

## **Discount Investment Corporation Ltd,**

Immediate report dated June 13, 2019 - reference number: 2019-01-058810

~~May-June 30~~ 13, 2019

### **Amendment to Specification of Full Tender Offer**

**the effect of which is contingent on purchasing all the offered shares**

**For the Purchase of 1,963,146 Ordinary Shares of NIS 1 Par Value Each (the “Shares”) of  
Property & Building Corporation Ltd. (the “Company”)**

**Offered by**

**Discount Investment Corporation Ltd. (the “Offeror”)**

#### **1. Introduction**

The Offeror is hereby honored to submit, to all holders of ordinary Company Shares with a par value of NIS 1 each (“**Offerees**”), an offer to purchase from them in a complete tender offer pursuant to Section 336 of the Companies Law, 5759-1999 (“**Companies Law**”), prepared in accordance with Regulation 9(1) of the Securities Regulations (Tender Offer), 5760-2000 (“**Tender Offer Regulations**”), 1,963,146 shares of the Company which are held by them, in consideration of NIS ~~333~~ 360 per Share, in accordance with the terms of this Specification (“**Tender Offer**” and “**Specification**”, respectively).

The Offeror’s undertaking to purchase the shares under the Tender Offer is contingent on conditions, as described in Section 4 below. This Specification will not restrict the Offeror from making other tender offers in the future, and the Offeror may issue another tender offer at any time and under any conditions at its discretion, without having to be bound to the terms of this Tender Offer, subject to the Tender Offer Regulations.

#### **2. Details regarding the Shares which are offered for purchase**

- 2.1. The Offeror offers to purchase from the Offerees, within the framework of the Tender Offer, 1,963,146 of the Company’s Shares, which constitute, as of the date of this Specification, 31.17% of the Company’s issued and paid-up share capital and voting rights (“**Shares Offered for Purchase**”).
- 2.2. Presented below are details regarding the highest closing price and the lowest closing price (in agorot) of the Company’s stock on the Tel Aviv Stock Exchange Ltd. (the “**Stock Exchange**”), in each of the twelve months which preceded the publication date of the [original](#) Specification, i.e., during the period from May 30, 2018 and May 30, 2019, considering each distribution of dividends or bonus shares, split, capital consolidation or offering by way of rights to the Company’s shareholders, insofar as any have been performed in the Company (in case identical closing prices were determined for several trading days of the same month, the first date when the price was determined in that month was chosen)<sup>1</sup>:

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<sup>1</sup> Adjusted for dividends and bonuses, in accordance with the Stock Exchange’s figures from the Stock Exchange website at [www.tase.co.il](http://www.tase.co.il).

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Month and year	High price		Low price	
	Date	Price (in agorot)	Date	Price (in agorot)
May 2018 (beginning on May 30, 2018)	May 31, 2018	26,491.559	May 30, 2018	26,359.760
June 2018	June 20, 2018	28,430.884	June 12, 2018	26,331.517
July 2018	July 24, 2018	27,075.239	July 5, 2018	25,559.553
August 2018	August 29, 2018	27,376.494	August 15, 2018	25,032.358
September 2018	September 26, 2018	27,866.032	September 5, 2018	26,406.831
October 2018	October 2, 2018	27,291.766	October 25, 2018	24,608.719
November 2018	November 7, 2018	25,616.038	November 22, 2018	23,874.411
December 2018	December 5, 2018	28,525.026	December 24, 2018	25,070.015
January 2019	January 31, 2019	28,261.428	January 3, 2019	25,559.553
February 2019	February 5, 2019	29,268.748	February 10, 2019	28,063.730
March 2019	March 20, 2019	30,134.854	March 10, 2019	28,807.452
April 2019	April 28, 2019	32,630.000	April 2, 2019	29,390.000
May 2019 (beginning on May 30, 2019)	May 27, 2019	34,100	May 2, 2019	30,920.000

- 2.3. The average closing price of the Company's stock during the six months preceding the publication date of the [original](#) Specification (namely, between November 29, 2018 and May 30, 2019), considering all distributions of dividends or bonus shares, split, capital consolidation, or offering by way of rights to the Company's shareholders, insofar as any have been performed in the Company, is NIS 291.042. The Tender Offer Price [\(in the original Specification\)](#) is approximately ~~23.69~~~~14.42~~% higher than the average price specified above.

The average closing price of the Company's share in the three months preceding the [original](#) specification publication date (namely, between February 28, 2019 and May 30, 2019), taking into account any distribution of dividend or bonus shares, split, capital consolidation or an offering of rights to the Company's shareholders, if such took place in the Company, is NIS 308.96. The Tender Offer price [\(in the original Specification\)](#) is about ~~7.78~~~~16.52~~% higher than the average share price mentioned above.

- 2.4. The closing price of the Company's stock on the Stock Exchange at the end of the trading day of ~~May~~~~June~~ ~~30~~~~12~~, 2019 (a date before the publication of the [amended](#) Specification) was NIS ~~322~~~~342.20~~. The Tender Offer price is approximately ~~3.425~~~~2~~% higher than the aforementioned share price.
- 2.5. The Company's capital attributed to the owners, in accordance with the Company's consolidated financial statements as of March 31, 2019, was approximately NIS 1,595,000 thousand. The Company's capital attributed to the owners per share, in accordance with the Company's financial statements as at March 31, 2019 was approximately NIS 253.258 per Share.

### **3. Details regarding the offered consideration, its date and manner of payment**

- 3.1. The Offeror will pay, in accordance with the provisions of this Specification, with respect to each of the Shares Offered for Purchase, which it will purchase in accordance with the Tender Offer, a total of NIS ~~333~~~~360~~ per share (hereinafter and hereinbefore: the "Tender Offer Price"), and

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in total, with respect to all of the Shares Offered for Purchase in accordance with the Tender Offer, a total of up to NIS ~~653,727,618~~706,732,560.

- 3.2. The consideration will be paid to the holders of Shares Offered for Purchase who accept the Tender Offer, in accordance with the provisions of Section 8 below, and on the dates specified therein. If a forced sale of offerees' shares, for which no acceptance notices were granted, takes place, the Tender Offer Price will be paid for the shares purchased in such forced sale in accordance with Section 9 below.

#### **4. Conditions in which the Offeror's undertaking is contingent upon the Tender Offer**

- 4.1. The effect of the Tender Offer and the Offeror's offer to purchase the Offerees' shares under this specification are contingent on the fulfillment of the conditions prescribed in Section 337 of the Companies Law, according to which the acceptance of the full tender Offer and the forced sale of all the shares offered to be purchased will be performed, if: (a) the holding rate of the Offerees who did not agree to the offer constitute less than 5% of the issued and paid up capital of the Company, as will be on the Last Acceptance Date, as defined in Section 7.1 below, and more than half the Offerees who have no personal interest in accepting the Tender Offer agreed to it; or (b) if the holding rate of the Offerees who did not agree to the offer constitute less than 2% of the issued share capital of the Company as will be on the Last Acceptance Date, as defined in Section 7.1 below (the following conditions will be referred to as the "**Minimum Acceptance Rate**").
- 4.2. Based on the Company's issued share capital, as of the date of the Tender Offer, the Minimum Acceptance Rate will be formed if acceptance notices are provided by Offerees for 1,648,250 shares at least, which constitute approximately 83.960% of the shares offered for purchase (about 26.171% of the issued share capital of the Company), provided that more than half the Offerees who have no personal interest in accepting the Tender Offer accept it, or if acceptance notices are received from Offerees that pertain to 1,837,188 shares, at least, constituting about 93.584% of the shares offered for purchase (about 29.171% of the issued share capital of the Company).
- 4.3. If the acceptance rate to the Tender Offer is at the Minimum Acceptance Rate or higher, the Offeror will purchase all the shares for which acceptance notices were granted under the Tender Offer. Further, in such a case, the Offeror will act in accordance with the provisions of Section 337(a) or 337(a1) of the Companies Law and will purchase, by way of a forced sale, also the other shares of Offerees for which no acceptance notices were provided (as the case may be), for the Tender Offer Price (see Section 9 below). Thereafter, the Offeror will act to delist the Company's shares from trading on the Stock Exchange (see Section 10 below).
- 4.4. If the acceptance rate to the Tender Offer is lower than the Minimum Acceptance Rate, the Tender Offer shall not enter into effect, its provisions shall not bind the Offerors, and the Offeror shall not purchase any shares from the Offerees who accepted the Tender Offer. In such case, the Offeror may issue another tender offer at any time, without being obligated to the terms of this Tender Offer, all subject to the Tender Offer Regulations.
- 4.5. In accordance with Regulation 4(b)(3) of the Tender Offer Regulations, the Offeror will be entitled to retract the Tender Offer during the Acceptance Period (as defined in Section 7.2 below), in case circumstances have transpired of which the Company was not aware, and should not have been aware, or which it did not foresee and should not have foreseen, and the terms of

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the Tender Offer, in those circumstances, have become significantly different than the terms which a reasonable Offeror would have offered had it been aware of those circumstances on the publication date of the Specification, provided that notice regarding its retraction of the Tender Offer has been given to the Offering Coordinator (as this term is defined in Section 6.1 below) before the Acceptance Deadline of the Tender Offer (as defined in Section 7.1 below).

- 4.6. If the Offeror has retracted the Tender Offer in accordance with that stated in Section 4.5 above, it will give notice of the foregoing immediately to the Israel Securities Authority, to the Stock Exchange, to the Company and to the Offering Coordinator (as defined in Section 6.1 below) (“**Notice**”). Additionally, within one business day after the date when the aforementioned notice was sent, the Offeror will publish an announcement regarding the foregoing in newspapers, in accordance with Regulation 25(a)(2) of the Tender Offer Regulations. The announcement will include details of the special circumstances due to which the Offeror retracted its offer in accordance with this Specification.
- 4.7. Insofar as the Tender Offer in accordance with this Specification is not completed, for any reason whatsoever, the Offeror will be entitled to publish an additional Tender Offer for the Company’s Shares, at any time, and in accordance with the conditions in its discretion, and without being obligated to the terms of this Tender Offer, subject to the Tender Offer Regulations.
- 4.8. Additionally, subject to any applicable law, the Offeror reserves the right to purchase additional Company Shares in the future by any other means, including within the framework of trading on the Stock Exchange and/or in an over the counter transaction.

## **5. Details regarding the Offeror**

- 5.1. The Offeror was incorporated and recorded in Israel in 1961. The initial public offering of the Offeror’s securities took place in 1962. The Offeror’s principal office address is 132 Menachem Begin Rd. 3 Azrieli Center, Tel Aviv 6701101.
- 5.2. To the best of the Offeror’s knowledge, the Offeror’s interested parties, and their holdings therein as of the publication date of the Specification, are as specified in the Offeror’s immediate reports dated April 7, 2019 and ~~May–June 30~~[10](#), 2019 (References: 2019-01-034327 and 2019-01-~~054319~~[057130](#)). The foregoing reference constitutes an inclusion by way of reference.
- 5.3. Presented below are details regarding non-negligible business or family relations between the Offeror and its interested parties, and the holders of the Company’s securities, to the best of the Offeror’s knowledge:
  - 5.3.1. Clal Insurance Enterprises Holdings Ltd. (“**Clal Insurance**”) and entities under its control hold 134,758.29 Shares of the Company and 7,107,407 par value of bonds (Series D) and 462,832.31 par value of bonds (Series G) of the Company. Clal Insurance is held by IDB Development Corporation Ltd. (“**IDB Development**”) at a rate of approximately 20.3% (of which, 15.4% through a trustee), and in swap transactions with respect to Shares of Clal Insurance Enterprises at a rate of approximately 24%. IDB Development is a private company whose debentures are listed for trading on the Stock Exchange. The controlling shareholder of the Offeror and of IDB Development is Mr. Eduardo Elsztain (through corporations under his control).

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5.3.2. Epsilon Investment House Ltd. (“**Epsilon**”) and entities under its control hold 11,972 shares of the Company and 5,343,815 par value of bonds (Series D), 808,700.08 par value of bonds (Series F), 1,062,040 par value of bonds (Series G), 1,856 par value of bonds (Series H), and 8,038,120.80 par value of bonds (Series I). Epsilon is a company under the control of the Offeror.

6. The Offering Coordinator and securing the fulfillment of the Offeror’s undertakings

6.1. The acceptance of the Tender Offer will be performed through a Stock Exchange Member Company, Israel Discount Bank Ltd. (“**Offering Coordinator**”), of which address is 38 Yehuda Halevi Street, Tel Aviv; telephone: +972-76-8055514, fax: +972-76-8890239.

6.2. The Offering Coordinator has secured the fulfillment of the Offeror’s undertakings to pay the consideration specified in the Tender Offer in accordance with this Specification, [including after the amendment of the specification](#).

6.3. To secure the payment of the consideration specified in the Tender Offer by the Offeror in accordance with this Specification, the Offeror has submitted a guarantee to the Offering Coordinator, to its satisfaction.

#### **7. Details regarding acceptance**

7.1. The Acceptance Deadline of the Tender Offer is June ~~17~~20, 2019 at 2:00 PM (“**Acceptance Deadline**”).

7.2. Acceptance Notices may be submitted to the Stock Exchange Member Company where the Offeree’s deposit of securities is managed, or to the Offering Coordinator, from the publication date of the Specification, until the Acceptance Deadline (“**Acceptance Period**”), as specified in section 8. Any Acceptance Notices which have been submitted to the Offering Coordinator after the Acceptance Deadline will not be accepted.

#### **8. Acceptance notices from holders of Shares listed on the Stock Exchange**

The acceptance of the Tender Offer by shareholders will be done as follows:

##### **8.1. Acceptance by Unregistered Holders**

8.1.1. Any Offeree who holds Company Shares through a Stock Exchange Member Company (“**Unregistered Holder**”) will notify, through the Stock Exchange Member Company where the deposit of his securities is managed ( the “**Stock Exchange Member Company**”), its acceptance of the Tender Offer, by submitting an Acceptance Notice to the Stock Exchange Member Company, until the Acceptance Deadline, duly signed by the Unregistered Holder or by its duly authorized attorney-in-fact (including attachment of the power of attorney). The aforementioned Acceptance Notice will be in the wording which is attached to this Specification as **Annex A** (“**Acceptance Notice of an Unregistered Holder**”).

8.1.2. The Unregistered Holder’s Acceptance Notice will include a declaration of the Unregistered Holder, according to the wording specified in the Acceptance Notice of an Unregistered Holder, certifying that the Shares which it holds are free and clear of any lien, debt, charge, or any other right whatsoever in favor of any third party whatsoever on

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the issuance date of the Acceptance Notice and thereafter, until the transfer thereof to the Offeror, in accordance with the Specification. The Acceptance Notice of an Unregistered Holder will also specify that it is aware that a precondition for the purchase of the Shares for which the Offeror has given the Acceptance Notice, and the payment of the consideration with respect thereto in accordance with this Tender Offer, is the truth of its declarations. The acceptance notice of an unregistered holder shall also include whether the holder or its attorney-in-fact, if such was appointed, has a personal interest in accepting the Tender Offer. It is emphasized that according to Sections 276 and 337 of the Companies Law, if an unregistered holder does not notify in such an acceptance notice whether it has a personal interest or not, the acceptance notice of that unregistered holder shall not be counted among those of the Offerees who has no personal interest.

- 8.1.3. An Acceptance Notice may be submitted by an Unregistered Holder to the Stock Exchange Member Company where the deposit of the Unregistered Holder's securities is managed, during the Acceptance Period, on any day from Sunday to Thursday which is a business day, during the Stock Exchange Member Company's conventional work hours (except on the last day of the Acceptance Period, when notices may be submitted only until 2:00 PM, and provided that the last day of the Acceptance Period is a trading day). Any Acceptance Notice of an Unregistered Holder which has been submitted to the Stock Exchange Member Company after 2:00 PM on the Acceptance Deadline will not be accepted.
- 8.1.4. The Stock Exchange Member Company will submit to the Offering Coordinator's office, as specified in section 6.1 above, by no later than 3:00 PM on the Acceptance Deadline, one Acceptance Notice with respect to all of the Acceptance Notices which were submitted to it by all of its customers who are Unregistered Holders, in the wording which is attached to this Specification as Annex B ("**Acceptance Notice of a Stock Exchange Member Company**")
- 8.1.5. The Acceptance Notice of a Stock Exchange Member Company will include a declaration by that Stock Exchange Member Company, certifying that the Shares which are held by the Offerees who are specified in the Acceptance Notice are free and clear of any lien, debt, charge, or any other right whatsoever in favor of any third party whatsoever on the signing date of its notice and thereafter, until the transfer thereof to the Offeror. The Acceptance Notice of the Stock Exchange Member Company will also specify that it is aware that a precondition for the purchase of the Shares specified in the aforementioned Acceptance Notice by the Offeror, and the payment of the consideration with respect thereto in accordance with this Tender Offer, is the truth of the details which are included in the Stock Exchange Member Company's Acceptance Notice.
- 8.1.6. The Offering Coordinator will submit to the Offeror, by no later than 4:00 PM on the Acceptance Deadline (the "**Effective Time**"), a concentrated Acceptance Notice with respect to all of the Acceptance Notices of Unregistered Holders which it received.
- 8.1.7. The Effective Time will be on a trading day. Insofar as the Effective Time falls on a non-trading day, the Effective Time will be postponed to the first subsequent date which is a trading day.



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- 8.1.8. In accordance with Regulation 7(b) of the Tender Offer Regulations, an Unregistered Holder who has given Acceptance Notice to a Stock Exchange Member Company will be entitled to retract its Acceptance Notice until the Acceptance Deadline (“**Retraction of Acceptance**”). Retraction of an Unregistered Holder’s Acceptance Notice may be performed at the Stock Exchange Member Company to whom written notice was submitted, by submitting written notice regarding the cancellation of the Acceptance Notice of an Unregistered Holder which was given by it, duly signed by the Unregistered Holder or by its attorney-in-fact (the “**Cancellation Notice**”). The Cancellation Notice will specify “canceled written notice”, and the date and time of the signing of the Cancellation Notice.
- 8.1.9. If the conditions for the Offeror’s undertaking to purchase Shares in the Tender Offer in accordance with this Specification have been fulfilled, the payment which is owed to the Unregistered Holder by the Offeror, with respect to the Shares for which Acceptance Notice was given, will be paid within three trading days after the Acceptance Deadline (the “**Payment Date**”), through the Offering Coordinator, by crediting the Unregistered Holder’s account at the Stock Exchange Member Company, through the Stock Exchange Clearing House and the Stock Exchange Member Company.
- 8.1.10. Subject to the transfer of the consideration to the Unregistered Holders, as stated above, on the Payment Date, the Offering Coordinator will credit, through the Stock Exchange Clearing House, the deposit account as the Offeror instructed the Offering Coordinator, with respect to the Shares for which Acceptance Notice of Unregistered Holders has been given.
- 8.1.11. In case the Payment Date falls on a non-trading day, the Payment Date and the share transfer date will be postponed to the next trading day.
- 8.1.12. If the Offeror withdraws the purchase offer, as set forth in Section 4.5 above, the Offering Coordinator will return to the exchange members all the acceptance notices delivered by them for unregistered holders and will attach to such notices a document signed by him whereby such acceptance notices are voided.

## 8.2. **Acceptance by Registered Holders**

- 8.2.1. The acceptance of the Tender Offer by a holder who is registered in the Company’s register of shareholders, excluding the nominee company (hereinbefore and “**Registered Holder**”), will be done by submission of Acceptance Notice to the Offering Coordinator, at the Offering Coordinator’s offices, as specified in section 6.1 above, signed by it or by its attorney-in-fact (including attachment of the power of attorney), in the wording which is attached to the Specification as **Annex C** (“**Acceptance Notice of a Registered Holder**”), including the attachment of the certificates of the Shares which are registered in its name, for which that Acceptance Notice was given, and including the attachment of a share transfer deed, which is attached to the Specification as **Annex D**, duly signed by it or by its duly authorized attorney-in-fact (including attachment of the power of attorney), and affirmed by a witness to the signing. In case the Registered Holder is a corporation, an attorney’s certification will also be attached, certifying the signatory’s authority, on behalf of the corporation, to sign the Acceptance Notice and the share

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transfer deed, and to perform the transfer of Shares. The submission of the foregoing documents to the Offering Coordinator will be done against the Offering Coordinator's confirmation of receipt.

- 8.2.2. Acceptance Notices of Registered Holders may be submitted during the Acceptance Period, and by no later than the Acceptance Deadline, at the Offering Coordinator's offices, as specified in section 6.1 above.
- 8.2.3. The Registered Holder's Acceptance Notice will include a declaration of the Registered Holder, according to the wording specified in the Acceptance Notice of a Registered Holder, certifying that the Shares which it holds are free and clear of any lien, debt, charge, or any other right whatsoever in favor of any third party whatsoever on the issuance date of the Acceptance Notice and thereafter, until the transfer thereof to the Offeror. The Acceptance Notice of a Registered Holder will also specify that it is aware that a precondition for the purchase of the Shares for which the Acceptance Notice has been given, by the Offeror and the payment of the consideration with respect thereto in accordance with this Tender Offer, is the truth of its declarations. The acceptance notice of an unregistered holder shall also include whether the holder or its attorney-in-fact, if such was appointed, has a personal interest in accepting the Tender Offer. It is emphasized that according to Sections 276 and 337 of the Companies Law, if an unregistered holder does not notify in such an acceptance notice whether it has a personal interest or not, the acceptance notice of that unregistered holder shall not be counted among those of the Offerees who has no personal interest.
- 8.2.4. The Offering Coordinator will keep the documents specified in section 8.2.1 above as a trustee until the effective date.
- 8.2.5. The Offering Coordinator will submit to the Offeror, until the effective date, a concentrated Acceptance Notice with respect to all of the Acceptance Notices of Registered Holders which it has received.
- 8.2.6. In accordance with Regulation 7(b) of the Tender Offer Regulations, a Registered Holder which has given an Acceptance Notice will be entitled to retract its Acceptance Notice until the Acceptance Deadline. Retraction of a Registered Holder's Acceptance Notice may be announced by submitting written notice, to the Offering Coordinator's office, regarding the cancellation of the Acceptance Notice of a Registered Holder which was given by it, duly signed by the Registered Holder or by its attorney-in-fact (including the attachment of a power of attorney), including authorization of the signature by a witness to the signing. The Cancellation Notice will specify "canceled written notice", and the date and time of the signing of the Cancellation Notice. The confirmation of receipt specified in section 8.2.1 above will be attached to the Cancellation Notice. Upon and against the receipt of the Cancellation Notice, the Offering Coordinator will return to the Registered Holder the share certificates and share transfer deeds which were submitted to the Offering Coordinator by the Registered Holder.

The share transfer deeds will be returned to the Registered Holder bearing the stamp "canceled". It is hereby clarified that an acceptance may be retracted by a Registered Holder only at the offices of the Offering Coordinator, at the address specified 6.1 above.



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- 8.2.7. In case the conditions for the Offeror's undertaking to purchase Shares in the Tender Offer in accordance with this Specification have been met, the payment which is owed to the Registered Holder by the Offeror, with respect to the Shares for which it has given Acceptance Notice, as stated above, will be paid on the Payment Date, through the Offering Coordinator, by crediting the holder's account, as specified in the Acceptance Notice of each Registered Holder.
- 8.2.8. Subject to the transfer of the consideration to the Registered Holders, as stated above, on the Payment Date, the Offering Coordinator will submit the documents mentioned in section 8.2.1 above to the Offeror, in order for the Offeror to be recorded as the holder of the Shares for which the Registered Holder has submitted the foregoing documents, in the register of shareholders which is managed by the Company.
- 8.2.9. In case the Offeror has retracted the Tender Offer, as specified in section 4.5 above, the Offering Coordinator will return, to each of the Registered Holders who accepted the Tender Offer, all of the Acceptance Notices, share certificates and transfer deeds which they submitted, and will attach to them a document, signed by it, certifying that the aforementioned Acceptance Notices and transfer deeds are canceled.
- 8.3. The Offeror has complete and exclusive discretion with respect to any question which may arise with respect to the acceptance of the offers, the validity of announcements submitted by Registered Holders or Unregistered Holders, the submission times thereof, etc. The Offeror and/or the Offering Coordinator are not obligated to provide notice of any error in the filling of the required forms, and the Offeror reserves the right to reject any Acceptance Notice which has been submitted on the wrong form and/or which has not been filled out correctly.
- 8.4. Acceptance Notices may not be retracted after the Acceptance Deadline.

**9. Purchase of shares of Offerees who did not accept the Tender Offer**

- 9.1. The Purchase Offer under this Specification is a full tender offer, pursuant to Chapter Three of Part Eight of the Companies Law.
- 9.2. Section 337 of the Companies Law stipulates the following:
- (a) **“Where a complete tender offer is accepted by the offerees in such a way that the rate of holding of the offerees who did not accept the offer is less than five percent of the issued share capital or the issued capital of a class of shares in respect of which the offer was made, all of the shares that the offeror sought to purchase shall be transferred to him and the records of ownership of the shares shall be amended accordingly; a party which has a personal interest shall be subject to the provisions of Section 276, *mutatis mutandis*.**
- (a1) **Notwithstanding Paragraph (a), a full tender offer will be accepted if the holding rate of the offerees who did not accept the offer constitute less than two percent of the issued share capital or of the issued capital of the type of shares for which the offer was made.**
- (b) **Where a full tender offer is not accepted as referred to in subsection (a) or (a1) the offeror shall not purchase shares from offerees who have accepted the offer that will**

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**confer on him a holding of more than ninety percent of all the shares in the company or of all of a class of shares in respect of which the offer was made.”**

- 9.3. To the best knowledge of the Offeror, as of the date of issue of this Specification, a forced sale of all the shares that are offered to be purchased in the Tender Offer in accordance with the provisions of Sections 337(a) and 337(a1) of the Companies Law shall be made if (a) the Tender Offer will be accepted by Offerees who hold at least 1,648,250 shares, provided that at least half of the Offerees have no personal interest has accepted it, or (b) the Tender Offer will be accepted by Offerees who hold at least 1,837,188 shares (these conditions were specified in Section 4.14.4 above: the “**Minimum Acceptance Rate**”).
- 9.4. Should the Minimum Acceptance Rate be achieved, the Offeror will purchase in addition to the shares of the Offerees in respect of which acceptance notices were granted, also the other shares held by the Offerees for which no acceptance notices were granted, for the Tender Offer Price and under the same terms, in accordance with the provisions of Section 337(a) of the Companies Law (“**Forced Sale**”) and thereafter the Company will become a bond company, in the manner described below:
- 9.4.1. In the case of a registered holder: the Offeror shall send, no later than the third trading day after the Acceptance Deadline, to each registered holder who has not accepted the Tender Offer (to its registered address in the shareholders registry administered by the Company), a notice of the Forced Sale, together with a check to its order in the amount calculated per the Tender Offer Price, less withheld tax as required by law, multiplied by the number of the shares it is registered as their owner (excluding shares for which it submitted an acceptance notice, as the case may be), and on the date of sending the check, its name will be struck out of the shareholders registry administered by the Company, and the shares which were registered in its name will be registered in the shareholders registry administered by the Company in the name of the Offeror. It is clarified that if the holder does not furnish a confirmation of exemption from tax withholding at source, or of tax withholding at a lower rate, then the tax rate required by law will be deducted from the consideration (for details, see Section 15 below).
- 9.4.2. In the case of an unregistered holder: the Offeror will deliver (THROUGH THE Offer Coordinator) to the Nominee Company of Israel Discount Bank Ltd (“**Nominee Company**”), by no later than the third trading day after the Acceptance Deadline, a notice of the forced sale, indicating the number of the shares held by unregistered holders in respect of which no acceptance notice has been granted, and the full consideration for these shares, to be calculated as a multiplication of the Tender Offer Price by the number of the shares at issue. The amount of the consideration will be distributed to the unregistered holders holding these shares in accordance with the provisions of the bylaws and the directives of the Stock Exchange Clearing House regarding a forced sale. It is clarified that if the holder does not furnish a confirmation of exemption from tax withholding at source, or of tax withholding at a lower rate, then the tax rate required by law will be deducted from the consideration (for details, see Section 15 below). Subject to the payment of the consideration to the unregistered holders holding these shares, the Nominee Company shall credit, through the Stock Exchange Clearing House, the account of the Offeror (as the Offeror shall instruct the Offer Coordinator), of which details will

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be provided to it by the Offer Coordinator, with the shares of the unregistered holders for which no acceptance notices were granted.

- 9.4.3. Subject to the payment of the consideration as stated in Sections 9.4.1 and 9.4.2 above, all the shares held by Offerees in respect of which no acceptance notices were granted, and which will be purchased in the Forced Sale, will be transfer to the Offeror's ownership.

## **10. Relief of Estimate**

- 10.1. Section 338 of the Companies Law state as follows:

**“(a) The court may, on the application of any offeree in a full tender offer accepted as aforesaid in section 336(c) and 337(a) or (a1), rule that the consideration for the shares was less than their fair value, and that the fair value should be paid as determined by the court.**

**(b) An application as aforesaid in subsection (a) shall be submitted no later than three months after the date of receipt of the complete tender offer.**

**(c) The offeror may determine in the terms of the complete tender offer that an offeree that accepted the complete tender offer that was accepted as stated in Section 337(a) or (a1) shall not be entitled to relief according to this section.**

**(d) No effect shall be to the offeror's determination under Paragraph (c) if the offeror or a company has not published prior to the tender offer acceptance date the information that is mandatory to published under any law in connection with the complete tender offer.”**

**application may be made to submit an application referred to in subsection (a) in the form of a class action and the provisions of section 209 shall apply thereto.**

- 10.2. Pursuant to Section 338(c) of the Companies Law, the Offeror hereby announces that **an Offeree who accepted the Tender Offer in accordance with Section 337(a) or (a1) of the Companies Law, will not be entitled to the estimate relief under Section 338 of the Companies Law.**

## **11. Converting the Company to a Bond Company and Delisting the Shares**

- 11.1. Under Section 339 of the Companies Law, if the Tender Offer is accepted in the manner that the Offeror purchases all the Offerees' shares, the Company will become a private company and the Offeror shall act in accordance with the Stock Exchange Regulations, its rules and directives, for delisting the shares of the Company from trading on the Stock Exchange.
- 11.2. As the Company has inconvertible bonds that are listed for trading on the Stock Exchange, the Company, after completing the Tender Offer (as the case may be), will become a “Bond Company”, as the term is defined in the Companies Law, and will continue to be a “Reporting Corporation”, as the term is defined in the Securities Law, 5728-1968 (the “**Securities Law**”), and therefore it will continue to be subject to the relevant provisions of the Companies Law and the Securities Law, as long as the binds are held by the public.
- 11.3. According to Part Four of the Stock Exchange Regulations, the director general of the Stock Exchange, or anyone authorized by him, shall rule on delisting the shares of the Company from trading on the Stock Exchange, if a full tender offer is accepted in accordance with Section 337

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of the Companies Law. The shares shall be delisted promptly after the Stock Exchange receives a notice of the acceptance of the full tender offer.

## **12. Postponement of the Acceptance Deadline and amendment of the Specification**

- 12.1. In accordance with Regulation 6(b) of the Tender Offer Regulations, the Offeror will be entitled, during the Acceptance Period, to postpone the Acceptance Deadline, by giving notice in the manner specified in Regulation 25(a) of the Tender Offer Regulations, provided that such notice has been given one business day before the Acceptance Deadline, and the Acceptance Deadline has been postponed to a trading day, no later than sixty (60) days after the publication date of the Specification. Notwithstanding the foregoing, the Offeror will not be entitled to postpone the Acceptance Deadline, unless the Offering Coordinator has approved that its undertaking as specified in section 6.2 below is valid under the new conditions as well or if the offeror received such a commitment from another stock exchange member.
- 12.2. Until one business day before the Acceptance Deadline, the Offeror will be entitled to amend the Tender Offer, in a manner which improves its conditions, provided that it has amended the Specification accordingly, and has submitted a copy of the amendment to the Israel Securities Authority, to the Stock Exchange and to the Company, and has published the amendment, as stated in Regulation 25(a)(2) of the Tender Offer Regulations (the “**Amendment Notice**”); In case the Offeror has amended the offer, as stated above, during the three (3) business days which preceded the Acceptance Deadline, the Acceptance Deadline will be postponed, notwithstanding the provisions of section 12.1 above, such that the new Acceptance Deadline will apply no earlier than three (3) business days and no later than five (5) business days after the date of the amendment, or sixty (60) days after the publication date of the Specification, whichever is later; The notice regarding the postponement of the Acceptance Deadline will be included in the Amendment Notice.
- 12.3. Until one business day before the Acceptance Deadline, the Offeror will be entitled to make any amendment to the Specification which does not affect the considerations of the Offerees with respect to the profitability of the Tender Offer and will give notice of the foregoing in accordance with Regulation 25 of the Tender Offer Regulations.
- 12.4. Notwithstanding the foregoing, the Offeror will not be entitled to amend the Specification unless the Offering Coordinator has confirmed that its undertaking, as specified in section 6.2 above, also applies under the new terms.
- 12.5. It is hereby clarified that the status of any amendment to the Specification will be equivalent to that of the Specification.

## **13. Notices regarding intention to accept or not accept the Tender Offer**

The Offeror has not received notices from the holders of the Company’s securities, regarding their intention to accept or not accept the Tender Offer.

## **14. Prohibited actions by the Offeror during the Acceptance Period**

During the Acceptance Period, the Offeror, any corporation under its control, or the controlling shareholder thereof, will not sell, will not undertake to sell, will not purchase, and will not undertake to purchase, Shares which are the subject of this Tender Offer, whether on or off the Stock Exchange,

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in any manner which is not in accordance with the Tender Offer, excluding the exercise of securities convertible into Shares, which were purchased prior to publication date of the Specification, insofar as any have been purchased.

## **15. Taxation**

- 15.1. The payment of the consideration with respect to the Shares of Registered Holders is subject to the withholding of tax at source by the Stock Exchange member companies, in accordance with any applicable law.
- 15.2. The payment of the consideration with respect to the Shares of Registered Holders is subject to the withholding of tax at source by the Offering Coordinator, in accordance with any applicable laws.
- 15.3. An Offeree who has an authorization from the Tax Assessment Office regarding the withholding of tax at source at a reduced rate, which applies to it, or regarding an exemption from withholding of tax at source, will attach it to the Acceptance Notice on its behalf.
- 15.4. **The Offerees are required to evaluate the tax consideration, and to obtain specific advice regarding the tax aspects which pertain to the Tender Offer in accordance with this Specification, the acceptance thereof, or actions which may ensue therefrom, inter alia, by obtaining of specific professional advice on the aforementioned matters, in accordance with the unique data and circumstances of each Offeree. The foregoing does not constitute any opinion and/or any recommendation to any of the Offerees in accordance with this Tender Offer, and in any case does not constitute an exhaustive discussion regarding the taxation aspects associated with this Tender Offer.**

## **16. Authority of the Israel Securities Authority**

- 16.1. In accordance with Regulation 23 of the Tender Offer Regulations, the Offeror is required to submit in writing, to the Israel Securities Authority, upon its demand, an explanation, details, information and documents in connection with the details which are included in the Specification, and any other matter which the Israel Securities Authority believes should be included in the Specification, in accordance with the Tender Offer Regulations.
- 16.2. In case the Israel Securities Authority believes that this Specification does not include all of the details which it considers important for a reasonable Offeree to know, or that the Specification does not fulfill the provisions of the Tender Offer Regulations, it will be entitled to instruct, during the Acceptance Period, the postponement of the Acceptance Deadline and will also be entitled to instruct, after having given the Offeror a suitable opportunity to bring its claims before it, to publish, within one business day - unless it has determined a different date - an amendment to the Specification, or an amended specification, according to the instructed manner and method.
- 16.3. The Israel Securities Authority is entitled to order the postponement of the Acceptance Deadline, if it considers such action appropriate for the purpose of protecting the interests of the Offerees; In case the Israel Securities Authority has issued instructions, as stated above, the provisions of section 16.2 above will apply.

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- 16.4. In the event that the Israel Securities Authority has ordered the postponement of the Acceptance Deadline, the undertaking of the Offering Coordinator will be considered as applying to the amended specification, unless it has notified the Offeror otherwise, through an immediate notice; In the event that the Offeror has received such notice, it will announce the foregoing immediately, in accordance with Regulation 25(a) of the Tender Offer Regulations.

**17. The Offeror's representatives for the purpose of handling the Specification**

The Offeror's representatives for the purpose of handling the Tender Offer in accordance with this Specification are Adv. Esther Koren and Ayelet Krispin of the law firm of Gross, Kleinhendler, Hodak, Halevy, Greenberg, Shenhav & Co., 1 Azrieli Center, Tel Aviv 6701101 (Tel.: 03-6074441; fax: 03-6914177).

~~May~~ June 30, 2019

Date

Discount Investment Corporation Ltd.  
Represented by: Sholem Lapidot, CEO  
and by Gil Kotler, CFO