

August 1<sup>th</sup>, 2021

**The Phoenix Holdings Ltd.**  
("the Company")

To  
The Securities Authority  
[www.isa.gov.il](http://www.isa.gov.il)

To  
The Tel Aviv Stock Exchange Ltd.  
[www.tase.co.il](http://www.tase.co.il)

Re: **Receipt of a Binding Offer to Acquire Control of Ad 120, Grant of a 30-Day Exclusivity**

Following the immediate report dated January 28<sup>th</sup>, 2021 (Reference No. 2021-01-011200), the Company is pleased to announce that on July 29<sup>th</sup>, 2021 its subsidiary, The Phoenix Insurance Company Ltd. ("**The Phoenix Insurance**"), decided to grant an exclusivity period of 30 days to Shapir Housing and Building Ltd., a wholly owned subsidiary of Shapir Engineering and Industry Ltd. (the "**Purchaser**"). The exclusivity period was granted in connection with the Purchaser's binding offer to acquire control of Ad 120 Residence Centers for Senior Citizens Ltd. ("**Ad 120**") (the "**Purchase Offer**"). The Purchase Offer reflects a current value of NIS 1,350 million to Ad 120, in addition to the profits that would accrue in Ad 120 until the quarter preceding the consummation date, as specified below.

**The Main Points of the Purchase Offer:**

1. The Purchaser will purchase 44.44% (indirectly) of Ad 120, in exchange for a cash payment of NIS 600 million, where the consideration amount being adjusted in accordance with the profits accrued in Ad 120 (subject to certain acceptable adjustments to be agreed in the detailed agreement) as of January 1<sup>st</sup>, 2021, according to the most recent reviewed or audited financial statements of Ad 120 at the consummation date.
2. In addition to the purchase of the shares, on the consummation date, the Purchaser will transfer to Ad 120 two parcels of land in Jerusalem and in Ness Ziona that it owns, which are zoned for assisted living, offices and commerce,

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and which are currently in development stage (the "**Purchaser's Lands**"). The transfer of the Purchaser's Lands will be made based on appraisals and against the issuance of new shares in Ad 120, thus, after the consummation of the purchase of the shares and the issuance (the "**Transaction**"), the Purchaser will hold (directly & indirectly) 53% of Ad 120 and The Phoenix Insurance will hold 47% of Ad 120.

3. The transaction agreements will include a consideration adjustment mechanism, which will be based on an updated appraisal of the Purchaser's Lands at the end of 2021, according to which the Purchaser may be entitled to a payment of up to NIS 25 million, depending on the value of the Purchaser's Lands in the updated appraisal. In addition, the Purchaser may be entitled to a payment in relation with future betterment of the Purchaser's Lands, insofar as it would be able to achieve such future betterment, as well as to an additional payment until the end of 2026, in connection with the development and building of the Purchaser's Lands and the assisted living facilities that would be built on them in a total amount which, all together with the adjusted consideration payment, would not exceed NIS 205 million.
4. The Phoenix Insurance and the Purchaser will sign a shareholders' agreement which will regulate their relationship as shareholders of Ad 120, the Purchaser's control of Ad 120 and the minority rights that would be granted to The Phoenix Insurance.
5. During the exclusivity period, the parties will prepare the transaction agreements and the shareholders' agreement, and The Phoenix Insurance will conduct a due diligence process in connection with the Purchaser's Lands. The Purchaser undertook that, if at the end of the exclusivity period no binding agreement is signed between the parties other than due to a justifiable reason on the part of the Purchaser, then the Purchaser would pay The Phoenix Insurance liquidated damages in the amount of NIS 25 million.

The consummation of the transaction would also be subject to the fulfillment of conditions precedent that are standard in similar transactions, including the receipt of regulatory approvals and other required third-party consents.

The Company anticipates, that insofar as the transaction is consummation in accordance with the terms of the binding offer, The Phoenix Insurance will record a one-time capital gain in the amount of approximately NIS 220 million up to NIS 270 million after tax.

**It should be clarified that the execution of binding agreements and the consummation of the transaction is subject to the completion of negotiations between the parties, and as of the date of this Immediate Report, there is no certainty that the negotiations would indeed result into binding agreements.**

The above information in relation with a possible transaction for the sale of control of Ad 120 constitutes forward-looking information, as defined in the Securities Law, 5728-1968, and is based on the information and estimates of the Company as of this date. Such information and assessments may not materialize, even due to factors that are unknown to the Company and The Phoenix Insurance as of this date and are not under their control, including, inter alia, executing binding agreements, obtaining regulatory approvals, and third parties consents to carry out the sale (if and to the extent that binding agreements are executed) etc.

Respectfully,

**The Phoenix Holdings Ltd.**

c/o Attorney Meni Neeman, Chief Legal Counsel  
and Secretary of the Company

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