



Bezeq - The Israel Telecommunications Corp. Ltd.

(The "Company")

January 4, 2022

Attn.
Israel Securities Authority
The Tel Aviv Stock Exchange Ltd.

Dear Madam/Sir,

Re: Immediate Report – Partial Early Redemption of Company Debentures (Series 9)

1. The Company hereby announces that on January 3, 2022, the Company's board of directors resolved to carry out a partial early redemption, at the Company's initiative, scheduled for January 23, 2022 (hereinafter - the "**Early Redemption Date**"), of Company Debentures (Series 9) (hereinafter - the "**Debentures (Series 9)**") and the "**Partial Early Redemption**", as applicable)¹.
2. As of the date of this report, the balance of the par value of Company Debentures (Series 9) in circulation is NIS 2,144,968,000 (hereinafter - the "**Unsettled Balance**").
3. The Company will make a partial early redemption of Company Debentures (Series 9) totaling NIS 370,000,000 in terms of par value of the Company's Debentures (Series 9), such that after the Early Redemption Date, the balance of the par value of Company Debentures (Series 9) in circulation will be NIS 1,774,968,000.
4. Under the provisions of Section 33.1 of the Deed of Trust for the Debentures (Series 9), the Company may, at its exclusive discretion, announce a partial early redemption of the Debentures (Series 9), in which case, the amount payable to holders of Debentures (Series 9) will be the highest of:

¹ For more information about Company Debentures (Series 9), see the Company's Deed of Trust for Holders of Company Debentures (Series 9), dated October 13, 2015, made between the Company and ReznikPaz Nevo Trusts Ltd. (the "**Trustee**" and the "**Deed of Trust for the Debentures (Series 9)**", as applicable) attached as Appendix A to the Company's shelf offering report made on the same date.



- 4.1 The market value of the Debentures (Series 9) balance in circulation called for early redemption, to be determined according to the average closing price of the Debentures (Series 9) in the thirty (30) trading days before the board of directors made the resolution to perform the early redemption – **the redemption rate under this alternative is NIS 1.07603 per NIS 1 of the par value of Company Debentures (Series 9);**
- 4.2 The outstanding par value of the Debentures (Series 9) called for early redemption in circulation, i.e., the unpaid principal balance of the debentures, plus the accrued payable interest, up to the actual Early Redemption Date – **the redemption rate under this alternative is NIS 1.00530 per NIS 1 of the par value of Company Debentures (Series 9);**
- 4.3 The balance of the cash flow of the Debentures (Series 9) called for early redemption (principal and balance) according to their scheduled payment date in the amortization table, discounted for the Early Redemption Date at the same discount rate as the yield on government bonds², +1%, calculated annually. The discount of the debentures called for early redemption will be calculated from the Early Redemption Date to the last repayment date scheduled for the debentures called for early redemption—according to this alternative, **the redemption rate is NIS 1.06955 per NIS 1 of the par value of Company Debentures (Series 9).**
5. The higher amount out of the alternatives under Section 4 above for the purpose of the partial early redemption of the Debentures (Series 9) is the amount under Alternative 4.1 above, at NIS **1.07603** per NIS 1 of the par value of the Debentures (Series 9), so that the **total amount payable by early redemption will be NIS 398,131,100**, as follows:

² For this purpose, the “**return on government bonds**” means the average (gross) return for redemption in the seven (7) business days, ending two (2) business days before the date of the notice of early redemption, for the three unlinked government bond series with the closest average life to the average life of Debentures (Series 9) on the relevant date.



The principal balance of the Debentures (Series 9) in circulation, called for partial early redemption	NIS 370,000,000 (par value)
Rate of the partial early redemption in terms of Unsettled Balance	17.24967%
Rate of the partial early redemption in terms of the original balance (including expansions made from time to time)	17.24967%
The weighted interest rate payable on the partial Early Redemption Date on the redeemed part (the nominal interest rate accrued up to the Partial Redemption Date, plus the compensation amount according to the difference between the debentures' par value and the early redemption amount (hereinafter - the " Compensation Amount "))	7.60300%
The weighted interest rate payable on the partial Early Redemption Rate on the redeemed part, including the Compensation Amount, in terms of unsettled balance	1.31149%
The interest amount (nominal interest plus the Compensation Amount) payable on the partial Early Redemption Date per each NIS 1 of the par value of the debentures	NIS 0.07603
Total payable per NIS 1 of the par value to the redeemed	NIS 1.07603

6. In accordance with the TASE Rules and Regulations and the guidelines thereunder, those entitled to the partial early redemption will be those who hold Company Debentures (Series 9) at the end of the January 17, 2022 trading day (hereinafter - the "**Effective Date**").
7. Under Section 33.2.5 of the Deed of Trust for the Debentures (Series 9), any amount paid within the partial early repayment will be repaid to all Company

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Debenture (Series 9) holders, prorated according to the par value of the Debentures (Series 9) held in this way.

8. Under Section 33.2.11 of the Deed of Trust for the Debentures (Series 9), the partial early redemption will be made at identical terms, i.e., at the same rate and at the same price, for each holder of Company Debentures (Series 9).
9. Tax will be lawfully withheld at the source out of the redemption amount of the Company Debentures (Series 9)
10. Following the above-mentioned partial early redemption of NIS 370,000,000 of the par value of Company Debentures (Series 9), below is an update on the partial redemption rates of the outstanding principal of the Debentures (Series 9) and the interest amounts payable on the principal:

Principal payment date	January 23, 2022*	June 1, 2022	December 1, 2022	June 1, 2023	December 1, 2023	June 1, 2024	December 1, 2024	June 1, 2025	December 1, 2025
Principal balance called for repayment (in NIS, par value)	370,000,000	-	177,496,800	-	532,490,400	-	532,490,400	-	532,490,400
Redemption rate in terms of the original balance	17.24967%	-	8.27503%	-	24.82510%	-	24.82510%	-	24.82510%
Interest repayment (NIS)	28,131,100	32,393,166	32,393,166	29,153,849	29,153,849	19,435,900	19,435,900	9,717,950	9,717,950

*Date of partial early redemption.

Yours sincerely,

“Bezeq” The Israel Telecommunication Corp Limited

The above information constitutes a translation of the Immediate Report published by the Company. The Hebrew version was submitted by the Company to the relevant authorities pursuant to Israeli law, and represents the binding version and the only one having legal effect. This translation was prepared for convenience purposes only.

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