



Signing of Binding Agreement for the Sale of Rights to Royalties in the Tamar Project

Tel Aviv, July 21, 2019. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announces further to the Company's Immediate Report dated July 10, 2019 (ref. no. 2019-01-070660), that on July 18, 2019 it signed on an agreement with the Educational Funds of Teachers and Nursery Teachers and with the Educational Funds of Secondary School Teachers, Seminar Teachers and Supervisors (jointly "the Purchasers") for the sale of all the Company's direct rights in the royalties of the shares of Delek Drilling Limited Partnership (22%) and Tamar Petroleum Ltd (9.25%) in the oil and/or gas and/or other materials of value that will be produced and utilized in Leases I/12 Tamar and I/13 Dalit ("Right to Royalties").

Under the agreement, subject to fulfillment of the contingent conditions, the Right to Royalties will be transferred to the Purchasers retroactively, from April 1, 2019 ("Date of Entitlement to Royalties") as is, and subject to the same terms whereby the Company holds the Right to Royalties. Consideration in the agreement has been set at USD 52,500,000 less receipts for royalties in the period from the Date of Entitlement to Royalties until the closing date. It has been stipulated in the agreement that on February 1, 2023 the parties will carry out a settling of accounts and adjustment of the stated consideration that is likely to increase or reduce by up to USD 2 million.

The Company has undertaken to transfer the Right to Royalties at the rate fixed after the date of repayment of the investment, and an indemnification arrangement has been fixed between the Company and the Purchasers in the event that that rate of royalties paid will be altered.

The contingent conditions stipulated in the agreement include receipt of the regulatory and tax approvals, and it is stipulated that in the event that the contingent conditions have not been fulfilled by November 30, 2019, the agreement will be null and void unless the parties agree to extend it.

The Company is assessing the accounting implications of the sale, if it will be completed, on its financial statements. In the Company's opinion, at this stage and based upon the financial information as of March 31, 2019, the total impact on the net profit attributable to the Company's shareholders is expected to come to a profit of NIS 46 million.

It is clarified that there is no certainty that the contingent conditions stipulated in the agreement for completion of the transaction will be fulfilled.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on July 21, 2019.

About The Delek Group

Delek Group is an independent E&P and the pioneering visionary behind the development of the East Med. With major finds in the Levant Basin, including the Leviathan (21.4 TCF) and Tamar (11.2 TCF) reservoirs and others, Delek is leading the region's development into a major natural gas export hub. In addition, Delek has embarked on an international expansion with a focus on high-potential opportunities in the North Sea and North America. 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 (TASE:DLEKG) and are part of the TA 35 Index.

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

Contact

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