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Israel Corp. Ltd

Israel Corporation Ltd.
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Attorney Maya Alcheh-Kaplan
Vice President, General Counsel and Company's Secretary

Date of Transmission: November 18, 2019

Reference: 2019-01-098991

To
The Securities Authority
via MAGNA

To
Tel-Aviv Stock Exchange
via MAGNA

To whom it may concern,

Re: Updated Strategic Plan

Further to the immediate report of the Company dated 13.3.2019 (Re:2019-01-021592), in connection with the update of the business strategy of the Company, the Company hereby reports that the Board of Directors of the Company approved, following the recommendation of the management, an updated strategic plan (the "Strategic Plan"). The Strategic Plan was defined by the Company together with international and local consultants, and is intended to outline guidelines for the implementation of the investments activity.

In accordance with the Strategic Plan the Company intends to create a portfolio through making investments pursuant to the guidelines specified in the above report and as detailed below. According to the plan the expansion of the portfolio is intended, among others, to enable diversification of the risk profile. The value creation in the portfolio companies is expected to be based, among others, on the Company's management international experience, especially in sectors adjacent to current activity, and on the uniqueness of the Israeli innovation environment. In the framework of sourcing investments, the Company shall strive to implement the following guidelines: scope of approx. $70-100 million per deal; focus on Israeli and European markets; influence in the portfolio companies (not necessarily control); total investment of $350-500 million invested gradually over the upcoming years; flexible investment horizon; investment in mature companies; reasonable leverage levels in target companies.

Pursuant to the Strategic Plan, the Company shall strive to focus mainly on sectors identified as related to global trends (the "Mega-Trends") and as having growth potential based on adopting new technologies, with the view that combines such Mega-Trends with the advantages of the Israel's innovation environment. The Company shall strive to focus on the following sectors: food; agriculture; health; industry 4.0. The Company estimates that each of these sectors is influenced by the global Mega-Trends and has the potential to be combined with new technologies as part of these trends. The Company assesses that its access to Israeli innovation and being an investor with added value and global presence constitute advantage to target companies in Israel and Europe.

Attached is a presentation regarding the investments strategy and the Strategic Plan.

It is noted that the above stated in this report and in the attached presentation, including regarding the Plan, the guidelines, the goals of the Strategic Plan, scope of investments, characteristic of the investments, characteristic of the target companies, identified Mega-Trends, the sectors and/or advantages of the Company as an investor, include forward looking information, as defined in the Securities Law of 1968, which is based on the intentions and estimations of the Company solely as of the date hereof. The Strategic Plan is subject to updates and changes as approved by the Board from time to time.

In practice the investments activity may not materialized or may materialized differently than planned, including due to risk factors and uncertainties, part of which are not under the Company's control. This is dependent, among others, on the existence of suitable market conditions, on conditions related to the target companies or making investments, on business opportunities, on risk factors related to investments activity and/or the activity of the Company and its held companies and on actual cash flow. It is noted that the Company may update the Strategic Plan from time to time and/or implement the investments activity in a different manner than stated as per the Board's discretion, in particular to invest in sectors different than stated above, in companies active in different geographic or having different characteristic and with different scope of investments per deal. The Company shall review from time to time the global Mega-Trends and the above sectors, as well as other changes in the business environment, and accordingly the Company may examine investments in different sectors. The above guidelines do not derogate from the possibility to examine a specific different investment based on its circumstances. Additionally, the goals of the investments strategy (to the extent implemented) may not materialize, all or some, in the long or short term, among others, due to the above factors. Without derogating from the generality of the foregoing, in the short-medium term the investments strategy may burden on the Company's results, and the net debt of the Company may increase in the short and medium term in connection with its commencement.

Sincerely,

Israel Corporation Ltd.

Name of report authorized signatory and name of authorized electronic signatory: Maya Alcheh Kaplan
Position: Vice President, General Counsel and Company's Secretary.
Signature date: November 18, 2019

Israel Corp.

November 18th, 2019

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This presentation, as well as other oral or written statements made by ILCO or any of its affiliates, officers, advisors and employees (“ILCO Group Officers"), contain forward-looking statements and forward-looking information, including, but not limited to, those that discuss strategies, goals, developments, trends, outlooks, investments strategies, investment guidelines or principles, potential sectors for investment, non-historical matters, projected economy measures, revenues, returns, net debt or other financial or statistical measures.

Such forward-looking statements are based on the current assumptions, intentions and plans of ILCO Group. These forward-looking statements may not materialize or materialize in a significantly different manner than anticipated or planned, and are subject to risks and uncertainties, some of which are not under the control of ILCO Group, including, among others, the following: (a) changes in worldwide economic and political conditions; (b) adverse business conditions or changes in market trends; (c) the extent to which ILCO is able to successfully execute acquisitions and/or implement business strategies; (d) legislation and regulation affecting ILCO Group and/or the potential portfolio companies; (e) non-receipt of approvals or third parties' consent; or (f) occurrence of risk factors associated with making investments and/or the activities of ILCO Group or its business results.

It is specifically noted that the ILCO investment strategy presented herein, including the investment guidelines (slides 3 & 5) and the initial sectors for investments (slide 8), constitutes forward-looking statements, which are based on general intentions of ILCO as of the date hereof and not guarantees of future performance. The investments strategy of ILCO may not be executed, in whole or in part, or may be executed in a different manner than presented herein, as a result of such risks and uncertainties or as a result of changes and updates to such investment strategy, principles, guidelines or sectors as approved by ILCO Board from time to time. Furthermore, the objective of such investments strategy (if executed) might not be realized in the long or in the short term, and in this scope there may be an increase in the net debt of ILCO in the short and medium term.

ILCO Group cautions you that the above list of important risk factors is not comprehensive. ILCO refers you to filings that ILCO has made with the Tel Aviv Stock Exchange Ltd. (TASE). Global trends, market and sectors information (including examples) contained herein are based on third parties' sources or publicly available information. ILCO and ILCO Group Officers cannot assure you as to the accuracy or completeness of this information.

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The information provided by ILCO is provided solely as a convenience. In case of any discrepancy between the information contained herein and the information contained in the official reports of ILCO to the Israeli Securities Authority and the Tel Aviv Stock Exchange, the information recorded in such official reports shall prevail.

Our Main Messages

Expanding our portfolio by developing a top-notch investment vehicle

Managing a balanced portfolio while maximizing value to shareholders

Our main investment sector focus will be Food (Tech), Agri (Tech), Healthcare and Industry 4.0

Investing in sectors that ride on the global megatrends, are adjacent to the group activities, and are complementary with the team expertise

Striving to combine between global companies and Israeli technologies and innovation

Create a new strategic pillar in the long term

Our global presence and capabilities position ILCO to create significant value in both European and Israeli investments

Team with Multinational & Multi industry expertise alongside experience with complex business processes

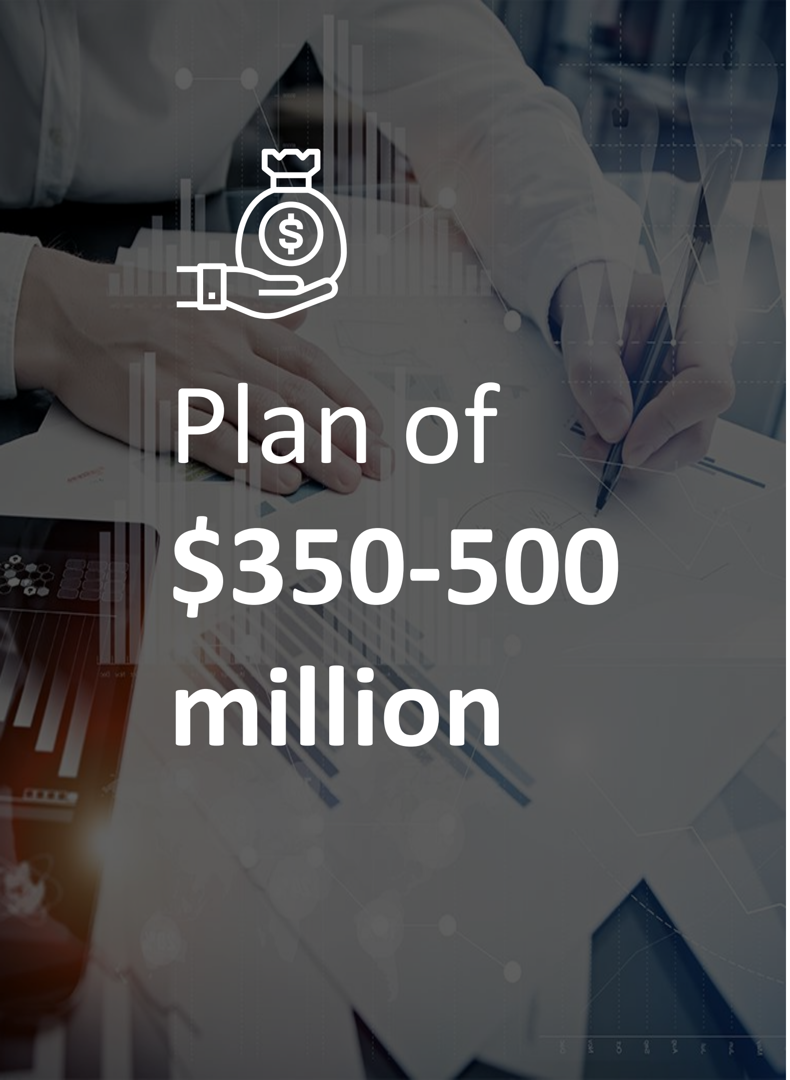
Access to a diverse group of key opinion leaders in the different sectors

Overview

Israel Corp ("ILCO") has decided to update its strategy and become an active investment firm, by building a balanced portfolio

ILCO intends to invest between $350-500 million in building its portfolio gradually over time

During the last few months ILCO team and board conducted multiple sessions to define its new investment strategy together with international and local consultants



Plan Guiding Principles

Building and managing a balanced portfolio while maximizing value

Strive to combine between global companies and Israeli technologies

Avoid investing in start-up companies

No intention to change ILCO net debt over time

Israel Corp.

Israel Corp Wining Aspiration

EXPANDING ILCO portfolio by developing a top-notch investment vehicle. Value creation will be based on leveraging the **GROUP ASSETS** and **ISRAELI UNIQUENESS** to significantly improve the acquired companies' performance.

EXPANDING

- Diversify risk
- Balance ILCO portfolio
- Create a new strategic pillar

GROUP ASSETS

- Highly experienced management and global reach
- Main focus sectors adjacent to current activities

ISRAELI UNIQUENESS

- "Roll up strategy" using the direct access to the vibrant and dynamic innovation ecosystem

Initial Investment Thesis

Acquire a platform

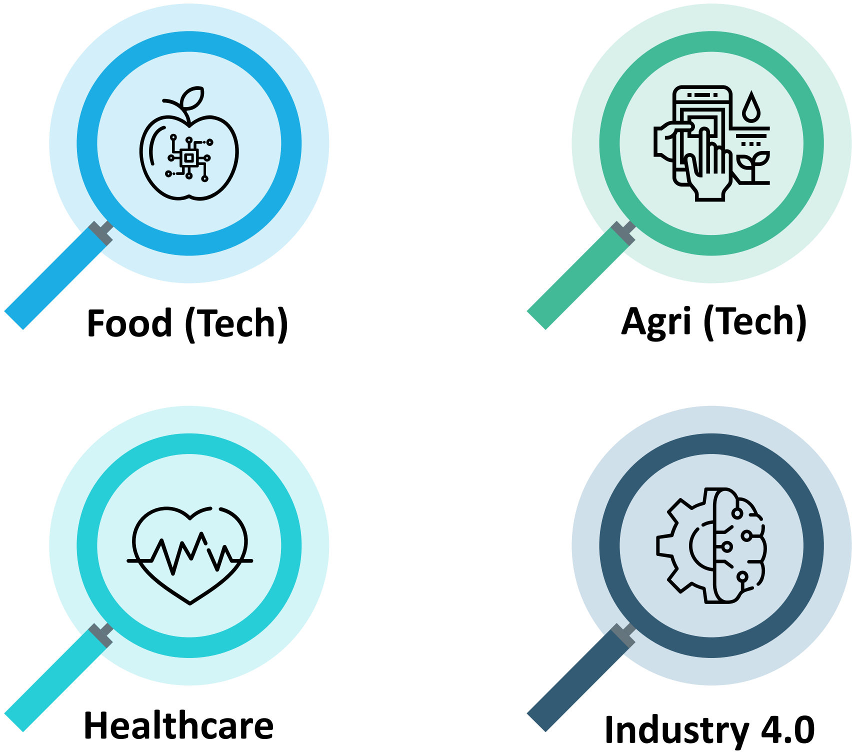
- Established business
- Management
- Go-to-market capabilities
- ‘Foot on the ground’
- Infrastructure for growth

Business building

- Integration of innovation to create disruptive plays:
  - Product portfolio
  - Expansion to adjacent markets
  - Improving processes
- Geographical expansion
- Other plays

Sectors – Main Focus

The main focus sectors were chosen by ILCO based on a combination of alignment with global megatrends, and ability to provide technological upside based on the Israeli innovation eco system

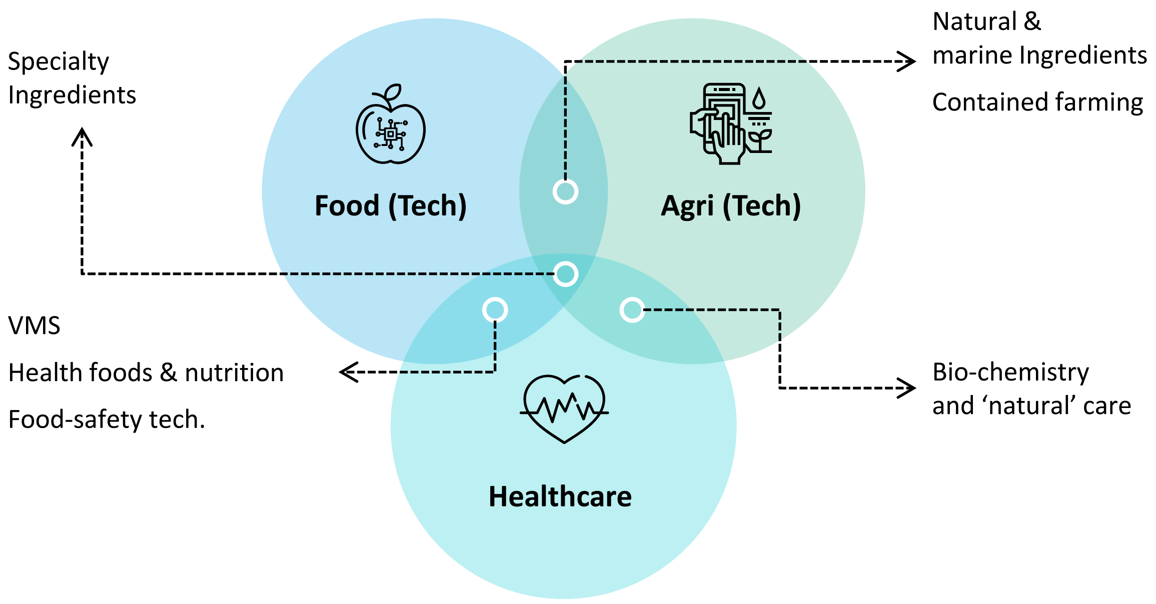


Recent trends are highlighting that three of the target sectors are becoming more inter-connected

New consumer preferences:

- Health awareness
- Conscious eating
- On demand availability
- Sustainability

Driving to convergence of the food, agriculture and healthcare industries in many of the sub segments



The Industry 4.0 sector corresponds with ILCO substantial experience in the industrial eco system

Industry 4.0

Our new investment strategy focuses mainly on sectors with strong connection to the Global Megatrends and with a Technology Potential

PwC identifies the most significant underlying drivers that are disrupting the economy, business and society in the world – The Megatrends

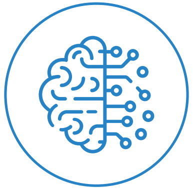
Shift in global economic power

The focus of global growth has shifted. Western economic dominance is a relatively recent historical phenomenon

that is waning, and the developments are essentially a rebalancing of the global economies.

Demographic & social change

Explosive population growth in some areas against declines in others, contributes to everything from shifts in economic power to resource scarcity to the changes in societal norms.



Technological breakthrough

The combination of the internet, mobile devices, data analytics and cloud computing will continue to transform our world.

Rapid urbanisation

The rise in prominence of cities in the global economy. More than half of the population live in urban areas and 1.5 million people are added to the global urban population every week.

Climate change & resource scarcity

Scarcity of resources and the impact of climate change. As the world becomes more populous, urbanised and prosperous, demand for energy, food and water will rise. But the Earth has a finite amount of natural resources that can be used to satisfy this demand.

‘Technological breakthrough’ is a catalyst for other trends while also being key to resolving many of the global issues we face

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The interconnectivity that characterises the world today means that none of these megatrends exists in insolation; when the trends collide and overlap, new investment themes appear

- Megatrends Whitepaper, Blackrock

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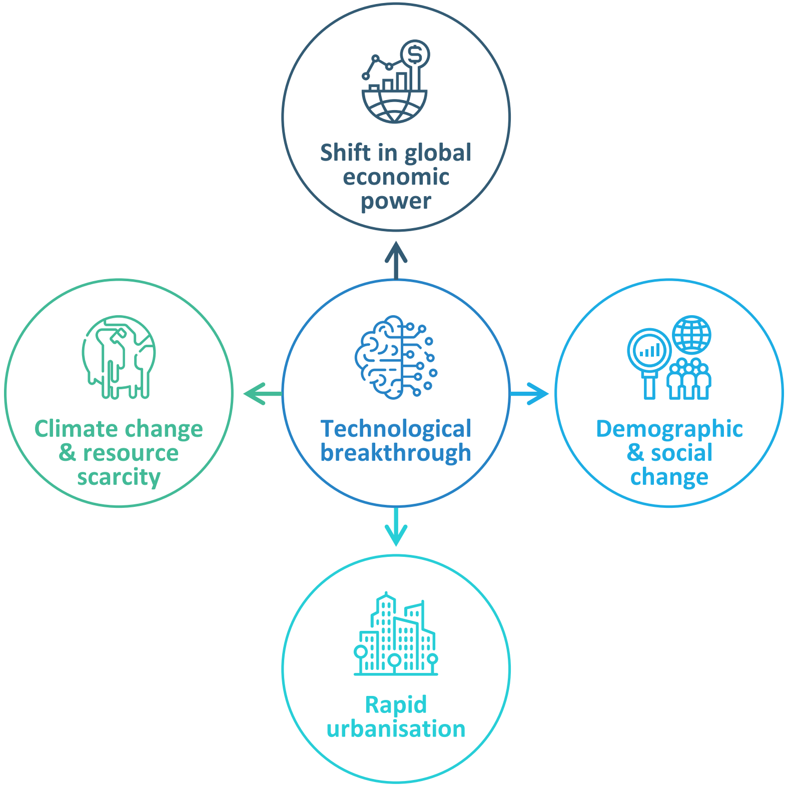

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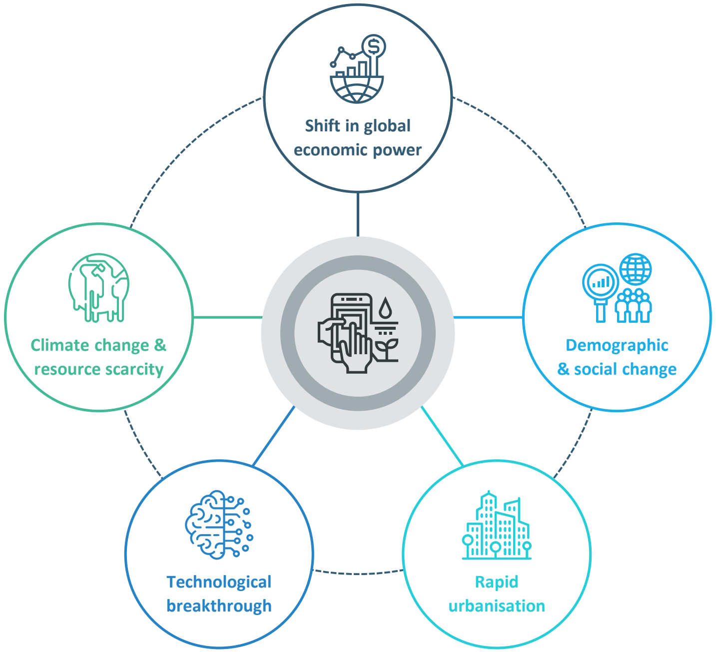
Agri (Tech) – Megatrends Implications

There are many challenges effecting food supply globally. Agriculture companies must be able to answer the growing demand for food, with an increasing number of constraints.

Global challenges that effect industry

- Global Population to reach 9.7B by 2050 (~7.5B in 2018)
- By 2030, there will be a 35% increase in global demand for food, 40% for water and 50% for energy
- Extreme climate change
- Food loss and waste throughout the supply chain
- Limited availability of new farming land and soil constraints
- Impact of urbanization on rural labor supply
- Price and availability of energy

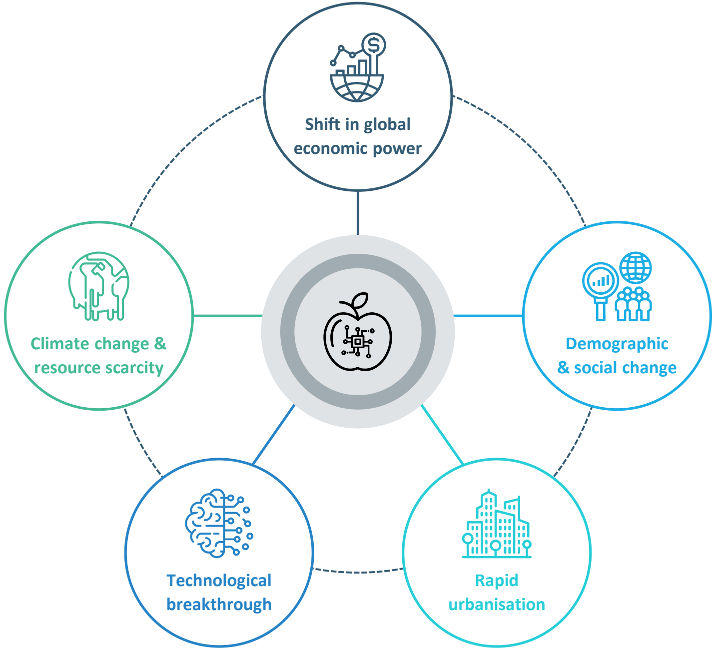


Food (Tech) – Megatrends Implications

There are many issues effecting the global food supply chain. Industry players must come up with new ways to improve how food is produced, distributed, and stored

Global challenges that effect industry

- Global Population to reach 9.7B by 2050 (~7.5B in 2018)
- By 2030, there will be a 35% increase in global demand for food
- Consumer preferences are changing - fresh food is being preferred over processed foods, and consumers want their food to be more convenient
- Consumers are losing trust in what they eat, consumers are looking for products that are more respectful to the environment, social issues and, above all, traceable
- Globally it is estimated that approximately one-third of all fresh fruit and vegetables produced is lost before it reaches consumers



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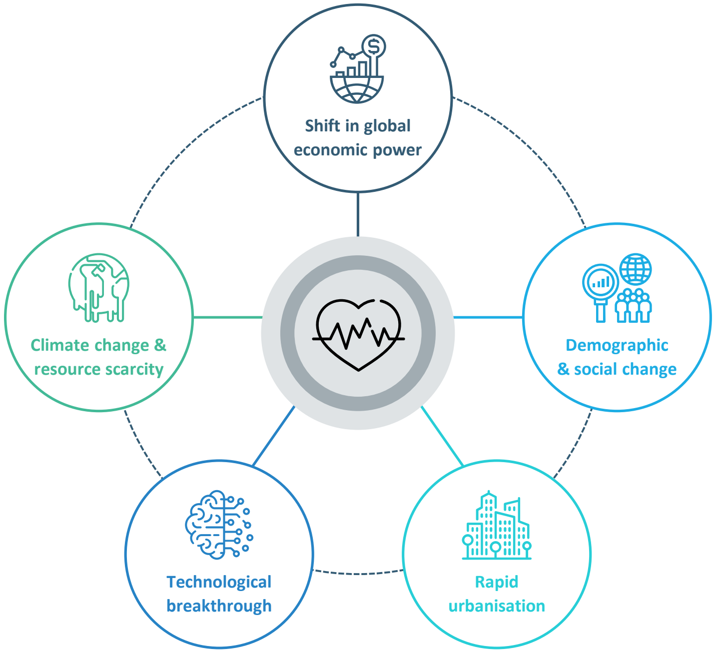
Healthcare – Megatrends Implications

Technology, demographic changes, and new customer expectations are some of the disruptive trends that are revolutionizing the global health industry

Global challenges that effect industry

- The fastest growing population segment will be aged over 65
- People lack access to a healthcare system
- There is more demand for home treatment in the elderly population
- Chronic Diseases are the number one killer worldwide
- Declining trust in institutions and technology is leading to consumers demanding more information about their treatment choices
- Population density in cities will overhaul existing healthcare systems
- Projected shortage of healthcare workers

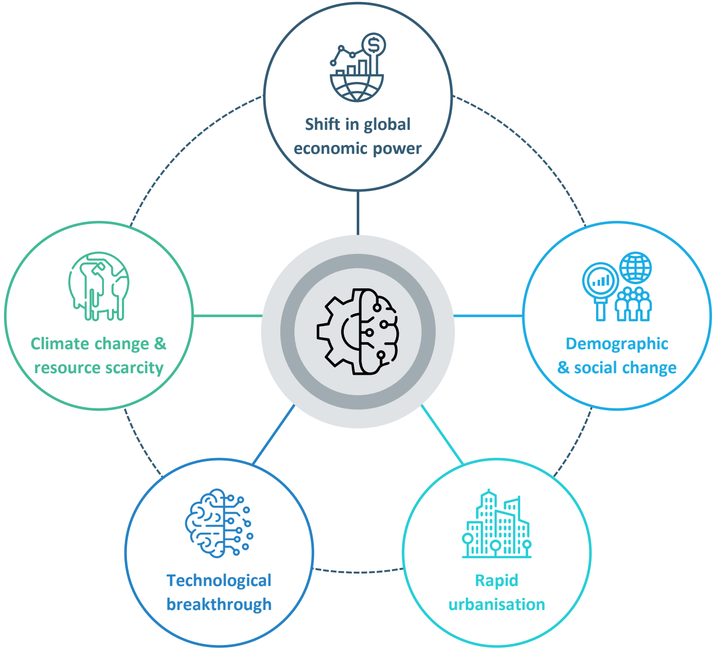


Industry 4.0 – Megatrends Implications

Companies have to overcome several challenges in order to increase productivity and resource efficiency

Global challenges that effect industry

- Aging workforce will place new constraints on existing factory methods
- The notion of resource scarcity can significantly impact prices of critical resources for manufacture and operation
- Increasing exposure to extreme weather events can impact operations and supply chains
- Connecting production lines to the internet, generates new vulnerabilities – including cyberattacks, data theft and espionage
- The massive amount of data generated by industrial businesses has enormous potential for optimizing assets, 99% of data is currently discarded
- Increased labour cost



Key Investment Guidelines

$70-100M
ILCO investment per deal

Europe/Israel
focus

Significant influence
(not necessarily the majority shareholder)

Conservative financial leverage
Levels (at the target level)

Deploy
$350-500M

Flexible
investment horizon

Investment guidelines are intended for guidance and for actively seeking opportunities. Should a relevant target arise outside the defined guidelines – if deemed attractive, it will be examined on a specific basis.

ILCO’s competitive advantages create significant value in both European and Israeli investments

For **European** targets - Advantage over **global** peers

Direct access to Israel’s innovation ecosystem

Active investor know-how with strong business-building capabilities

Global presence

For **Israeli** targets - Advantage over **Israeli** peers

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Thank You

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