

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

T880(Public)

Broadcast on Magna: 20/01/2019

Reference: 2019-01-007485

IMMEDIATE REPORT REGARDING THE APPROVAL OF A PURCHASE PLAN

Regulation 31K(A) of the Securities Regulations (Periodic and Immediate Reports, 5730 – 1970)

1.

1	Type of purchaser: <u>The Company</u>	
	Name of the entity that is controlled by the Company	_____
	Name of the entity that is controlled by the Company in English	_____
	The Company controls the entity under the force of	_____
	The rate at which the entity is held by the Company as a %	_____
	Type of identity number: <u>Registrar of Companies</u>	
	Identity number of the holder: <u>520023896</u>	
	Country of incorporation or registration: Israel	

1.	Type of security that is the subject matter of the purchase plan:	<u>Bonds (Series 6)</u>	Number of the security on the stock exchange: <u>6390207</u>
2.	Type of security that is the subject matter of the purchase plan:	<u>Bonds (Series 10)</u>	Number of the security on the stock exchange: <u>6390348</u>

The planned time for the start of the execution of the purchase program: **17/01/2019.**

The estimated timing of the execution of the future purchases: **The purchase of the securities will be performed in accordance with the opportunities in the market, at time, at prices and in volumes as may be determined by the Company's management.**

The period set for the execution of the plan: **17/01/2019 to 31/12/2019.**

The timing of the approval of the purchase plan in the Board of Directors: **17/01/2019**

The Board of Directors' reasoning for the execution of the purchase plan: **1. Taking note of the prices of the bonds on the Stock Exchange, the Company's Board of Directors believes that their self-purchase is attractive for the Company and will also enable it to reduce its financial debt and reduce its financing expenses.**

2. The maximum scope of the purchases, as mentioned above, are in line with the Company's policy for the liquidity management in the Company.

3. Prior to the approval of the self purchase plan, the Company's board of directors examined the Company's resources available to it for payment of its liabilities and for execution of the purchase plan, including the forecasted cash-flow of the Company for the next 4 years whilst also relating to the period thereafter.

Nothing in the implementation of the Plan is expected to adversely affect the ability of the Company to pay its liabilities and to affect the Company's ability to pay its existing and anticipated liabilities when they come due.

4. The Company's board of directors estimates, that considering market conditions and the prices of the Bonds, the purchase thereof will constitute appropriate use of the Company's cash balances.

5. In continuance of the foregoing, execution of the purchase plan shall lead to an improvement in the capital structure of the Company and its financial ratios, and as a result is expected to decrease the costs of raising equity and debt by the Company (if the Company shall resolve to make such raise in the future).

6. In light of all the foregoing, it appears that a self-purchase of Company Bonds, in accordance with this plan, constitutes a worthy business and economic opportunity for the Company.

The estimated overall cost of the purchase plan:

1. The plan is for the purchasing the bonds at an aggregate amount the shall not exceed NIS 150 million.

2. It is clarified, that the total amount as aforementioned, is a maximum cap, and the Company's management has the discretion to resolve to purchase Bonds (including only in relation to one of the said series) at a lower scope, and even not to purchase Bonds at all in accordance with this Plan.

Or the quantity of the securities that may be purchased within the framework of the purchase program: _____

The tax implications of the execution of the purchase plan on the Company and on the holders of the securities:

1. Purchasing Bonds according to this plan is considered a "tax event" with respect to the profits that shall arise to the Company, as a result of purchasing Bonds, if such profits shall arise (which are dependent on the purchase price). The Company has ongoing transferable business losses for tax purposes and therefore, no tax liability is expected.
2. Purchasing Bonds according to this Plan, if made by a fully owned subsidiary, shall be, in accordance with the position of the Israeli Tax Authority adopted by the company, a "tax event" in the Company at the date of the purchase by the subsidiary, with respect to the profits that shall arise to the Company, as a result of purchasing Bonds, if such profits shall arise (which are dependent on the purchase price).

In addition, financing expenses with respect to purchasing Bonds by the subsidiary, shall not be deducted. The Company has ongoing transferable business losses for tax purposes and therefore, no tax liability is expected. Such a purchase is not a tax event in the subsidiary company.

3. The tax implications of the Plan on the bond holders shall be in accordance with the law, taking into consideration the unique circumstances of each holder.

.O The purchase plan is financed by a loan:

1	Total of the loan that has been take up	_____	Balance of the loan	_____
	Interest rate %:	_____	Currency of the loan	_____
	Repayment times for the loan:	_____		

• The sources of financing for the execution of the purchase plan:

The self-purchases in accordance with this plan will be financed out of the Company's own sources

The manner of the execution of the purchase plan: **Other**

Detail: **1. The Company's management has full discretion with regard to executing the Plan in accordance with the opportunities in the market and subject to the limitations in the Plan, including to resolve to purchase lower scopes or not to purchase Bonds at all.**

2. Performance of this Plan shall be executed by the Company's management (or by other on its behalf, including a broker appointed by it), by way of transactions on the Tel Aviv Stock Exchange ("TASE") or over the counter, in accordance with the rules of this plan.

3. The Bonds shall be purchased by the Company itself, or by a company fully owned by it (a "Subsidiary"). Purchased Bonds by the Company shall be delivered to the Company and shall be canceled. Bonds which shall be purchased by a Subsidiary shall not be cancelled, however the terms of the deed of trust to the relevant bond series shall apply to them with respect to an affiliated holder, to the extent such terms exist in the bond.

Details of the purchase plans that have been decided upon in the three years preceding the time of the report:

In the past three years, no self-purchase plans for bonds were approved. It shall be noted, that on December 13, 2018, the Company's board of directors approved a self-purchase plan for shares of the Company, in a total consideration that shall not exceed NIS 120 million. For details regarding such plan, see the Company's immediate report dated December 16, 2018 (reference no. 2018-01-122265).

Is the purchase plan for shares or for securities that are convertible into shares: **No**

1	The entity's profits within the meaning of that term in Section 302 of the Companies Law: _____
	Is the purchase in accordance with the plan is expected to have a significant impact on the holding rate in the equity and voting rights of an interested part: _____
	Provide details: _____

It is clarified that there is nothing in the decision to adopt this plan that requires the Company to execute an actual purchase of bonds, in any quantities, in any volume or in any amount whatsoever, if and insofar as bonds may be purchased pursuant to this plan, the Company will report on this as required pursuant to the law.

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): [2018-01-122265](#)

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

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

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Abbreviated name: Discount Investments

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