

2026-01-06

To:

Israel Securities Authority

www.magna.isa.gov.il

To:

Tel Aviv Stock Exchange Ltd.

www.maya.tase.co.il

Subject: Receipt of Offers from Controlling Shareholders of the Company

Further to the report dated December 24, 2025, the contents of which are incorporated herein by reference (reference number: 2025-01-103111), Blue Square Real Estate Ltd. (the "Company") is honored to update that on January 5, 2026, it received offers from controlling shareholders of the Company, the main points of which are detailed below in this report (the "Offers").

According to the Offers, they have been proposed following a request for approval of a derivative claim submitted to the Economic Division of the Tel Aviv-Jaffa District Court against, inter alia, the controlling shareholder of the Company, Alon Blue Square Israel Ltd. ("Blue Square"), Extra Living Ltd., a private company fully owned (100%) by Blue Square ("Extra Living"), and Mr. Moti Ben-Moshe, the controlling shareholder of the Company (the "Derivative Proceeding"), as detailed in the immediate report published by the Company on September 30, 2025 (reference number: 2025-01-072946), the contents of which are incorporated herein by reference. According to the Offers, Blue Square, Extra Living, and Mr. Moti Ben-Moshe reject the applicant's claims in the Derivative Proceeding but, as a gesture of goodwill, for practical considerations and in order to avoid unnecessary disputes and legal proceedings, the Offers are being made.

Below is a summary of the main points of the Offers as received by the Company:

1.

An offer from Blue Square, according to which the Company is offered the right to purchase all of Blue Square's rights in Extra Living, including 100% of the issued and paid-up share capital of Extra Living, and Blue Square's rights in the financing provided and to be provided to Extra Living (the "First Offer" and the "Rights"). According to the First Offer, Extra Living operates in the income-producing real estate sector in the USA. The First Offer includes a breakdown of the real estate assets held by Extra Living as well as rights and obligations of Extra Living under purchase documents signed in relation to the potential acquisition of additional income-producing real estate assets in the USA. According to the First Offer, the purchase of the Rights will be for a cash payment equal to the aggregate amount of (1) all the financing provided by Blue Square to Extra Living; (2) a proportional share of Blue Square's expenses attributed to Extra Living and its assets; and (3) Blue Square's cost of capital for these amounts, at a rate to be determined by an independent financial advisor (appointed in accordance with a mechanism set forth in the offer). As part of the First Offer, the Company will be entitled to enter into an agreement to receive management services with the management company currently managing a portion of the assets (in which Mr. Ben-Moshe and Blue Square are not shareholders), under the terms specified in the First Offer. The First Offer clarifies that the transfer of the Rights is subject to receiving third party approvals, including existing financiers for a portion of the assets (if such approvals are not received, the Company will need to repay the credit provided by the financiers who refuse such approval, plus an amount for early repayment).

2.

An offer from Extra Holdings Israel Ltd., a private company fully owned by Mr. Moti Ben-Moshe, the controlling shareholder of the Company in ultimate control ("Extra Holdings"), according to which the Company is granted the right to purchase all its rights and contractual obligations of Extra Holdings to enter, within a defined period, into transactions for the purchase of 13 new real estate assets in the USA that have not yet been completed (the "Second Offer"). It should be noted with respect to these new assets that they are owned by different corporations, whose general partners are all under the same controlling shareholder; and this in consideration for the sum paid by Extra Holdings in practice for these rights up to the date they are transferred to the Company, plus Extra Holdings' cost of capital for these amounts, at a rate to be determined by an independent financial advisor (appointed as specified in the offer). The Second Offer includes details regarding the assets and their manner of financing. Should the Company accept the Second Offer, the Company will step

into the shoes of Extra Holdings in relation to the rights and contractual obligations mentioned above and in the relevant financing documents (as applicable).

2

(the matter) (Whereas with respect to financing – if for various reasons the Company does not assume the rights and obligations of Extra Holdings, the Company will be required to finance the purchase of the assets from its own resources (if the reason is due to the refusal of lenders to approve such, then the Company will be required to repay the credit including a premium for early repayment). The Second Offer includes adjustment mechanisms as well as mechanisms that regulate the transfer of ownership of the assets, including scenarios where their purchase is completed prior to the date of acceptance of the Second Offer by the Company and/or in the event that the right to purchase said assets is transferred from Extra Holdings to Blue Square or to Extra Living. The Second Offer states that if the Company accepts it, it will be necessary to hold a discussion regarding the possibility of continuing the management of the assets by the current management company, and the terms of engagement therewith.

In both offers, it was noted that similar offers were simultaneously made to Dor Alon Energy in Israel (1988) Ltd. (Dor Alon), and that if both the Company and Dor Alon choose to accept either of them, they will be executed by them in equal parts.

Both offers will be valid until 28.2.2026, and if by this date they are not positively responded to by the Company, including obtaining the Company’s required approvals, the offers will expire.

The Company is reviewing the offers and will publish additional immediate reports as required.

As of this date, the Company has no assessment regarding its possible future decisions concerning the offers. Any future assessments of the Company, if formed, in connection with the offers shall constitute forward-looking information as defined in the Securities Law, 1968, and may not materialize at all, or may materialize in a manner substantially different from what is expected.

With respect,

Blue Square Real Estate Ltd.

By: Arthur Leshinsky, CEO