



Sale of Company's Holdings in Cohen Development Gas and Oil Ltd

April 20, 2020

Tel Aviv, April 19, 2020. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announced that on April 19, 2020 an agreement was signed and the transaction completed for the sale of all the Company's shares in Cohen Development Gas & Oil Ltd ("Cohen Development"), amounting to 51.76% of the issued and paid up share capital of Cohen Development ("the Shares Sold") for a cash consideration of NIS 207 million.

In addition to the cash consideration, the Company will be entitled to its share of the payment of a dividend of USD 5 million expected from Cohen Development that will be paid on April 21, 2020 (the Company's share is USD 2.6 million).

The shares were sold to various buyers in unequal parts, and each purchased its part separately: a company controlled by Mr. Gideon Tadmor (in his own name and that of persons associated with him) and Mrs. Rona Orlitzki, Union Investments and Developments Ltd (to the best of the Company's knowledge, a company wholly-owned by Mr. George Horesh), and Yongil Ltd (to the best of the Company's knowledge, a company owned by a family trust controlled by Prof. Yitzhak Swary).

Since the Shares Sold were mortgaged and were used (together with other collateral - participation units of Delek Drilling Limited Partnership ("the Participation Units")) as security for credit provided to the Company by a bank ("the Bank"), the consideration received from the sale of the shares of Cohen Development was deposited in the Company's account at the Bank, with half of the consideration being released to the Company to be used for its current requirements, and half will be mortgaged in favor of the Bank in a deposit (in place of the lien the Bank had on the Shares Sold and in addition to the existing lien in its favor on the Participation Units). The Company has undertaken to the Bank that the consideration released to it will be used by the Company for its current needs and will not be used to make early repayment to any creditor or third party and also not to reinforce the collateral for any creditor or third party, and violation of the foregoing will represent a breach event towards the Bank.

As of December 31, 2019 the balance of the Company's direct investment in Cohen Development (before the impact of the said dividend distribution) amounted to NIS 305 million. At this point, the Company is assessing the accounting implications of this transaction on its financial statements including in the light of the theoretical realization of part of the gas and oil assets alongside realization of the royalties to which Cohen Development is entitled.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on April 19, 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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