



Accords with Debenture Trustees regarding the Wording of a "Standstill" Document

May 12, 2020

Tel Aviv, May 12, 2020. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company")

announces that it has reached accords with the trustees of the Company's debentures regarding the wording of a document concerning a "standstill", a copy of which signed by the Company appears below:

Text of letter:

May 12, 2020

Attn.

Hermetic Trustees (1975) Ltd, Hermetic Capital Ltd, Reznick Paz Nevo RPN Trusteeships 2007 Ltd, and Mishmeret Trust Company Ltd, the Trustees of the Debenture Holders (Series B13, B18, B19, B22, B31, B33 and B34) of Delek Group Ltd ("the Trustees", "Debenture Holders" and "the Company")

Dear Sir or Madam,

Re: Raising capital; Invitation to Negotiations; Associated Undertakings

We write to you on the aforementioned matters, as follows:

Raising capital in cash

1. The Company undertakes to raise capital, in cash, at dates and in amounts stated in this section 1 below. If the Company will not raise the capital, in cash, at the dates and in the amounts stated below, the Debenture Holders will have cause to call for immediate repayment of the Company's debt to them.
 - A. By May 31, 2020 capital will be raised in cash in the amount of at least NIS 200 million;
 - B. By July 15, 2020 capital will be raised in cash in the additional amount of at least NIS 100 million;
 - C. By December 31, 2020 capital will be raised in cash in the additional amount of at least NIS 100 million.
2. Raising of capital will be carried out by way of an offering of rights of the Company's shareholders to purchase the Company's shares, or options to purchase the Company's shares or the issue of ordinary capital, on condition that at each date above the Company will actually receive the monetary amount stated against it.
3. In respect of the undertaking to raise capital in section 1 above, it is clarified that:
 - A. Notwithstanding what is stated in section 1, if by May 31, 2020 an amount raised in cash is at least NIS 100 million, but less than NIS 200 million (the difference between the amounts raised and NIS 200 million will be "the Missing Amount"), and in addition the Missing Amount will be raised by July 15, 2020 (in addition to the amount the Company must raise under section 1(B) above by July 15, 2020), so that in practice according to sub-sections 1(A) and 1(B) above capital will be raised in cash for the Company by July 15, 2020 in an overall amount of NIS 300 million), then in such a case the Debenture Holders will not have cause for immediate repayment, due to not meeting the target for raising capital by May 31, 2020.
 - B. Except for the conditions stipulated in section 3(A) above, in any event by any date stated in sub-sections 1(A) - 1(C) above, if in practice the full amount in cash stated against that date has not been raised, the Debenture Holders will have cause for immediate repayment.

Invitation to conduct negotiations and waiver of claim of laches or delay

4. The Company wishes to negotiate with you in order to propose and amend each of the deeds of trust of the Company's Series B13, B18, B19, B22, B31, B33 and B34.
5. The Company agrees that if the Trustees or the Debenture Holders elect to put the debt up for immediate repayment, it will not raise a claim of laches or delay of any sort, in respect of the period that commenced April 30, 2020 until the earlier of (1) the date of receipt of binding confirmation from the Company and the Debenture Holders to a binding offer of the Company to modify the deeds of trust; and (2) until seven days following the date on which the Company informed the Trustees in writing that it is terminating its agreement under this section.

Associated undertakings

6. **Non-provision of liens** - the Company undertakes to the Trustees and in favor of the Debenture Holders that it or any

company under its control (1) will not pledge assets and will not agree to the endorsement or assignment of existing liens on assets; and (2) will not provide guarantees of any sort in favor of the Company's financial creditors or of any private company under its control, except following written notice that will be provided to the Trustees at least 14 days in advance; however, in respect of the lien on shares of Delek The Israel Fuel Corporation Ltd, written notice of only 7 days in advance will be given to the Trustees.

What is stated in this section does not apply to liens the Company will be obliged to make under existing financing agreements that it has at the date of signature of this document with Discount, Hapoalim, Mizrahi and HSBC banks in favor of the said banks, in accordance with the margin mechanisms stipulated there, insofar as this is required in the circumstances, and it will inform the Trustees of the provision of the said liens in reasonable time prior to the provision of the liens (bearing in mind the timetables in the applicable financing agreement). The Company will provide the Trustees every written communication received from any of the said banks in respect of making up collateral, on the same day it receives it.

7. Prohibition to advance payments - the Company undertakes to the Trustees and in favor of the Debenture Holders that it or any private company under its control will not pay any creditor any payment that is not on the payments schedule stipulated in the agreement with that creditor except after prior, written notice of 14 days is given to the Trustees.

This undertaking will not apply to advancing payments to a bank that the Company or a company under its control pledged in its favor prior to the date of this document of Participation Units of Delek Drilling Limited Partnership, unless the Company has the right in accordance with the applicable financing agreement for the release of the Participation Units of Delek Drilling against making the said payment, then the Units that can be released, will be released against making of the payment.

8. The undertakings stated in sections 6 and 7 above will not apply to liens and payments made by the excluded companies, subject to those liens and payments not being made in favor of the Company or any private company that does not fall in the category of excluded companies.

"Excluded Companies" - meaning Delek Israel Ltd and companies under its control (directly or indirectly) and the Ithaca companies (in their meaning in section 9 below).

In respect of DKL Investments Ltd or any company under its control (directly or indirectly) ("Ithaca Companies"), the Company undertakes to the Trustees and in favor of the Debenture Holders that it or any private company under its control (excluding the Ithaca Companies) will not transfer monies (including by way of a loan) or any other asset to any of the Ithaca Companies and/or in favor of any of its creditors and/or payment of its debt) and will not take on itself any undertaking in respect of the Ithaca Companies or their operations or debts or their liabilities (including will not provide a guarantee to a third party in connection with the debts or liabilities of the Ithaca Companies) except following written notice provided to the Trustees at least 14 days in advance.

The parties will hold discussions on all matters connected to the provision of collateral/repayments in favor of the BNP loan.

9. The Company or any company under its control will only sell or purchase the Company's debentures following written notice provided to the Trustees at least 14 days in advance.

For the avoidance of doubt, everything stated above has received the approval of the Company's Board of Directors and the approval of all the required bodies at each applicable company under the Company's control, and what is stated above does not require any additional approval of the Company or these companies.

It is agreed that what is stated in sections 6-9 above will remain valid for 14 days from when written notice is provided by one of the parties to the other, of completion of negotiations between them, or until the specific date stipulated in the undertaking sections above, as they exist, whichever is the earlier.

Yours sincerely,

Delek Group Ltd;

Signed: Idan Wallace, CEO
and Leora Pratt Levin, Senior Legal Counsel and Corporate Secretary

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on May 12, 2020.

About The Delek Group

Delek Group is an independent E&P company with activities in the UK North Sea and the East Mediterranean. Delek Group has significant holdings in the Leviathan and Tamar natural gas reservoirs in the East Mediterranean (Israel's territorial water), with reserves and resources of more than 30 TCF and annual production of approximately 20 BCM. These reservoirs are a major natural gas supplier to the growing markets of Israel, Egypt and Jordan and Delek continues to lead the region's development into a major natural gas export hub. Through its wholly owned subsidiary Ithaca, Delek Group holds high-quality oil and natural gas assets in the UK North Sea totaling more than 270 million barrels of oil equivalent (boe) and producing about 27 million boe per year. Delek Group is one of Israel's largest and most prominent companies with a consistent track record of growth. Its shares are traded on the Tel Aviv Stock Exchange (DLEKG:IT) And its ADRs are traded on the US OTC market (DGRLY:US).

For more information on Delek Group please visit www.delek-group.com

Contact

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