted subject in a criminal case. In which the Ministry of Environment sued subject. We could not obtain data on the case contents or verdict. Apart from the above, nothing unfavorable learned.

Despite our efforts, so far we were unable to speak with subject's General Manager, Mr. Erez Ben Sa'adon, the only person authorized to disclose data on the company, as he was always unavailable. In case we manage to reach him and receive fresh information, we shall update you accordingly.

This is a family-run estate-winery ("estate winery", means the winery is the owner of the vineyard, and the wine is produced at the winery through fermentation, aging and bottling.

In May 2018 it was reported that subject's flagship wine "Mountain Peak 2014" won the silver medal in the prestigious British DECANTER 2018 competition.

The winery field in Israel has been constantly growing during the last several years. There are some 60 commercial wineries operating in Israel (80% market share held by 5 largest wineries), and some 240 active small "boutique wineries", producing mainly premium wine.

According to a report from April 2017, in 2016, sale of wine was in volume of NIS 900 million (NIS 1.78 billion in retail prices).

About 49 million bottles were produced in 2016 (compared to 40 million bottles in 2015), of which 70% as low price wines (up to NIS 40 per bottle), 20% mid-priced (NIS 41-NIS 80) and 10% high priced (over NIS 81 per bottle).

Some 20% of local wine production is for export, mostly for the Kosher market.

Some 40% of sales are prior the Jewish New Year and Passover holidays (September-October and April, respectively).

Most of the wine turnover - NIS 1 billion – is from local wineries, the rest is from import. Import of wine is mainly from Italy and France (26% each), as well as Spain (15%)

Wine consumption is estimated at 5-6 litres per capita, per year.

According to the Central Bureau of Statistics (CBS) sales for export from the manufacture of wine in 2017 totaled US\$ 46.5 million, compared to US\$ 40.4 million exported in 2016, and US\$ 37.8 million sold for export in 2015.

In Israel there are some 330,000 Dunams (Dunam =1,000 sq. meters) of olive vineyards and 315,000 Dunams are for olive oil, the rest for consumption. Olive oil is processed by some 160 Olive Presses (who carry quality mark), of which 140 qualified as "small", and produces around 7,500 tons of olive oil per annum in average.

In 2012, 12,500 tons of olive oil were produced in Israel, additional 6,000 tons are imported (mostly from Spain). The olive oil market rolls NIS 500 million per year according to sources in the branch.

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According to the CBS data, investment in imported machinery and other equipment of the manufacturing industry in 2017 (quantity change percent change on previous year) in the beverage & tobacco industries decreased by 2.4% in 2017 to NIS 178 million, coming after a sharp increase in 2016 of close to 57%.

From the CBS National Accounts for 2017, it turns that current expenditure by local households on Food, Beverage & Tobacco grew by 27% from 2016, compared to growth rates of 4.6% in 2016, and 3.6% in 2015 and in 2014).

SUMMARY

Notwithstanding the lack of updated data from subject's officials, considered

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.93
UK Pound	1	INR 90.21
Euro	1	INR 79.63
ILS	1	INR 18.77

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	DNS

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)

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