

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

## **IDB Development Corporation Ltd,**

Immediate report dated March 18, 2020 - reference number: 2020-01-026175

### **Subject: IDB Tourism Loan - Update**

Further to the 15.3.2020 Immediate Report by IDB Development Corporation Ltd. ("**Company**"), regarding, inter alia, notice by IDB Tourism (2009) Ltd. (a wholly-owned subsidiary of the Company - "**IDB Tourism**") to the Company, that it is triggering the procedure provided in the Loan Agreement between the parties (for details, see Note 9 D to the Company's financial statements as of September 30, 2019), the repayment date of which is 31.3.2020, and is calling for the repayment of US\$ 3 million from the loan amount.

The Company notes that it has approached IDB Tourism, and without addressing any of its claims, and taking note of the Corona crisis that is affecting the markets and its implications for the economy as a whole and the Company, it has suggested that it consider withdrawing said demand, while continuing to discuss the situation and possible alternative solutions with the Company. IDB Tourism replied to the Company, stating that the Company's response resulted in a demand by Bank Leumi Israel Ltd., with which IDB Tourism (along with Israir Aviation and Tourism Ltd. - a wholly-owned subsidiary of IDB Tourism - "**Israir**") for immediate repayment of US \$5 million from a loan provided to Israir to purchase aircraft for its use. IDB Tourism also noted that considering the Bank's demand as stated, the cash flow damage that may be caused to Israir would wipe out approximately one-half of Israir's cash flow balances that it held prior to the start of the current crises.

IDB Tourism has notified the Company that it unequivocally demands the reimbursement of US \$ 3 million, on the date provided in IDB Tourism's notice, as reported by the Company, and noted that if it does not receive said funds by 25.3 2020, it will have to take legal action, said given the failure to meet the loan repayment conditions, which jeopardize Israir's plan to deal with the Corona crisis.

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