



Memorandum of Principles for Sale of Holdings in The Phoenix Holdings Ltd

Tel Aviv, February 27, 2019. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announces further to the Company's Immediate Report dated February 19, 2019 (ref. No. 2019-01-01479) concerning advanced negotiations for the sale of the balance of the Company's share capital in The Phoenix Holdings Ltd ("The Phoenix"), that on February 26, 2019 a non-binding Memorandum of Principles was between the Company and Centerbridge Partners LP and Gallatin Point Capital LLC, which are international private equity funds ("Memorandum of Principles" and "the Purchasers"), in which the principles are detailed on which to formulate a sales agreement for the Company's holdings in the Phoenix.

1. The Purchasers will acquire 30% of The Phoenix's share capital which constitutes the controlling stake in The Phoenix ("the Shares to be Sold") for an overall consideration of NIS 1.6 billion ("the Consideration"). The Consideration will be subject to adjustments according to the agreed mechanism which may bring about an increase of up to NIS 800 million in the Consideration, or a decrease of up to NIS 200 million in the Consideration, based on the returns of the Purchasers for a period of five years, and in parallel with the loan period described in section 3.
2. The Company has undertaken to arrange for the Purchasers the purchase of an additional 2.5% of The Phoenix's issued capital by the end of 2019, at the same terms at which they will purchase the Shares to be Sold, increasing the Consideration by an additional NIS 132 million. It is the Company's intention to arrange this using shares from Swap transactions carried out by the Company (see the Company's Immediate Reports dated August 30, 2018, ref. no. 2018-01-082650), September 2, 2018 (ref. no. 2018-01-083754), and September 5, 2018 (ref. no. 2018-01-085113).
3. The Company has undertaken to arrange a loan for the Purchasers of half the Consideration through a financial institution for a period of 5 years with annual interest that will not exceed 4% in accordance with the terms that will be formulated.
4. The sides have agreed upon an exclusivity period of 60 days to sign binding agreements, file an application for a permit from the Commissioner of the Capital Markets, and to complete due diligence.
5. It is stipulated that there can be no certainty that a transaction will take place and any transaction will be subject to all the approvals required in law. In the event that the detailed agreement will be signed, the Company will issue a further Immediate Report.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on February 27, 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

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