

**IDB Development Corporation Ltd.**

Immediate report dated April 16, 2019 - reference number: 2019-01-037966

**Subject: Letter from the Commissioner to the Trustee for the Clal shares**

Further to what is stated in Notes 3.B.2 and 3.B.8 to the financial statements of IDB Development Corporation Ltd. ("**The Company**") for the year 2018, in connection with the outline for the sale of control and the sale of the Company's holdings in Clal Insurance Enterprises Holdings Ltd., which was formulated by the Head of the Capital Market, Insurance and Savings Authority ("**The Outline**", "**Clal Insurance Enterprises**" and "**The Commissioner**", respectively), and also regarding an application that has been submitted by the controlling shareholder (indirectly) of the Company, Mr. Eduardo Elsztain, for a control permit ("**The application for a control permit**") in Clal Insurance Enterprises and in Clal Insurance Company Ltd. (a private company in which approximately 99.8% of the shares are held by Clal Insurance Enterprises), the Company updates that on 16.4.2019 the Company received a copy of a letter, which had been sent by the Commissioner to the Trustee for the shares in Clal Insurance Enterprises, Mr. Moshe Terry ("**The Trustee**"), in which the Commissioner notified the Trustee that in accordance with the provisions of the outline, and after the Commissioner had reexamined the need for a sale and the economic implications thereof, and also taking note of the provisions of the judgment of 5.4.2017 (which is described in the said note to the periodic report), the Commissioner instructs the Trustee to continue to act on the outline in the Company's place, in accordance with all of the authorities that have been afforded to him under the force of the outline, and to take action for the sale of 5% of the means of control in Clal Insurance Enterprises that are held by him.

The Commissioner noted in his letter that the said sale would be made not by way of a swap transaction, but by means of a different sale technique that would not create an affinity between the company, a related party or anyone acting on its behalf, and the shares in Clal Insurance Enterprises, as a result of which, inter alia, there is an increase in the proprietary or economic exposure of any of the abovementioned parties in relation to Clal Insurance Enterprises, and it will be brought before the Commissioner for approval before it is actually executed until 4.5.2019.

The Commissioner further noted in his letter that at this stage he does not see fit to suspend the outline, in light of the fact that the application for a control permit was only submitted recently and accordingly, at this stage it is not possible to assess if there is any substance to it and whether there is feasibility that Mr. Eduardo Elsztain will indeed receive a control permit.

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