

Translation of Immediate Report

Bank Leumi le-Israel B.M.

Registration No. 520018078
Securities of the Corporation are listed on The Tel Aviv Stock Exchange
Abbreviated Name: Leumi
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17 June 2015
Reference: 2015-01-049875

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

Immediate Report

Nature of Event: Sale of Holdings in TSI

See attached Annex.

Date and time at which the corporation first became aware of the matter being the subject of the report: 16 June 2015 Time: 19:00.

Note: English translations of Immediate Reports of Bank Leumi are for convenience purposes only. In the case of any discrepancy between the English translation and the Hebrew original, the Hebrew will prevail.

The original Hebrew version is available on the distribution website of the Israel Securities Authority: <http://www.magna.isa.gov.il/>

The Hebrew report includes additional details, including, inter alia, additional information regarding each Interested Person, and details of the changes in their holdings as compared with the previous Report.

17 June 2015

To:

Tel Aviv Securities Exchange
2 Ahuzat Bayit Street
Tel Aviv 652516

Israel Securities Authority
22 Kanfei Nesharim Street
Jerusalem 95464

Dear Sir or Madam:

re: **Sale of Holdings in the TSI Roads (Highway 6) Partnership**

Bank Leumi le-Israel Ltd. (hereinafter: "the Bank") is pleased to report as follows:

On 16 June 2017, Leumi Partners Ltd. (hereafter: "**Leumi Partners**"), a subsidiary of the Bank, signed agreements with a number of buyers, (including the Benefits and Severance Pay Fund for Leumi Employees) (which has purchased less than 10% of the total transaction), for the sale of all of Leumi Partners' holdings as a limited partner in TSI Roads (Highway 6) Limited Partnership (hereafter: "**the Partnership**"). The Partnership invested in the Trans-Israel Highway (Highway 6) project, through Derech Eretz Highways (1997) Ltd. ("**Derech Eretz**"). Holdings of some 18.9% of the Partnership will be sold through the transactions, for overall consideration of some NIS 351 million (net of the costs involved in completing the transaction). If certain circumstances are met, Leumi Partners may also receive additional consideration of approximately NIS 4.3 million.

From the time of the signing of the sales agreement and through the time of the actual payment, the consideration will be linked to the Consumer's Price Index, and will bear annual interest of 6.5% and which will be adjusted in accordance with the distribution of funds from the Partnership to Leumi Partners, and the flow of funds from Leumi Partners to the Partnership, to the extent that there were such.

The sales transactions will be paid subject to the fulfillment of the conditions precedent, which include approval from the State, approval from the banks that they have provided financing to Derech Eretz, and approval from the Partnership's general partner and from the limited partners in the Partnership.

Leumi Partners is expected to record a profit with respect to the completion of the sale in the amount of some NIS 100 million.

The price and terms of sale for the transactions are identical for all the buyers.

Sincerely,

Bank Leumi le-Israel Ltd.

by

Professor Danny Tsiddon, Deputy CEO
Hanan Friedman, Legal Adviser