



Signing of a Detailed Agreement for the Sale of Pi-Glilot and an MOU for the Sale of Power Plants

June 7, 2020

Tel Aviv, June 7, 2020. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announces as follows:

1. Pursuant to what is stated in the Company's Immediate Report from May 7, 2020 (re. no. 2020-01-045153) ("the Immediate Report Dated May 7, 2020") regarding the signing of a Memorandum of Understanding (MOU), on June 5, 2020 Delek, The Israel Fuel Corporation Ltd. (an indirectly wholly-owned subsidiary of the Company) ("Delek Israel"), signed a detailed agreement with a third party ("the Agreement") for the sale of all the Delek Israel rights in Delek Pi-Glilot, Limited Partnership, ("Pi-Glilot") and in the land on which those fuel terminals are operated by Pi-Glilot in Haifa, Ashdod, Beersheba and Jerusalem (jointly referred to as "the Terminals") for a sum of NIS 720 million in addition to VAT (insofar as it applies), that shall be paid to Delek Israel.

The Agreement includes the principle terms that were agreed between the parties in the MOU dated May 7, 2020 as detailed in the Immediate Report Dated May 7, 2020.

A sum of NIS 100 million from the amount of the consideration was paid as a first instalment in escrow pursuant to the MOU and the balance shall be paid on the closing date scheduled for July 5, 2020 (30 days from the date of signing the Agreement), subject to the fulfilment of all the conditions precedent.

The transaction is dependent on conditions precedent including, inter alia, the receipt of all the requisite, regulatory approvals in respect of the transfer of the rights from Delek Israel to the purchaser, along with the remaining, requisite approvals according to law.

2. In addition to what is stated in Section 1 above, the Company reports that on June 4, 2020 Delek Israel signed an MOU with another third party, Rapac Energy Ltd. ("the Purchaser"), for the sale of the entire share capital of two special purpose companies wholly-owned by Delek Israel, which own the power plants located on the grounds of the Sorek 1 Desalination Plant and on the grounds of the Ashkelon Desalination Plant, in return for a sum of NIS 367.5 million. Moreover, on the completion date, the full shareholders' loans and the capital notes that were put up by Delek Israel and/or the controlling shareholders in Delek Israel, shall be converted and assigned to the Purchaser.

According to the MOU, the consideration is to be paid in two instalments, the first one for a sum of NIS 307.5 million shall be paid on the completion date and the balance amounting to NIS 60 million shall be paid one year after the completion date ("the Delayed Consideration"). The sum of the Delayed Consideration shall bear index-linked annual interest rate of 2%. Payment of the Delayed Consideration shall be secured by a lien on an amount of the shares sold that is equal to the ratio between the Delayed Consideration and the consideration.

On the date of signing the detailed Agreement, the Purchaser shall pay Delek Israel an advance payment of NIS 10 million at the expense of the Consideration, which shall be deposited in escrow and paid to Delek Israel on the Completion Date, as part of the sum of the consideration.

Completion of the transaction is subject to the conditions precedent, including regulatory approval (including the Electricity Authority, the Water Desalination Administration (WDA) and the Israel Competition Authority), the consent of those entities funding the Company that is in possession of the power plant at Sorek, the consent of additional third parties, including the fact that the Purchaser shall take the place of Delek Israel or the Company with regard to the guarantees put up by them.

The MOU and the conclusion of the transaction pursuant to it are subject to the authorization of the Boards of Directors of both the Purchaser and Delek Israel, which shall take place no later than June 8, 2020.

It was determined that the parties shall take the requisite action for the detailed contract to be signed within 30 days of the signing of the MOU. Delek Israel shall grant the Purchaser exclusivity until the completion date of the transaction or its legal rescission. As long as the detailed contract has not been signed, the MOU shall be deemed to be the detailed contract for all intents and purposes.

As of December 31, 2019, the investment balance in the said power plants amounted to some NIS 545 million. Delek Israel is examining the impact of the said transaction in this subsection 2 on its financial statements.

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