

DISCOUNT INVESTMENT CORPORATION. LTD

Number with the Registrar 520023896

To: The Securities Authority
www.isa.gov.il

To: The Tel-Aviv Stock Exchange Ltd.
www.tase.co.il

T082 (Public)

Broadcast on Magna: 20/01/2019

Reference: 2019-01-007491

IMMEDIATE REPORT ON THE DISTRIBUTION OF A DIVIDEND IN KIND

Regulation 37(A) of the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970

1. We hereby report that on 17/01/2019, it was decided to pay a dividend on the Company's securities.
- 2.

1	Type of entitled security:	<u>Discount Investment Regular shares</u>	Entitled security number on the stock exchange	<u>639013</u>
	Type of recipient security	<u>IDB Development Bonds 9</u>	Recipient security number on the stock exchange	<u>7980154</u>
	Quantity of securities received in respect of each entitled security	<u>0,000.5</u>		
	Other details:	<u>It should be mentioned that the exact quantity of securities that are divided in respect of each entitled security is NIS 0.585 par value of bonds (Series 9) of IDB Development Corporation Ltd. ("The bonds")</u>		

3. The determining date (The ex day): **24/01/2019**
Ex day: **24/01/2019**
Payment date: **03/02/2019**

4. The rate of the tax that is deductible and the deduction process

The Company is taking action to receive a pre-ruling from the tax authorities in connection with the deduction of tax at source in respect of the amount of the distribution of the bonds. Upon the receipt of such pre-ruling, the Company will publish an appropriate report.

The balance of the Corporation's income as defined in Section 302 of the Companies Law 1999, after the distribution that is the subject of this report is:

NIS 670,000,000.

5. Processes and activity for the approval of the distribution

The Board of Directors decision of 17.1.2019 on the distribution of dividend in king in an amount of NIS 0.585 par value of bonds for each entitled security, reflecting an amount of approximately NIS 60 million, as of the time of the said decision. The overall amount of such dividend, as aforesaid, may change because of changes, insofar as they may apply, in the value of the bonds and/or because of self-purchases, insofar as they may be executed by the Company for its shares, pursuant to the self purchase plan for shares dated 13.12.201 (see the immediate report of 16.12.2018, reference No. 2018-01-122265) and/or because of the exercise of options into shares of the Company (Discount Investments OP 6/16), for details regarding the options for employees, as aforesaid, see the immediate report on the state of the capital, the granting of rights for the purchase of shares and the Corporations' securities records, and the changes therein dated December 31, 2018 (reference No. 2018-01-129957).

The Company's Board of Directors has confirmed that the distribution complies with profits and the repayment capacity tests that are set in Section 302 of the Companies Law, 5759 – 1999.

Convenience translation

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

6. If there are securities convertible into equity, please note the impact of the distribution on those securities

The exercise price of each option that has not yet been exercised will be reduced by the amount of the gross dividend per share.

For details regarding the Board of Directors' decision on an additional distribution of dividend in cash, see an additional report that is being published in tandem with this immediate report. The balance of the Company's profits, as stated in Section 3 above is stated after the distribution of the dividend in cash, the distribution of the dividend in kind and less the Company's purchases of its shares in the period from 30.9.2018 and until the time of this immediate report.

Signed at the time of the report by Gil Kotler, the Company's Chief Financial Officer.

Reference numbers of previous documents on the subject (There is no mention constituting an inclusion by way of the referral):

The Corporation's securities are listed for trading on the Tel-Aviv Stock Exchange

Date of the updating of the structure of the form: 31/12/2018

Abbreviated name: Discount Investments

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