

ELRON

Translation of Immediate Report Filed by the Company on October 26, 2020 with the Israeli Securities Authority

Tel-Aviv, October 26, 2020 – Elron Electronic Industries Ltd. (the "**Company**") hereby announces that further to the Company's immediate report dated September 29, 2020 regarding the appointment of temporary receivers of certain assets, including the controlling shares in Discount Investment Company Ltd. (the controlling owner of the Company - "**DIC**") for the benefit of the debenture holders of IDB Development Corporation Ltd, and after the appointments of the said temporary receivers as permanent receivers (on October 13, 2020), and receipt of the approval of the Israeli Ministry of Communications for the appointments (on October 15, 2020), DIC reported that as part of legal proceedings taking place in connection with the said receivership, on October 25, 2020, the District Court of Tel Aviv-Yafo gave a notice of agreements reached and a request for their approval (the "**Notice**") the effect of a decision.

The Notice included, among other things, the following agreements:

1. Each of Eduardo Elsztain, Alejandro Elsztain, Diana Elsztain, Saul Zang and Mario Blejer (who serve as directors at DIC, while Eduardo Elsztain and Saul Zang also serve as directors in the Company - the "**Directors**") will exercise any authority that they have in DIC and in any corporation under DIC's control or through its shareholding, directly or indirectly ("**DIC Companies**") so that the invitation process to offer bids for the acquisition of the controlling shares in DIC (the "**Invitation Process**") will not be harmed or thwarted, and so that until the end of the Invitation Process, the DIC Companies will only operate in the ordinary course of business.
2. The Directors will exercise all their authority in the DIC Companies such that Mr. Isaac Idan, CPA, will be appointed as soon as possible as a director in companies in the DIC group, including the Company.
3. If the court approves a winner in the Invitation Process who is not Mr. Eduardo Elsztain or a company under his control, then the Directors will resign from their positions in all the DIC Companies, upon the request of the receivers.