



February 1, 2018

Immediate Report

Notice from Eurocom - update on Eurocom's Creditors' Meetings/Court Decisions

Further to the Company's immediate reports of January 15, 2018, January 21, 2018 and January 31, 2018 regarding the process of approving an arrangement for the controlling shareholder of the Company, Eurocom Communications Ltd. ("Eurocom"), pursuant to Section 350 of the Israeli Companies Law, 1999 (in the matter of the private companies of the Eurocom Group), including the creditors' meetings held on this issue and the various proposals for the arrangement that were filed in the matter of the private companies of the Eurocom Group, as well as notification by the Company of its objection to the published arrangement as detailed in the Company's immediate report of January 31, 2018, the Company hereby reports the following update as received today from Eurocom:

1. On January 31, 2018, a hearing was held in the Tel Aviv District Court (the "Court") concerning, among other matters, a motion for liquidation and realization of liens registered in favor of Mizrahi-Tefahot Bank Ltd. and other lenders (the "Bank"), including shares of Spacecom Ltd. held by Eurocom companies (by virtue of a financing agreement between the Bank and Eurocom Real Estate Ltd., of the Eurocom Group). The hearing itself was not directly related to the Company.
2. As part of the aforementioned discussion, and as part of the review of the overall arrangement procedures of the group (in addition to the separate discussion regarding the liquidation motion), the investor, of the Saidoff group, who presented the original arrangement submitted to the Court for approval (as detailed in previous reports), submitted an improved outline, with defined timetables, that would serve as an updated basis for the arrangement of the private companies of the Eurocom Group.
3. The representatives of Eurocom's three major creditor banks confirmed that this proposal will be submitted to the approval of the authorized bodies of each bank in order to consider the proposal and make a decision regarding the final arrangement that will be proposed. The Court determined that there is a reasonable likelihood of approving the proposed arrangement, which includes, among other matters, a proposal for full repayment of the debt to the Bank in a short time period.

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4. It should be noted that the legal framework of the proposed arrangement is not significantly different than the original arrangement submitted to the Court.
5. At the same time, the Court ruled that an extension should be allowed for reaching a creditors' arrangement in the matter of the private companies of the Eurocom Group by April 22, 2018 (without referring to the aforementioned Saidoff proposal or any other potential proposal), without ruling at this stage, on the motion for liquidation and realization of liens on behalf of the Bank, as detailed above.

The Court ruled, among other matters, that based on the existing information, the aforementioned extension does not cause damage to the collateral mentioned above, including the shares of Spacecom.

It is hereby clarified again that this entire discussion is at the level of the private companies in the Eurocom Group only.

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.