



Update on Actions Required to Complete Offering of Bonds Secured by Royalties from the Leviathan Project in an Amount of USD 180 million

Tel Aviv, October 26, 2020. Delek Group (TASE: DLEKG, US ADR: DGRLY) (“the Company”) announces that further to the Immediate Reports dated October 8, 2020 and October 25, 2020 (ref. nos. 2020-01-109698 and 2020-01-115590, respectively), concerning a possible offering of bonds to foreign and Israeli qualified investors by Delek Leviathan Overriding Royalty Ltd, a special purpose subsidiary of Delek Energy Systems Ltd (“Delek Energy”, “the Issuer” and “the Offering”, respectively), which will be secured by a lien on the rights to receive overriding royalties from the Leviathan Project (“Leviathan Overriding Royalties”) that will be transferred to the ownership of the Issuer, it is preparing for completion of the transaction on the completion date (October 28, 2020) and that all the material conditions required for completion of the Offering have been completed, and the Company is working with the trustees of the Company’s bond holders to obtain all the documents required to remove the liens registered at the Registrar of Companies for the Leviathan Overriding Royalties in favor of the trustees of the Company’s bond holders (“the Existing Liens”).

As stated in the Immediate Reports dated October 8, 2020 and October 25, 2020, the financing process is for USD 180 million (about NIS 608 million) (“the Total Consideration from the Offering”) in accordance with the provisions of section 6.1.5 of the Amendment to the Deeds of Trust between the Company and the trustees of the bond holders valid since June 17, 2020 (“Amendment to the Deed”).

At the completion date all the proceeds received from the Offering will be deposited, less a safety buffer of USD 21 million that will be used to secure interest payments of the Offering and USD 8 million for Offering and underwriting expenses (“the Pledged Amount”), directly into the special escrow account of the trustees of the Company’s bond holders and will be used for payment of debts to the Company’s bond holders.

The Company considers the deposit into the escrow account of the Pledged Amount out of the Total Consideration from the Offering as fulfillment of the Company’s undertakings under section 6.1.5 of the Amendment to the Deed, inter alia taking into account the safety buffer for securing the Offering interest, expenses and the underwriting in the amounts stated above, which are usual in offerings of this sort, and in the light of this it is also in line with the Company’s intention in its undertaking in section 6.1.5 of the Amendment to the Deed in the matter of securitization of the Leviathan Overriding Royalties and deposit of the proceeds for it in the escrow account.

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 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 capacity of more than 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 approximately 260 million barrels of oil equivalent (boe) and producing about 25 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

Investors

Limor Gruber

Head of Investor Relations

Delek Group Ltd.

Tel: +972 9 8638443

Limorg@delek-group.com