

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

IDB Development Corporation Ltd.

Immediate report dated March 16, 2020 - reference number: 2020-01-021721

Subject: Offer for the acquisition of the Company's rights in IDBG

Further to what is stated in Note 3.D.5 to the financial statements of IDB Development Corporation Ltd. ("**The Company**") as at September 30, 2019, regarding an approach by the Company to Property & Building Corporation Ltd. (a company that is controlled by the controlling interest in the Company "**Property & Building**"), in an offer to open negotiations for the purchase of the Company's entire holdings in IDB Group USA Investments Inc. ("**IDBG**"), a company in which 74.18% of the issued share capital is held by the Company (through a wholly owned private company) and the additional 25.83% of the issued share capital is held by Property & Building (which is after the operation of a conversion mechanism pursuant to an agreement for the provision of collateral between the Company and Property & Building, see Note 3.2.4 to the Company's annual financial statements for the year 2018 for details, as well as the immediate report, which the Company published on February 17, 2020 ("**The conversion mechanism**"), and further to the Company's update that on March 15, 2020 the Company had received a letter from Property & Building's Audit Committee ("**The Committee**" and "**The Committee's letter**").

It is mentioned in the Committee's letter that in accordance with Property & Building's Audit Committee's assessment, Property & Building will be prepared to acquire the balance the Company's holdings in IDBD ("**The asset**"), at a price that reflects a discount of 25% on the average value from among the three evaluations that have been performed recently by independent external appraisers, in connection with the conversion mechanisms and subject to a number of matters that the Audit Committee mentioned in its letter, which are: (A) the performance of fairness testing for the value of the transaction and the receipt of "no change" clarifications in relation to the state of the asset from the external appraisers; (B) the completion of the professional and economic checks; and (C) the receipt of the approval of the Property & Building's general meeting.

The Company will examine the Committee's letter in its authorized bodies.
