

## **IDB Development Corporation Ltd.**

Immediate report dated May 5, 2019 - reference number: 2019-01-043075

### **Subject: Execution of Agreements for the Sale of Clal Shares**

Further to that stated in the immediate report of IDB Development Corporation Ltd. (the “**Company**”) dated May 2, 2019, inter alia, regarding the Company’s engagement in agreements with third parties which are unrelated to the Company (the “**Buyers**”), in which it was stated that each of the Buyers will acquire shares of Clal Insurance Enterprises Holdings Ltd. (“**Clal Insurance Enterprises**”) which constitute approximately 4.99% of its issued capital, in consideration of a cash payment of NIS 47.7 per share, in accordance with the conditions specified in the Company’s aforementioned report, the Company hereby updates that on May 3, 2009, the sale of the shares of Clal Insurance Enterprises was completed which constitute approximately 4.99% of the issued capital of Clal Insurance Enterprises, which were held by the trustee for the Company’s shares in Clal Insurance Enterprises, Mr. Moshe Terry (the “**Trustee**”), to one of the Buyers, in an over the counter transaction, at a price of NIS 47.7 per share (the “**Sold Shares**” and the “**Price Per Share**”, respectively). The total consideration in the aforementioned transaction was approximately NIS 132 million (after fees). In accordance with the provisions of section 6.9.2.3 of the deed of trust for the Company’s bonds (Series 13) (see the shelf offering report which was published by the Company on February 14, 2017), the consideration with respect to the Sold Shares will remain in the trust account which is pledged in favor of the Company’s bond holders (Series 13), and will serve, in the Company’s discretion, to make a prepayment, or to make payments in accordance with the amortization schedule of the Company’s bonds.

Additionally, further to the fulfillment of the conditions for the completion of the agreements, including regarding updates to the terms of the swap transactions which were performed by the Company with respect to shares of Clal Insurance Enterprises (the “**Swap Transactions**”) (for additional details regarding the Swap Transactions, see Notes 3.B.3 and 3.B.5 to the Company’s financial statements for 2018), in a manner which will allow the sale of the shares of Clal Insurance Enterprises which form the subject of the Swap Transactions through over the counter transactions, to a certain buyer (instead of sale by distribution of the shares), and which will allow the Company to instruct the financing entities through which the Swap Transactions were performed, to execute the sales to the Buyers, the Company hereby updates that further to the Company’s instruction, on May 2, 2019, to the financing entity with which it engaged in a swap transaction in connection with shares of Clal Insurance Enterprises, from May 2017 (the “**Swap Transaction**”), on May 2, 2019, the Swap Transaction concluded with respect to 2,215,521 shares of Clal Insurance Enterprises, which constitute approximately 4% of the issued capital of Clal Insurance Enterprises, through a sale to one of the Buyers (the “**Second Buyer**”), according to a price per share. It is noted that, in accordance with the agreement with the Second Buyer, the early termination of the Swap Transaction with respect to shares of Clal Insurance Enterprises which constitute 1% of the issued capital of Clal Insurance Enterprises, for the

## Convenience translation

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

purpose of completing the sale to the Second Buyer, will be implemented as soon as possible, and those shares will be sold to that Buyer.

It is also noted, further to that stated in the Company's report dated May 1, 2019, regarding a motion for an interim injunction which was filed by the Trustee for the Company's bonds (Series 9) (the "**Motion For An Interim Injunction**" and the "**Trustee for the bonds (Series 9)**", respectively), in parallel with the administrative petition which was filed by the Trustee for the bonds (Series 9) with the District Court of Jerusalem (the "**Petition**" and the "**Court**", respectively), against the Head of Capital Markets, Insurance and Savings Authority (the "**Commissioner**"), the Trustee and the Company, in which the Court was requested to order the Commissioner and the Trustee to refrain from implementing the Commissioner's instruction until a determination has been reached regarding the Petition, the Company hereby reports that on May 2, 2019, the Court dismissed the Motion For An Interim Injunction. It is noted that the Court did not address the chances of the Petition in its decision.

Following the completion of the aforementioned sale of the shares of Clal Insurance Enterprises, Clal Insurance Enterprises is held by the Company at a rate of approximately 20.3% (of which, approximately 15.4% through the Trustee). The investment in Clal Insurance Enterprises also includes, in addition to the aforementioned holding, an investment through swap transactions, with respect to shares of Clal Insurance Enterprises at a rate of approximately 25% (after the completion of the Swap Transaction with respect to approximately 4% of the issued capital of Clal Insurance Enterprises, as stated above), as reported by the Company. Upon the completion of the sale of approximately 1% of the issued capital of Clal Insurance Enterprises to the Second Buyer, the Company's investment in Clal Insurance Enterprises, through the Swap Transactions, will amount to a rate of approximately 24%. In accordance with international accounting principles, the Company is exposed to changes in market value with respect to approximately 45.3% of the shares of Clal Insurance Enterprises. For additional details regarding the accounting presentation of the investment in Clal Insurance Enterprises (including the aforementioned swap transactions) in the Company's statement of financial position, see Notes 3.B.3. to 3.B.6. to the Company's financial statements for 2018.

It is noted that in accordance with legal position number 101-22 which was published by the Israel Securities Authority on February 28, 2019 (for additional details, see the Company's immediate report dated March 3, 2019, the "**Authority's Position**"), and for the sake of prudence, the Company hereby announces that it is considered (according to the Authority's Position) as the holder of approximately 45.3% of the issued and paid-up share capital of Clal Insurance Enterprises, whereby with respect to 25%, the Company is considered as the holder jointly with third parties, whose identities are unknown to it, in accordance with the terms of the Swap Transactions.

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