

Convenience translation

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

## **IDB Development Corporation Ltd.**

Immediate report dated March 8, 2020 - reference number: 2020-01-019282

### **Subject: Effect of Coronavirus Outbreak (Israil)**

Further to that stated in Note 3.C. to the financial statements of IDB Development Corporation Ltd. (the “**Company**”) for 2018, regarding the Company’s investment in IDB Tourism (2009) Ltd. (a wholly owned subsidiary of the Company - “**IDB Tourism**”), and to that stated in section 1.4.4.4 of the Company’s board of directors’ report as of September 30, 2019, regarding the Company’s cash flow forecast (including cash flows from the sale of the Company’s holdings in IDB Tourism), the Company hereby reports that Company management, together with the managements of IDB Tourism and of Israil Airlines & Tourism Ltd. (which is wholly owned by IDB Tourism - “**Israil**”) are closely monitoring the outbreak of the novel coronavirus (COVID-19, the “**Coronavirus**”) around the world, including the instructions issued by government entities on the matter.

Inter alia, in light of instructions which have been published by the Ministry of Health, there has been a sharp decline in the scope of bookings and flights operated by Israil, and is expected to significant harm to Israil’s revenues and financial results, which is taking various actions to prepare for the situation, and in doing so is also in discussions with the Ministry of Finance to obtain support from the State of Israel.

It is noted that, as specified in Note 3.C. to the Company’s financial statements for 2018, as stated above, IDB Tourism is presented as a held for sale activity which is measured at fair value less selling costs, and accordingly, the projected receipts from its sales were included in the Company’s cash flow forecast, as specified in section 1.4.4.4 of the Company’s board of directors’ report which was published together with its financial statements for the third quarter of 2019.

The decline in the scope of bookings and flights and the continued outbreak of the coronavirus is expected to make a significant effect on Israil’s activities and results, on the timing of the sale of the Company’s holdings in IDB Tourism, and on the proceeds which the Company expects to receive in the aforementioned sale, and therefore, the aforementioned event could also have a significant effect on the Company’s cash flow forecast. The Company is continuing to evaluate the aforementioned effects.

It is hereby clarified that the coronavirus outbreak, the instructions issued by competent entities in Israel and abroad, are not, due to the nature of circumstances, under the Company’s control, and accordingly, it is unable to predict all of their consequences. The information presented above regarding harm to Israil’s revenues and financial results, and regarding the possible effects on the Company’s cash flow forecast, constitutes forward looking information, which is not certain to materialize, and which depends on various factors which are not under the Company’s control.