

Convenience translation

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

**Discount Investment Corporation Ltd,**

Immediate report dated August 20, 2020 - reference number: 2020-01-092025

**Subject: Change in the interest rate following compliance with a financial covenant pursuant to the provisions of the trust deed for the Company's bonds (Series 10)**

Further to the immediate report by Discount Investment Corporation Ltd. ("**The Company**") of June 30, 2020, regarding an increase in the interest rate on the Company's bonds(Series 10) ("**The bonds**") in respect of the lowering of the rating and the non-compliance with financial covenants ("**The previous report**"), and pursuant to the provisions of Section 5.3.5 of the trust deed for the Company's bonds(Series 10), dated 1.10.2017 ("**The Trust Deed**"), the Company updates as follows:

1. Pursuant to the Company's reviewed financial statements as of 30.06.2020, which were published by the Company on 20.8.2020 ("**The financial statements as of 30.6.2020**" and "**The time of the publication of the reports**", respectively), as of 30.6.2020, the ratio between the Company's net financial debt and its assets value (as defined in Section 5.3 of the trust deed) ("LTV") stood at 81% and accordingly the Company was in compliance with the financial covenant that is set in Section 5.3.1.2 of the trust deed.
2. Pursuant to the provisions of Section 5.3.5 of the trust deed, in such a case, as from the time of the publication of the reports, the increase in the annual interest rate in respect of the exceeding of the said financial covenant is to be cancelled, such that the annual interest rate that the bonds will bear will be reduced by a rate of 0.50% (pursuant to the covenant that the Company is once again in compliance with, as aforesaid).
3. It should be mentioned that as of 30.6.2020, pursuant to the financial statements as of 30.6.2020, the ratio between the Company's equity and the total of the Company's solo balance sheet stood at 29% and accordingly the Company is in compliance with the financial covenant that is set in Section 5.3.1.3 of the trust deed.
4. The exact cumulative interest rate that the balance of the principle bonds will bear for the current interest period, which began on 01.07.2020 and until the time of the publication of the reports is 0.81041%.
5. The exact cumulative interest rate that the balance of the principle bonds will bear for the current interest period, as from the time of the publication of the reports and which will end on December 31, 2020 is 1.91671%.
6. The annual interest rate for the coming periods (as from the time of the publication of DIC's report) for the bonds is 5.30000% (including additional interest in respect of a lowered rating (as set forth in Section 1 of the previous report) and including incremental interest in respect of non-compliance with another financial covenant (as set forth in Section 4 of the previous report)). Furthermore, the semi-annual interest rate for the coming periods on the bonds is 2.65000% (the semi-annual interest rate is calculated as the annual interest rate divided by two ("**The updated annual interest rate**").
7. The weighted interest rate that the Company will pay to the holders of the bonds as from the time of the upcoming payment of the interest (30.12.2020), which derives from what is stated in Sections 4 and 5 above, will stand at 2.72712%, which reflects annual interest at a rate of 5.45425%.
8. The updated annual interest rate for the bonds will stand as from the time of the publication of DIC's reports and up to the earlier of (A) the repayment in full of the uncleared balance of the principal of the bonds or (B) the time at which the Company will be in compliance/ will not be in compliance with the financial covenants and/or other commitments for which the interest rate as set forth in the trust deed is to be updated.

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