

Azrieli Group Ltd.
(the "Company")

6 August 2025

To
Israel Securities Authority
Via Magna

To
Tel Aviv Stock Exchange Ltd.
Via Magna

Dear Sir/Madam,

Re: **Advanced negotiations for amendment of the Merger Agreement**

Further to the immediate report of the Company of 22 June 2025 (the "**Previous Report**")¹ regarding its engagement in a merger agreement for the performance of a 'reverse triangular' merger transaction for the acquisition of 66.67% of the issued capital of Z.M.H Hammerman Ltd. (the "**Merger Agreement**", the "**Transaction**" and "**ZMH Hammerman**", as the case may be), the Company respectfully reports that the parties are in advanced negotiations in connection with amendment of the Merger Agreement as follows:

- Update of the value of ZMH Hammerman in the Transaction, such that it will be linked to the Consumer Price Index (CPI) from 31 March 2025 until the Transaction closing date, plus NIS 5 million (the "**Updated Value**"). The Updated Value, according to the known index as of the date of this report, totals approx. NIS 873 million.
- Deductions and adjustments in the sum total of approx. NIS 7.7 million shall be deducted from the said Updated Value, in lieu of a deduction of NIS 15.9 million, as determined in the original transaction and specified in Section (b) of the Previous Report.

The above amendments are subject to the parties' reaching final and binding agreements. In addition, the closing of the Transaction is subject to fulfillment of all of the conditions precedent specified in Section (d) of the Previous Report, and there is no certainty that the parties will reach final agreements and/or as to fulfillment of the conditions precedent and/or that the merger transaction will be closed.

Sincerely,
Azrieli Group Ltd.

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

¹ The Company's immediate report of 22 June 2025 (Ref. 2025-01-043998), which is incorporated herein by reference.