

Convenience translation

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

Discount Investment Corporation Ltd,

Immediate report dated February 19, 2020 - reference number: 2020-01-014566

Subject: Cellcom - notice of a binding memorandum of understanding for the purchase of Golan Telecom

Further to that stated in the immediate report published by Discount Investment Corporation Ltd. ("**The Company**") dated February 16, 2020 regarding negotiations conducted by Cellcom Israel Ltd. ("Cellcom") with Golan Telecom Ltd. ("**Golan Telecom**") and its shareholders, the Company updated that Cellcom reported on February 18, 2020 Cellcom entered a binding memorandum of understanding with Golan Telecom and its shareholders ("**Memorandum of Understanding**" or "**MOU**") for the purchase of Golan Telecom's entire share capital, for the sum of NIS 590 million, subject to certain adjustments. The sum of NIS 590 shall be paid in cash in two installments: the sum of NIS 413 million upon completion of the transaction and the sum of NIS 177 million within 3 years from completion of the transaction ("**Deferred Payment**").

Cellcom stated in the report that it would issue and deposit 8.2 million shares of Cellcom with a trustee (the "**Escrowed Shares**") and that the Escrowed Shares may be sold in order to finance the deferred payment including upon an acceleration of the deferred payment (as set out in the MOU). In addition, on the closing date, Cellcom shall pay Golan Telecom Shareholders the following amounts: (a) an amount equal to the cash and cash equivalents, and any financial indebtedness, of Golan Telecom as of the closing date; (b) NIS 7.58 million per month for the period between the closing date and December 31, 2020; and (c) return on investments made by Golan Telecom in the 5G shared network from the date the MOU was signed and until the transaction is completed.

Cellcom also stated in the report that the transaction includes standard and customary conditions and representations and is subject to the completion of due diligence by Cellcom without negative findings having an adverse material effect over the value of Cellcom in comparison to the information provided prior to signing of the MOU, receipt of regulatory approvals and material third parties' approval and absence of material adverse change to Golan Telecom's condition (as defined in the MOU). In addition, Cellcom stated in the report that the parties shall negotiate a detailed agreement but are bound by the MOU whether such agreement is entered or not. In case the conditions for the completion of the transaction are not met until December 31, 2020, the MOU or detailed agreement, as the case may be, shall expire.

Cellcom clarified in the report that it cannot guarantee that the conditions for the completion of the transaction shall be met, including receipt of the required approvals.

It should be noted that the Company holds 45.6% of the issued share capital and 47.9% of the voting rights of Cellcom