



Signature of Detailed Agreement for the Sale of Power Stations

July 23, 2020

Tel Aviv, July 23, 2020. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announces that further to the Company's Immediate Report dated June 7, 2020 (ref. no. 2020-01-057975) ("Immediate Report dated July 6, 2020"), concerning signature of a Memorandum of Understanding, on July 23, 2020, Delek, The Israel Fuel Corporation Ltd, a subsidiary held 100% by the Company ("Delek Israel"), signed a detailed agreement with Rapac Energy Ltd ("the Purchaser" and "the Agreement", respectively) for the sale of the entire share capital of the two special purpose companies wholly owned by Delek Israel, which own power stations located on the premises of the Sorek 1 desalination plant and the Ashkelon desalination plant, in consideration of NIS 367.5 million.

The Purchaser entered into the Agreement in its own name and in the name of a new partnership that will be set up, if it is set up, in which the Purchaser, or a company it controls, will be the general partner, and other bodies, likely institutional investors, will be limited partners.

Under the agreement the consideration will be paid in two payments, the first of NIS 307.5 million will be paid on the completion date and the balance of NIS 60 million will be paid a year after completion ("the Deferred Consideration"). The Deferred Consideration will bear annual interest of 2% and will be linked to the CPI. Payment of the Deferred Consideration is secured by a guarantee of the Purchaser.

Delek Israel has undertaken to indemnify the Purchaser for tax liabilities that preceded completion of the transaction and for a possible liability for a lease charge that will be applied by the Israel Lands Authority in respect of the Sorek power station.

Completion of the transaction is subject to conditions precedent, including regulatory approvals (among them from the Electricity Authority, the Water Desalination Authority (WDA) and the Competition Authority), agreement of the parties financing the company that owns the Sorek power station, the agreement of other third parties, in addition to the Purchaser taking over from Delek Israel or the Company the guarantees they had provided.

It has been decided that the parties will act to fulfill the conditions precedent by September 12, 2020.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on July 23, 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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