

## **Discount Investment Corporation Ltd,**

Immediate report dated March 28, 2019 - reference number: 2019-01-029023

### **Subject: Controlling Shareholder's Request for a Control Permit - Clal**

Further to that stated in Note 3. F.3. to the financial statements of Discount Investment Corporation Ltd. (the "**Company**") for 2018, regarding the approach, in January 2019, of the independent committee appointed by the Board of Directors of IDB Development Corporation Ltd. (a company controlled by the controlling shareholder of the Company Mr. Eduardo Elsztain - "**IDBD**" and "**Controlling Shareholder**", respectively), to the Chairman of the Board of the Company (and Controlling Shareholder) in a letter, within the framework of which is proposed to the Company to open a negotiating process for the purchase of the control in Clal Insurance Enterprises Holdings Ltd, ("**Clal Insurance Enterprises**") (without offering any conditions for the transaction), the Company updates that, IDBD has reported on March 28, 2019, that the Controlling Shareholder has submitted to the Head of the Capital Market, Insurance and Savings Authority (the "**Commissioner**"), a request for a control permit (the "**Request**") in Clal Insurance Enterprises and Clal Insurance Company Ltd., a private company, approximately 99.8% of whose shares are held by Clal Insurance Enterprises (together - "**Clal Insurance**").

IDBD noted in its report, that the Request refers to shares of Clal Insurance Enterprises which are held by it (as of the date of this report - shares which constitute approximately 25.3% of the issued share capital of Clal Insurance Enterprises, of which approximately 20.3% through the trustee who was appointed by the Commissioner in accordance with the outline for the sale of control and sale of IDBD's holdings in Clal Insurance Enterprises, which was formulated by the Commissioner), and additional shares of Clal Insurance Enterprises, regarding which IDBD engaged in swap transactions (as of the date of this report - shares which constitute approximately 28.9% of the issued capital of Clal Insurance Enterprises, all or part of them).

IDBD also noted that the Request focuses on receipt of a control permit in Clal Insurance through a special purpose vehicle to be formed by corporations controlled by the Controlling Shareholder which would acquire from IDBD its holdings in Clal Insurance. In addition, in the request, the Controlling Shareholder addressed other possible alternatives regarding the method for holding Clal Insurance - holding through IDBD or through the Company (which would acquire from IDBD its holdings in Clal Insurance).

It is hereby clarified that as noted in IDBD's report, there is no certainty that the Request will be approved by the Commissioner, and in any case, there is no certainty regarding any of the various alternatives with respect to the holding structure, as stated above, some of which are subject to various approvals (including approvals by the competent organs of the Company, IDBD, and relevant corporations controlled by the Controlling Shareholder, insofar as may be required) and to meeting financial and other regulatory requirements. It is further clarified by IDBD, that to this date, no understandings or agreements have been formulated between the Company and the Controlling Shareholder and/or corporations controlled by him.

The Company will examine the implications of the Request, including with respect to the provisions of Chapter 4 to the Promotion of Competition and Reduction of Centralization Law, 2013, which provides provisions regarding the separation between significant real corporations and significant financial entities.