

IDB Development Corporation Ltd.

Immediate report dated April 5, 2020 - reference number: 2020-01-031366

Subject: Proposal for the acquisition of the Company's holdings in IDBG

Further to what is stated in Note 3.D to the financial statements of IDB Development Corporation Ltd. ("**The Company**") as of 31.12.2019, regarding a letter from the Audit Committee ("**The Committee**") of Property & Building Corporation Ltd. (a company that is controlled by the controlling shareholder in the Company "**PBC**"), pursuant to which PBC will be prepared to acquire the balance of the Company's holdings in IDB Group USA Investments Inc. (hereinafter: "**IDBG**"), a company in which 25.82% of the issued share capital is held by the Company (through a wholly owned private company) and the additional 74.18% of the issued share capital in which is held by PBCs ("**The asset**"), pursuant to conditions, the principles and the aspects that were mentioned by PBCs' Audit Committee in its abovementioned letter, the Company updates that on April 2, 2020, the Company received an additional letter from the Committee ("**The letter**"), pursuant to which, at this stage, the Committee has identified a number of advantages on its part for the acquisition of the asset, which is together with a number of uncertain variables. The Committee mentioned in its later, that after weighing up the various considerations, it is offering the following structure for a transaction, as a basis for a detailed agreement:

- (1) The acquisition of the asset at a price reflecting a discount of 25% on the average value of the 3 evaluations that were performed recently by independent appraisers (see Note 3.D.2 to the Company's annual financial statements for the year 2019 for details regarding the conversion mechanism that has been operated between the parties pursuant to an agreement for the making available of a collateral facility between the Company and Property and Building, with the arrangement of the current account between the parties.
2. 15% of the amount of the consideration will be deposited in a deposit for a period of the 4 subsequent quarter, as a means of hedging risks (impairments in value, write-offs and etcetera). The monies in the deposit (or part thereof, as the case may be) will be transferred to the Company dependent upon the occurrence of a write-off event, impairment of the asset or impairment in value - if and insofar as such events may occur.

It is further mentioned in the letter that the transactions will be subject to the following crucial terms for the transaction" (A) Receipt of clarifications in relation to the manner of the accounting treatment of the asset, within the framework of the reports for the first quarter of 2020; (B) Receipt of the approval of PBCs' general meeting; (C) Signature on a detailed agreement.

The Committee mentioned that its offer is effective for the coming 21 days and may be extended at PBCs' discretion.

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