



Immediate Supplementary Report

Update regarding "Searchlight-Fuhrer" transaction

Tel Aviv, Israel – December 2, 2019 – Bezeq The Israel Telecommunication Corp., Ltd. (TASE: BEZQ), provides an update today that further to the immediate reports of the Company dated May 2, 2019, May 14, 2019, May 20, 2019, June 12, 2019, June 23, 2019, June 24, 2019, July 29, 2019, August 8, 2019, August 18, 2019, October 6, 2019, October 22, 2019, November 3, 2019, November 11, 2019 and November 12, 2019 regarding notifications from B Communications Ltd. ("BCOM"), the Company's controlling shareholder, an immediate supplementary report is hereby provided that on December 2, 2019 the Company received notice from BCOM regarding the Searchlight-Fuhrer transaction which is attached to this report.

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.



December 2, 2019

Re: **Completion of “Searchlight - Fuhrer” Transaction - Announcement of Interested Party on Behalf of B Communications Ltd (“B-Com”)**

Dear Sir or Madam,

1. This update is sent further to previous updates concerning the above-referenced transaction and transaction documents reported to Bezeq and the public.
2. B-Com hereby announces the completion of the transaction with Searchlight II BZQ LP (“Searchlight Fund”) and a company controlled by the Fuhrer family (T.N.R. Investments Ltd) (“Fuhrer”), whereby control of B-Com and Bezeq was transferred.
3. This transaction leads directly to the Group’s full compliance with the provisions of the Market Concentration Law, since the transaction also included, *inter alia*, the sale of the holdings of Internet Gold in B-Com to Searchlight - Fuhrer and “cancellation of a tier”.
4. As described in the Company’s earlier reports, the Searchlight deal will facilitate the overall entry of NIS 640 million into B-Com’s treasury, which are expected to stabilize and significantly improve its position. As a result of the transaction B-Com has fully repaid the balance of its debts in Debentures Series B, and has made a partial repayment in cash in the amount of NIS 614 million of Debentures Series C, while stabilizing B-Com’s business for the coming years.

The above transaction also included an equity element, in the form of the successful capital issue in favor of B-Com’s shareholders of NIS 70 million (including Internet Gold). Similarly, the transaction also included the issue of two new series of debentures (Series E - par value NIS 100 million) (Series D - par value NIS 58 million, against exchange for an identical amount from Series C that was partially repaid).

5. It should be noted that out of the amount of NIS 640 million stated above, NIS 345 million will be paid to B-Com by Internet Gold (*inter alia* through the consideration Internet Gold will receive from the sale of its shares in B-Com to Searchlight - Fuhrer), against debentures of B-Com and shares of B-Com, all as detailed in earlier reports.
6. B-Com welcomes the completion of the transaction with the Searchlight Fund and with the Fuhrer Family. The transaction is a milestone in the Company’s operations and is expected to result in strengthening its position and capabilities. This transaction is an opportunity to include top-level controlling shareholders both in B-Com and in Bezeq, with extensive experience and financial strength, who represent significant commercial and managerial ability and financial strength for the Group’s benefit. The Searchlight Fund has successful, proven experience in worldwide investments in the telecommunications field through

advancing processes in the areas of upgrading infrastructures and technologies, with the direct involvement of Searchlight.

7. We believe that the clear advantages of the Searchlight Fund and the Fuhrer Family, combined with the high quality management team found today within the Bezeq Group will lead to commercial and strategic growth while creating value for the shareholders and stakeholders of B-Com and Bezeq, including the Group's customers and the public.

Below is the wording of the note for the purposes of the holdings of interested parties in the Company:

To the best of the Company's knowledge, 714,169,560 of the Company's shares, as stated above, are held by B Communications (SP2) Ltd ("B Communications 2"), a private company, registered in Israel, wholly owned and controlled by B Communications (SP1) Ltd, a private company registered in Israel. B Communications (SP1) Ltd is wholly owned and controlled by B Communications Ltd ("B-Com"), an Israeli public company whose shares are traded through a dual listing on the Tel-Aviv Stock Exchange Ltd and NASDAQ ("TASE" and NASDAQ", respectively). In addition to the above, 14,204,153 of the Company's shares are directly owned by B-Com.

To the best of the Company's knowledge, the controlling owners of B-Com are Searchlight II BZQ LP, a limited partnership incorporated in the Cayman Islands ("Searchlight") and TNR Investments Ltd ("TNR"), a private company incorporated in Israel.

The final general partner of Searchlight is Searchlight Capital Partners II GP, LLC, a limited company incorporated in the State of Delaware, held by Messrs. Eric Zinterhofer, Erol Uzumeri and Oliver Haarmenn.

TNR is wholly owned and controlled by Mr. David Fuhrer (50%) and Mrs. Michal Fuhrer (50%).

In accordance with the meaning of the term "controlling shareholder" in section 268 of the Companies Law, 1999, Searchlight and TNR are considered the controlling shareholders in B-Com by virtue of the Control Permit dated November 11, 2019 and by virtue of the voting agreement between them that grants them cumulative ownership, as of the date of publication of this report, of 72% of the voting rights in B-Com.

Yours sincerely,

Ami Barlev, CEO