

Convenience translation
In any case of inconsistency, the immediate report in Hebrew shall prevail

Discount Investment Corporation Ltd,

Immediate report dated October 4, 2020 - reference number: 2020-01-107640

Subject: Petition to the Court – Proposal by the Controlling Shareholder for the Redemption of shares in the Company

Further to the immediate report by Discount Investment Corporation Ltd. ("**The Company**") on September 25, 2020, regarding a ruling that was handed down by the District Court in Tel-Aviv-Jaffa ("**The Court**"), pursuant to which, inter alia, Attorneys Ra'anán Kalir and Alon Benyamini were appointed to the role of temporary receivers ("**The temporary receivers**") over the shares in the Company that are owned by Dolphin IL Investments Ltd. ("**Dolphin IL**"), which are charged in support of the holders of the bonds (Series 14) of IDB Development Corporation Ltd. (which constitute approximately 70.2% of the Company's issued share capital; "**The charged shares**"), the Company updates that on October 2, 2020, Dolphin IL 2020 Ltd. (a company under foundation) (a private company that is wholly owned by Dolphin IL – "**The offeror**") submitted an urgent petition to the District Court in Tel-Aviv-Jaffa ("**The Court**") to enable it to purchase and to redeem the charged shares.

Within the context of the petition, the Court was requested to declare and to instruct the temporary receivers to accept the offeror's proposal for the purchase and redemption of the charged shares and to set an urgent hearing for the approval of the offer, as soon as possible, and all this in accordance with the offeror's proposal for the redemption of the shares, which was also attached to the petition ("**The proposal**"), the main points of which are:

1. The offeror has undertaken to purchase and to redeem the charged shares from the receivers, for overall consideration of NIS 908 million, in the following manner: (1) an amount of NIS 770 million, which will be paid in cash at the time of the execution by the offeror to the receivers (where the time of the execution will be within 15 days from the time of the approval by the Court); (2) an amount of NIS 138 million, which will be paid in cash, one year from the time of the execution by the offeror. This amount will be paid to the receivers and/or to additional creditors by IDB Development Corporation, in accordance with a decision by the Court, in accordance with the orders of its creditors.
2. The charged shares will be transferred to the offeror, where they are clean and free of any lien, attachment or other right, pursuant to Section 34 of the Sale Law, 5728 – 1968.
3. Pursuant to the terms of the proposal, it is conditional upon the compliance with the following conditions: (1) the offer will be in force for a period of 21 days from the time of its submission to the Court; (2) at the time of the execution, no injunction or regulatory ruling that prohibits or prevents the execution of the offer will be in force. It is further noted in the offer that the offeror will be entitled, at its exclusive discretion, to extend the timing for everything that that is determined in connection with the said conditions. It is further clarified that if the first crucial condition, as mentioned above (i.e. that the proposal will be in force for a period of 21 days from the time of its submission to the Court), or, if at the time of the execution there is an injunction or regulatory ruling that prohibits or prevents the execution of the offer that is in force, is not met, then the proposal will end and will expire without the receivers and/or the trustees and/or the holders of the bonds (Series 14) of IDB Development Corporation Ltd. having any claim or complaint.
