This is an English convenience translation of the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original

Israel Corporation Ltd.

Registrar's Number: 520028010

Form T053
(Public)

Transmission via Magna: April 17, 2022

Reference: 2022-01-049240

To:
The Securities Authority
www.isa.gov.il

To:
The Tel Aviv Stock Exchange Ltd.
www.tase.co.il

Immediate Report of an Event or Matter Outside the Corporation's Normal Course of Business

Regulation 36 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

Results of an issue should be reported on Form T20 and not on this form.

Reporting of the rating of bonds or the rating of a corporation should be submitted using Form T125.

Report on: ☐ A report whose submission was delayed.

Nature of the Event: *Engagement in an agreement for the sale of shares of Oil Refineries Ltd. (which is known by the Hebrew acronym "Bazan")*

1. *Attached herewith is a report on an engagement in an agreement for the sale of shares of Oil Refineries Ltd. (which is known by the Hebrew acronym "Bazan").*

   Engagement in an agreement for the sale of shares of Oil RefineriesLtd. Final for Reporting_isa.pdf

2. The date and time at which the corporation first learned of the event or matter:
   - April 17, 2022, at 2:15 p.m.
   - ______________________

A report that was delayed in accordance with Regulation 36(b):

3. If the report was delayed – please provide the reason why its submission was delayed:

   ____

4. On the date of ______ at the time of ______, the impediment to the report was removed.
5. ☐ The company is a shell company, as this term is defined in the rules and regulations of the Stock Exchange.

Details of the authorized signatories on behalf of the corporation:

	Name of the authorized signatory	Position
1.	*Adv. Maya Alcheh-Kaplan*	*Other* *Vice President, General Counsel & Company Secretary*
2.	*Sagi Kabla*	*CFO* ______________________

Explanation: Pursuant to Regulation 5 of the Periodic and Immediate Reporting Regulations, 5730-1970, a report that is submitted pursuant to these Regulations shall be signed by the signatories authorized to sign on behalf of the corporation. The ISA Staff's position on this matter is available on the ISA's website: ***please click here*.**

The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alcheh-Kaplan
Position: Vice President, General Counsel & Company Secretary
Date of signature: April 17, 2022.

The reference numbers of previous documents in the matter (the reference does not constitute incorporation by reference):

Date of update of form structure: February 22, 2022

The securities of the corporation are listed for trading on the Tel Aviv Stock Exchange.
Short name: Israel Corporation
Address: P.O.B. 20456, Tel Aviv 61204 Tel: 03-6844517, 03-6844500, Fax: 03-6844587
Email: MAYAAK@ISRAELCORP.COM

Previous names of the reporting entity: The Israel Corporation Ltd.

Name of electronic reporter: Maya Alcheh-Kaplan
His *[sic]* position: Vice President, General Counsel & Company Secretary, Name of Employer Company:
23 Aranha St., Tel Aviv, 61204, Tel: 03 – 6844517, Fax: 03 – 6844587, E-mail: mayaak@israelcorp.com

israel corp
invest I innovate I grow

April 17, 2022

To:	To:
The Securities Authority	The Tel Aviv Stock Exchange Ltd.
www.isa.gov.il	www.tase.co.il

Dear Sir/Madam,

Re: **Immediate Report: Engagement in an Agreement for the Sale of Shares of Oil Refineries Ltd. (which is known by the Hebrew acronym "Bazan")**

Further to the Immediate Report dated March 20, 2022 (Reference No.: 2022-01-031423), Israel Corporation Ltd. (hereinafter: the "**Company**") hereby respectfully reports that on April 17, 2022, it engaged in an agreement (hereinafter: the "**Agreement**") with the Hagag Group Real Estate Entrepreneurship Ltd. (hereinafter: the "**Hagag Group**") and a wholly-owned subsidiary (hereinafter: the "**Purchaser**"), for the sale of shares of Oil Refineries Ltd. (which is known by the Hebrew acronym "Bazan") (hereinafter: "**Bazan**"), which it owns.

Pursuant to the Agreement and subject to the conditions precedent set forth therein, the Company has undertaken to sell to the Purchaser 534,953,382 shares of Bazan which it owns, and which constitute, as of the present date, 16.687% of Bazan's issued share capital (not on a fully diluted basis) (hereinafter: the "**Shares Being Sold**"). The Shares Being Sold will be sold at a price of NIS 1.10 per share, net of a dividend that has been paid and will be paid (if any) from the date of March 13, 2022 and up until the date of the completion of the transaction, and also subject to other standard adjustments.

In addition, the Company granted to the Purchaser an option to purchase up to 234,125,576 additional shares of Bazan, which constitute approximately 7.3% of Bazan's issued share capital (not on a fully diluted basis) (hereinafter: the "**Option Shares**"), where the Company granted qualified investors an option to purchase them as stated in the Company's Immediate Report dated November 9, 2021. This is in the event that the completion of the sale of the Shares Being Sold will be performed, and in the event that the aforesaid qualified investors will not purchase all of the Option Shares by the expiration of the exercise period as set forth in the terms and conditions of the option that was granted to them. The Purchaser will be entitled to exercise the option, as aforesaid, and to purchase all or part of the Option Shares (should the Option Shares not be purchased, in full, by the qualified investors as aforesaid) within 30 days from the expiration of the period of the qualified investors' option.

Israel Corp. Ltd.
Millennium Tower, 23 Aranha St.
P.O.B 20456, Tel Aviv 61204, Israel

Tel: +972-3-6844500
Fax: +972-3-6844570
www.israelcorp.com

The consideration in respect of the Option Shares will be the higher of: (a) 91 agoroth per share (subject to the standard adjustments); or (b) 90% of the average closing prices of the Bazan share in the last 15 trading days prior to the expiration of the exercise period of the option that was granted to the qualified investors. In addition, subject to the completion of the transaction for the sale of the Shares Being Sold, the Company has undertaken that up until the expiration of the exercise period of the aforesaid option that was granted to the Purchaser, the Company will vote, subject to the restrictions of any law, including the duty of good faith and the duty of fairness that apply to the seller vis-à-vis Bazan and its shareholders, by virtue of all of the Option Shares that it owns, for the appointment of the directors who will be nominated to the Board of Directors of Bazan by the Purchaser, and also for other proposed resolutions that will be put forward by the Board of Directors of Bazan, with the exception of transactions in which the Purchaser has a personal interest.

The sale of the Shares Being Sold and the Option Shares (insofar as relevant) will be performed without representations of the Company about Bazan, and the Agreement contains provisions with respect to a waiver of claims and demands of the Purchaser and the Hagag Group against the Company, Bazan and any entity on their behalf in respect of the period up until the completion date. The Agreement also contains arrangements with respect to officers' insurance at Bazan in respect of the period up until the completion date.

The completion of the transactions as set forth in the Agreement is subject to the satisfaction of the following conditions precedent, by the last date specified in the Agreement for the satisfaction thereof, i.e., by the expiration of 215 days from the date of the signing of the Agreement (a date that can be extended upon certain conditions, as set forth in the Agreement): (1) obtaining approval for the holding of the controlling interest of Bazan by the Purchaser, as required pursuant to the Government Companies Order (Declaration of the State's Vital Interests in Bazan), 5767-2007, with respect to the Shares Being Sold; (2) obtaining approval from the Director-General of the Israel Competition Authority for the transaction which is the subject of the Agreement; (3) the appointment of up to five candidates of the Purchaser to the Board of Directors of Bazan, instead of the directors who were appointed to the Board of Directors at the Company's recommendation. In addition, as initial proof that the Purchaser is in possession of financial means, the Purchaser has undertaken to provide the Company with approval, in writing, that it has an amount of NIS 30 million in cash, which is not subject to any liens, and which is designated for the purchase of the Shares Being Sold.

In addition, the Purchaser has the right to cancel the Agreement upon the occurrence of a number of events in the interim period between the signing of the Agreement and the completion thereof, as set forth below: (1) if Bazan engages, during the interim period, in a new material transaction which is not in the normal course of business with the Company or its related parties (subject to certain exclusions, including engagements of the type of the engagements that exist at the present time between Bazan and said related parties); (2) if Bazan enters, during the interim period, a new and significant area of activity, which is not included in its strategic plan, and which requires significant investments; (3) if Bazan sells (or leases), during the interim period, a significant part of the Company's real estate (which it owns or which it leases); (4) if a modification of Bazan's Articles is approved during the interim period, which is not a purely technical modification.

As part of its undertakings for the completion of the transaction that is the subject of the Agreement, the Purchaser has undertaken to sign the control agreement at Bazan (hereinafter: the "**Control Agreement**") between the Company and Israel Petrochemical Enterprises Ltd. and Petroleum Capital Holdings Ltd. (hereinafter, collectively: the "**Petrochemical Group**"), subject to obtaining a control permit. The Purchaser has the right to cancel the Agreement in the event that the Control Agreement expires, under the circumstances set forth in the Agreement (and not as a consequence of the purchase of the shares of Bazan by the Purchaser from the Petrochemical Group), during the period from the date of the signing of the Agreement and up until the date of completion thereof.

Immediately after the signing of the Agreement, the Company shall send the Petrochemical Group a sale notice, pursuant to the Control Agreement, to exercise a right of refusal or a tag-along right, which are available to the Petrochemical Group pursuant thereto. Should the Petrochemical Group exercise the right of refusal and should it purchase the Shares Being Sold, the Agreement with the Purchaser will be cancelled, and should the Petrochemical Group decide to exercise the tag-along right – the Purchaser has undertaken to increase the number of the shares being purchased by it in such a manner that the Purchaser will purchase all of the Shares Being Sold by the Company as well as all of the shares that will be included in the notice of exercise of the tag-along right. The Company has undertaken vis-a-vis the Purchaser to uphold, reasonably and in good faith, its rights pursuant to the Control Agreement in connection with the proceedings for the exercise of the Petrochemical Group's right of refusal or tag-along right, including regarding compliance with the dates set forth in the Control Agreement with respect to the said proceedings. Should the Petrochemical Group give notice of the exercise of the right of refusal, and should the exercise proceeding drag on and not be completed within 12 months from the date of its aforesaid notice, the Purchaser will have the right to cancel the Agreement.

In addition, the Agreement sets forth provisions for a price adjustment, whereby should the Purchaser or the Hagag Group purchase shares out of the shares of the controlling interest of Bazan from the Petrochemical Group at a higher share price than the share price determined pursuant to the Agreement, during the three-month period from the date of the signing of the Agreement (or should such purchase terms be formulated during this period, even if the shares are actually purchased after said date), the share price will be adjusted and, on the completion date, a consideration supplement shall be paid to the Company at the rate of half of the difference between the transaction prices. In addition, the Company has undertaken vis-a-vis the Purchaser that it will not exercise the right of first refusal that is available to it pursuant to the Control Agreement in the event of the purchase of the controlling shares by the Purchaser from the Petrochemical Group.

The Bazan share is recorded in the books of the Israel Corporation, as of December 31, 2021, with a value of NIS 0.894. In addition, no tax is expected in this transaction, because the cost of the Bazan share for tax purposes is higher than the transaction price. The amount of the profit in respect of the transaction is likely to vary, *inter alia*, in accordance with the date of the satisfaction of the conditions precedent.

Immediately after the completion of the transaction for the sale of the Shares Being Sold, the Board of Directors of the Company intends to distribute, as a cash dividend, to the shareholders of the Company, 50% of the proceeds received by the Company in respect of the sale of the Shares Being Sold, insofar as the transaction for the sale of the Shares Being Sold is completed, subject to any law and subject to the criteria for the distribution of a dividend.

As stated above, the completion of the transaction for the sale of the Shares Being Sold is subject to the satisfaction, by the last date that has been agreed upon, of the conditions precedent, and, first and foremost, the obtaining of regulatory approvals, which are beyond the Company's control. In view of this, it will be clarified that there is no certainty that the transaction which is the subject of this Immediate Report will be completed, and, by extension, there is also no certainty that the dividend will be distributed out of the sale proceeds, as aforesaid.

Sincerely yours,

Israel Corporation Ltd.

The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alcheh-Kaplan
Position: Vice President, General Counsel & Company Secretary
Date of signature: April 17, 2022.