

Convenience Translation  
The Hebrew version is the binding version

## Oil Refineries Ltd ("the Company")

June 11, 2020

Re: **Notice on Full Early Repayment of the Company's Debentures (Series D), Subject to Completion of the Expansion of the Company's Debentures (Series E)**

The Company hereby announces the full and contingent early repayment on the Company's volition ("the Full Early Repayment") of the balance of its Debentures (Series D) ("the Debentures"), to be carried out on June 30, 2020 ("the Full Early Repayment Date"), as detailed below:

1. According to Section 14.2 to the deed of trust for Debentures (Series D), attached to the Company's shelf offering report, as published on September 10, 2014 (ref. no. 2014-01-155076) ("the Deed of Trust"), the Company, of its own volition, may perform a full early repayment of the Debentures.
2. On the Full Early Repayment Date, the Company is expected to make full early repayment of the balance of its Debentures (Series D) then in circulation to the amount of NIS 273,549,040 par value<sup>1</sup>, plus accrued interest to the amount of NIS 8,206,470 for a total amount of NIS 281,755,510.
3. According to Section 14.2.11 to the Deed of Trust, the amount payable to holders of the Debentures in the event of early repayment on the Company's volition, will be the higher of the following: (a) the market value of the balance of the Debentures then in circulation, measured based on the average closing price for the Debentures over the thirty (30) days of trading preceding the date on which the Board of Directors decided on Full Early Repayment; or (b) the liability value of the debentures due for early repayment then in circulation, i.e. – principal plus interest outstanding, until the actual early repayment date; or (c) the cash flow balance of the debentures due for early repayment (principal plus interest) discounted using the government bond yield (as defined in the Deed of Trust) plus 1.5% interest ("Discounted Cash Flow Balance")<sup>2</sup>.

The higher of the options detailed in this section above for the purpose of this Full Early Repayment, is the Discounted Cash Flow Balance option detailed in sub-section (c) above, to the amount of NIS 293,725,822.

4. Under this option, the redemption price is 107.38 agorot for every NIS 1 par value of Debentures (Series D) being redeemed. The effective interest rate paid on the balance outstanding of Debentures (Series D) will be 7.37593%.

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<sup>1</sup> According to the Deed of Trust (Series D) and the current amortization schedule, the Debentures are repayable (principal) in 6 (six) non-equal annual instalments, which have been and are paid on December 31 of each of 2016 through 2021 (inclusive). The Debentures bear 6% fixed annual interest which has been and is paid on June 30 of each of 2015 through 2021 (inclusive), and on December 31 of each of 2014 through 2021 (inclusive). The Debentures are not linked (principal and interest) to any linkage basis.

<sup>2</sup> According to the Deed of Trust, Debentures (Series D) due for early repayment will be discounted from the Early Repayment Date and until the final repayment date specified for the Debentures (Series D) up for early repayment.

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5. From the full redemption amount withholding tax will be duly deducted by the members of the Tel Aviv Stock Exchange Ltd. ("TASE"). It is clarified that each holder will be subject to taxation as per their share in the amounts specified above in this immediate report.
6. According to Section 14.2.5 to the first schedule to the Deed of Trust, the repaid amount will be paid as part of the Company's Full Early Repayment, to all holders of the Debentures, prorated to the par value of the Debentures held by each of the holders on the early repayment date.
7. According to the Company's decision, the Full Early Repayment is contingent on the Company completing the expansion of its Debentures (Series E) to an amount of no less than USD 30 million, if and to the extent that it is completed<sup>3</sup>, and their listing for trading on the TASE (completion of all actions specified in this section above, jointly – "the Precondition"), the proceeds from which issuance is expected to be used for the Full Early Repayment of Debentures (Series D).
8. **The Company does not commit to expanding Debentures (Series E), and as of this date, there is no certainty that such an expansion will take place, nor is there certainty concerning its timing, scope or terms.** Expansion of (Series E), if and should it occur, will be contingent on receiving all approvals required by law, including receiving the TASE's approval for listing the additional Debentures (Series E) for trading, and approval of the additional Debentures (Series E)'s rating by S&P Global Ratings Maalot Ltd.
9. Upon the Full Early Repayment of the Debentures as aforesaid, the Debentures will expire and be rendered null and void, and the debenture certificate will be returned to the Company immediately after and against such repayment.
10. **For the avoidance of doubt it is hereby clarified, that should the Precondition not be met no early repayment whatsoever shall be made for Debentures (Series D) pursuant to this notice.**

Sincerely,

**Oil Refineries Ltd.**

By: Eli Mordoch, Corporate Secretary

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<sup>3</sup> Pursuant to the Company's shelf prospectus of November 22, 2012, as amended on November 21, 2013, and pursuant to the deed of trust for Debentures (Series E) signed on June 1, 2015, between the Company and Reznik Paz Nevo Trusts Ltd.

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