



Statement of Claim and Petition for Interim Injunction

Tel Aviv, January 7, 2018. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announces that yesterday a statement of claim and an urgent petition for an interim injunction to prevent an action in accordance with section 65W(B) of the Partnerships Ordinance were filed with the Tel-Aviv District Court.

The claimants in the statement of claim and the applicants in the petition are the supervisors on behalf of the holders of participation units in the Partnership, Gissin & Keidar (Legal Services) and the Fahn Kane & Co. Partnership jointly with Adv. Micah Blumenthal ("The Supervisors"), and the respondents in the petition are Delek Drilling Limited Partnership ("the Partnership"), the General Partner of the Partnership, the Company, Delek Energy Systems Ltd ("Delek Energy"), Delek Royalties (2012) Ltd ("Delek Royalties") (the Company, Delek Energy and Delek Royalties, jointly "the Royalty Owners").

In their petition to the court the Supervisors have requested the Hon. Court to use its authority to declare that in the calculation of "investment repayment date" be included the payments the Partnership must pay in accordance with the levy on gas and oil profits under the Tax on Profits of Natural Resources Law, 2011 ("Sheshinski Levy"), to declare that the investment repayment date of the Tamar lease has not yet arrived and to determine what that date is from when the Royalty Owners are entitled to a percentage of the "Increased Royalty" in the Tamar lease (rate of 6.5% instead of 1.5%) and to return the surplus royalties that were overpaid, according to the Supervisors. The Supervisors have also petitioned the court for an interim injunction prohibiting an action that according to them might damage the rights of the holders of the participation units, thereby ordering the Partnership and the General Partner to refrain from transferring to the Royalty Owners the surplus royalty in the Increased Royalty and to transfer that to the escrow account of the Partnership Owners and to order the return of the surplus royalty they have received to date from the Partnership and to deposit it in the escrow account.

It should be noted that as stated in the Company's previous reports, the Company and Delek Energy as well as the Supervisor of the Partnership, are examining the various working assumptions and calculations in order to arrive at the investment repayment date. As part of this negotiations were held inter alia concerning entering into agreed arbitration proceedings to resolve the mutual disputes between them (including claims by the Royalty Owners that the royalty in its increased amount had to be paid at an earlier date).

On November 29, 2018 one of the holders of participation units in the Partnership filed a claim and a petition that it be considered a derivative claim (see the Immediate Report dated December 2, 2018, ref. no. 2018-01-117048). The position of the Company and of Delek Energy was that actual commencement of arbitration proceedings with the Supervisors should only be after the aforementioned petition for

approval as derivative claim be summarily dismissed and/or or be denied so that two legal proceedings would not be held in parallel (both arbitration and a petition for approval of a derivative claim). The Supervisors did not agree to this.

The Company is assessing the claim and the petition detailed above in this report together with its legal counsel and will act accordingly in order to clarify the issue and to have the claims against it dismissed.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on January 7, 2018.

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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