



Completion of the Transaction for the Sale of 70% of the Shares of Delek, The Israel Fuel Corporation Ltd.

Tel Aviv, October 26, 2020. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") hereby announces that further to the immediate report published on October 18, 2020 ("the Transaction Report") concerning a binding agreement for the sale of shares of Delek, The Israel Fuel Corporation Ltd. ("Delek Israel") to Lahav L.R. Realestate Ltd and B.G.M Ltd. (jointly: "the Buyer):

- 1- On October 26, 2020, the transaction for the sale of 70% of Delek Israel's issued and paid up capital, fully diluted, was completed in return for NIS 525 million ("Proceeds for the Sold Shares"), which reflects a value of NIS 750 million for Delek Israel. On the date of completion of the transaction, NIS 450 million was paid in cash, distributed as follows: NIS 343 million was paid into the account of the trustee for the banks, as required by the letter of consent signed by the Company and the staff companies with various banks (see the immediate report dated June 4, 2020) for full settlement of their liabilities to the said banks and release of the participating units of Delek Drilling – Limited Partnership ("Delek Drilling") pledged to secure the debts to banks so that after the release, the Company will complete the lien on 40% of all Delek Drilling units in favor of the Company's debenture holders in accordance with the amendment to the deed of trust for the Company's debentures dated June 17, 2020. ("the Deed Amendment "). The balance of the payment on the completion date (NIS 107 million) was transferred by the Buyer to the trustees of the Company's Debentures Series B13, B18, B19, B22, B31, B33 and B34 (jointly: "the Debenture Trustees") and will be used according to the provisions of the Deed Amendment.
- 2- On the transaction completion date, Delek Petroleum Ltd. ("Delek Petroleum") and the Buyer signed an amendment to the purchase agreement ("Agreement Amendment") according to which, on the completion date, NIS 50 million that was supposed to be deposited in trust with the attorneys for the parties ("Trustee for the Parties") and to be released upon completion of the power station transaction, as defined in the Transaction Report, was transferred directly to the Debenture Trustees.
- 3- Furthermore, under the Agreement Amendment, the parties agreed to increase the option granted to the Buyer to purchase a further 3.5% of Delek Israel shares up to 5%, in return for the exercise price that will be paid to Delek Petroleum, which reflects the transaction price, i.e. an additional consideration of NIS 37.5 million (in the event of full exercise of the option) ("the Option"). The Option will be exercisable until and no later than June 30, 2021 (instead of 135 days from the completion date as set out in the original agreement).
- 4- The completion date consideration was completed against the transfer of 60% of Delek Israel's share capital to the Buyer and the remaining sold shares (10% of Delek Israel's share capital) and the Option shares (5% of Delek Israel's share capital) were deposited in trust with the Trustee for the Parties (will be pledged in favor of the Debenture Trustees as set out below).
- 5- The Agreement Amendment stipulates that the deadline for payment of the deferred consideration (NIS 75 million for 10% of Delek Israel's share capital) will be deferred to June 30, 2021 (instead of 135 days from the completion date).
- 6- The Company hereby undertakes to the Debenture Trustees and debenture holders to create and register in their favor the following liens in respect of Delek Israel's shares to secure all of the Company's liabilities under the Deed Amendment and the deeds of trust:
 - A. 25% of Delek Israel's share capital and the underlying rights will be pledged in favor of the Debenture Trustees in a first-degree permanent lien (shares that were not sold in the transaction and for which no option was given).
 - B. 5% of Delek Israel's share capital, which constitutes the shares under the Option, and the underlying rights, will be pledged in favor of the Debenture Trustees in a first-degree

permanent lien, while being held by the Trustee for the Parties and subject to the Buyer's rights under the purchase agreement, and on the Option exercise date according to the provisions of the agreement, if exercised, the lien will be removed immediately in order to transfer the Option shares to the Buyer in the transaction, and for this purpose, release deeds will be deposited in advance with the Trustee for the Parties.

- C. 10% of Delek Israel's share capital, sold under the agreement in return for payment of the "deferred consideration" as defined in the Transaction Report, and the underlying rights, will be pledged in favor of the Debenture Trustees in a first-degree permanent lien, while being held by the Trustee for the Parties and subject to the Buyer's rights under the purchase agreement, and on the payment date of the deferred consideration according to the provisions of the agreement, the lien will be removed immediately in order to transfer the shares to the Buyer in the transaction, and for this purpose, release deeds will be deposited in advance with the Trustee for the Parties.

The foregoing liens will be registered within 30 days from the transaction completion date and the provisions of the Deed Amendment relevant to the liens which the Company undertook to create and register in favor of the Debenture Trustees will apply to them.

- 7- In general, the considerations received by the Company for the shares stated in sections 6B and 6C above will be transferred to the Debenture Trustees simultaneously and against removal of the liens in their favor in respect of the said shares. Use of the foregoing considerations and the consideration transferred as stated in section 1 above will be in accordance with the provisions of the Deed Amendment, including the possibility of using part of the considerations for payment to BNP if such right arises for the Company according and subject to the provisions of section 5.4 of the Deed Amendment.
- 8- The Company undertakes that if the Company or any company under its control, including Delek Petroleum, receives shares and/or other rights as a result of a split in Delek Israel (including split of real estate assets), then all such shares and/or rights will be pledged in favor of the Debenture Trustees within 30 days of receipt of such shares and/or rights, in a first-degree permanent lien, to which the remaining provisions of the Deed Amendment relevant to liens will apply.
- 9- The Company hereby agrees that a breach of any of the obligations set out in sections 6-8 above will be considered a breach of the obligation in the Deed of Trust and will give rise to grounds for immediate redemption to the Debenture Trustees and the Company's debenture holders.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on October 26, 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

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