



**Request for a short extension of the date for the second capital raising in section 2.1.2 of the Amended Deed of Trust dated June 17, 2020, so it would be carried out by September 30, 2020**

**Tel Aviv, July 16, 2020. Delek Group (TASE: DLEKG, US ADR: DGRLY)** ("the Company") announced that a letter of request was sent to the trustees of the Company's debenture holders for a short extension of the date for the second capital raising set out in section 2.1.2 of the Company's Amended Deeds of trust ("the Amended Deed").

The Company was informed that the trustees of the debenture holders will convene a special consolidated meeting according to section 12 of the Amended Deed of trust to present and approve the provisions of the foregoing request.

The letter that was sent is set out below:

For the reasons below, we wish to present a request to the special consolidated meeting of debentures holders (as set out in section 12 of the Amended Deed) for a short extension of the date for the capital raising prescribed in section 2.1.2 of the Amended Deed, so that it would be carried out by September 30, 2020 (instead of July 30, 2020), all according to the provisions below.

1. As we are aware, last Thursday, July 9, 2020, the Company announced that further to the capital raising of NIS 137 million carried out by the Company in May 2020, completion of the sale of the Company's rights to overriding royalties from Karish and Tanin for NIS 318 million and completion of the transaction of Delek The Israel Fuel Corporation Ltd. ("Delek Israel") for the sale of Pi Gllot for NIS 720 million, of which a dividend of NIS 150 million was distributed, the Company repaid NIS 450 million to the relevant banks (as defined in the Amended Deed), so that the debt to those banks decreased by over 50%, in accordance with the terms of the plan agreed with the relevant banks and the provisions of the Amended Deed.
2. This early repayment joins a long list of significant actions taken by the Company over the last three months, including repayment of almost a quarter of a billion shekels to debenture holders (principal and interest), another repayment of NIS 200 million to banks (beyond the sum repaid last Thursday, July 9, 2020), and distribution of a dividend from Ithaca of USD 20 million. Over the last three months, the Company and Delek Israel realized assets in an overall amount of NIS 1.8 billion.
3. These major actions together with other actions that the Company and Delek Drilling - Limited Partnership are currently promoting, including the sale of the Company's holdings in Delek Israel, secularization and/or sale of overriding royalties from Leviathan and the refinancing of Leviathan, are expected to generate additional cash flow in the forthcoming period (subject to their completion), in line with the Company's strategic plan and the cash flow forecast report it published as part of its financial statements.
4. As its external advisors have informed the Company, the current situation of the capital market, particularly on account of the economic crisis in the country and markets, and the general uncertainty, are highly likely to make it more difficult at this time, for the Company to succeed in raising significant capital at terms that will be beneficial to the Company. According to the provisions of the Deed, failure in fund raising will create grounds for the debenture holders to demand immediate repayment (and grounds for demand for immediate repayment by the banks), despite the significant and successful actions completed by the Company in recent months and the actions it intends to continue to advance and complete in the coming weeks.
5. It is better under the circumstances to give the Company the flexibility required for the capital raising, until September 30, 2020, instead of the provisions set out in the Amended Deed that require the raising to be carried out by July 30, 2020, and thereby avoiding the possibility, even if only theoretically, of unnecessary harm to the Company and its debenture holders, especially

at a time when the Company is succeeding to complete significant, important actions in line with its strategic plan.

6. It should be noted that this is a short extension intended to provide the Company certain flexibility in determining the best date for execution of the issue, during which it will continue to progress a range of steps, each of which, if realized, will make a major contribution to the success of the fund raising, as compared with the situation in which capital raising at the present time is unlikely to achieve the desired result, with all the implications deriving from that.
7. Another important advantage in granting the extension is the controlling shareholder's notice to the Company of his intention to participate in the capital raising on the new date, in an amount of at least NIS 50 million, as opposed to the present provisions of the Deed, which have no such undertaking by the Company's controlling shareholder if the raising is carried out on July 30, 2020. The Company believes that this will significantly improve the chances of success of the raising compared a situation in which the fund raising at this time may not lead to the desired result, with all that this implies.
8. The above request does not change the other provisions of the Deed apart from amending the date, as set out above and below, and does not change the payment dates and repayment schedules.
9. Against this background and for the above reasons, on July 14, 2020 the Company's Board of Directors resolved to act to obtain a short agreed extension of the date for the fund raising stipulated in section 2.1.2, so that the capital raising set out in section 2.1.2 of the Amended Deed may be carried out by September 30, 2020 (instead of the present provision of the Amended Deed that requires carrying out the raising by July 30, 2020). As part of the request and subject to its approval, it was decided that the Company would undertake that the debenture holders will be eligible for additional interest at an annual rate of 0.4% for the period from the current date for execution of the capital raising under discussion (July 30, 2020) and the actual date of the raising (meaning, the additional interest on the principal of the debentures will be calculated for the period from July 31, 2020 until the actual date of receipt of the consideration of the issue by the Company, and no later than September 30, 2020). The proposed rate for the additional interest takes into account the short time of the requested extension (up to two months), the fact that the requested extension does not change the repayment dates (that will continue to apply as usual) and the Company's financial position.

As aforesaid, as part of and subject to approval of the request and extension of the raising date proposed by the Company, the controlling shareholder informed that he would participate in the capital raising to be carried out by September 30, 2020 in an amount of at least NIS 50 million.

10. Further to the foregoing, and according to the provisions of section 12 of the Amended Deed, the Company seeks to present a request for approval by the debenture holders at a special general meeting, to amend all deeds of trust of series B13, B18, B19, B22, B31, B33 and B34 in a manner that reflects the foregoing.
11. Below is the proposed resolution:  
To amend section 2.1 of the Amended Deed of Trust dated June 19, 2020 as follows:
  - A- Wherever "July 30, 2020" appears in section 2.1, it will be replaced by "September 30, 2020."
  - B- The following paragraph will be added to the end of section 2.1:  
"The Company confirms that Yitzhak Tshuva, its controlling shareholder, irrevocably and unconditionally undertook to it in writing to invest in the Company, after receipt of approval of this document by the general meeting of debenture holders, capital of NIS 50 million in cash as part of the raising to be carried out according to section 2.1.2 of the

Amended Deed<sup>1</sup>. If the controlling shareholder fails to invest the NIS 50 million in cash in the Company as part of the foregoing raising, the debenture holders will have grounds to demand immediate repayment of the Company's debt to them as well as grounds to exercise all collateral provided in favor of the trustees to secure the Company's liabilities. For the period from July 31, 2020 until the actual date of receipt of the consideration of the issue by the Company in the required amount under sections 2.1.1 and 2.1.2 of the Amended Deed of Trust (and no later than September 30, 2020), the debenture holders will be eligible for one-time additional interest at an annual rate of 0.4%, which will be added to the interest rate that the debentures of the relevant series will bear at that time, on an annual basis calculated according to the number of days from July 31, 2020 until the date of receipt of the consideration of the deferred raising (and no later than September 30, 2020), according to 365 days a year."

12. Attached is an appendix to this letter - requested amendment of the Amended of Trust.

Sincerely,  
Delek Group Ltd.

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<sup>1</sup> It is clarified that the controlling shareholder will not make the investment if the raising is not carried out, without derogating from the rights of the trustees and debenture holders in the event that this raising is not carried out on time and in full.

**Appendix - Requested amendment to the Amended of Trust**

**Amendment to the Deed of Trust dated \_\_\_\_\_**

Made and entered into at Tel Aviv on \_\_\_\_\_, 2020

**Between: Delek Group Ltd.**

Of 19 Abba Eban Blvd., Herzliya  
Telephone: 09-8638444  
Fax: 09-8854955  
( "the Company")

of the first part;

**and: \_\_\_\_\_ Ltd.**

Of \_\_\_\_\_ Street,  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
( "the Trustee")

of the second part;

**Whereas:** On \_\_\_\_\_, the Company entered into a Deed of Trust with the Trustee with respect to the terms of debentures (Series \_\_) of the Company (the Deed and its appendices and amendments, jointly: "the Original Deed of Trust"); and

**Whereas:** On June 17, 2020, an amendment to the deeds of trust of the Company's debenture of all series in circulation (Series B13, B18, B19, B22, B31, B33 and B34) entered into force ("the Amended Deed" and "Debentures of All Series", respectively); and

**Whereas:** On July 15, 2020, the Company asked the debenture holders (Series \_\_) ("the Debenture Holders") to amend the Amended Deed (for Debentures of All Series), as set out in this document ("Amendment 2 to the Deed"); and

**Whereas:** In accordance with section 12 of the Amended Deed, if the Company seeks to change any of the terms of sections 2-5 of the Amended Deed or requests approval to take action in contradiction to any of these terms, in order to introduce such change or grant the Company such approval, it is sufficient to adopt an ordinary resolution at a special general meeting of debenture holders together with the debenture holders of the other series as shall be at that time ("the Special Meeting"), adopted by a majority of at least 50% of all votes of the participants and abstentions, together as a single meeting, excluding abstentions, all as set out in the Amended Deed; and

**Whereas:** On \_\_\_\_\_, 2020 ("the Approval Date"), the Special Meeting approved Amendment 2 of the Deed.

**Therefore, it is agreed, declared and stipulated between the parties as follows:**

Section 2.1 of the Amended Deed will be amended as follows:

A- Wherever "July 30, 2020" appears in section 2.1 of the Amended Deed, it will be replaced by "September 30, 2020."

B- The following paragraph will be added to the end of section 2.1:

"The Company confirms that Yitzhak Tshuva, its controlling shareholder, irrevocably and unconditionally undertook to it in writing to invest in the Company, after receipt of approval of this document by the general meeting of debenture holders, capital of NIS 50 million in cash as part of the raising to be carried out according to section 2.1.2 of the Amended Deed<sup>2</sup>. If the

<sup>2</sup> It is clarified that the controlling shareholder will not make the investment if the raising is not carried out, without derogating from the rights of the trustees and debenture holders in the event that this raising is not carried out on time and in full.

controlling shareholder fails to invest the NIS 50 million in cash in the Company as part of the foregoing raising, the debenture holders will have grounds to demand immediate repayment of the Company's debt to them as well as grounds to exercise all collateral provided in favor of the trustees to secure the Company's liabilities. For the period from July 31, 2020 until the actual date of receipt of the consideration of the issue by the Company in the required amount under sections 2.1.1 and 2.1.2 of the Amended Deed of Trust (and no later than September 30, 2020), the debenture holders will be eligible for one-time additional interest at an annual rate of 0.4%, which will be added to the interest rate that the debentures of the relevant series will bear at that time, on an annual basis calculated according to the number of days from July 31, 2020 until the date of receipt of the consideration of the deferred raising (and no later than September 30, 2020), according to 365 days a year."

**And in witness thereof, the parties hereto set their hand**

\_\_\_\_\_  
**Delek Group Ltd.**

\_\_\_\_\_  
**Ltd.**

**Attorney's Confirmation**

I, the undersigned, \_\_\_\_\_, attorney of Delek Group Ltd;, confirm that this document was duly signed by the authorized signatories of Delek Group Ltd;, and that this document binds Delek Group Ltd.

\_\_\_\_\_  
, Adv.

**This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on July 16, 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](http://www.delek-group.com)

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