



Proposed Amendment to the Amended Deed of Trust Dated June 17, 2020

Tel Aviv, April 13, 2021. Delek Group (TASE: DLEKG) ("the Company") announces that, attached as an appendix to this Report is a letter of update sent today to the Trustees for the Company's debenture holders, for the purpose of revising the amendment to the deed of trust, to update the date of reviewing of the Company's rating as set in the amendment to the deed.

Pursuant to the provisions of the amendment to the deed, at the end of the agreed period, as defined in the amendment to the deed, i.e. from June 1, 2021, the rating of the Company's debentures is required to be at least at Maalot's BBB- rating (the "Rating Criteria"). The Company believes that by concluding various actions that the Company is pushing forward, the main ones of which are set out in the attached letter, as well as additional actions that it is working to conclude in the near future, will bring it to the required rating as per the Rating Criteria. However, since the conclusion date of these actions do not depend exclusively on The Company, including the date on which the rating agency decides to upgrade the Company's rating (last upgraded only in January), the Company seeks to revise the date of assessment of the Rating Criteria by 12 months and to change it to June 1, 2022.

Against updating the review date of the foregoing Rating Criteria, the Company will undertake to raise capital in an amount of NIS 50 million by February 1, 2022, by changing the terms of the issued Options (Series 11) and (Series 12) either by exchanging them with a new series or by any other method as the Company will decide will enable such capital raising.

The proposed amendment to the deed of trust will not change any of the other provisions of the deed of trust, other than the above, including, the repayment dates and repayment schedules set out in the deeds of trust. The Company requests that the debenture holders convene a meeting to approve the foregoing proposal.

It should be noted that the Company's assessments regarding the changes in the rating and the Company's commitment to raise capital constitute forward-looking information as this term is defined in the Securities Law, 1968. The foregoing estimates are based, among other things, on a series of actions that the Company is pushing forward and working on to complete, and they are only estimates and assumptions with regard to which there is no certainty that they will materialize. The foregoing estimates and assumptions may be revised and modified as a result of various factors. It should be noted that part of the foregoing statements in this report are subject to obtaining the required approvals, including approval of the meetings of the debenture holders, and approvals from the Company's Board of Directors, the Securities Authority and the Tel Aviv Stock Exchange Ltd. It should be emphasized that if the Company manages to raise capital as set out above in this report, the binding text of the offering will be based on the statements in the final issue documents and the foregoing does not constitute any indication or create any obligation on the part of the Company to issue options or other securities.

Sincerely,

Delek Group Ltd.

By: Tamir Poliker, Deputy CEO and Chief Financial Officer

Liora Pratt Levin, Chief Legal Adviser and Secretary of the Company



April 13, 2021

Attn:

Hermetic Trust Services (1975) Ltd.;

The Phoenix Capital Ltd.;

Resnik Paz Nevo R.P.N. Trust 2007 Ltd.;

Mishmeret Trust Services Company Ltd.

Trustees of the holders of Debentures (Series B13, B18, B19, B22, B31, B33 and B34) of Delek Group Ltd.

(the "Trustees", "Debenture Holders" and "Company")

To whom it may concern,

Re: Proposed Amendment to the Amended Deed of Trust Dated June 17, 2020

1. Over the past year, the Company, together with the debenture holders, has successfully concluded a long series of actions that enabled it to meet all of its obligations to the debenture holders and to the banks in accordance with the amended deed of trust signed between the parties on June 17, 2020, and in accordance with the agreement between the Company and the relevant banks that was signed on June 15, 2020.
2. These actions, together with the recovery in energy prices, and a change in the trend that characterized the Company's business environment a year ago, led to a sharp decline in the yield of the Company's debentures and a parallel rise in its share prices.
3. As a result of these positive actions, on January 31, 2021, S&P's Maalot upgraded the rating for the Company's debentures from the group of B ratings (rating 11B with developing outlook) from the C ratings group (rating 11CCC). Since the decision to upgrade the rating, the yields of the debentures have continued to fall significantly.
4. On March 31, 2021, the Company published its financial statements for 2020, from which it was possible to see the consistent trend of improvement in its operations and business environment. In the fourth quarter of 2020, the Company presented **net profit of over NIS 1 billion**; equity of over NIS 2 billion (an increase of NIS 530 million compared to the Company's equity at the end of the third quarter of 2020); and a decrease of about NIS 3 billion in the financial debt for 2020. In addition, an increase was recorded in Ithaca's reserves and resources, bringing the value of the reserves to USD 3.8 billion (an increase of USD 800 million compared to the value of the reserves at the end of June 2020). consequently, Ithaca's value increased and as at December 31, 2020 was USD 1.9 billion (compared to USD 1.2 billion in June 2020).
5. In addition to all of the above, the Company is currently working on advancing a number of additional transactions that are expected to strengthen the Company's equity and significantly increase its liquidity, including: closing the sale of the property in Acre to the Tidhar and Harel partnership for an amount of NIS 200 million (a binding agreement, including a number of terminating conditions, was signed between the parties on March 25, 2021); signing of a line of credit from a financing entity in the amount of NIS 200 million that the Company may withdraw over a period of 18 months, and which is will be backed (after the withdrawal) by Delek Drilling participation units, where pursuant to the provisions of the deed, each withdrawal of funds from the credit line will be accompanied by the Company raising supplementary capital (this is a cash flow in the amount of NIS 400 million which will be available to the Company throughout the term of the facility) after withdrawal, each utilized portion of the facility will be for a period of 3 years from the date of withdrawal); negotiations for refinancing against Ithaca shares in the amount of USD 200 million; issuing Ithaca on the London Stock Exchange (and double listing in Israel), which will include capital raising and/or a voluntary exchange tender offer to the holders of the Company's debentures to replace the debentures with Ithaca shares (subject to the amendment to the deed of trust) and/or introduction of a key partner to invest in Ithaca as part of a pre-IPO move.

6. Pursuant to the provisions of the amendment to the deed, at the end of the agreed period, as defined in the amendment to the deed, i.e. from June 1, 2021, the rating of the Company's debentures is required to be at least at Maalot's BBB- rating (the "Rating Criteria").
7. The Company believes that completing the foregoing actions, as well as other actions that it is currently working on, will lead to the foregoing ranking. Nonetheless, since the conclusion date of these actions do not depend exclusively on The Company, including the date on which the rating agency decides to upgrade the Company's rating (last upgraded only in January), the Company seeks to revise the date of assessment of the Rating Criteria by 12 months and to change it to June 1, 2022.
8. Updating the review date of the Rate Criteria will buy the Company the time needed to complete the actions set out in section 5 above, as well as additional actions it intends to complete in order to strengthen its capital and financial flexibility. In addition, setting the date for reviewing the Rating Criteria at a period of 12 months will help the Company to remove the going concern caveat from its financial statements in the near future (an act that in itself will contribute, in the opinion of the Company and its consultants, to upgrading of the rating).
9. Against updating the review date of the foregoing Rating Criteria, the Company will undertake to raise capital in an amount of NIS 50 million by February 1, 2022, by changing the terms of the issued Options (Series 11) and (Series 12) either by exchanging them with a new series or by any other method as the Company will decide will enable such capital raising.
10. In accordance with the foregoing, the Company seeks to bring for the approval of the debenture holders a request to amend each of the deeds of trust for Debentures Series B13, B18, B19, B22, B31, B33 and B34 of the Company, in a manner that reflects the aforesaid.
11. The foregoing request does not change any other provisions of the deed of trust, other than that stated in section 8 above, and does not change the repayment dates and repayment schedules set out in the deeds of trust.

Sincerely,

Delek Group Ltd.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on April 13, 2021.

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 capacity of more than 20 BCM. These reservoirs are major natural gas suppliers 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 approximately 260 million barrels of oil equivalent (boe) and producing about 25 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).

For more information on Delek Group please visit www.delek-group.com

Contact

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