

Azrieli Group Ltd.
(the “Company”)

31 March 2025

To
The Israel Securities Authority
Via Magna

To
Tel Aviv Stock Exchange Ltd.
Via Magna

Dear Sir/Madam,

Re: **Update on Negotiations for Acquisition of Z.M.H. Hammerman Ltd.**

Further to the Company's immediate report of 3 November 2024 (the “**Previous Report**”)¹ regarding an offer made by the Company to Z.M.H. Hammerman Ltd. (“**ZMH Hammerman**”) to negotiate entry into a reverse triangular merger transaction for acquisition of some of the shares of ZMH Hammerman (the “**Transaction**”), the Company respectfully reports that after discussions between itself and the independent committee appointed by the board of directors of ZMH Hammerman, today, 31 March 2025, the Company's board of directors, and (as the Company has been informed by ZMH Hammerman) the audit committee and board of directors of ZMH Hammerman, approved the continued conduct of negotiations toward a merger agreement, based on a value of NIS 855 million for ZMH Hammerman under the transaction, subject to such adjustments as shall be established in the final agreement, as well as the completion of the due diligence review of ZMH Hammerman by the Company.

As stated in the Previous Report, entry into the final agreement will be simultaneous with and subject to the Company's entry into a shareholders' agreement with the controlling shareholders of ZMH Hammerman.

It is clarified that as of the date of this immediate report, there is no certainty that the due diligence review will be completed to the Company's satisfaction or that the negotiations will evolve into a binding transaction, nor in relation to the final terms and conditions of the transaction.

Sincerely,

Azrieli Group Ltd.

Signed by: Adv. Nirit Zeevi, VP, General Counsel and Company Secretary

¹ Immediate report of 3 November 2024 (Ref. 2024-01-613198), the contents of which are included herein by reference.