

Shelf Offering Memorandum

Tel Aviv, August 2, 2020. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") hereby respectfully issues, under the Company's shelf prospectus dated May 31, 2019 (Ref. No.: 2019-01-053992) ("the Shelf Prospectus"), and in accordance with the provisions of the Securities Regulations (Shelf Offering of Securities), 2005 ("the Shelf Offering Regulations"), a shelf offering memorandum for the issue and listing of securities of the Company for trading on the Tel Aviv Stock Exchange Ltd. ("TASE") as set out below ("the Shelf Offering Memorandum" or "the Memorandum").

The terms that appear in the Shelf Offering Memorandum will have the meanings defined for them in the Shelf Prospectus, unless stated otherwise.

1. The Offered Securities

- 1.1 Up to 2,198,200 ordinary shares, nominally listed, of NIS 1 par value each (the "Ordinary Shares" or the "Offered Shares", as the case may be);

Together with

- 1.2 Up to 758,000 options (Series 9) exercisable for Ordinary Shares, so that each option (Series 9) will be exercisable for one Ordinary Share ("Exercised Shares"), and this on any day of trading from the date on which they are listed on the TASE through to the last day for exercising them on December 15, 2020, and this against a cash payment of the exercise price (adjusted for dividend, bonus shares and rights) in the amount of NIS 75. Options (Series 9) are not linked to any index or currency. Options (Series 9) that will not be exercised by the exercise deadline on December 15, 2020 will expire and the holders will not hold any rights towards the Company (the "Options (Series 9)");

Together with

- 1.3 Up to 379,000 options (Series 10) exercisable for Ordinary Shares, so that each option (Series 10) will be exercisable for one Ordinary Share ("Exercised Shares"), and this on any day of trading from the date on which they are listed on the TASE through to the last day for exercising them on April 1, 2021, and this against a cash payment of the exercise price (adjusted for dividend, bonus shares and rights) in the amount of NIS 75. Options (Series 10) are not linked to any index or currency. Options (Series 10) that will not be exercised by the exercise deadline on December 15, 2020 will expire and the holders will not hold any rights towards the Company (the "Options (Series 10)");

Together with

- 1.4 Up to 758,000 options (Series 11) exercisable for Ordinary Shares, so that each option (Series 11) will be December 15, 2020, and this against a cash payment of the exercise price (adjusted for dividend, bonus shares and rights) in the amount of NIS 77, (the "First Exercise Price for Options (Series 11)"); and (2) from December 16, 2020 through the exercise deadline on June 30, 2023, and this against a cash payment of the exercise price (adjusted for dividend, bonus shares and rights) in the amount of NIS 150 ("Second Exercise Price for Options (Series 11)"). Options (Series 11) are not linked to any index or currency. Options (Series 11) that will not be exercised by the exercise deadline on June 30, 2023 will expire and the holders will not hold any rights towards the Company (the "Options (Series 11)");

Together with

- 1.5 Up to 379,000 options (Series 12) exercisable for Ordinary Shares, so that each option (Series 12) will be exercisable for one Ordinary Share ("Exercised Shares"), and this in accordance with the following vesting periods: (1) on any day of trading on the TASE, from the date on which they are listed on the TASE through April 1, 2021, and this against a cash payment of the exercise price (adjusted for dividend, bonus shares and rights) in the amount of NIS 77, (the "First Exercise Price for Options (Series 12)"); and (2) from April 2, 2021 through the exercise deadline on May 31, 2023, and this against a cash payment of the exercise price

(adjusted for dividend, bonus shares and rights) in the amount of NIS 150 ("Second Exercise Price for Options (Series 12)"). Options (Series 12) are not linked to any index or currency. Options (Series 12) that will not be exercised by the exercise deadline on May 31, 2023 will expire and the holders will not hold any rights towards the Company (the "Options (Series 12)");

The Offered Shares, Options (Series 9), Options (Series 10), Options (Series 12) that are offered will be called below, jointly, as the "Offered Securities".

2. Method for Offering of the Securities (Tender No.: 1160050)

2.1 The Offered Securities are offered to the public under this Shelf Offering Memorandum in units, as set out below (the "Units"), by way of a standard offering, as defined in the Securities (Method for Offering of Securities to the Public) Regulations, 2007 (the "Method of Offering Regulations"), in 75,800 Units by way of a standard offering (the "Tender Offering"), where the composition and price of each Unit will be as follows:

29 Ordinary Shares at the price of NIS 75 per share	NIS 2,175
10 Option Warrants (Series 9)	Free of charge
5 Option Warrants (Series 10)	Free of charge
10 Option Warrants (Series 11)	Free of charge
5 Option Warrants (Series 12)	Free of charge
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Total minimum price per Unit	NIS 2,175

The Unit price that will be set in the Tender will not fall below NIS 2,175 per Unit (the "Minimum Price").

The effective price per share (less the value of the Options in each Unit) is NIS 9.03¹.

The financial value of each Option (Series 9) is NIS 49.50.

The effective price per share and the financial value of each Option (Series 10) is NIS 59.89.

The financial value of each Option (Series 11), on the assumption that they will be unexercised on December 15, 2020 and at the First Exercise Price for Options (Series 11) is NIS 49.15, and on the assumption that they will be exercised on June 30, 2023 and at the Second Exercise Price for Options (Series 11), is NIS 74.61.

Similarly, the financial value of each Option (Series 12), on the assumption that they will be unexercised on April 1, 2021 and at the First Exercise Price for Options (Series 12) is NIS 59.69, and on the assumption that they will be exercised on May 31, 2023 and at the Second Exercise Price for Options (Series 12), is NIS 74.51.

The effective share price and the financial value of the Options, as aforesaid, were based on a formula set out in the TASE Guidelines for the event of a share issued together with options, whereby the weekly standard deviation is 42.86% and the annual discounting rate is 0.1%.

The foregoing calculation is based on the closing price of the Company's shares on July 29, 2020, which was 7,549 agurot

2.2 Subscription List

The subscription list for purchasing the Units will open on Sunday August 2, 2020 at 12:30 pm, and will close on August 4, 2020 at 1:00 pm. (the "Tender Date" and "Subscription List Closing Time", respectively), provided that the Subscription List Closing Time will not be earlier than seven hours, of which at least 5 hours are of trading, from the date of publication of the Shelf Offering Memorandum.

¹ For the purpose of calculating the effective price per share, it was assumed that Options (Series 9), Options (Series 10), Options (Series 11) and Options (series 12) will be exercised on the relevant exercise deadline and at the Second Exercise Price (with respect to Options (Series 11) and Options (Series 12) for each of the foregoing Options.

The Company may cancel the public offering before receiving the issue proceeds from the investors, and the investors will not have any claim in this regard. In such event, all subscriptions submitted to the Company will be considered null and void.

2.3 Special account and allotment of Units

- 2.3.1 Shortly before the Tender Day, the Dealer Manager will open a special trust bank account in the Company's name ("the Special Account") and will send the details to parties authorized to accept subscriptions. The Special Account will be used for depositing the proceeds received from the subscribers of the Offered Securities.
- 2.3.2 The Special Account will be managed exclusively by the Dealer Manager in the name of and on behalf of the Company, in accordance with the provisions of the Securities Law, 1968 ("the Securities Law"). Moneys paid with respect to the subscriptions that are accepted by the Company will be deposited into the Special Account, in whole or in part. The Company will be entitled to consider the consideration for the Offered Securities that are held by the Dealer Manager as though received by it.
- 2.3.3 Moneys that will accrue in the Special Account will be invested by the Dealer Manager in interest-bearing unlinked liquid daily deposits, if possible.
- 2.3.4 The Dealer Manager will transfer to the Company, by no later than 12:00 noon on the second trading day after the Tender Day, the balance of the moneys accrued in the Special Account, together with the yields accrued with respect thereto, and this against the transfer of letters of allotment for the offered Options and certificates for the Offered Shares to the nominee company of Israel Discount Bank Ltd. (the "Nominee Company") and crediting the TASE member in accordance with the instructions of the Dealer Manager. The Company will not issue certificates for the offered Options and they will be held in accordance with the letters of allotment.

2.4 Submitting subscriptions and the Tender proceedings

- 2.4.1 Subscriptions for purchasing the Units under the Tender ("the Subscriptions") will be submitted to the Company through Israel Discount Bank Ltd., at its address: 38 Yehuda Halevi Street, Tel Aviv (the "Dealer Manager") or through the branches of the banks or other TASE members ("Authorized Handlers"), no later than the Subscription List Closing Time, on the forms that can be obtained from the Authorized Handlers.
- 2.4.2 Any subscription submitted through an Authorized Handler on the day of the Tender will be considered as having been submitted on that day if it is received by the Authorized Handler before the Subscription List Closing Time, and on condition that it is sent by the Authorized Handler to the Dealer Manager and received by the Dealer Manager at the end of one hour from the Subscription List Closing Time, (i.e. by 6:30 pm), (the "Deadline for Submitting to the Dealer Manager"). A subscription received by Authorized Handlers after the Subscription List Closing Time or which is received by the Dealer Manager after the Deadline for Submitting to the Dealer Manager, will not be accepted by the Company.
- 2.4.3 Each subscriber may submit up to three subscriptions at a different prices per Unit, which will not fall below the Minimum Price per Unit, and this in increments of NIS 1, So that the first price that may be submitted for purchasing the Units is NIS 2,500 and thereafter subscriptions for units may be submitted at a price of NIS 2,501, NIS 2,502, NIS 2,503, and so forth. A Subscription that states a price that is not equivalent to one of the foregoing price increments, will be rounded down to the nearest price increment.
- 2.4.4 Each subscriber is to specify in their subscription the number of Units they wish to purchase and the price per Unit it proposes, which will not fall below the Minimum Price per Unit. A Subscription in which the proposed price is lower than the Minimum

Price per Unit will be null and void and will be deemed to be a Subscription that was not submitted.

- 2.4.5 Only Subscriptions for the purchase of whole Units may be submitted. Subscriptions submitted for any fraction of a unit will be seen as a Subscription submitted for only the number of whole units noted in it, and any fraction of a unit noted will be seen as if not included from the outset. A Subscription stating a number of Units that is less than one whole Unit, will not be accepted.
 - 2.4.6 Subscriptions for the purchase of Units are irrevocable. Each Subscription will be considered as an irrevocable undertaking on the part of the Subscriber to receive the Offered Securities that are allotted to him/her as the result of full or partial acceptance of his/her Subscription and to pay, via the Dealer Manager, the full price, in accordance with the terms of the Shelf Offering Memorandum, for the securities allotted to him/her according to the terms of the shelf prospectus to his/her Subscription.
 - 2.4.7 The Authorized Handlers will be responsible and liable towards the Company and the Dealer Manager for the full consideration payable to the Company in respect of the Subscriptions submitted through them, in whole or in part.
 - 2.4.8 Applicant or Subscriber - together with a family member living together.
 - 2.4.9 The Subscriptions will submitted by the Authorized Handlers to the Dealer Manager by digitally transmitting the Subscriptions to the Dealer Manager via a virtual safe. The Subscriptions submitted directly to the Dealer Manager will be submitted in closed envelopes. On the Tender Day, after the Deadline for Submitting to the Dealer Manager, the Subscriptions in the safe, as well as the Subscriptions submitted directly to the Dealer Manager, will be divulged in the presence of a representative of the Company and its auditor, who will oversee the proper conduct of the Tender proceedings, and at the same time, the results of the Tender will be summarized and processed.
 - 2.4.10 By no later than 10:00 am on the first trading day following the Tender Day, the Dealer Manager will give notice, through the Authorized Handlers, to the 'subscribers whose Subscriptions were accepted in full or in part. The notice will stipulate the price per Unit set in the Tender, the number of Units that will be allotted to each Subscriber, and the consideration payable for them. Upon receipt of the notice, and on that day by 12:30 pm, the Subscribers will transfer via the Authorized Handlers to the Dealer Manager, to the Special Account as set out in section 2.3 above, the full consideration payable by them for the Units with regard to which their Subscriptions were accepted, as set out in the foregoing notice.
 - 2.4.11 On the first trading day following the Tender Day, the Company will announce, in an immediate report to the Securities Authority and the TASE, the results of the Tender.
- 2.5 Method for Setting the Price per Unit in the Tender and Allotment of Units to the Subscribers
- 2.5.1 All the Units for which Subscriptions to purchase are accepted, will be issued at a standard price per Unit (in this section: the "Standard Price"), which will be the highest price proposed in the Subscriptions to purchase for units at this price, together with Subscriptions submitted at higher prices, which will suffice for the allotment of all the units offered to the public in a Shelf Offering Memorandum
 - 2.5.2 The Units offered to the public will be allotted as follows:
 - 2.5.3.1 If the total number of Units requested is less than the M the total number of Units offered under this Shelf Offering Memorandum, then all Subscriptions will be accepted in full, and in such case the Uniform Price for Subscribers will be

the Minimum Price per Unit. The remaining Units for which no Subscriptions are received will not be issued.

2.5.3.2 If the total number of Units included in the Subscriptions that are accepted is equivalent to or exceeds the number of Units offered to the public, then the allotment of the offered Units will be as follows:

- a. Subscriptions that state a price higher than the Standard Price per Unit will be accepted in full.
- b. Subscriptions that state a price lower than the Standard Price per Unit will not be accepted.
- c. Subscriptions that state the Standard Price will be accepted pro rata, so that each subscriber will receive, from the total number of Units remaining for allotment once Subscriptions that state a price higher than the Standard Price have been allotted, a number equivalent to the ratio between the number of Units requested in their Subscription stating the Standard Price and the total number of Units in all the Subscriptions submitted to the Company in which the Standard Price has been stated.

2.5.3.3 If in the allotment based on the rate acceptance in the Tender Offering, fractions of Units are generated, they will be rounded off, if possible, to the nearest whole Unit. Surplus Units created as a result of rounding off will be purchased by the Dealer Manager at the Standard Price.

2.5.3.4 Each of the Subscribers will be considered as having undertaken in their Subscription to acquire all the units that will be allotted to them as a result of the full or partial acceptance of their Subscription, in accordance with the provisions provided above.

2.5.3 In the event that the Tender is canceled, the Units will not be issued, the Offered Securities will not be listed for trading on the TASE and no moneys will be collected from the investors.

2.5.4 The Shares that will be issued and the Shares that will be generated will be registered in the name of the Nominee Company.

3. Details of the Company's Equity

3.1 The registered share capital of the Company amounts to NIS 28,000,000, divided into 26,000,000 ordinary shares and NIS 2,000,000 preference shares of NIS 1.00 par value each

3.2 Below is a breakdown of the issued and paid up share capital of the Company as at the date of this Shelf Offering Memorandum and after completing the Offering:

Before Issue			After Issue						
Issued and Paid-Up Shares as at this date ²	Options (Series 8)	Issued and Paid-Up Shares fully diluted ³	Issued and paid up shares	Options (Series 8)	Options (Series 9)	Options (Series 10)	Options (Series 11)	Options (Series 12)	Issued and Paid-Up Shares fully diluted ⁴
13,354,998	329,124	14,235,245	15,553,198	329,124	758,000	379,000	758,000	379,000	18,707,445

² The issued and paid-up share capital includes 586,422 treasury shares held by Delek Financial Investments 2012, a wholly owned subsidiary of the Company (the "Subsidiary Partnership"). These shares have an underlying right to receive a dividend but do not confer voting rights

³ Assuming that all outstanding Options (Series 8) will be exercised for Ordinary Shares and assuming that Debentures (Series C) of the Company will be converted into Company shares (as set out below).

⁴ Assuming that all the offered shares will be purchased, that all options (Series 8) will be exercised for ordinary shares, that all options) Series 9 (, that all options) Series 10 (, that all options) Series 11 (and that all options) Series 12 (will be exercised for ordinary shares And assuming that the debentures (Series C) (of the Company will be converted into the Company's shares) as detailed below (.

3.3 On the assumption that the total number of securities offered under this Shelf Offering Memorandum will be issued, the shares issued under this Memorandum will, after the issue, constitute about 14.13% of the issued and paid-up share capital and 14.69% of the voting rights, and will constitute 23.91% of the issued and paid-up share capital and 24.68% of the voting rights fully diluted⁵. The fully diluted share capital used for the foregoing data was calculated on the assumption that all the Options included in the offered Units will be exercised

4. Breakdown of the Company's Share Price on the TASE

Below is a breakdown of the high and low closing prices (adjusted for benefits) of the Company's shares on the TASE in 2018 and 2019 and in 2020 (through July 29, 2020) (in agorot):

	2018		2019		2020 (through July 29, 2020)	
	Date	Price (agorot)	Date	Price (agorot)	Date	Price (agorot)
High Price	Dec 12, 2018	65,302.12	Apr 28, 2019	68,906.6	Jan 6, 2020	60,400
Low Price	Jun 27, 2018	45,313.52	Sept 26, 2019	40,570	Mar 12, 2020	5,440

On July 29, 2020 the closing price of the Company's shares on the TASE was 7,549 agorot per share.

5. Additional Terms and Conditions of the Offered Securities

5.1 The Ordinary Shares of the Company that are offered under this Memorandum and the Ordinary Shares of the Company that will result from the exercise of the Options (Series 9), Options (Series 10), Options (Series 11) and Options (Series 12), if they are exercised, will be registered in the name of the Nominee Company and will have equal rights to the underlying rights of the existing Ordinary Shares in the Company's share capital at the time of issue.

For further information concerning the underlying rights of the Ordinary Shares of the Company, see Chapter 4 of the Shelf Prospectus and the Company's Articles of Association, as published in the immediate report issued by the Company on June 23, 2020 (Ref. No.: 2020-01-057112).

5.2 Terms and Conditions of Options (Series 9), Options (Series 10), Options (Series 11) and Options (Series 12), (below jointly, the "Options")

5.2.1 For further information with regard to the exercise price and exercise period for Options (Series 9), Options (Series 10), Options (Series 11) and Options (Series 12), see section 1 above.

5.2.2 Notwithstanding the foregoing provisions, the Options may not be exercised on the date of record for distribution of bonus shares, an offer by way of rights, distribution of a dividend, capital consolidation, capital split or capital reduction (each of the foregoing will be referred to below as "a Corporate Event"). If the ex-day of a Corporate Event falls prior to the date of record of a Corporate Event (as this term is defined in the TASE Bylaws), there will be no exercise on such ex-day.

5.2.3 Adjustments for allotment of bonus shares, rights issue and distribution of a dividend

⁵ It should be noted that the foregoing calculation took into account the option of converting Debentures (Series B33) (of the Company). Debentures (Series B33) can be converted into shares, until December 31, 2121, whereby each NIS 1,278.52907 par value Debentures (Series B33) can be converted into one ordinary share, subject to the terms of Debentures (Series B33). It should be noted that in view of the fact that the Subsidiary Partnership holds 153,082 par value Debentures (Series L33) that do not confer voting rights, 551,123 ordinary shares were taken into account for the purpose of calculating the issued and paid-up share capital and 551,003 ordinary shares were taken into account for the purpose of calculating the voting rights in the Company.

As of the date of the Shelf Offering Memorandum and through the deadline for exercising Options, the following provisions will apply for unexercised Options:

(a) Adjustment due to allotment of bonus shares

Subject to the following provisions, if, in the vesting period of the right to exercise the Options, the Company allots bonus shares, the rights of the holders of the Option will be retained so that the number of underlying shares to which the holders of the Options are entitled to once exercised, will increase or decrease by the number of shares of the same class that the holders of Options are entitled to as bonus shares, had they exercised the relevant Options before the last trading day prior to the ex-day. The Exercise Price of each Option will not change as a result of the addition of such shares. In the event of such adjustment, the Subscriber will not be entitled to receive a fractional share, and the provisions of section 5.6.3 above will apply. The adjustment method cannot be changed.

The Company will announce, in an immediate report, the adjusted exercise ratio, before trading opens on the day the ex-bonus shares are traded.

(b) Adjustment following an issue by way of rights

Subject to the provisions below, if, during the vesting period of the right to exercise the Options, the Company's shareholders are offered, by way of rights, the right to acquire any securities, no (exercisable) Units or other securities will be added to the exercisable Units and the exercise price will not change, however identical rights at the same price and under the same terms and conditions will be offered to the holders of unexercised Options, as though these holders had exercised their Options prior to the date of record for the right to participate in such rights issue.

The method of adjustment as set out as above cannot be changed.

(c) Adjustment for distribution of a dividend

Subject to the following, if during the vesting period for the right to exercise the Options, the Company distributes a dividend, as defined in the Companies Law, 1999, the exercise price will be multiplied by the ratio between the ex-dividend base price and the closing price of the shares on the TASE on the last trading day prior to the ex-dividend day. The Company will announce, in an immediate report, the adjusted Exercise Price, before trading starts on the day the ex-dividend shares are traded.

The method of adjustment as set out as above cannot be changed.

5.3 Various provisions for protecting the holders of Options in the exercise period

Commencing from the date of the Shelf Offering Memorandum and as long as all Options (Series 9) or all Options (Series 10) or all Options (Series 11) or all Options (Series 12) have not been exercised, as the case may be, however in any event no later than the deadline for exercising the Options, the following provisions with regard to the protection of the holders of the Options will be applicable:

5.3.1 The Company will retain a sufficient number of ordinary shares in its registered share capital to secure the right to exercise of the relevant holders of the Options, and if necessary, will take measures to increase its registered share capital.

5.3.2 If the Company will consolidate or will split the ordinary shares in its issued share capital, as the case may be, the number of exercise shares that will be allotted due to the exercise of the relevant Options will be reduced or increased, accordingly, following such action. In such case, a holder of the relevant Options will not be entitled to receive a fraction of a whole share, and any fractional shares that may be generated, will be treated as the Company's Board of Directors sees fit. In the event of a change in the number of exercise shares due to such foregoing consolidation or split, the provisions of this section will apply, with the required changes.

5.3.3 A copy of the Company's immediate reports and interim financial statements will be

available for review by the holders of the Options at its registered office, by prearranged appointment and during regular office hours.

- 5.3.4 The Company will not adopt any resolution and will not announce distribution of a dividend or bonus shares or offering of rights to acquire securities when the date of record precedes the date of such decision, and the date of record will be fixed in accordance with the dates set out in the TASE directives, accordingly.
- 5.3.5 In the event that a resolution is adopted for voluntary liquidation, the Company will issue an immediate report, and will publish a notice in two (2) widely-circulated daily Hebrew language newspapers in Israel. All holders of Options will be deemed as having executed their exercise rights prior to such resolution (without the need for prior payment of the exercise price), unless written notice is given to the Company within thirty (30) days from the date of the said publication in respect of their waiver of said rights. If the holders of the Options do not give such foregoing notice within the said period, the holders will be entitled to the sum they would have received upon liquidation of the Company as shareholders following the exercise of the Options held by them prior to adopting of the liquidation resolution, and following deduction of the exercise price for those Options from the moneys that they are eligible to receive in such liquidation, if a balance for distribution remains.

5.4 Notice of Exercise of Options

The holders of Options (Series 9) or of Options (Series 10) or of Options (Series 11) or of Options (Series 12), as the case may be, may exercise, during the exercise period, their right under the Options to acquire the exercise shares and to receive them in an allotment in return for a cash payment of the exercise price, under the following conditions:

- 5.4.1 Any holders of Options ("Subscribers") seeking to exercise their rights to acquire the exercise shares to which they are entitled, will submit, through the banks and the other TASE members if they are unlisted holders, or directly (if listed in the Option Holders Register), written standard format notice ("the Exercise Notice"), together with letters of allotment for the Options to which their application refers, plus an amount in cash that will be equivalent to the exercise price for each Option that they seek to exercise, multiplied by the number of Options that they seek to exercise. The number of shares that the holders of each Option are entitled to receive in return for the exercise price will be adjusted in the cases set out in section 5.2.3 above.
- 5.4.2 The date of exercise will be the day on which the Exercise Notice is delivered to the Company, in the event of direct delivery, and if the Exercise Notice is submitted through members of the TASE, it will be the day on which the TASE Clearing House receives the Exercise Notice that complies with all the terms and conditions set out in this Shelf Offering Memorandum ("Exercise Date").
- 5.4.3 The Subscriber will be required to sign, at any time so requested, any additional document required under the provisions of any law or the Articles of Association of the Company, to give effect to the allotment of the Exercise Shares.
- 5.4.4 If the Subscriber fails to fully comply with all the terms and conditions for exercising the Option, the Exercise Notice will be considered to be null and void and the letters of allotment of the Options and the moneys included with the Exercise Notice will be returned to the Subscriber within two business days from the date on which the Notice is made null and void.
- 5.4.5 An Exercise Notice may not be canceled or amended. Rights will not be granted for partial exercise of the Options.
- 5.4.6 An Option that has been exercised will be void as of the Exercise Date and will not confer

any right whatsoever.

5.4.7 If the deadline for exercising an Option falls on a day that is not a trading day, the date will be postponed to the next trading day thereafter.

5.5 Bylaws of the TASE Clearing House concerning the Schedule for Exercising the Offered Options

The bylaws of the TASE Clearing House concerning the schedule for exercising options provide, as at the date of this Offering Memorandum, as follows:

5.5.1 An Exercise Notice that is received by 12:00 noon at the offices of the TASE member, through which the Options are held, will be delivered by such TASE member to the TASE Clearing House no later than at 12:00 noon on the following trading day.

5.5.2 Where the TASE Clearing House received an Exercise Notice from a TASE member by 12:00 noon, the TASE Clearing House will charge the member of the TASE the monetary consideration, and will accordingly credit the Nominee Company, no later than at 12:00 noon on the trading day following delivery of the Notice, as aforesaid.

5.5.3 Upon receipt of such foregoing notice of credit as set out in subsection 5.5.2 above by 12:00 noon, the Nominee Company will forward the Exercise Notice to the Company's offices no later than 12:00 noon on the next trading day.

5.5.4 If any of the notices as set out in subsections 5.5.1 through 5.5.3 above are received after 12:00 noon on any trading day, it will be considered as having been received before 12:00 noon on the following trading day.

5.5.5 Notwithstanding the foregoing, on the last day of the exercise period, and if the last day of the exercise period is not a trading day, on the next trading day, the TASE Clearing House members will submit the final Exercise Notices to the Clearing House before 12:00 noon. The exercise will take place on the same day. A Clearing House member that fails to submit an application by the foregoing time will be deemed by the Clearing House as having failed to exercise the Options held through it, and they will expire.

5.5.6 Notwithstanding the foregoing, it is emphasized that the bylaws of the TASE Clearing House, as may be on the actual Exercise Date, will apply to the exercise of the Options.

5.5.7 If a fraction of a share is generated due to the exercise of the Options after exercising, the number of Units will be rounded down to the closest Unit.

5.6 Allotment and Certificates

5.6.1 No later than two trading days following the Exercise Date, the Company will allot to the Subscribers, by means of certificates, the exercise shares they are eligible to receive, and this in the name of the nominee company. In view of the TASE approval in principle for listing the exercise shares, the Company will apply to the TASE, shortly thereafter, to list the exercise shares for trading on the TASE.

5.6.2 Pursuant to the TASE Bylaws, all the shares generated from the exercise of the relevant Options, will be registered in the shareholders register in the name of the nominee company, as set out in section 5.6.1 above.

5.6.3 Subscribers will not be eligible for allotment of a fraction of an exercise share, however, all surplus exercise shares that will remain, if any, will be sold by the TASE member over a period of 30 days from the foregoing allotment date, and the proceeds, after deduction of selling expenses, commissions and other fees, if any, will be paid to those eligible within 7 days from the date of sale. The Company will not send checks to those eligible in amounts smaller than NIS 30, however such amounts can be received at the Company's offices, with prior arrangement.

5.7 Transfer and splitting of Options

5.7.1 Transfer

The letters of allotment for the Options may be transferred and waived, provided that an appropriate transfer deed is submitted to the Company. The deed of transfer will be in a similar format to the deed of transfer of shares (with required changes) and the provisions of the Company's Articles of Association that apply for the transfer of fully paid up and endorsed shares, will apply, mutatis mutandis, to the transfer of the Options. Such deed of transfer will be delivered for registration at the registered offices of the Company with attached letter of allotment and together with any expenses involved in the transfer, including any amount required for the payment of any stamp duty or other levy, if any. The Board of Directors may require any proof that it deems fit regarding the transferor's title and right to transfer the Option, and in the absence of such proof, the Board of Directors may refuse to register such foregoing transfer.

5.7.2 Splitting

Any letter of allotment for Options may be split into a number of letters of allotment, provided that the total number of Options they contain is equivalent to the number of Options in the letter of allotment for which the split is requested, and that each letter will refer to whole Options. The split will be in accordance with an application to split signed by the registered holders of the letter of allotment, attached to the letter of allotment for which the split is requested. All expenses incurred in the split, including levies and taxes, if any, will apply to the Subscriber requesting the split.

5.8 Expiry of Options

5.8.1 Options (Series 9) or Options (Series 10) or Options (Series 11) or Options (Series 12), as the case may be, that will be exercised will expire on the date of allotment of the Exercise Shares.

5.8.2 An Option that is not exercised by the end of the exercise period, namely, that the Exercise Notice, exercise price and letter of allotment with respect thereof are not received by the Company (with regard to Options held by registered holders), or at the TASE Clearing House (with regard to Options held through unregistered holders), in accordance with the terms and conditions set out in section 5.5 above, by that date, will not confer any right whatsoever and will expire on that date.

5.9 Modification of Rights of Options and General Meetings of Holders of Options

With the prior approval of a resolution adopted by a majority of 65% of the voters at a general meeting of the holders of Options (Series 9) or of holders of Options (Series 10) or of holders of Options (Series 11) or of holders of Options (Series 12), as the case may be, the Company may enter into a settlement with the holders of the Options in respect of any right or claim that they may have, or effect any amendment, modification or settlement of their rights or of the terms and conditions of the Options.

Notwithstanding the foregoing, under the bylaws of the TASE, as at the date of the Memorandum, and subject to any changes therein, no changes may be made to the terms and conditions of the Options with respect to the exercise period, exercise price, linkage terms, and adjustments for bonus shares, rights and dividends, other than changes in the exercise period and/or exercise price and/or linkage terms of the Options as part of an arrangement or settlement pursuant to Section 350 of the Companies Law, 1999. Furthermore, pursuant to the TASE bylaws and directives, as at the date of the Memorandum, and subject to any changes therein, the Company may change the exercise price as part of proceedings for splitting the Company or merger of the Company, provided that the change includes only the adjustments required for such foregoing

proceedings, and this subject to the exercise price not falling below the par value of the underlying shares.

Pursuant to the TASE bylaws and directives (as per their wording as at the date of this Shelf Offering Memorandum) a "splitting proceeding" in this matter means a process by which the Company will transfer to its shareholders the shares that it holds in another company, or the process by which the Company will transfer assets and liabilities to a new company established for the purpose of the split and the shareholders of the new company will also be the shareholders of the company transferring the assets and liabilities, and all provided that the splitting proceeding is carried out at equal terms for the Company's shareholders; a "merger proceeding" in this matter means a process by which all the company's shares are transferred to the the ownership of a new company or to the ownership of a new company or to the ownership of another registered company or a process under which the company transfers all of its assets and liabilities to a new company or to another registered company, and all provided that the securities of the company whose shares or assets are transferred as aforesaid, will be delisted from the TASE and the proceeding will be carried out at equal terms for the Company's shareholders.

If changes will be made in the TASE provisions with regard to changes in the terms and conditions of the Options, such provisions as may be applicable after the foregoing changes, will apply.

At meetings of the Option Holders, the Option Holder will have one vote for each Option held by him. The vote at a general meeting of the Option Holders will be by ballot. Furthermore, all of the provisions of the Company's articles of association that relate to general meetings of shareholders, the majority required for adopting resolutions, and voting rights, will apply, mutatis mutandis, and as the case may be, to the general meetings of the holders of the Options, subject to the provisions of the Securities Law and its regulations, as these may be from time to time.

Notwithstanding the foregoing in this section above, the Company will fix the date on which holders of the Options will be permitted to participate and vote in a general meeting.

5.10 Register of Holders of Options

The Company will keep a register at its official offices, containing an updated list of the holders of Options (Series 9), the holders of Options (Series 10), the holders of Options (Series 11) and the holders of Options (Series 12). The Company may close the Register and not to permit transfers for up to 30 days in any year.

5.11 Registration

The Company will only recognize the title of a person in whose name the Option is recorded in the Register and the Company will not be required to record in the Register nor to recognize any trusteeship, whether explicit or implied, or any pledge or lien of any kind whatsoever, or any equitable right with respect to an Options.

5.12 Heirs

The executors and administrators of the estate of a deceased sole holder of an Option, or in the absence of executors or administrators, those persons who have a right to an Option as heirs of a deceased sole holder of an Option, will be the only parties that the Company will recognize as holders of any right in the Option, and this against providing reasonable proof that the Company's Board of Directors will deem fit to require as proof of their rights. If one or more of the joint holders of an Option dies, the Company will only recognize the survivor or survivors as having any right in the Option, or as having a beneficial interest therein. Any party that has the right to an Option following the death or bankruptcy of an Option Holder, may, after presenting the requisite proof to the Company's board of directors from time to time, be registered as an Option Holder, or subject to these terms, may transfer the Option.

5.13 Notices

Unless prescribed otherwise, any notice from the Company to the Option Holders, including Option Holders registered in the register of Option Holders will be published in an immediate report and will be considered delivered to them on the date of publication in the Magna system.

5.14 Acquisition of Options by the Company or a Company investee

The Company reserves the right at any time to grant Options (Series 9), Options (Series 10), Options (Series 11) and Options (Series 12) that are in circulation from time to time, on the free market at any price it deems fit, subject to the provisions of the law. In the event of such acquisition by the Company, it will issue an immediate report. In addition, a Company investee may acquire and/or sell Options (Series 9), Options (Series 10), Options (Series 11) and Options (Series 12) from time to time at its discretion. Options (Series 9), Options (Series 10), Options (Series 11) and Options (Series 12) held by the Company, a subsidiary or an investee under the Company's control will be considered an asset of such company or subsidiary.

If the Company or an investee under its control acquires Options (Series 9) and/or Options (Series 10) and/or Options (Series 11) and/or Options (Series 12), and if they are offered for sale in future, then the underlying shares from exercise of the options held by the Company or another company will be offered under the Prospectus and/or a shelf offering memorandum, according to the provisions of the Securities Law and its regulations, or by private placement (including application of the lock-up rules prescribed by law with regard to offering them by private placement).

6. Taxation

It is clarified that the following relates to the method of taxation of investors who are Israeli residents. It is noted that different tax consequences to those described below may apply to "an individual who became an Israeli resident for the first time" and "a returning veteran resident" as defined in the ordinance, and it is recommended to seek individual advise to review their right to tax benefits in Israel. It is also noted that additional tax consequences to those described below may apply regarding investors who are considered controlling shareholders or material shareholders, as defined in the Ordinance.

Furthermore, the reference presented below regarding taxation of a group of foreign resident individuals is limited in the event of Israeli residents who are controlling shareholders, beneficiaries or eligible to 25% or more of the income or profits of the foreign resident, directly or indirectly, according to the provisions of section 68A of the Ordinance.

As is generally accepted when taking decisions regarding the investment of money, it is necessary to consider the tax consequences in respect of the investment in the securities offered under this Shelf Prospectus. The provisions contained in this Offering Memorandum regarding taxation of the securities offered thereunder do not purport to be an authorized interpretation of the statutory provisions referred to in this Offering Memorandum and are not to come in place of professional advice, in accordance with each investor's specific particular and unique circumstances.

Under current law, the tax arrangements described briefly below apply to securities offered to the public under this Offering Memorandum (including the underlying shares from exercise of Options (Series 9) and/or exercise of Options (Series 10) and/or exercise of Options (Series 11) and/or exercise of Options (Series 12)):

6.1 Capital gain from sale of the offered securities

Pursuant to section 9 of the Income Tax Ordinance (Revised), 1961 ("the Ordinance"), the real capital gain from sale of securities by an individual resident of Israel is taxable at the marginal individual rate pursuant to section 121 of the Ordinance, but at a rate of no more than twenty five

percent (25%,) and the capital gain shall be deemed to be at the highest rung on the scale of the individual's taxable income. That is except for the sale of securities by an individual who is a "material shareholder" of the Company – i.e., a person who directly or indirectly holds at least ten percent (10%) of one or more of the means of control⁶ of the Company, alone or jointly with another person⁷, on the date of sale of the securities, or on any date in the 12 months preceding such sale, the tax rate for the real capital gain to such person being of a rate of not more than thirty percent (30%). Notwithstanding the foregoing, for an individual who claims real interest expenses and linkage differentials for the securities shall be taxed for the real capital gain on the sale of the securities at a rate of thirty percent (30%), pending provisions and conditions for the deduction of real interest expenses under section 101A(a)(9) of the Ordinance. Such reduced tax rate shall not apply to an individual whose income from the sale of the securities is income from a "business" or "occupation" pursuant to the provisions of section 2(1) of the Ordinance, and shall be taxed at the marginal tax rate, as set out in section 121 of the Ordinance (up to 47% in 2020).

In addition to the above tax rates, a 3% surtax, as set out in section 6.4 below, will apply to the part of an individual's taxable income that exceeds NIS 651,600 (in 2020 - the amount is revised annually according to the CPI increase).

A group of individuals will be taxed on real capital gain from the sale of securities at the corporate tax rate set out in section 126(A) of the Ordinance (23%) in 2020.

With regard to the sale of shares from options exercised for shares, the original price of the options will be considered the original price of such shares (for calculation of the capital gain from their sale) and the payments made upon exercise of the shares will be considered betterment costs. Likewise, for tax purposes, the date of purchase of the options shall be deemed to be the date of purchase of such shares.

With regard to determination of the fair value of the offered securities issued in as a package, see section 6.5 below.

As a rule, foreign residents (individuals and a group of individuals), as defined in the Ordinance, are exempt from capital gains tax from the sale of securities listed on the TASE in Israel, if the gain is not attributable to a permanent enterprise of the foreign residents in Israel, subject to the provisions of section 97(B2) of the Ordinance. Such exemption shall not apply to if Israeli residents hold control thereof, or are the beneficiaries or are directly or indirectly entitled to 25% or more of the income or profits of a foreign resident in accordance with the provisions of section 68A of the Ordinance. In the event that such exemption does not apply, the exemption provisions of the relevant double tax treaty (if any) between Israel and the country of residency of the foreign resident will usually apply.

An exempt mutual fund as well as pension funds and entities exempt from tax under section 9(2) of the Ordinance are exempt from tax on capital gains from the sale of such securities upon fulfillment of the conditions set out in that section. The tax rate applicable to the income of an individual whose income does not amount to income from a "business" or "occupation" shall apply to the income of a taxable mutual fund from the sale of securities unless explicitly determined otherwise. If no special income tax rate has been set, the maximum tax rate set out in section 121 of the Ordinance will be charged.

With respect to withholding tax at source on the real capital gain from the sale of the offered securities, pursuant to the Income Tax Regulations (Withholding from Proceeds, Payment or Capital Gain in the Sale of Securities, Sale of a Unit in a Mutual Fund or a Futures Transaction), 2002 ("Capital Gain Withholding Regulations"), a taxpayer (as defined in such regulations) who pays a seller proceeds for the sale of securities will withhold tax from the real capital gain at a rate of twenty five percent (25%) when the seller is an individual, and at the corporate tax rate (23%

⁶ As such term is defined in section 88 of the Ordinance.

⁷ As such term is defined in section 88 of the Ordinance.

in 2020) when the seller is a group of individuals. This is subject to approvals for exemption (or reduced rate) from withholding tax and subject to the set-off of losses which the withholding party is permitted to set off. Likewise, tax will not be withheld from pension funds, mutual funds and other entities which are exempt from withholding tax at law. If on the date of sale full tax on the real capital gain is not withheld, the provisions of section 91(d) of the Ordinance, and the provisions thereunder regarding reporting and payment of a downpayment on such sale, shall apply.

If the securities offered under this Offering Memorandum are delisted from the TASE, the tax rate to be withheld at the time of the sale (after delisting) will be thirty percent (30%) of the proceeds, as long as no approval has been issued by the assessing officer indicating a different withholding tax rate (including exemption from withholding tax).

The provisions of the Capital Gain Withholding Regulations will not apply to a taxpayer that is a financial institution and pays a seller who is a foreign resident the proceeds or another payment due to exempt capital gains, if the foreign resident has submitted a Form 2402 declaration of being a foreign resident and being eligible for exemption to the financial institutions within 14 days of opening the account and if they or their representatives were in Israel, once every three years.

Likewise, withholding tax will not be deducted by a banking corporation or member of the TASE for a foreign resident, upon the existence of certain conditions.

6.2 Offsetting of losses from sale of the offered securities

The losses in a given tax year originating from the sale of the offered securities in the tax year and if they were capital gains would have been taxable by their recipient (individual or group of individuals) will be off set against capital gains and property betterment, including gains from the sale of traded or non-traded Israeli or foreign securities, and the balance against taxable inflationary capital gain will be offset at a ratio of 1 to 3.5, and all according to the provisions of section 92 of the Ordinance.

A capital loss resulting from the sale of a security in the tax year can also be offset against a dividend paid with respect to the same offered security or for interest and a dividend paid with respect to other securities (provided that the tax rate applicable to such interest or dividend does not exceed the tax rate set out in sections 125B(1) of the Ordinance and section 125C(b) of the Ordinance with respect to an individual (tax rate of 25%), and with respect to a company, provided that it does not exceed the rate set out in section 126(a) of the Ordinance, in the same tax year - 23% in 2020. Losses will be offset by way of offsetting the capital loss against capital gains or income from interest or dividends as aforesaid (other than taxable inflationary profit that will be offset at a ratio of 1 to 3.5), and all subject to the provisions of section 92 of the Ordinance.

Capital loss that cannot be offset in the tax year may be offset against capital gain and property betterment only as set out in section 92(b) of the Ordinance in the tax years following the year in which the loss was incurred, provided that a tax return was submitted to the assessing officer for the tax year in which the loss was incurred.

Pursuant to the Capital Gains Tax Withholding Regulations, in calculating capital gain for the purpose of withholding tax on the sale of listed securities, mutual fund units and future transactions ("Negotiable Securities"), the entity required to withhold tax will offset the capital loss resulting from the sale of Negotiable Securities that it manages and provided that the gain was generated in the same tax year in which the loss was incurred, whether before or after the loss was incurred.

With regard to the sale of a share by a group of individuals, the amount of the dividends received with respect to the share during the 24 months preceding the sale, will be deducted from the amount of the loss incurred due to the sale of the share, other than a dividend for which tax was

paid (excluding tax paid outside of Israel) at a rate of fifteen percent (15%) or more, but no more than the amount of the loss.

6.3 The tax rate applicable to revenues from dividends for shares of the Company

A dividend originating from the shares of the Company will usually be taxed at a rate of twenty five percent (25%) when held by individual residents of Israel, except for an individual who is a material shareholder of the Company on the date of receipt of the dividend, or on any other date in the 12 months preceding such, whose tax rate shall be thirty percent (30%).

In addition to the foregoing, a surtax will be imposed at a rate of 3% on the taxable income for 2020 in excess of NIS 651,600 (this amount is revised each year in accordance with the CPI increase).

As a rule, pursuant to section 126(b) of the Ordinance, a dividend received by Israeli resident companies will not be part of their taxable income, provided that the source of the dividend is income generated or accrued in Israel that was received directly or indirectly from a group of individuals that is liable for corporation tax, and will not include the income for which a special tax rate was fixed, and all in accordance with the terms of the section. However, if the dividend is included in the Company's taxable income as aforesaid, the corporate tax rate will apply (23% in 2020), subject to foreign tax credit rules as provided in the provisions of the Ordinance).

A foreign resident (individual or company) that is not a material shareholder will be taxed at a rate of twenty five percent (25%), subject to the tax treaty signed by the State of Israel; with respect to a foreign resident who is a material shareholder in the Company at the date of receipt of the dividend or at any time within the preceding 12 months - thirty percent (30%), subject to the tax treaty signed by the State of Israel; and by a taxable mutual fund - according to the tax rates applicable to an individual whose income does not constitute income from a "business" or "occupation". An exempt mutual fund as well as provident funds and other entities that are exempt from tax pursuant to section 9(2) of the Ordinance shall be exempt from tax for such a dividend.

Under the Income Tax (Deduction from Interest, Dividend and Certain Profits) Regulations, 2005 ("the Deductions Regulations"), the tax rate that is to be withheld at source⁸ on dividends to an individual and a foreign resident with regard to the Company's shares, including a distribution to a shareholder that is a material shareholder of the Company⁹ and whose shares are registered and held by the nominee company, will be 25%. In the event of an individual or a foreign resident (an individual or group of individuals) that is a material shareholder whose shares are not registered and are not held through the nominee company, the withheld tax will be deducted from the income of such dividend at the rate of 30%. With regard to a foreign resident, the rate of withheld tax will be subject to the provisions of the double taxation treaty signed between the country of residence of the company and the country of residence of the foreign resident. Furthermore, if a limited tax rate is fixed with regard to the dividend by law, tax will be withheld at the set rate, even if the shareholder is a group of individuals resident in Israel. Under these Regulations, where a dividend is paid to an individual resident of Israel in respect of whom a limited tax rate is prescribed under any law, tax will be withheld at the rate so prescribed.

Likewise, tax will not be withheld for payments to pension funds, mutual funds and other entities that are exempt from withholding tax at law.

6.4 Tax on high income

Pursuant to section 121B of the Ordinance, an individual whose taxable income exceeds the amount of NIS 651,600 in 2020 (an amount that is adjusted annually according to the increase in the CPI) will be taxed on the part of their taxable income in excess of the foregoing amount, at an

⁸ As of January 1, 2013, the tax on a dividend paid by a group of Israeli resident individuals whose shares are listed on the TASE for shares held through a nominee company will be withheld through a financial institution.

⁹ On the date of receipt of the dividend or any time within the twelve months preceding the payment.

additional rate of 3%. The provisions of this section apply to all types of income, including, inter alia, capital gain on securities, excluding the inflationary capital gain component, and dividend and income on interest.

6.5 The securities offered in units

The securities offered under this Offering Memorandum are issued in units. The Company will attribute the issue proceeds in its statement of financial position, to the offered securities at fair value. The fair value will be determined according to the average value (based on the closing price on the TASE) of each of the offered securities at the end of each of the first three days of trading. In the event that a competent authority requires the Company to ascribe a different value to the securities contained in the units so generated, the Company will submit an immediate report of such requirement.

The above description is general only and is not a substitute for individual advice by experts, taking into account the unique circumstances of each investor. It is recommended that whosoever wishes to purchase securities under this Offering Memorandum receive professional advice in order to clarify the tax consequences which will apply to them, with attention to the specific circumstances of the investor and of the offered securities.

7. Refraining from making arrangements

- 7.1 The Company, and its directors undertake by their signatures on this Shelf Offering Memorandum, to refrain from making any arrangements not stated in the Shelf Prospectus and Shelf Offering Memorandum with respect to the offering of the securities under this Shelf Offering Memorandum, their distribution and circulation to the public, and undertake to refrain from granting buyers of the securities offered under this Shelf Offering Memorandum the right to sell the securities that they purchased, other than as is set out in the Shelf Prospectus and the Shelf Offering Memorandum.
- 7.2 The Company and its directors undertake by their signatures on this Shelf Offering Memorandum, to notify Israel Securities Authority of any known arrangement with a third party with respect to the registration and offering of the securities which will be offered under the Shelf Offering Memorandum, their distribution and circulation to the public, which contravenes the undertaking as set out in section 7.1 above.
- 7.3 The Company and its directors undertake by their signature on the Shelf Offering Memorandum, to refrain from engaging with any third party, with respect to the registration and offering of the shares offered under the Shelf Offering Memorandum, their distribution and circulation to the public, which, to the best of their knowledge and according to their review, is contrary to the provisions of section 7.1 above.

8. Permits and Approvals

- 8.1 The Company has received all the permits, approvals and licenses required by law for the publication of the Shelf Offering Memorandum, the offering of securities under the Shelf Offering Memorandum and their issuance.
- 8.2 The Israel Securities Authority granted approval to publish the Shelf Offering Memorandum in accordance with the Securities Principles (
- 8.3 The permission given by the Israel Securities Authority to publish the Prospectus is not verification of the information presented in it or confirmation of its reliability or integrity, and shall not be construed as an expression of opinion regarding the quality of the offered securities¹
- 8.4 The Company applied to the TASE to list for trading the ordinary shares, the Options (Series 7) and Options (Series 8) offered to the public under this Shelf Offering Memorandum, and the ordinary shares that will be generated from the exercise of the Options (Series 7) and Options (Series 8), if exercised, and the TASE has given its approval.

The said approval of the TASE should not be construed as verification of the information presented in the Shelf Offering Memorandum, its reliability or integrity, nor does it represent an expression of any opinion concerning the Company or the quality of the securities offered under the Shelf Offering Memorandum nor of the price at which they are offered.

- 8.5 Trading of the securities offered under this Shelf Offering Memorandum will commence shortly after they are listed.

9. Payment of fees

Pursuant to the provisions of Regulation 4A of the Securities Regulations (Application for Leave to Publish a Prospectus) 1995, the Company will pay to the Israel Securities Authority an additional fee for the securities offered under this Shelf Offering Memorandum.

10. Issue Proceeds

- 10.1 The immediate proceeds that the Company expects from the offering under the Shelf Offering Memorandum, assuming that the maximum quantity of units offered at the minimum price per unit (and without the Additional Amount) will be purchased, are as follows:

Expected immediate proceeds (gross)	NIS 164,865 thousand
Less consulting and distribution fees of	NIS 2,503 thousand ¹⁰
Less other expenses of	NIS 500 thousand
Expected immediate proceeds (net)	NIS 161,862 thousand

- 10.2 A minimum amount to be achieved in this issuance has not been set.

- 10.3 The Company does not expect any immediate proceeds from the issue of the options offered under the Shelf Offering Memorandum. Assuming that the entire quantity of units offered are acquired and that all Options (Series 9) and Options (Series 10) are exercised for shares, the Company is expected to receive proceeds amounting to NIS 56,850 thousand and NIS 28,425 thousand, respectively.

Assuming that the entire quantity of units offered are acquired and that all Options (Series 11) and Options (Series 12) are exercised for shares at the First Exercise Price for Options (Series 11) and Options (Series 12), the Company is expected to receive proceeds amounting to NIS 58,366 thousand and NIS 29,183 thousand, respectively.

Furthermore, assuming that the entire quantity of units offered are acquired and that all Options (Series 11) and Options (Series 12) are exercised for shares at the Second Exercise Price for

¹⁰ Discount Capital Underwriting Ltd., Lidar Issuances (1993) Ltd., R.E. Underwriting Ltd, Poalim IBI - Underwriting and Issuing Ltd., Epsilon Underwriting & Issuing Ltd., Egoz Issuing and Finance Ltd., and Yair Capital Issuing and Finance Ltd. (jointly: ("the Distributors") and Giza Singer Even Ltd. ("the IPO Advisor") will receive in exchange for the services provided for the securities offered under the Shelf Offering Memorandum, a distribution fee in an amount equivalent to 1.2% of the immediate (gross) proceeds actually received for the units issued under the Shelf Offering Memorandum. The Distributors and IPO Advisor will be eligible for "success fees" of NIS 500 thousand, subject to the Company actually raising the full amount it seeks to raise as part of the raising. The Distributors and IPO Advisor will be entitled to receive additional fees equivalent to 0.3% of the future proceeds (gross) actually received from exercise of Options (Series 9), Options (Series 10), Options (Series 11) and Options (Series 12), while the calculation of the fees will not take into account options exercised by the Company's controlling shareholder. The exercise fees will be paid at the beginning of a calendar the calendar quarter for the options exercised, if at all, during the calendar quarter then ended. The fees will be distributed among the Distributors and IPO Advisor according to the sole discretion of Discount Capital Underwriting Ltd. VAT will be duly added to the above fees against a tax invoice. In addition, the Dealer Manager will be eligible for NIS 25,000 in addition to the dealer management fees.

Options (Series 11) and Options (Series 12), the Company is expected to receive proceeds amounting to NIS 113,700 thousand and NIS 56,850 thousand, respectively.

- 10.4 The immediate and future issue proceeds, if any, will be used by the Company for purposes decided by its Board of Directors from time to time, at its discretion. It is noted that according to the letter of consent (as defined in section 11.2 below), the Company will transfer up to 75%, but no less than 50% of the amounts that it has received and/or will receive as a result of the capital raising in order to repay the credit to banks. Furthermore, the Company intends to use the issue proceeds according to the provisions of the Amendment to the Deeds of Trust (as defined in section 11.2 below), and all as set out in the Company's immediate report of June 17, 2020 (Ref. No.: 202001-062943), presented here by way of reference.

11. Revisions to the Shelf Prospectus

- 11.1 In accordance with the Regulation 4 of the Shelf Offering Regulations, all reports that are filed by the Company after publication of the Shelf Prospectus are included in this Shelf Offering Memorandum by way of reference, and including the Company's Periodic Report for 2019 that was published on the May 3, 2020 (Ref. No.: 2020-01-043356) ("the Periodic Report") and the Company's quarterly report for Q1 2020 that was published on June 30, 2020 (Ref. No.: 2020-01-061492) ("the Q1 Report"). The full text of the Company's reports is available for review on the Israel Securities Authority's distribution website at www.magna.isa.gov.il and the TASE website at www.tase.co.il.
- 11.2 **Under the amendment to the deeds of trust valid since June 17, 2020, the revised version of which was published on June 17, 2020 (Ref. No.: 2020-01-062943) ("Amendment to the Deeds of Trust"), the Company undertook to raise capital in cash at various dates as set out in the Amendment to the Deeds of Trust. Accordingly, the Company undertook, inter alia, to raise capital in the amount of NIS 163 million by July 30, 2020. It is clarified that under the Amendment to the Deeds of Trust, a delay of maximum 3 business days in raising the capital will not be considered a breach¹¹. According to the provisions of the Amendment to the Deeds of Trust, if by the date stipulated in the Amendment to the Deeds of Trust the entire prescribed cash amount is not actually raised, the Trustee and Debenture Holders will have grounds to demand immediate repayment of the Company's debt to them and grounds to exercise all collateral provided to the Trustees to secure the Company's liabilities. It is also noted that under the standstill with various banks that provided the Company and/or Delek Energy Systems Ltd. ("Delek Energy") with credit secured in a lien on participating units of Delek Drilling - Limited Partnership ("Participating Units" and "the Partnership", respectively) and with a foreign bank that provided a loan to DKL Investments Ltd. ("the Letter of Consent" and "the Relevant Banks"¹², respectively), that also entered into force on June 17, 2020, it is held that if the Company breaches any of its obligations under the Amendment to the Deeds of Trust and such breach is not remedied within 3 days, then each of the Relevant Bank may cancel the standstill set out in the Letter of Consent, and take all measures at their disposal under the documents signed by the Company and by law, including demanding immediate repayment of all of the Company's debts and liabilities to it and to act immediately to exercise the collateral prescribed.**

If the issue under this Shelf Memorandum is not implemented on time and/or in the amount undertaken by the Company in the Amendment to the Deeds of Trust, the

¹¹ The Company undertook to raise NIS 300 million by July 30, 2020. To date, the Company has raised NIS 137 million in cash in accordance with the undertaking, and accordingly, the Company's undertaking is to raise another cash amount of NIS 163 million by July 30, 2020.

¹² The Relevant Banks are Bank Hapoalim Ltd., Israel Discount Bank Ltd., Mizrahi-Tefahot Bank Ltd., HSBC Bank PLC and Nomura International PLC.

Company's debenture holders will have grounds to call for immediate repayment of the debentures in accordance with the Amendment to the Deeds of Trust and each of the Relevant Banks may cancel the standstill as set out in the Letter of Consent.

If a decision is made to call for immediate repayment of the debentures and/or the banks or any of them decide to cancel the standstill, such event may have a material adverse effect on the Company's business and assets, and such circumstances may lead to launching of proceedings pursuant to the Insolvency and Rehabilitation Law, 2018, either by the Company or its creditors.

- 11.3 With regard to section 1.16.2 of the Periodic Report and section B to Part One of the amendment to Chapter A of the Q1 Report and with regard to the Company's engagement in the Amendment to the Deeds of Trust and the Letter of Consent, and further to the Company's immediate report dated July 8, 2020 (Ref. No.: 2020-01-073074) regarding early repayment to the Relevant Banks, following is information about the outstanding debt to the Relevant Banks, the outstanding principal of the debentures and the quantity of pledged Participating Units as at July 30, 2020:

Outstanding debt to the Relevant Banks (NIS millions)	392
Outstanding principal of the debentures (NIS millions)	5,890
Quantity of Participating Units pledged to the Relevant Banks	432,493,786
Quantity of Participating Units pledged to the debenture holders	130,725,189
Quantity of non-pledged Participating Units (held directly and indirectly through wholly-owned subsidiaries of the Company) ¹³	72,779,495

(It is noted that in addition to the foregoing, a cash balance of NIS 54 million was pledged in favor of the debenture holders).

11.4 Resources attributed to the Company's oil assets

11.4.1 Reserves and contingent resources in the Leviathan leases:

For information about the reserves and contingent resources attributed to the Company's interests in the Leviathan project as at June 30, 2020, based on the resources report dated July 9, 2020 prepared by NSAI, in accordance with the Petroleum Resources Management System (SPE-PRMS) rules and the discounted cash flow data attributed to the reserves and contingent resources at Phase I - First Stage of the project as at that date, see the Company's immediate report dated July 12, 2020 (Ref. No.: 2020-01-073839), presented here by way of reference, and the foregoing NSAI resources report, which is attached as Appendix A to the Partnership's immediate report dated July 9, 2020 (Ref. No.: 2020-01-065878).

Attached as **Appendix A** to the Shelf Offering Memorandum is NSAI's letter of consent to include the foregoing resources report dated July 9, 2020 in the Shelf Offering Memorandum, including by way of reference, and confirmation that there has been no material change to NSAI's production profile for all resource categories attributable to the oil asset in the report of July 9, 2020.

11.4.2 Probable resources in the Leviathan leases:

For information about the probable resources attributed to the Company's interests in the Leviathan project as at December 31, 2019, based on the resources report dated January 21, 2020 prepared by NSAI for the Partnership, in accordance with the Petroleum Resources Management System (SPE-PRMS) rules, see section 1.7.4(J) in Part A of the

¹³ Excluding Participating Units held by Avner Oil and Gas Ltd., 50% of which is held by Delek Energy (which is wholly-owned by the Company).

Period Report, and the foregoing NSAI resources report, which is attached as Appendix D to the Partnership's Periodic Report for 2019 (Ref. No.: 2020-01-043110).

Attached as **Appendix A** to the Shelf Offering Memorandum is NSAI's letter of consent to include the foregoing resources report of January 21, 2020 in the Shelf Offering Memorandum, including by way of reference, and confirmation that there has been no material change in the volume of probable resources attributable to the oil asset in the report of January 21, 2020.

11.4.3 Reserves in the Tamar lease

For information about the reserves attributed to the Company's interests in the Tamar project as at June 30, 2020, based on the resources report dated July 22, 2020 prepared by NSAI for the Partnership, in accordance with the Petroleum Resources Management System (SPE-PRMS) rules, see the Company's immediate report dated July 22, 2020 (Ref. No.: 2020-01-077778), presented here by way of reference, and the foregoing NSAI resources report, which is attached as Appendix A to the Partnership's immediate report dated July 9, 2020 (Ref. No.: 2020-01-071242).

Attached as **Appendix A** to the Shelf Offering Memorandum is NSAI's letter of consent to include the foregoing resources report dated July 22, 2020 in the Shelf Offering Memorandum, including by way of reference, and confirmation that there has been no material change to NSAI's production profile for all resource categories attributable to the oil asset in the report of July 22, 2020.

11.4.4 Contingent and probable resources in the Dalit Lease

For information about the contingent and probable resources attributed to the Company's interests in the Dalit Lease as at December 31, 2017, see section 1.7.4(I)(5) to the Company's periodic report for 2017, which was published on March 28, 2018 (Ref. No.: 2018-01-031177) ("2017 Periodic Report") and the resources report dated March 19, 2018 prepared by NSAI for the Partnership and attached as Appendix D to the Partnership's 2017 Periodic Report, which was published on March 21, 2018 (Ref. No.: 2018-01-022209) as well as revised information about these resources in section 1.7.5(K)(2) in Part A of the Periodic Report. As at the date of Shelf Offering Memorandum, there has been no change in the foregoing resources information.

Attached as **Appendix B** to the Shelf Offering Memorandum is NSAI's letter of consent to include the foregoing resources report of March 19, 2020 in the Shelf Offering Memorandum, including by way of reference, and confirmation that there has been no material change in the information regarding the resources attributable to the Dalit lease under the foregoing resources report.

11.4.5 Contingent and probable resources in the Block 12 oil asset in Cyprus

For information about the contingent and probable resources attributed to the Company's interests in the Block 12 oil asset in Cyprus, as at December 31, 2017, see section 1.7.7(K)(7) to the Company's 2017 Periodic Report and the resources report dated March 19, 2018 prepared for the Partnership by NSAI and attached as Appendix G to the Partnership's 2017 Periodic Report, as published on March 21, 2018 (Ref. No.: 2018-01-022209), and the revised information with regard to these resources in section 1.7.6(M) in Part A of the Company's Periodic Report. As at the date of Shelf Offering Memorandum, there has been no change in the foregoing resources information.

Attached as **Appendix B** to the Shelf Offering Memorandum is NSAI's letter of consent to include the foregoing resources report of March 19, 2020 in the Shelf Offering Memorandum, including by way of reference, and confirmation that there has been no

material change in the information regarding the resources attributable to the Block 12 oil asset under the foregoing resources report.

11.4.6 Reserves and contingent resources in Ithaca's oil assets:

For information about the reserves and contingent resources attributed to the Company's interests in Ithaca's oil assets as at June 30, 2020, based on the resources report dated July 10, 2020 prepared for the Company by NSAI, in accordance with the Petroleum Resources Management System (SPE-PRMS) rules, and the discounted cash flow data attributed to these resources as at that date, see the Company's immediate report dated July 13, 2020 (Ref. No.: 2020-01-074451), presented here by way of reference, and the foregoing NSAI resources report, which is attached as Appendix A to that report.

Attached as **Appendix C** to the Shelf Offering Memorandum is NSAI's letter of consent to include the foregoing resources report dated July 9, 2020 in the Shelf Offering Memorandum, including by way of reference, and confirmation that there has been no material change to NSAI's production profile for all resource categories attributable to Ithaca's assets in the report of July 10, 2020.

12. Inclusion Consent

- 12.1 Attached as **Appendix D** to the Shelf Offering Memorandum is a letter of consent from Duff & Phelps Ltd. to include in the Shelf Offering Memorandum, including by way of reference, their very material valuation to test for any impairment of the goodwill attributable to Ithaca's operations as well as the impairment testing of the assets in the GSA region attached as Appendix B to the Board of Directors' Report in the Q1 Report, which is presented here by way of reference.
- 12.2 Attached as **Appendix E** to the Shelf Offering Memorandum is a letter of consent from GSE Financial Advisory Ltd. to include in the Shelf Offering Memorandum, including by way of reference, its report on Impairment Testing of the Oil and Gas Assets dated March 31, 2020 that was attached as Appendix B to the Board of Directors Report in the Q1 Report.
- 12.3 Pursuant to section A4 of the Shelf Offering Regulations, at the signing date of the financial statements, the Company's auditors granted consent to include their opinion and/or review reports on the Company's financial statements in the Shelf Offering Memorandum (including by way of reference).

13. Legal Opinion

The Company received the following legal opinion:

אגמון ושות'
רוזנברג הכהן ושות' / 

Agmon & Co.
Rosenberg Hacoheh & Co.

August 2, 2020

To:

Delek Group Ltd.
19 Aba Even Street,
Herzliya Pituach

Dear Sir/Madam,

Re: **Shelf Offering Memorandum of Delek Group Ltd. ("the Company")**

With regard to the Shelf Prospectus issued by the Company on May 31, 2019 (Ref. No.: 2019-01-053992) ("the Shelf Prospectus") and the foregoing shelf offering memorandum to be published thereunder ("the Shelf Offering Memorandum") with respect to a public offering of ordinary Company shares of NIS 1 par value each ("Company Shares"), Options (Series 9), Options (Series 10), Options (Series 11) and Options (Series 12), exercisable for Company Shares (jointly: "the Offered Securities"), we hereby give our opinion as follows:

1. The underlying rights attached to the Offered Securities under the foregoing Shelf Offering Memorandum are in our opinion properly described in the Shelf Prospectus and in the Shelf Offering Memorandum.
2. In our opinion, the Company has the authority to issue the Offered Securities in the manner described in the Shelf Prospectus and in the Shelf Offering Memorandum.
3. In our opinion, the directors of the Company have been duly appointed and their names are included in the Shelf Prospectus and the Shelf Offering Memorandum.

We hereby consent to have this opinion of ours included in the Shelf Offering Memorandum.

Sincerely,

Amir Goddard, Adv.

Mattan Daskal, Adv.

Agmon & Co. Rosenberg Hacoheh & Co. Attorneys

Signatures

The Company:

Delek Group Ltd.

The Directors:

Gabriel Last

**Yitzchak Sharon
Teshuva**

Carmit Sharon Elroi

Ron Milo

Ehud Erez

Shimon Doron

Appendices A to C - NSAI Letters

August 2, 2020

Delek Group Ltd.
19 Abba Eban Boulevard
Herzliya 4612001
Israel

Ladies and Gentlemen:

As independent consultants, Netherland, Sewell & Associates, Inc. (NSAI) hereby grant permission to Delek Group Ltd. (Delek Group) to use the following NSAI reports issued to Delek Drilling Limited Partnership (Delek Drilling) in the Shelf Registration Offering of Delek Group set to be published in August 2020 and in public reports to be filed with the Israel Securities Authority and the Tel Aviv Stock Exchange (including by way of reference):

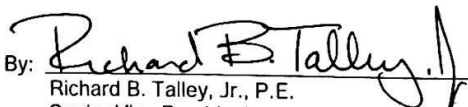
- The report dated July 22, 2020, which sets forth our estimates of the proved, probable, and possible reserves and future revenue, as of June 30, 2020, to the Delek Drilling interest in certain gas properties located in Tamar and Tamar Southwest Fields, Tamar Lease I/12, offshore Israel.
- The report dated July 9, 2020, which sets forth our estimates of the proved developed producing, probable, and possible reserves and future revenue, as of June 30, 2020, to the Delek Drilling interest in certain gas properties located in Leviathan Field, Leases I/14 and I/15, offshore Israel. The July 9 report also sets forth our estimates of the contingent resources and cash flow, as of June 30, 2020, to the Delek Drilling interest in these properties.
- The report dated January 21, 2020, which sets forth our estimates of the unrisks prospective resources, as of December 31, 2019, to the Delek Drilling working interest in two Leviathan Deep prospects located in Leases I/14 and I/15, offshore Israel.

Since our reports dated July 22, 2020 and July 9, 2020, NSAI has received daily well production data through July 29, 2020 and July 30, 2020, for Tamar and Leviathan Fields, respectively. This daily well production data has been reviewed by NSAI and it is our opinion that there are no material changes to our production profile for each reserves or resources category referenced in our July 22 and July 9 reports.

As of the date hereof, nothing has come to our attention regarding the Leviathan Deep prospects that could cause us to make any revisions in our January 21 report or in our conclusions based on data available when our report was prepared. It is our opinion that there are no material changes to the unrisks prospective resources referenced in our January 21 report.

Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: 
Richard B. Talley, Jr., P.E.
Senior Vice President

RBT:MDK

August 2, 2020

Delek Group Ltd.
19 Abba Eban Boulevard
Herzliya 4612001
Israel

Ladies and Gentlemen:

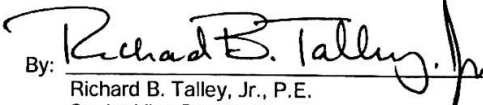
As independent consultants, Netherland, Sewell & Associates, Inc. (NSAI) hereby grant permission to Delek Group Ltd. (Delek Group) to use the following NSAI reports issued to Delek Drilling Limited Partnership (Delek Drilling) in the Shelf Registration Offering of Delek Group set to be published in August 2020 and in public reports to be filed with the Israel Securities Authority and the Tel Aviv Stock Exchange (including by way of reference):

- The report dated March 19, 2018, which sets forth our estimates of the unrisksed contingent and prospective resources, as of December 31, 2017, to the Delek Drilling working interest in discoveries and prospects located in the Dalit Discovery area, offshore Israel.
- The report dated March 19, 2018, which sets forth our estimates of the unrisksed contingent and prospective resources, as of December 31, 2017, to the Delek Drilling working interest in a discovery and prospective reservoirs located in the Aphrodite Area, Cypriot Block 12, offshore Cyprus.

As of the date hereof, nothing has come to our attention that could cause us to make any revisions in our March 19 reports or in our conclusions based on data available when our reports were prepared. It is our opinion that there are no material changes to the unrisksed contingent and prospective resources referenced in our March 19 reports.

Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: 
Richard B. Talley, Jr., P.E.
Senior Vice President

RBT:MDK

August 2, 2020

Delek Group Ltd.
19 Abba Eban Boulevard
Herzliya 4612001
Israel

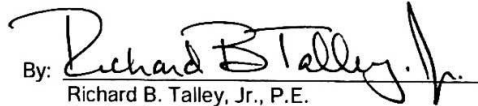
Ladies and Gentlemen:

As independent consultants, Netherland, Sewell & Associates, Inc. (NSAI) hereby grant permission to Delek Group Ltd. (Delek Group) to use our report dated July 10, 2020, in the Shelf Registration Offering of Delek Group set to be published in August 2020 and in public reports to be filed with the Israel Securities Authority and the Tel Aviv Stock Exchange (including by way of reference). The July 10 report sets forth our estimates of the proved, probable, and possible reserves and future revenue, as of June 30, 2020, to the Ithaca Energy (UK) Limited (referred to herein as "Ithaca") interest in certain oil and gas properties located in the United Kingdom Sector of the North Sea. The July 10 report also sets forth our estimates of contingent resources and cash flow, as of June 30, 2020, to the Ithaca interest for discoveries located in the United Kingdom Sector of the North Sea.

Since our July 10 report, NSAI has received production data through June 2020, for each field. This production data has been reviewed by NSAI and it is our opinion that there are no material changes to our production profile for each reserves or resources category referenced in our July 10 report.

Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: 
Richard B. Talley, Jr., P.E.
Senior Vice President

RBT:MDK

Appendix D - Duff & Phelps Letter

Delek Group Ltd
19 ABBA eBAN BLVD
P.O.B 2054
Herzliya 4612001
Israel

31 July 2020

We, Duff & Phelps, hereby grant permission to Delek Group Ltd., to use our valuation report dated June 29, 2020, in connection with the impairment testing of Ithaca Energy Ltd under IAS 36, in the Shelf Registration Offering of Delek Group Ltd. to be published in August 2020 and in public reports to be filed with the Israel Securities Authority and the Tel Aviv Stock Exchange (including by way of reference).

Duff & Phelps Ltd

Duff & Phelps
By:
Mathias Schumacher
Managing Director

Appendix E - GSE Financial Advisory Letter

August 2, 2020

To:

Delek Group Ltd.

Dear Sir,

Re: Attachment of Valuation Report to the Shelf Offering Memorandum

We, GSE Financial Advisory Ltd., hereby grant Delek Group Ltd. ("the Company") consent to attach our report of June 2020 on Impairment Testing of Oil and Gas Assets as at March 31, 2020, which was published in the Company's quarterly report for Q1 2020 published on June 30, 2020, to the Company's Shelf Offering Memorandum that is expected to be published in August 2020 and in other public reports published for the Israel Securities Authority and the Tel Aviv Stock Exchange Ltd., including by way of reference.

Sincerely,

GSE Financial Advisory Ltd.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on August 2, 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

Contact

Investors

Limor Gruber

Head of Investor Relations

Delek Group Ltd.

Tel: +972 9 8638443

Limorg@delek-group.com