

Convenience translation

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

## **IDB Development Corporation Ltd,**

Immediate report dated February 17, 2020 - reference number: 2020-01-014095

**Subject: Execution of the conversion of rights in IDBG**

Further to what is stated in Note 3.D.4 to the financial statements of IDB Development Corporation ("**The Company**") for the year 2018 regarding an agreement for the making available of a collateral facility in support of a financing body and/or for the provision of credit in an overall amount of up to 50 million US Dollars (of which 25 million US Dollars was in respect of the Company's share), between Property & Building Corporation Ltd. (a company that is controlled by the controlling interest in the Company, "**Property & Building**") (the lender) and IDB Group USA Investments Inc. (a company 50% of the issued share capital of which is held by the Company (through a wholly owned private company) with the additional 50% of the issued share capital being held by Property & Building- "**IDBG**") (the borrower), the Company and the Company's wholly owned company ("**The facility agreement**"), and further to what is stated in Note 3.D.5 to the Company's financial statements as of 30.9.2019 regarding the end of the period of the loan pursuant to the facility agreement, the Company updates that on 17.2.2020, a conversion was executed pursuant to the provisions of the facility agreement, such that the balance of the loan that had been made available to IDBG by Property & Building was converted into share capital in IDBG and into a right to a repayment of shareholders' loans pursuant to its updated share in IDBG's capital.

Pursuant to the provisions of the facility agreement, as set forth in the said notes, the ratio pursuant to which the abovementioned conversion was executed was determined in accordance with the average of three evaluations, which were performed by external and independent appraisers, pursuant to which it was determined that after the execution of the conversion, as aforesaid, Property & Building's rights in IDBG's share capital would stand at 74.18%, and the Company's rights in IDBG's share capital would stand at 25.82% and also that Property & Building's and the Company's rights to the repayment of shareholders' loans to IDBG would be in accordance with their updated holdings in the share capital, as aforesaid.