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Quarterly Report

As of March 31, 2026

Airport City Ltd.

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Chapter 1

Board of Directors Report on the State of the Corporation's Affairs

As of March 31, 2026

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Board of Directors Report on the State of the Corporation's Affairs
For the period ended March 31, 2026

The Board of Directors of Airport City Ltd. (hereinafter: the "**Company**"), is pleased to submit the Board of Directors Report as of March 31, 2026 (hereinafter: the "**Report Date**") and for the period of three months ended on that date (hereinafter: the "**Report Period**"), in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

1. Board of Directors' Explanations for the Corporation's Business Status

1.1. Areas of Activity

The Company is engaged, including through subsidiaries and affiliates, both Israeli and foreign (hereinafter together: the "**Group**") in the field of investment property - initiation, development, construction, leasing, acquisition, management, and maintenance of properties in Israel and abroad.

In the field of residential real estate - initiation, development, construction, sale, and leasing of residential units in Israel.

1.2. The Business Environment (For the business environment, see Sections 1.5.1- 1.5.4 in Chapter 1 - Description of the Corporation's Business in the Periodic report of the Company for 2025[1] (hereinafter: the "Periodic report"). Following are updates from the date of approval of the Periodic report:

1.2.1 The Security Situation in Israel

Further to the details in Section 1.5.1 of the Periodic report, on February 28, 2026, Operation "Lion's Roar" began with a combined attack by the United States and Israel against targets in Iran, which responded by launching ballistic missiles and UAVs toward Israel and countries in the Persian Gulf. Shortly thereafter, the Hezbollah organization in Lebanon also joined the fighting. During April 2026, a temporary ceasefire was declared with Iran and subsequently with Hezbollah. As of the date of approval of the report, there is no certainty whether the ceasefire will continue or if fighting will resume.

The security situation has an impact on the economy's activity, supply chains, manpower availability, and the overall risk level in the business environment, alongside economic activity under security restrictions.

As of the date of approval of the financial statements, there was no material impact on the Group. However, at this stage, should there be a return to intense and prolonged fighting, there could be a material negative impact on the Group, its business, and the results of its activities, including on the estimated schedules of projects under construction leading to an increase in their costs, a possible impact on debt raisings and an increase in their costs, and additionally a slowdown in the marketing of vacant spaces.

On March 27, 2026, Fitch affirmed the credit rating at the A level and left the outlook at Negative[2]. The negative outlook stems from the expectation of continued growth in public debt and security risks that may harm growth. Also, from the fragile political situation in the country.

After the Report Date, on May 8, 2026, S&P Global Ratings affirmed Israel's credit rating at the A level and left the outlook at Stable[3].

1.2.2 Inflation

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Further to the details in Section 1.5.2 of the Periodic report, after the Report Date, the March 2026[4] and April 2026[5] indices were published, standing at 0.4% and 1.2%, respectively. In the last 12 months (April 2026 compared to April 2025), the Consumer Price Index stands at 1.9%.

The Group has loans and BONDS bearing fixed interest, some of which are linked to the Consumer Price Index. An increase in the Consumer Price Index had an impact on financing income during the Report Period, in a total amount of approximately NIS 7 million. The rise in the index

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[1] For details, see the report on the financial position dated March 25, 2026 (Reference No.: 2026-01-027308), which is included herein by way of reference.

[2] FitchRatings, “Fitch Affirms Israel at ‘A’; Outlook Negative”, March 27th 2026

[3] S&P Global Ratings, “Research Update : Israel ‘A/A-1’ Ratings Affirmed; Outlook Stable”, May 8th 2026

[4] Central Bureau of Statistics, Press Release "Consumer Price Index - March 2026", April 15, 2026.

[5] Central Bureau of Statistics, Press Release "Consumer Price Index - April 2026", May 15, 2026.

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The Consumer Price Index is expected to increase the Group's financing expenses (so that as of the report date, an additional 1% increase in the Consumer Price Index will contribute approximately NIS 56 million to financing expenses), an increase which will be partially offset by the increase in income from rent and management fees, which are linked to the Consumer Price Index.

1.2.3 **Interest**

Further to the stated in section 1.5.3 in the Periodic report, on March 30, 2026, the Monetary Committee decided to leave the interest rate unchanged at a level of 4%. The Bank of Israel supported its decision by the fact that local and global geopolitical certainty has increased, particularly regarding the duration and intensity of the fighting and its conclusion. Also, since the previous interest rate decision, there has been an increase in the inflation environment, mainly due to a significant increase in global energy prices.

As of March 31, 2026, the weighted linked effective interest on the Group's BONDS is approximately 1.87% and the weighted shekel effective interest on the Group's BONDS is approximately 4.98%, considering the yield rates inherent in the company's BONDS (Series 13 and 17), the company is expected to raise debt at interest rates of approximately 4.27% and 2.81% respectively. Accordingly, each debt cycle totaling NIS 100 million will increase the Group's financing expenses by approximately NIS 3 million per year.

Forward-looking information – The Company's estimates regarding the impact of the security situation, inflation, and interest on the Group's business constitute **forward-looking information**, as defined in the Securities Law, 1968. The Company's estimates are based on information existing in the Company at the report date, but the Company has no ability to assess the full future effects of the security situation and/or the change in the Consumer Price Index and/or change in interest, if any, on the Group's activity, as they depend on external factors over which the Company has no control or the Company's ability to influence them is limited, including changes in the global economy, macroeconomic changes in the world and Israel, changes in the credit policy of banking corporations and institutional bodies, changes in debt costs in the capital market, labor shortage and increase in construction costs, payment ethics of the Group's property tenants, the public's private consumption rate, changes in mortgage interest rates and demand for apartments, and the impact on all these following the war.

2. Principal Events During the Report Period and After the Report Date

2.1 During the report period, the Company increased the scope of its self-purchase plan for its shares. For details regarding the increase in the scope of the self-purchase plan and shares purchased by the Company, see section 9 below.

2.2 In April 2026, the National Infrastructure Committee (NIC) approved the advancement of the Ministry of Transportation's plan (NIC 149) intended for relocating public transportation activities from the Tel Aviv Central Bus Station, so that in the first stage, a public transportation terminal will be established on the land of the Mikveh Israel Agricultural School in Holon (hereinafter: **"Mikveh Israel"**), for an interim period of about 20 years, which will allow the cessation of public transportation activity at the Tel Aviv Central Bus Station and subsequently the establishment of a permanent transportation center.

The said approval is a first and necessary step in a complex and long-term process to terminate public transportation activity at the Tel Aviv Central Bus Station and establish a transportation alternative.

It should be noted that the implementation of the said plan involves, among other things, legislative amendments since Mikveh Israel land is protected by a special law regulating its activities and prohibiting, among other things, a change of designation in Mikveh Israel land without obtaining the approvals of all parties set forth in the said law.

At this early stage, it is not yet possible to estimate if and when the said plan will be implemented.

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6 Bank of Israel, "The Monetary Committee decided on 30/3/2026 to leave the interest rate unchanged at the level of 4.0%", March 30, 2026.

2.3 For details regarding the approval after the report period of a self-purchase plan for the Company's shares with safe harbor protection, see section 9 below.

3. Income-Producing Real Estate Segment

As of March 31, 2024, the Group has 121 income-producing properties owned and leased with an area of approximately 1,312 thousand sqm (excluding income-producing properties under construction) and lands intended for construction, for lease and/or residential.

The Group's assets in Israel as of March 31, 2024, include 105 income-producing properties with an area of approximately 1,199 thousand sqm, with the occupancy rate in these properties being approximately 92%.

The Group's assets abroad (mainly in France), as of March 31, 2024, include 16 income-producing properties with an area of approximately 113 thousand sqm, with the occupancy rate in these properties being approximately 60%. The low occupancy rate is mainly due to the fact that in two of the properties the lease agreements reached their end and the consolidated company is acting to sell them.

The Group's assets in Israel are scattered across the country, with most of them located in the large cities in central Israel, in the Airport City complex and in high-demand areas. The properties are leased to many tenants and under contracts for various periods.

3.1 Results of Operations (in NIS millions)

Results of Operations	Change (%) between periods ended March 31	For three months ended March 31, 2024	For three months ended March 31, 2023	For year ended December 31, 2023
Income from property rental and management	1%	255	252	1,002
NOI from income-producing properties	4%	215	207	803
NOI from residential	(22%)	8	9	31
EBITDA excluding residential	(1%)	191	193	748
Fair value adjustment for investment property	(100%)	-	(1)	343
Financing expenses, net	300%	(28)	(7)	(142)
Net profit for the period	(28%)	129	186	788
Nominal FFO per ISA instructions	(21%)	144	182	513
Real AFFO per management approach	(14%)	150	175	625

The NOI[7] from income-producing properties in the report period amounted to approximately NIS 215 million, compared to a total of approximately NIS 207 million in the corresponding period last year. The increase in the report period stems mainly from a decrease in operating expenses.

Group profits in the report period amounted to approximately NIS 129 million, compared to a profit of approximately NIS 186 million in the corresponding period last year. The decrease results mainly from an increase in financing expenses of approximately NIS 21 million and an increase in tax expenses of approximately NIS 28 million.

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7 In the estimation of the company's management, the NOI figure is one of the important parameters in the valuations of income-producing real estate. The result of dividing this figure by the accepted capitalization rate in the geographical area where the property is located constitutes one of the indications for determining the property's value (beyond other indications such as: comparison transactions, sale price per sqm, etc.).

The NOI net of property investments for improvements and maintenance of the existing (Capex) is used to measure the free cash flow to service the financial debt taken to finance the property. It should be emphasized that the NOI: does not present cash flows from operating activities according to accepted accounting principles, does not reflect cash available to finance all Group cash flows, including its ability to make distributions of funds and is not supposed to be considered a substitute for net profit for the purpose of assessing the Group's results of operations.

Below is the distribution of the Group's assets according to different uses as of March 31, 2026 (in NIS thousands):

Uses	Area (sqm)	Income 1-3/2026	NOI 1-3/2026	Fair Value Investment Property	Occupancy Rate
Assets presented at fair value-					
Income-producing real estate-					
Offices	241,324	66,112	56,518	3,117,682	78%
Storage and Industry	298,450	38,581	37,610	2,138,393	99%
Commerce	162,938	59,818	45,130	2,910,168	91%
Parking Lots	212,268	10,301	10,210	685,919	100%
Transportation Centers	267,241	32,083	23,876	1,598,667	90%
Gas Stations	16,721	3,651	3,501	130,652	100%
Europe	113,160	10,407	8,028	561,024	60%
Total Income-Producing Real Estate	1,312,102	220,953	184,873	11,142,505	89%
Non-income producing real estate-					
Projects under construction	-	7,962	7,577	1,402,438	
Lots	-	5,308	3,743	2,311,488	
Total Non-income Producing Real Estate	-	13,270	11,320	3,713,926	
Business Park Management	-	7,279	6,282	-	
Total Business Park Management	-	7,279	6,282	-	
Total Assets Presented at Fair Value	**1,312,102**	**241,502**	**202,475**	**14,856,431**	
Uses		**Income 1-3/2026**	**NOI 1-3/2026**	**Cost of Assets**	
Assets Presented at Cost					
Residential rental	-	11,189	10,782	849,928	
Land for construction	-	1,913	1,446	176,231	
Total Assets Presented at Cost	-	13,102	12,228	1,026,159	
Total Amount	**1,312,102**	**254,604**	**214,703**	**15,882,590**	

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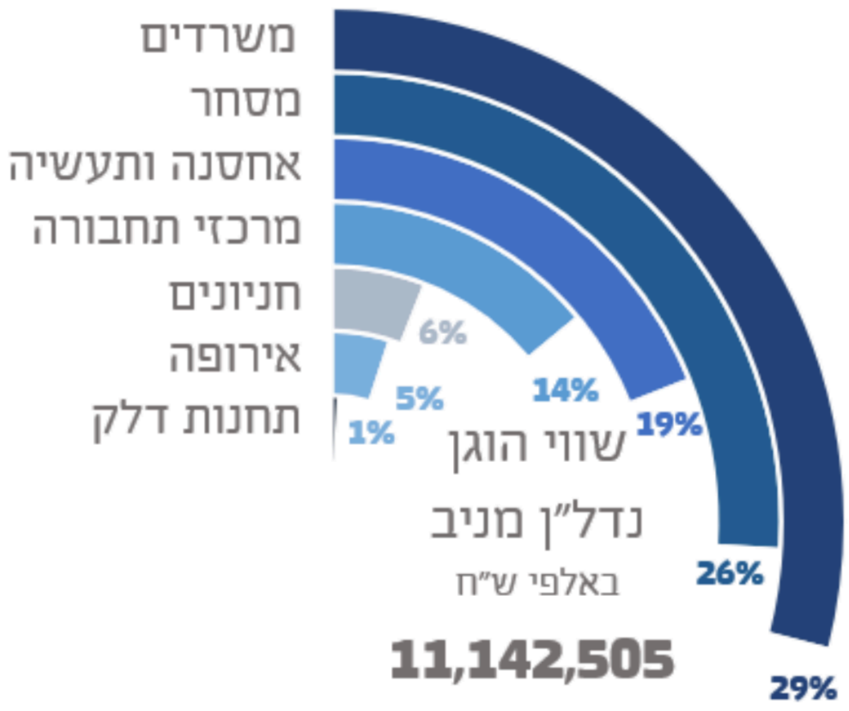

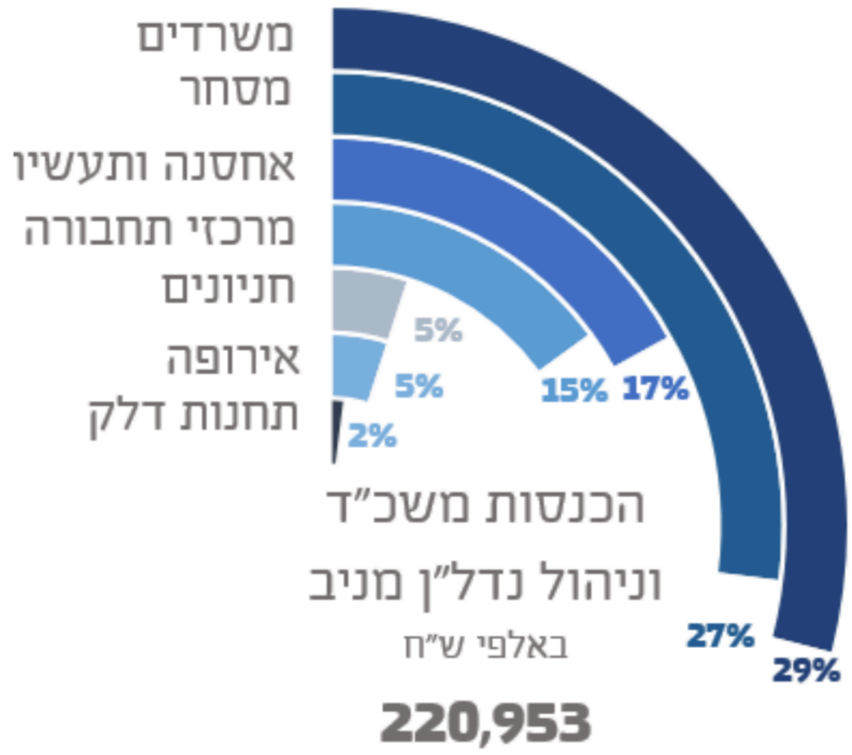

NOI (Net Operating Income) from Income-Producing Properties

Below is information regarding the Group's NOI (profit from renting properties and operating them, neutralizing depreciation and amortizations):

NOI in NIS thousands	Quarter 1 2026	Quarter 4 2025	Quarter 3 2025	Quarter 2 2025	Quarter 1 2025
Israel	205,485	197,003	187,363	186,870	199,497
Europe	9,218	8,049	8,096	8,486	7,635
Total Amount	**214,703**	**205,052**	**195,459**	**195,356**	**207,132**

FFO (Funds from operations)

The FFO is an accepted measure in North America and Europe for providing additional information on the results of operations of income-producing real estate companies, providing a proper basis for comparison between income-producing real estate companies; this measure is not required by generally accepted accounting principles.

FFO as defined, expresses reported net profit, neutralizing gains or losses from sale of assets, plus depreciation and amortizations regarding real estate, neutralizing deferred taxes and non-cash expenses.

The Company believes that analysts, investors, and shareholders may receive added value information from measuring the Group's results of operations on an FFO basis. It should be emphasized that FFO:

a. Does not present cash flows from operating activities according to accepted accounting principles.

b. Does not reflect cash in the Company's hands and its ability to distribute it.

c. Should not be considered a substitute for the reported net profit for the purpose of evaluating the Group's results of operations.

FFO Data (in NIS millions)	1-3/2026	1-3/2025
Profit for the period **	129	186

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FFO Data (in NIS millions)	1-3/2026	1-3/2025
Changes in fair value of investment property, net	-	1
Hotel depreciation and amortizations	1	1
Changes in fair value of marketable securities, net	17	5
Income from hotel operation	-	(1)
Profit from apartment sales	(6)	(7)
Taxes regarding adjustments	(3)	-
FFO per Securities Authority approach	**138**	**185**
Of which: FFO from continuing operations	**138**	**185**
Neutralizing share of non-controlling rights	(2)	(3)
FFO per Securities Authority approach attributable to Company shareholders	**136**	**182**
Of which: FFO per Authority approach attributable to Company shareholders from continuing operations	**136**	**182**
Adjustments to Securities Authority FFO for presenting AFFO per management approach	**1**	**1**
Share-based payment	1	1
Expenses (income) regarding loans to subsidiaries abroad	13	(27)
Indexation differences for the period	(7)	17
Deferred taxes regarding adjustments	(1)	2
AFFO per management approach	**144**	**178**
Of which: FFO per management approach (AFFO) attributable to Company shareholders from continuing operations	**144**	**178**
Neutralizing share of non-controlling rights	(3)	(3)
AFFO per management approach attributable to Company shareholders*	**141**	**175**
Of which: FFO – per management approach (AFFO) attributable to Company shareholders from continuing operations	**141**	**175**

* The Company's compensation policy was approved on January 8, 2025, for the period of 2025-2027 (hereinafter: "Compensation Policy").

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It should be noted that bonuses that may be granted based on the consolidated annual FFO benchmark specified for the Chairman of the Board of Directors, CEO, and Vice Presidents in sections 5.1.2, 5.2.3, and 5.3.1 of the compensation policy, respectively, are determined according to the definition of FFO specified in section 5.7 of the compensation policy and not as established in the table above. For further details regarding the compensation policy, see the immediate report on the meeting results dated January 8, 2025 (Reference No.: 2025-01-002904), which is incorporated herein by reference. The scope of AFFO for the first three months of 2026 regarding the aforementioned officers amounted to a total of NIS 162 million, for the first three months of 2025 it amounted to a total of NIS 156 million, and for the year 2025 it amounted to a total of approximately NIS 588 million.
** The change in profit compared to the corresponding quarter last year is due, among other things, to tax benefits recorded in 2025 due to tax assessments signed by the company for the years 2022-2023.

3.2 Weighted Yield Rate*

Below is the calculation of the weighted yield rate on an annual basis derived from the value of all the Group's income-producing real estate assets in Israel (including vacant areas) presented according to fair value as of March 31, 2026.
The weighted yield rate is an average metric and does not take into account the variance between assets and their locations.

In NIS millions	Weighted Yield Rate Calculation
14,856	**Asset value as of 03/31/2026**
(802)	Excluding assets abroad
(3,473)	Excluding non-income-producing assets
(1,461)	Excluding value attributed to building rights in income-producing assets
9,121	**Total amount - assets in Israel**
811	NOI Israel *
(33)	Less NOI attributed to income-producing real estate assets abroad
4	Change in NOI due to rent update
(87)	Less NOI attributed to non-income-producing real estate assets and assets presented at cost
(39)	Less NOI attributed to income-producing real estate assets not valued according to DCF
656	**Adjusted NOI in Israel***
7.2%	**Weighted yield rate in Israel**

(*) NOI represents the period of the last four quarters ending on March 31, 2026.

It is clarified that the weighted yield rate and the NOI as stated above are estimates and/or evaluations and do not constitute a forecast by the company for the year 2026. The company's assessments as stated above include **forward-looking information** as defined in the Securities Law, 1968. This information is uncertain and is based, among other things, on information regarding contractual engagements with tenants that are in effect as of March 31, 2026 (including new contracts and option exercises) and parameters in calculating the fair value for income-producing assets including the company's estimates regarding occupancy of areas. The actual NOI may differ from the estimates detailed above, among other things, due to the cancellation of lease agreements and/or an increase in the Consumer Price Index, and the fair value may differ in practice due to changes in parameters in determining fair value, including changes in capitalization rates for income-producing assets and in contractual rents.

The weighted yield rate in France, Germany, the Netherlands, and Spain (excluding the value of vacant assets and expenses for them) is approximately 5.7%.

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4. Residential Real Estate Segment

4.1 As of March 31, 2026, the Group is marketing residential apartments (sale and lease) in four projects:

"Nitsba City" Project - For details regarding the project, see section 3.1 of the Board of Directors Report in the Periodic report. As of the reporting date, out of 617 apartments offered for rent, 565 apartments were rented.

"Mevaseret HaKtana" Project - For details regarding the project, see section 3.1 of the Board of Directors Report in the Periodic report.

"Nitsba Park" Project in Herzliya - For details regarding the project, see section 3.1 of the Board of Directors Report in the Periodic report.

Yoseftal Project "Ayalon Quarter" - For details regarding the project, see section 3.1 of the Board of Directors Report in the Periodic report. As of the date of the report, 377 apartments were sold, and after the date of the report and until close to the date of approval of the report, no additional apartments were sold.

After the date of the report, in May 2026, an amendment letter was received to extend the final repayment date of the financial credit amounts received from the financing framework for the project until December 31, 2026.

Residential Project in Netanya "Sha'ar HaYam" - For details regarding the project, see section 3.1 of the Board of Directors Report in the Periodic report.

Operating Results (in NIS thousands):

During the report period, there were no changes in the operating results of the projects described above except for:

Operating Results	"Ayalon Quarter" Project*
Total expected income from units sold	394,320
Amount recognized as income in years 2023-2025	322,476
Amount recognized as income during the report period	19,074
Total expected income from units sold, not yet recognized as income	52,770
Total expected costs from units sold	309,162
Amount recognized as expense in years 2023-2025	251,533
Amount recognized as expense during the report period	12,641
Total expected costs from units sold, not yet recognized as expenses	44,989

* Refers to initiation activity only and does not include construction services provided to landowners, and represents the Group's share in the project, which is 50%.

4.2 **Very material project "Nitsba City" in Rosh HaAyin, the construction of which was completed before the report period (and its sale has not yet been completed):**

The construction of the project was completed in December 2020. 50% of the project was marketed and sold by the end of 2020 and the remaining 50% are rented under the Law for the Encouragement of Capital Investments. For details regarding costs invested and to be invested and the marketing of the project, see sections 1.7.3 and 1.7.3.1, respectively, in Chapter 1 (Description of Corporation's Business Report) in the Periodic report. During the report period, there was no change in the aforementioned details.

4.3 **Projects that are not very material:**

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"Ayalon Quarter" project in Bat Yam (Data according to 100%, company share 50%)	Q1 2026	Cumulative until 12.31.2025
Number of contracts signed during the period	377	371
Areas for which agreements were signed during the period (sqm)	383	33,255
Average price per sqm in contracts signed during the period (NIS)	35,715	26,600

5. Financial Position (in NIS millions)

	As of			Change relative to 12.31.2025		Company explanation for material changes
	31.3.2026	31.3.2025	31.12.2025			
Current Assets						
Cash and cash equivalents	1,248	1,367	1,893	(646)	(34%)	The decrease stems mainly from current activity in the amount of approximately NIS 153 million, offset by repayments of principal and interest of BONDS and a loan in the amount of approximately NIS 620 million, investments in investment property in the amount of approximately NIS 25 million, and purchase of treasury shares in the amount of approximately NIS 164 million.
Securities held for trading	611	278	588	23	4%	The change stems mainly from the purchase of marketable securities, net in the amount of approximately NIS 45 million offset by a write-down in the amount of approximately NIS 23 million.
Short-term deposits	2	11	2	-	-	
Customers	61	86	60	1	2%	
Current tax assets	59	41	67	(8)	(12%)	
Accounts receivable and debit balances	304	183	310	(6)	(2%)	
Income receivable from apartment purchasers	162	80	144	18	13%	The balance is affected by progress in work execution and payment terms of apartment purchasers, some of which are at the time of construction completion, in the "Ayalon Quarter" project in Bat Yam.
Inventory of buildings for sale	523	533	526	(3)	(1%)	
Total Current Assets	**2,970**	**2,579**	**3,590**	**(621)**	**(17%)**	
Non-Current Assets						
Long-term inventory of buildings for sale	1,100	1,098	1,100	-	-	
Land for construction	238	280	237	1	-	
Investments in held companies	3	3	3	-	-	
Long-term investments and receivables	235	308	235	-	-	
Investment Property	14,856	14,425	14,866	(10)	-	The change stems mainly from a decrease in the translation difference fund in the amount of approximately NIS 25 million offset by property acquisitions in the amount of approximately NIS 15 million.

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	As of			Change relative to 12.31.2025		Company explanation for material changes
	31.3.2026	**31.3.2025**	**31.12.2025**			
Fixed Assets	80	85	80	-	-	
Total Non-Current Assets	**16,512**	**16,199**	**16,521**	**(9)**	**-**	

Board of Directors Report on the State of the Corporation's Affairs

	As of			Change relative to 12.31.2025		Company explanation for material changes
	31.3.2026	31.3.2025	31.12.2025			
Current Liabilities						
Current maturities and credit from banking and other corporations	1,024	894	1,119	(95)	(8%)	The change stems from a decrease in current maturities of BONDS in the amount of NIS 114 million.
Suppliers and service providers	54	74	76	(22)	(29%)	The change stems mainly from the timing of payment to construction suppliers
Accounts payable and credit balances	117	107	115	2	2%	
Current tax liabilities	88	77	72	16	22%	
Provisions	157	220	182	(25)	(14%)	Mainly a payment of NIS 45 million in connection with an obligation for property tax (Arnona) in accordance with an agreement signed with the Tel Aviv Municipality regarding the Tel Aviv Central Bus Station
Advances from apartment purchasers	4	15	4	-	-	
Obligations for providing construction services and for a combination transaction	12	37	16	(3)	(19%)	
Obligation to purchase non-controlling rights in a consolidated company	8	7	8	-	-	
Total Current Liabilities	**1,464**	**1,431**	**1,592**	**(127)**	**(8%)**	
Non-Current Liabilities						
Loans from other credit providers	236	248	237	(1)	-	
BONDS	5,207	5,069	5,662	(455)	(8%)	The change stems from repayment of BONDS in the amount of NIS 563 million offset by a decrease in current maturities of NIS 114 million.

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	As of			Change relative to 12.31.2025		Company explanation for material changes
	31.3.2026	31.3.2025	31.12.2025			
Provisions	37	37	37	-	-	
Deferred taxes	1,935	1,792	1,930	1	-	
Employee benefits	1	1	1	-	-	
Other long-term liabilities	106	104	107	(1)	(1%)	
Total Non-Current Liabilities	**7,522**	**7,251**	**7,974**	**(456)**	**(6%)**	
Total Equity Attributable to Owners of the Company	**10,272**	**9,898**	**10,324**	**(52)**	**-**	The change includes profit for the period in the amount of approximately NIS 130 million offset by the cost of purchasing treasury shares in the amount of approximately NIS 164 million
Non-controlling interests	**224**	**198**	**221**	**4**	**2%**	
Total Balance Sheet	**19,482**	**18,778**	**20,111**	**(630)**	**(3%)**	

5.1 Working Capital

Working capital as of March 31, 2026, amounts to approximately NIS 1,506 million, compared to working capital in the amount of approximately NIS 1,998 million as of December 31, 2025. The decrease in working capital results mainly from an increase in cash from operating activities offset by repayments of BONDS principal and interest and purchase of treasury shares. Working capital (for a 12-month period) as of March 31, 2026, excluding residential real estate initiation activity, amounts to approximately NIS 985 million.

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6. Consolidated Profit and Loss Statements (in NIS millions)

	For the three months ended on		For the year ended on 31.12.2025	Change relative to the corresponding period		Company's explanation for material changes
	31.3.2026	31.3.2025				
Revenue from property rental and management:						
Israel	243	242	958	1	-	
France	7	7	30	-	-	
Others	4	3	14	1	33%	
Total revenue from property rental and management	**254**	**252**	**1,002**	**2**	**1%**	
Revenue from sale of apartments	24	37	147	(13)	(35%)	The revenue results from the progress of construction works of the apartments sold in the "Ayalon Quarter" project in Bat-Yam.
Total revenue	**278**	**289**	**1,149**	**(11)**	**(4%)**	
Cost of rental, property operation and management	40	45	199	(5)	(11%)	The decrease results mainly from a decrease in municipal tax expenses.
Cost of apartments sold	15	29	116	(14)	(48%)	The costs result primarily from the progress in performance of works in the "Ayalon Quarter" project in Bat-Yam.
Total costs	**55**	**74**	**315**	**(19)**	**(26%)**	
Gross profit	**223**	**215**	**834**	**6**	**3%**	
Change in fair value of investment property, net	-	(1)	343	1	(100%)	
Selling, general and administrative expenses	(20)	(13)	(56)	(7)	54%	The increase results mainly from an increase in the allowance for doubtful accounts
Other income	2	2	52	-	-	
Other expenses	(12)	(3)	(55)	(9)	300%	The increase results from a provision for non-compliance with performance commitments given in connection with the establishment of the hotels.
Profit from ordinary operations	**193**	**200**	**1,118**	**(7)**	**(4%)**	
Financing expenses	(52)	(56)	(299)	4	7%	
Financing income	23	49	157	(25)	(50%)	
Financing expenses, net	(28)	(7)	**(142)**	(21)	300%	The increase in financing expenses results primarily from exchange rate differential expenses on loans to subsidiaries abroad of NIS 13 million compared to income of NIS 27 million in the corresponding period last year, offset by income of NIS 7 million from linkage differentials of BONDS compared to expenses of NIS 17 million in the corresponding period last year.
Profit before income taxes	**164**	**193**	**976**	**(28)**	**(15%)**	
Income taxes	(35)	(7)	**(188)**	(28)	**400%**	The effective tax rate in the period is 21%, and in the corresponding period last year the effective tax rate was 4% which resulted mainly from a tax benefit due to tax assessments signed by the company for the years 2022-2023.
Profit for the period	**129**	**186**	**788**	**(57)**	**(31%)**	
Profit attributable to owners of the company	125	180	758	(55)	(31%)	
Profit attributable to non-controlling interests	4	6	**30**	(2)	(33%)	
Profit for the period	**129**	**186**	**788**	**(57)**	**(31%)**	
Basic and diluted earnings per share (in NIS)	**1.11**	**1.55**	**6.51**	**0.44**	**(28%)**	

7. Weighted interest rates as of 31.03.2026 on the Group's obligo by type:

Type of Obligo	Amount (NIS millions)	Annual interest rate
Index-linked obligo	5,626	1.87%
Shekel obligo variable interest	166	5.97%
Shekel obligo - unlinked	713	4.80%

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Type of Obligo	Amount (NIS millions)	Annual interest rate
Total	6,505	

8. Liquidity and Sources of Financing

Below are the main sources and uses during the report period:

Sources	In NIS millions
Current activity	153
Short-term credit from other banking corporations, net	19
Interest and dividends received	40
Total sources	212
Uses	**In NIS millions**
Repayment of long-term liabilities	563
Purchase of treasury shares	164
Interest paid	56
Purchase of marketable securities, net	45
Effect of exchange rate change	2
Investments in investment property and fixed assets	28
Total uses	858
Decrease in cash	**646**

It should be noted that the Group has, among others, unencumbered assets in a total of approx. NIS 12.3 billion.

As stated above, the Group and the Company have a positive working capital in the consolidated and separate financial statements of the Company.

9. Buyback Plan

On November 26, 2025, the Company's Board of Directors approved a new self-purchase plan for the Company's shares in an amount of up to NIS 200 million, starting from November 27, 2025, for a period of 12 months. For details, see the immediate report regarding the approval of a purchase plan dated November 26, 2025 (reference number: 2025-01-092938), which is brought here by way of reference. On January 20, 2026, the Company's Board of Directors approved an increase of the purchase plan by NIS 200 million so that it will stand at NIS 400 million, with the remaining terms of the purchase plan remaining unchanged (hereinafter: the "**Increased Buyback Plan**"). As of the date of approval of the report, the Company has realized approximately 70.74% of the Increased Buyback Plan. For details, see the supplementary immediate report regarding the approval of a purchase plan dated January 20, 2026 (reference number: 2026-01-008108), which is brought here by way of reference.

After the report date, on May 24, 2026, the Company's Board of Directors approved an additional self-purchase plan for the Company's shares with safe harbor protection in accordance with legal position number 199-8 of the Securities Authority in an amount of up to NIS 100 million (hereinafter: the "**Total Purchase Cost**") for a period starting after one trading day from the date of publication of the financial statements for the first quarter of 2026, until the Total Purchase Cost or until August 31, 2026 or until the day before the date of approval of the financial statements for the second quarter of 2026, whichever is earlier. For details, see the immediate report regarding the approval of a purchase plan dated May 24, 2026 (reference number: 2026-01-047559), which is brought here by way of reference.

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10. Details regarding certificates of indebtedness[8] held by the public as of March 31, 2026

10.1 As of March 31, 2026, the Company has BONDS series as follows: Series 5 which was issued to the public according to a shelf offering report dated September 15, 2014, Series 9 which was issued to the public according to a shelf offering report dated October 27, 2019, Series 10 and 11 which were issued to the public according to a shelf offering report dated May 10, 2023, Series 12 which was issued to the public according to a shelf offering report on September 17, 2024 and Series 13 and 14 which were issued to the public according to a supplementary shelf offering report dated December 2, 2025.

During the report period, the Company repaid to the BONDS holders principal and interest of the BONDS (Series 5) and interest of the BONDS (Series 9) in accordance with the trust deeds of these BONDS. After the report date, the Company repaid to the BONDS holders principal and interest of the BONDS (Series 10 and 11) and interest of the BONDS (Series 12, 13 and 14) in accordance with the trust deeds of these BONDS.

10.2 <u>Compliance with financial ratios of the BONDS :</u>

Required standards - BONDS Series 5	The ratio as of the date of the report
The ratio between the equity of the Company and the total net balance sheet of the Company, according to the consolidated financial statements, quarterly or annual, as applicable, shall not be less than 25% for a period exceeding two consecutive quarters. In this regard "net balance sheet" – total balance sheet less cash and cash equivalents, securities held for trading, short-term investments and deposits according to the latest consolidated financial statements. "Equity" – Company equity according to the latest consolidated financial statements.	**Approx. 59.6%**
The ratio between the net financial debt and the adjusted NOI of the Company for income-producing properties shall not exceed 15 for a period of two consecutive quarters. In this regard "net financial debt" – loans and BONDS less cash and cash equivalents, securities held for trading, investments and short-term loans according to the latest financial statements. "Adjusted NOI" – profit data obtained from total revenue from property rental and management less the cost of rental, property operation and management, referring to the four quarters preceding the check date and ending at the date of the latest quarterly or annual financial report of the Company before the charge date.	**Approx. 5.51**
The equity attributable to the shareholders in the Company (not including minority rights) shall not be less than a total of NIS 1.2 billion for a period of two consecutive quarters.	**Approx. NIS 10.3 billion**

Required standards - BONDS Series 9	The ratio as of the date of the report
The ratio between the equity of the Company and the total net balance sheet of the Company, according to the consolidated financial statements of the Company, quarterly or annual, reviewed or audited, as applicable, shall not be less than 25% during a period of two consecutive quarters. In this regard "Equity" – Company equity according to the latest consolidated financial statements. "Net balance sheet" – total balance sheet less cash and cash equivalents, securities held for trading, short-term investments and deposits according to the latest consolidated financial statements.	**Approx. 59.6%**

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Required standards - BONDS Series 9	The ratio as of the date of the report
The ratio between the net financial debt and the adjusted NOI of the Company for income-producing properties, shall not exceed 15 for a period of two consecutive quarters. In this regard "net financial debt" – loans and BONDS (plus interest payable) less cash and cash equivalents (except restricted deposits), securities held for trading and investments and short-term loans according to the latest consolidated financial statements. In this regard "Adjusted NOI" – for a specific calculation date - profit data obtained from total revenue from property rental and management less the cost of rental, property operation and management, referring to the four quarters preceding the check date and ending at the date of the latest quarterly or annual financial report of the Company before the calculation date. For the avoidance of doubt,	**Approx. 5.51**

[8] For further details regarding the Company's certificates of indebtedness, see section 11 of the Board of Directors' Report of the 2025 Periodic report above.

It will be clarified that the calculation of the Adjusted NOI for assets which were purchased and/or began yielding during the last four quarters, will be performed on an annualized basis[9].	
Approx. NIS 10.3 billion	Equity of the Company shall not be less than a total of NIS 1.8 billion for a period of two consecutive quarters. In this section "Equity" - is the equity attributable to the shareholders of the Company (not including minority rights) according to the latest consolidated financial statements.
The ratio as of the date of the report	**Required standards - BONDS Series 10**
Approx. 70.6%	<u>Section 5.4.1 of the Trust Deed and the preamble of section 3.3[10] of the terms listed overleaf, respectively -</u> The ratio between the equity of the Company and the net balance sheet of the Company, according to the consolidated financial statements of the Company, quarterly or annual, reviewed or audited, as applicable, shall not be less than 32%/30%, respectively, for a period of two consecutive quarters. In this regard "Equity" – Company equity including minority rights and plus net deferred tax liabilities, all according to the latest published audited or reviewed consolidated financial statements. "Net balance sheet" – total balance sheet less cash and cash equivalents, unrestricted, marketable securities, securities held for trading classified in the financial statements as current assets, short-term investments and deposits that are not restricted, according to the latest consolidated financial statements.
Approx. NIS 12.2 billion	<u>Section 5.4.2 of the Trust Deed and the end of section 3.3 of the terms listed overleaf, respectively -</u> The equity of the Company shall not be less than a total of NIS 2.7/3 billion, respectively, for a period of two consecutive quarters. In this section "Equity" – is the equity attributable to the shareholders in the Company (not including minority rights) and plus net deferred tax liabilities, all according to the latest audited or reviewed consolidated financial statements.

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Approx. 5.51	Section 5.4.3 of the Trust Deed - The ratio between the net financial debt and the Adjusted NOI of the Company for income-producing properties, shall not exceed 15 for a period of two consecutive quarters. In this regard "net financial debt" – loans and BONDS (plus interest payable) less cash and cash equivalents (except restricted deposits and including restricted cash and cash equivalents), financial assets classified in the financial statements as current assets, securities held for trading classified in the financial statements as current assets and short-term investments and deposits and designated bank accounts according to the latest audited or reviewed consolidated financial statements. In this regard "designated deposits and accounts" – deposits and bank accounts used by the Company in projects under bank support, deposits designated for the Israel Land Authority and accounts designated for the benefit of the Company's BONDS holders only as they shall be from time to time. In this regard "Adjusted NOI" – for a specific calculation date - profit data obtained from total revenue from property rental and management less the cost of rental, operation of those rented assets and their direct management, referring to the four quarters preceding the check date and ending at the date of the latest quarterly or annual financial report of the Company before the calculation date. For the avoidance of doubt, it will be clarified that the calculation of the Adjusted NOI for assets which were purchased and/or began yielding during the last four quarters, will be performed on an annualized basis[11].

[9] The Adjusted NOI of such an asset, for the period starting from the date of purchase and/or yield, as applicable, and until the date of the last financial report, will be multiplied by the result of dividing 365 by the number of days in said period.

[10] The standards in Section 3.3 of the terms listed overleaf of the Trust Deed are in connection with updating the BONDS interest rate in case of non-compliance with any of them.

[11] The Adjusted NOI of such an asset, for the period starting from the date of purchase and/or yield, as applicable, and until the date of the last financial report, will be multiplied by the result of dividing 365 by the number of days in said period.

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Required Covenants - BONDS Series 11	The ratio as of the report date
Section 5.4.1 of the Trust Deed and the preamble of Section 3.3[12] of the conditions registered on the reverse side, respectively- The ratio between the Equity of the company and the net balance sheet of the company, according to the consolidated financial statements of the company, quarterly or annual, reviewed or audited, as applicable, shall not be less than a rate of 30%, 32%, respectively, for a period of two consecutive quarters. In this regard, "Equity" and "Net balance sheet" are as defined in the same covenant for BONDS (Series 10) above.	Approx. 70.6%
Section 5.4.2 of the Trust Deed and the end of Section 3.3 of the conditions registered on the reverse side, respectively- The Equity of the company shall not be less than a total of NIS 3.2/7 billion, respectively, for a period of two consecutive quarters. In this regard, "Equity" is as defined in the same covenant for BONDS (Series 10) above.	Approx. NIS 12.2 billion
Section 5.4.3 of the Trust Deed- The ratio between the net financial debt and the Adjusted NOI of the company for yielding assets, shall not exceed 15 for a period of two consecutive quarters. In this regard, "Net financial debt", "Designated deposits and bank accounts" and "Adjusted NOI" are as defined in the same covenant for BONDS (Series 10) above.	Approx. 5.51

Required Covenants - BONDS (Series 12)	The ratio as of the report date
Section 5.4.1 of the Trust Deed and the preamble of Section 3.3[13] of the conditions registered on the reverse side, respectively- The ratio between the Equity of the company and the net balance sheet of the company, according to the consolidated financial statements of the company, quarterly or annual, reviewed or audited or reviewed, as applicable, shall not be less than a rate of 30%/32%, respectively, for a period of two consecutive quarters. In this regard, "Equity" – the company's equity including minority rights and with the addition of net deferred taxes liabilities, all according to the last published audited or reviewed consolidated financial statements. "Net balance sheet" – the total balance sheet less cash and cash equivalents, unrestricted, marketable securities, securities held for trading classified in the financial statements as current assets, short-term investments and unrestricted deposits, according to the last consolidated financial statements.	Approx. 70.6%
Section 5.4.2 of the Trust Deed and the end of Section 3.3 of the conditions registered on the reverse side, respectively - The Equity of the company shall not be less than a total of NIS 3.3/3 billion, for a period of two consecutive quarters. In this section "Equity" - is the equity attributable to the shareholders of the company (excluding minority rights) and with the addition of net deferred taxes liabilities, all according to the last audited or reviewed consolidated financial statements.	Approx. NIS 12.2 billion

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Required Covenants - BONDS (Series 12)	The ratio as of the report date
Section 5.4.3 of the Trust Deed- The ratio between the net financial debt and the Adjusted NOI of the company for yielding assets, shall not exceed 15 for a period of two consecutive quarters. In this regard, "Net financial debt" – loans, BONDS and commercial papers (plus interest payable) less cash and cash equivalents (excluding restricted deposits and including restricted cash and cash equivalents), financial assets classified in the financial statements as current assets, securities held for trading classified in the financial statements as current assets and short-term investments and designated bank deposits and accounts according to the last audited or reviewed consolidated financial statements. In this regard, "Designated deposits and bank accounts" – bank deposits and accounts used by the company in projects under financial support, deposits designated for the Israel Land Authority as well as accounts designated for the benefit of the holders of the company's BONDS only as they will be from time to time. In this regard, "Adjusted NOI" – for a specific calculation date - the profit data obtained from the total income from the rental of assets and their management less the cost of rental, operation of those rented assets and their direct management, relating to the four quarters preceding the date of the examination and ending on the date of the last quarterly or annual financial report of the company before the calculation date. For the avoidance of doubt,	Approx. 5.51

[12] The covenants in Section 3.3 of the conditions registered on the reverse side of the Trust Deed are in connection with the update of the BONDS interest rate in case of non-compliance with any of them.

[13] The covenants in Section 3.3 of the conditions registered on the reverse side of the Trust Deed are in connection with the update of the BONDS interest rate in case of non-compliance with any of them.

It will be clarified that the calculation of the Adjusted NOI for assets that were purchased and/or began to yield during the last four quarters, will be performed on an annualization basis.[14]

Required Covenants - BONDS (Series 13)	The ratio as of the report date
Section 5.4.1 of the Trust Deed and the preamble of Section [15]3.3 of the conditions registered on the reverse side, respectively- The ratio between the Equity of the company and the net balance sheet of the company, according to the consolidated financial statements of the company, quarterly or annual, reviewed or audited, as applicable, shall not be less than a rate of 30%/32%, respectively, for a period of two consecutive quarters. In this regard, "Equity" - the company's equity including minority rights and with the addition of net deferred taxes liabilities, all according to the last published audited or reviewed consolidated financial statements. "Net balance sheet" - the total balance sheet less cash and cash equivalents, unrestricted, marketable securities, securities held for trading classified in the financial statements as current assets, short-term investments and unrestricted deposits, according to the last consolidated financial statements.	Approx. 70.6%

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Required Covenants - BONDS (Series 13)	The ratio as of the report date
Section 5.4.2 of the Trust Deed and the end of Section 3.3 of the conditions registered on the reverse side, respectively - The Equity of the company shall not be less than a total of NIS 3.3/3.5 billion, respectively, for a period of two consecutive quarters. In this section "Equity" - is the equity attributable to the shareholders of the company (excluding minority rights) and with the addition of net deferred taxes liabilities, all according to the last audited or reviewed consolidated financial statements.	Approx. NIS 12.2 billion
Section 5.4.3 of the Trust Deed- The ratio between the net financial debt and the Adjusted NOI of the company for yielding assets, shall not exceed 15 for a period of two consecutive quarters. In this regard, "Net financial debt" - loans, BONDS and commercial papers (plus interest payable) less cash and cash equivalents (excluding restricted deposits and including restricted cash and cash equivalents), financial assets classified in the financial statements as current assets, securities held for trading classified in the financial statements as current assets and short-term investments and designated bank deposits and accounts according to the last audited or reviewed consolidated financial statements. In this regard, "Designated deposits and accounts" - bank deposits and accounts used by the company in projects under financial support, deposits designated for the benefit of the Israel Land Authority as well as accounts designated for the benefit of the holders of the company's BONDS only as they will be from time to time. In this regard, "Adjusted NOI" - for a specific calculation date - the profit data obtained from the total income from the rental of assets and their management less the cost of rental, operation of those rented assets and their direct management, relating to the four quarters preceding the date of the examination and ending on the date of the last quarterly or annual financial report of the company before the calculation date. For the avoidance of doubt, it will be clarified that the calculation of the Adjusted NOI for assets that were purchased and/or began to yield during the last four quarters, will be performed on an annualization basis.[16]	Approx. 5.51

Required Covenants - BONDS (Series 14)	The ratio as of the report date
Section 5.4.1 of the Trust Deed and the preamble of Section [17]3.3 of the conditions registered on the reverse side, respectively- The ratio between the Equity of the company and the net balance sheet of the company, according to the consolidated financial statements of the company, quarterly or annual, reviewed or audited, as applicable, shall not be less than a rate of 30%/32%, respectively, for a period of two consecutive quarters. In this regard, "Equity" - the company's equity including minority rights and with the addition of net deferred taxes liabilities, all according to the last published audited or reviewed consolidated financial statements. "Net balance sheet" - the total balance sheet less cash and cash equivalents, unrestricted, marketable securities, securities held for trading classified in the financial statements	Approx. 70.6%

[14] The Adjusted NOI of such asset, for the period from the date of purchase and/or yielding, as applicable, until the date of the last financial report, will be multiplied by the result of dividing 365 by the number of days in said period.

[15] The covenants in Section 3.3 of the conditions registered on the reverse side of the Trust Deed are in connection with the update of the BONDS interest rate in case of non-compliance with any of them.

[16] The Adjusted NOI of such asset, for the period from the date of purchase and/or yielding, as applicable, until the date of the last financial report, will be multiplied by the result of dividing 365 by the number of days in said period.

[17] The covenants in Section 3.3 of the conditions registered on the reverse side of the Trust Deed are in connection with the update of the BONDS interest rate in case of non-compliance with any of them.

	as current assets, short-term investments and unrestricted deposits, according to the last consolidated financial statements.

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Approx. 12.2 billion NIS	**Section 5.4.2 of the Trust Deed and the end of Section 3.3 of the conditions registered on the reverse side, respectively -** The Equity of the company shall not be less than a total of NIS 3.3/ 3.5 billion, respectively, for a period of two consecutive quarters. In this section "Equity" - is the equity attributable to the shareholders of the company (excluding minority rights) and with the addition of net deferred taxes liabilities, all according to the last audited or reviewed consolidated financial statements.
Approx. 5.51	**Section 5.4.3 of the Trust Deed-** The ratio between the net financial debt and the Adjusted NOI of the company for yielding assets, shall not exceed 15 for a period of two consecutive quarters. In this regard, "Net financial debt" – loans, BONDS and commercial papers (plus interest payable) less cash and cash equivalents (excluding restricted deposits and including restricted cash and cash equivalents), financial assets classified in the financial statements as current assets, securities held for trading classified in the financial statements as current assets and short-term investments and designated bank deposits and accounts according to the last audited or reviewed consolidated financial statements. In this regard, "Designated deposits and accounts" – bank deposits and accounts used by the company in projects under financial support, deposits designated for the benefit of the Israel Land Authority as well as accounts designated for the benefit of the holders of the company's BONDS only as they will be from time to time. In this regard, "Adjusted NOI" – for a specific calculation date - the profit data obtained from the total income from the rental of assets and their management less the cost of rental, operation of those rented assets and their direct management, relating to the four quarters preceding the date of the examination and ending on the date of the last quarterly or annual financial report of the company before the calculation date. For the avoidance of doubt, it will be clarified that the calculation of the Adjusted NOI for assets that were purchased and/or began to yield during the last four quarters, will be performed on an annualization basis[18].

10.3 BONDS Rating :

Debt Type	Rating Agency	Rating at Issuance	Current Rating at Report Date	Additional (updated) ratings between issuance date and report date
BONDS E	S&P GLOBAL RATINGS MAALOT	ilAA	ilAA	-
BONDS I	S&P GLOBAL RATINGS MAALOT	ilAA	ilAA	-
BONDS J	S&P GLOBAL RATINGS MAALOT	ilAA	ilAA	-
BONDS K	S&P GLOBAL RATINGS MAALOT	ilAA	ilAA	-
BONDS L	S&P GLOBAL RATINGS MAALOT	ilAA	ilAA	-
BONDS M	S&P GLOBAL RATINGS MAALOT	ilAA	ilAA	-
BONDS N	S&P GLOBAL RATINGS MAALOT	ilAA	ilAA	-

For details regarding the latest rating report of the company and its BONDS, together, see the immediate report on rating-related events on behalf of S&P Global Ratings Maalot Ltd. dated August 18, 2025 (Reference No.: 2025-15-061294), which is incorporated herein by reference. In November 2025, Maalot rated the company's new BONDS (Series 13 and 14) with a rating of ilAA. For details see the immediate report on rating-related events on behalf of S&P Global Ratings Maalot Ltd. dated November 16, 2025 (Reference No.: 2025-15-087704), which is incorporated herein by reference.

[18] The Adjusted NOI of such asset, for the period from the date of purchase and/or yielding, until the date of the last financial report, will be multiplied by the result of dividing 365 by the number of days in said period.

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May 24, 2026

Chaim Tsuff, Chairman of the Board	Yaakov Maimon, CEO

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Chapter 2

Consolidated Financial Statements

As of March 31, 2026

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Airport City Ltd.

Condensed Interim Financial Statements

Consolidated

(Unaudited)

As of March 31, 2026

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ey.com

To

The Shareholders of Airport City Ltd.

Dear Sirs,

Subject: Review Report of the Independent Accountant to the Shareholders of Airport City Ltd.

Introduction

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We have reviewed the accompanying condensed consolidated financial information of Airport City Ltd. and its subsidiaries (hereinafter - the Company), which includes the condensed consolidated statement of financial position as of March 31, 2026, and the condensed consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the three-month period then ended. The Board of Directors and management are responsible for the preparation and presentation of financial information for these interim periods in accordance with International Accounting Standard IAS 34 - "Interim Financial Reporting", and they are also responsible for preparing financial information for these interim periods according to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on the financial information for these interim periods based on our review.

We did not review the condensed interim financial information of consolidated companies whose assets included in the consolidation constitute approximately 0.08% of the total consolidated assets as of March 31, 2026, and whose revenues included in the consolidation constitute approximately 2.5% of the total consolidated revenues for the three-month period then ended. The condensed interim financial information of those companies was reviewed by other accountants whose review reports were provided to us, and our conclusion, as far as it relates to the financial information regarding those companies, is based on the review reports of the other accountants.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other accountants, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard IAS 34.

In addition to the aforementioned in the previous paragraph, based on our review and the review reports of other accountants, nothing has come to our attention that causes us to believe that the aforementioned financial information does not comply, in all material respects, with the disclosure requirements under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Kost Forer Gabbay & Kasierer	Tel-Aviv,
Accountants	May 24, 2026

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	March 31 2026 (Unaudited) NIS in thousands	March 31 2025 (Unaudited) NIS in thousands	December 31 2025 (Audited) NIS in thousands
Current Assets			
Cash and cash equivalents	1,247,517	1,366,951	1,893,352
Marketable securities	610,774	278,400	588,274
Short-term deposits	2,330	11,234	2,116
Trade receivables	61,227	86,401	60,080
Current tax assets	59,146	40,678	66,332
Other receivables and debit balances	303,581	183,072	310,340
Receivables from apartment purchasers	163,315	80,365	143,860
Inventory of buildings for sale	522,719	532,429	526,164
Total current assets	**2,970,609**	**2,579,530**	**3,590,518**
Non-current Assets			
Long-term inventory of buildings for sale	1,100,284	1,098,309	1,099,930
Land for construction	237,594	279,603	236,763
Investments in investee companies	2,577	2,577	2,577
Long-term investments and receivables	234,780	307,832	234,920
Investment property	14,856,431	14,424,976	14,866,470
Fixed assets	79,970	85,489	79,879
Total non-current assets	**16,511,636**	**16,198,786**	**16,520,539**
Total assets	**19,482,245**	**18,778,316**	**20,111,057**

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	March 31 2026 (Unaudited) NIS in thousands	March 31 2025 (Unaudited) NIS in thousands	December 31 2025 (Audited) NIS in thousands
Current liabilities			
Short-term loans and credit from banking and other institutions	**1,024,233**	894,325	1,118,786
Trade payables and service providers	**53,931**	73,686	75,671
Other payables and credit balances	**116,936**	106,855	115,553
Current tax liabilities	**87,527**	76,617	72,033
Provisions	**156,949**	220,460	182,751
Advances from apartment purchasers	**3,813**	15,053	3,623
Liabilities for providing construction services and combination transaction	**12,259**	37,572	16,001
Liability for acquisition of non-controlling interests in a subsidiary	**7,957**	6,889	7,949
Total current liabilities	**1,463,605**	**1,431,457**	**1,592,367**
Non-current liabilities			
Loans from other credit providers	**235,767**	248,470	236,624
BONDS	**5,206,929**	5,069,240	5,662,409
Provisions	**36,618**	36,782	36,618
Deferred taxes	**1,934,990**	1,791,715	1,929,936
Employee benefits	**1,406**	1,362	1,406
Other long-term liabilities	**106,340**	103,548	106,876
Total non-current liabilities	**7,522,050**	**7,251,117**	**7,973,869**
Total liabilities	**8,985,655**	**8,682,574**	**9,566,236**
Equity			
Share capital	**1,381**	1,381	1,381
Share premium	**2,150,393**	2,150,393	2,150,393
Treasury shares	**(1,043,951)**	(760,909)	(879,846)
Capital reserve from transactions with controlling shareholder	**6,218**	6,218	6,218
Capital reserve from translation differences	**(121,871)**	(73,270)	(108,228)
Capital reserve from revaluation	**8,633**	8,633	8,633
Capital reserve from share-based payment	**7,404**	3,972	6,776

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	March 31 2026 (Unaudited) NIS in thousands	March 31 2025 (Unaudited) NIS in thousands	December 31 2025 (Audited) NIS in thousands
Capital reserve from transactions with non-controlling interests	**(99,962)**	(99,962)	(99,962)
Retained earnings	**9,363,843**	8,661,361	9,238,434
Total equity attributable to the owners of the company	**10,272,088**	**9,897,817**	**10,323,799**
Non-controlling interests	**224,502**	**197,925**	**221,022**
Total equity	**10,496,590**	**10,095,742**	**10,544,821**
Total liabilities and equity	**19,482,245**	**18,778,316**	**20,111,057**

Haim Tsuff	Yaakov Maimon	Yehuda Menachem VanderWalde
Chairman of the Board of Directors	CEO	CFO

Date of approval of the financial statements: May 24, 2026

The accompanying notes to the condensed interim consolidated financial statements form an integral part thereof.

Airport City Ltd.

Condensed Interim Consolidated Statements of Profit or Loss

	For the three-month period ended on		**For the year ended on**
	March 31	**March 31**	**December 31**
	2026	**2025**	**2025**
	(Unaudited)	(Unaudited)	(Audited)
	NIS in thousands	NIS in thousands	NIS in thousands
Income from rental and management of properties	**254,604**	252,259	1,001,846
Income from sale of apartments	**23,814**	36,857	146,772
	278,418	289,116	1,148,618
Cost of rental, operation and management of properties	**39,901**	45,127	198,847
Cost of apartments sold	**15,420**	28,392	116,135
	55,321	73,519	314,982
Gross profit	**223,097**	215,597	833,636
Change in fair value of investment property, net	**-**	(569)	342,684

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	For the three-month period ended on		For the year ended on
	March 31	March 31	December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS in thousands	NIS in thousands	NIS in thousands
Selling, general and administrative expenses	**(20,465)**	(13,389)	(56,461)
Other income	**1,793**	1,518	52,603
Other expenses	**(12,279)**	(2,756)	(54,543)
Profit from regular operations	**192,146**	200,401	1,117,919
Finance expenses	**(52,396)**	(56,166)	(299,250)
Finance income	**23,871**	48,761	156,770
Finance expenses, net	**(28,525)**	(7,405)	(142,480)
Profit before taxes on income	**163,621**	192,996	975,439
Taxes on income	**(34,216)**	(6,667)	(187,619)
Profit for the period	**129,405**	186,329	787,820
Profit attributable to:			
Owners of the Company	**125,409**	180,695	757,768
Non-controlling interests	**3,996**	5,634	30,052
Profit for the period	**129,405**	186,329	787,820
Earnings per ordinary share attributable to the owners of the company:			
	New Israeli Shekel	**New Israeli Shekel**	**New Israeli Shekel**
Basic and diluted earnings per share	**1.11**	1.55	6.51

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	For the three-month period ended on		For the year ended
			on
	March 31	March 31	December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS in thousands	NIS in thousands	NIS in thousands
Profit for the period	**129,405**	186,329	787,820
Items of other comprehensive income (loss) that after being first recognized in comprehensive income were transferred or will be transferred to profit or loss			
Translation differences for foreign operations	(14,159)	29,686	(6,593)
Total other comprehensive income (loss), net of tax	(14,159)	29,686	(6,593)
Total comprehensive income for the period	**115,246**	216,015	781,227
Total comprehensive income attributable to:			
Owners of the Company	111,766	209,300	751,415
Non-controlling interests	3,480	6,715	29,812
Total comprehensive income for the period	**115,246**	216,015	781,227

The accompanying notes to the condensed interim consolidated financial statements form an integral part thereof.

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	Equity attributable to owners of the company											
	Share capital	Share premium	Treasury shares	Capital reserve from translation differences	Revaluation capital reserve	Capital reserve from non-controlling interests component	Capital reserve from transactions with controlling shareholder	Share-based payment capital reserve	Retained earnings	Total	Non-controlling interests	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
	For the three-month period ended March 31, 2026 (Unaudited):											
Balance as of January 1, 2026	**1,381**	**2,150,393**	**(879,846)**	**(108,228)**	**8,633**	**(99,962)**	**6,218**	**6,776**	**9,238,434**	**10,323,799**	**221,022**	**10,544,821**
Profit for the period	-	-	-	-	-	-	-	-	125,409	125,409	3,996	129,405
Purchase of treasury shares	-	-	(164,105)	-	-	-	-	-	-	(164,105)	-	(164,105)
Share-based payment	-	-	-	-	-	-	-	628	-	628	-	628
Translation differences in respect of foreign operations	-	-	-	(13,643)	-	-	-	-	-	(13,643)	(516)	(14,159)
Balance as of March 31, 2026	**1,381**	**2,150,393**	**(1,043,951)**	**(121,871)**	**8,633**	**(99,962)**	**6,218**	**7,404**	**9,363,843**	**10,272,088**	**224,502**	**10,496,590**

The accompanying notes to the condensed consolidated interim financial statements form an integral part thereof.

	Equity attributable to owners of the company											
For the three-month period ended March 31, 2025 (Unaudited):	Share capital	Share premium	Treasury shares	Capital reserve from translation differences	Revaluation capital reserve	Capital reserve from acquisition of non-controlling interests	Capital reserve from transactions with controlling shareholder	Share-based payment capital reserve	Retained earnings	Total	Non-controlling interests	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2025	**1,381**	**2,150,393**	**(760,909)**	**(101,875)**	**8,633**	**(99,962)**	**6,218**	**3,203**	**8,480,666**	**9,687,748**	**191,210**	**9,878,958**
Profit for the period	-	-	-	-	-	-	-	-	180,695	180,695	5,634	186,329
Share-based payment	-	-	-	-	-	-	-	769	-	769	-	769
Translation differences in respect of foreign operations	-	-	-	28,605	-	-	-	-	-	28,605	1,081	29,686
Balance as of March 31, 2025	**1,381**	**2,150,393**	**(760,909)**	**(73,270)**	**8,633**	**(99,962)**	**6,218**	**3,972**	**8,661,361**	**9,897,817**	**197,925**	**10,095,742**

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Equity attributable to owners of the company													
Share capital	Share premium	Treasury shares	Capital reserve from translation differences	Revaluation capital reserve	Capital reserve from transactions with non-controlling interests	Capital reserve from transactions with controlling shareholder	Share-based payment capital reserve	Retained earnings	Total			Non-controlling interests	Total
NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands		
For the year ended December 31, 2025 (Audited): **Balance as of January 1, 2025**													
1,381	2,150,393	(760,909)	(101,875)	8,633	(99,962)	6,218	3,203	8,480,666	9,687,748	191,210	9,878,958		
-	-	-	-	-	-	-	-	757,768	757,768	30,052	787,820	Profit for the year	
-	-	(118,937)	-	-	-	-	-	-	(118,937)	-	(118,937)	Purchase of treasury shares	
-	-	-	-	-	-	-	3,573	-	3,573	-	3,573	Share-based payment	
-	-	-	(6,353)	-	-	-	-	-	(6,353)	(240)	(6,593)	Translation differences in respect of foreign operations	
1,381	**2,150,393**	**(879,846)**	**(108,228)**	**8,633**	**(99,962)**	**6,218**	**6,776**	**9,238,434**	**10,323,799**	**221,022**	**10,544,821**	**Balance as of December 31, 2025**	

The accompanying notes to the condensed consolidated interim financial statements form an integral part thereof.

Condensed Consolidated Interim Statements of Cash Flows **Airport City Ltd.**

	For the three-month period ended		For the year ended
	March 31, 2026	**March 31, 2025**	**December 31, 2025**
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands
Cash flows from operating activities			
Profit for the period	129,405	186,329	787,820
Adjustments required to present cash flows from operating activities:			
Change in fair value of investment property, net	-	569	(342,684)
Income taxes	34,216	6,667	187,619
Finance expenses, net excluding change in fair value of trading securities, net	7,778	3,306	212,485
Share-based payment	628	769	3,573
Gain from sale of real estate asset	-	-	(9,355)
Impairment of real estate for construction	-	-	49,326
Change in fair value of trading securities, net	22,727	5,393	(60,030)
Depreciation and amortization	782	808	3,581
	195,536	203,841	832,335
Change in customers	(3)	(25,335)	(3,206)
Change in debtors and debit balances	5,978	(6,300)	23,183

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	For the three-month period ended		For the year ended
	March 31, 2026	**March 31, 2025**	**December 31, 2025**
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands
Change in advances from apartment buyers	190	(9,603)	(21,033)
Change in inventory of buildings for sale	3,091	(1,848)	6,691
Change in income receivable from apartment buyers	(19,455)	(18,560)	(81,840)
Change in suppliers and service providers	(10,794)	12,129	(718)
Change in creditors and credit balances	17,829	*10,871	(5,723)
Change in provisions and employee benefits	(34,825)	(8,360)	(73,834)
	157,547	156,835	675,855
Income tax paid	(4,190)	(42,236)	(97,302)
Net cash derived from operating activities	**153,357**	**114,599**	**578,553**
Cash flows from investing activities			
Interest and dividends received	39,708	20,811	78,549
Investment in fixed assets	(3,034)	(200)	(2,808)
Investment in investment property	(24,698)	(21,089)	(92,209)
Taxes for acquisition of assets	-	-	(7,500)
Proceeds from disposal of investment property	-	-	9,355
Proceeds from disposal of trading securities	4,881	16,176	24,634
Investment in trading securities	(50,108)	-	(252,908)
Collection of long-term loan from third parties	1,208	1,207	4,817
Acquisition of income-producing real estate	-	-	(154,338)
Cash released, net	84	3,474	3,366
Net cash provided by (used in) investing activities	**(31,959)**	**20,379**	**(389,042)**

* Reclassified.

The accompanying notes to the condensed consolidated interim financial statements form an integral part thereof.

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Condensed Interim Consolidated Statement of Cash Flows (Continued)

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands
Cash flows from financing activities			
Proceeds from issuance of BONDS (net of issuance costs)	-	346,809	1,239,024
Interest paid for loans and BONDS	(56,216)	(66,532)	(154,468)
Repayment of long-term liabilities	(563,349)	(553,476)	(826,493)
Short-term credit from other banking corporations, net	19,081	*20,587	89,658
Purchase of treasury shares	(164,105)	-	(118,937)
Transactions with non-controlling interests	-	-	(258)
Net cash generated from (used in) financing activities	**(764,589)**	**(252,612)**	**228,526**
Effect of exchange rate fluctuations on cash and cash equivalents	(2,644)	4,843	(4,427)
Change in cash and cash equivalents	**(645,835)**	**(112,791)**	**413,610**
Cash and cash equivalents at the beginning of the period	1,893,352	1,479,742	1,479,742
Cash and cash equivalents at the end of the period	**1,247,517**	**1,366,951**	**1,893,352**

* Reclassified.

The accompanying notes to the condensed interim consolidated financial statements form an integral part thereof.

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Notes to the Financial Statements as of March 31, 2026 (Unaudited)

Note 1 - General

The Reporting Entity

Airport City Ltd. (hereinafter - the Company) was incorporated in Israel on February 17, 1992 as a private company. On February 13, 2006, the Company's shares and other securities were first listed for trading on the Tel Aviv Stock Exchange Ltd. (hereinafter - the TASE). The official address of the Company is 8 Granit Street, P.O.B 7313, Petah Tikva, 4951407. The Company's consolidated financial statements as of March 31, 2026, include those of the Company and its subsidiaries (hereinafter together - the Group), as well as the Group's interests in associates and joint arrangements. The Company and its consolidated companies are engaged in leasing real estate properties, their development and management, as well as initiation, development, construction and marketing of residential units. The Company is controlled by the ultimate parent company Equital Ltd., whose shares are traded on the TASE.

Operation "Lion's Roar"

On February 28, 2026, Operation "Lion's Roar" began with a combined attack by the United States and Israel against targets in Iran, which responded by launching ballistic missiles and UAVs towards Israel and Persian Gulf countries. Shortly thereafter, the Hezbollah organization in Lebanon also joined the fighting. During April 2026, a temporary ceasefire was declared with Iran and subsequently with Hezbollah. As of the date of approval of the report, there is no certainty as to whether the ceasefire will continue or fighting will resume. The security situation has an impact on the economy's activity, supply chains, manpower availability, and the overall level of risk in the business environment, alongside economic activity under security restrictions.

As of the date of approval of the financial statements, there has been no material impact on the Group. However, at this stage, to the extent that there is a return to intense and prolonged fighting, there could be a material adverse effect on the Group, its business and operating results, including on the estimated schedules of projects under construction and lead to an increase in their costs, a possible impact on debt raisings and an increase in its costs, as well as a slowdown in the marketing of vacant spaces.

Note 2 - Basis of Preparation of the Financial Statements

A. Statement of compliance with International Financial Reporting Standards

<u>The condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting</u> and do not include all the information required for full annual financial statements. They should be read in conjunction with the financial statements for the year ended December 31, 2025 (hereinafter - the Annual Financial Statements). Also, these reports were prepared in accordance with the provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The condensed interim consolidated financial statements were approved for publication by the Company's Board of Directors on May 24, 2026.

B. Use of estimates and judgment

In preparing the condensed interim consolidated financial statements in accordance with IFRS, the Company's management is required to use judgment in assessments, estimates and assumptions that affect the application of policy and the amounts of assets and liabilities, income and expenses. It is clarified that actual results may differ from these estimates.

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Management's judgment when applying the Group's accounting policies and the main assumptions used in evaluations involving uncertainty are consistent with those used in the annual financial statements.

Note 3 - Significant Accounting Policies

The Company's accounting policies in these condensed interim consolidated financial statements are the policies applied in the annual financial statements.

Note 4 - Rates of Change in the Consumer Price Index and Foreign Exchange Rates

	Consumer Price Index		US Dollar exchange rate	Euro exchange rate
	Known	For	%	%
	%	%		
For the three-month period ended:				
March 31, 2026	(0.10)	0.29	(0.78)	(2.92)
March 31, 2025	0.29	1.06	1.95	5.94
For the year ended December 31, 2025	2.36	2.64	(12.53)	(1.34)

Note 5 - Additional Information

A. On January 20, 2026, the Company's Board of Directors approved an expansion of the scope of the Company's share buyback program to an amount of NIS 400 million. During January and February 2026, the Company carried out a buyback of 2,741,000 shares of the Company, for a total consideration of approximately NIS 164 million.

B. Following the statement in Note 13(5) to the Annual Financial Statements, in April 2026 the Jerusalem Local Planning and Construction Committee decided that the value of the land for the purpose of impairment is estimated at approximately NIS 50 million. The Company is preparing to file an appeal against the said decision based on an appraisal opinion on its behalf. It should be noted that the said committee decision does not result in a change in the book value.

Note 6 - Segment Reporting

A. General

The Group has two reportable segments, which constitute strategic business units. These strategic business units are managed separately for the purpose of resource allocation and performance evaluation and assessment of the various risks and returns.

For each strategic business unit, the chief operating decision-maker reviews internal management reports at least quarterly.

- Leasing and management of properties in Israel.
- Construction of buildings for sale in Israel.

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The accounting policy of the segments is identical to that presented in Note 3, regarding accounting policy.

Segment results reported to the chief operating decision-maker include items directly attributable to a segment and items that can be specifically attributed, including changes in the fair value of investment property. Unallocated items mainly consist of the Group's headquarters assets, general and administrative expenses, financing costs, and income tax assets and liabilities.

The segment's capital outflows are the total costs incurred during the period for investment in investment property, fixed assets and long-term inventory of buildings.

Segment assets include all the Company's assets except for cash and cash equivalents, securities held for trading, short-term investments and loans and investments in associates.

Note 6 - Segment Reporting (Continued)

B. Information regarding reportable segments

	For the three-month period ended March 31, 2026			
	Leasing and management of properties in Israel (Unaudited) NIS thousands	Construction of buildings for sale in Israel (*) (Unaudited) NIS thousands	Others (Unaudited) NIS thousands	Total (Unaudited) NIS thousands
Information on profit and loss				
Revenues	242,746	23,814	11,858	278,418
Cost of revenues	37,261	15,420	2,640	55,321
Revaluation of investment property, net	-	-	-	-
Segment results	**195,937**	**8,394**	**8,280**	**212,611**
Selling, general and administrative expenses				**(20,465)**
Financing expenses				**(52,396)**
Financing income				**23,871**
Profit before income taxes				**163,621**
Segment assets				
Assets used by the segment	14,569,195	2,163,694	888,047	17,620,936
Investments in held companies				2,577
Unallocated assets				1,858,732
				19,482,245

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* Activity in buildings for sale includes income for construction services in the amount of NIS 3,129 thousand and construction service costs in the amount of NIS 2,386 thousand.

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Note 6 - Reporting on Operating Segments (Continued)

B. Information regarding reportable segments (Continued)

For the three-month period ended March 31, 2025				
	Property leasing and management in Israel (Unaudited) NIS thousands	Construction of buildings for sale in Israel (*) (Unaudited) NIS thousands	Others (Unaudited) NIS thousands	Total (Unaudited) NIS thousands
Information on profit and loss				
Revenues	241,681	36,857	10,578	289,116
Cost of revenues	42,184	28,392	2,943	73,519
Revaluation of investment property, net	(569)	-	-	(569)
Segment results	**197,738**	**8,465**	**7,587**	**213,790**
Selling, general and administrative expenses				(13,389)
Financing expenses				(56,166)
Financing income				48,761
Profit before income taxes				**192,996**
Segment assets				
Assets used by the segment	13,994,003	2,127,711	1,005,540	17,127,254
Investments in investee companies				2,577
Unallocated assets				1,648,485
				18,778,316

* Activity of buildings for sale includes revenues from construction services in the amount of NIS 5,634 thousand and construction service costs in the amount of NIS 4,836 thousand.

For the year ended December 31, 2025				
	Property leasing and management in Israel NIS thousands	Construction of buildings for sale in Israel(*) NIS thousands	Others NIS thousands	Total NIS thousands
Information on profit and loss				
Revenues	956,957	146,772	44,889	1,148,618
Cost of revenues	186,224	116,135	12,623	314,982
Revaluation of investment property, net	364,868	-	(22,184)	342,684
Segment results	**1,086,748**	**30,637**	**56,995**	**1,174,380**
Selling, general and administrative expenses				(56,461)
Financing expenses				(299,250)
Financing income				156,770

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For the year ended December 31, 2025				
	Property leasing and management in Israel NIS thousands	Construction of buildings for sale in Israel(*) NIS thousands	Others NIS thousands	Total NIS thousands
Profit before income taxes				**975,439**
Assets used by the segment	14,569,655	2,144,096	912,575	17,626,326
Investments in investee companies				2,577
Unallocated assets				2,482,154
Total assets				**20,111,057**
Capital investments	**278,833**	**82,774**	**1,391**	**362,998**

(*) Activity of buildings for sale includes revenues from construction services in the amount of NIS 26,141 thousand and construction service costs in the amount of NIS 22,562 thousand.

Note 7 – Financial Instruments

(1) Financial instruments measured at fair value for disclosure purposes only

The carrying amount of certain financial assets and liabilities, including cash and cash equivalents, trade receivables, other receivables, other short-term investments, derivatives, overdrafts from banking corporations, short-term loans and credit, trade payables and other payables, matches or is close to their fair value.

The fair value of the remaining financial liabilities and the carrying amounts presented in the statement of financial position are as follows:

	As of March 31, 2026	
	Carrying amount	Fair value
	NIS thousands	NIS thousands
Current assets:		
Loans granted	175,400	175,400
Non-current assets:		
Loans granted	97,004	97,004
Non-current liabilities:		
BONDS	6,090,967	5,967,484
Long-term loans from banks and other financial institutions	242,385	239,598

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	As of March 31, 2025	
	Carrying amount	Fair value
	NIS thousands	NIS thousands
Non-current assets:		
Loans granted	*284,967	*279,375
Non-current liabilities:		
BONDS	5,905,348	5,668,430
Loans from banking corporations and other credit providers	253,549	242,978

	As of December 31, 2025	
	Carrying amount	Fair value
	NIS thousands	NIS thousands
Current assets:		
Loans granted	176,442	176,442
Non-current assets:		
Loans granted	*94,900	*94,900
Non-current liabilities:		
BONDS	6,677,916	6,593,819
Long-term loans from banks and other financial institutions	242,619	236,922

* Restated

(2) Fair value hierarchy

In the analysis of financial instruments measured at fair value, different levels were defined as follows:

- Level 1: Quoted prices (unadjusted) in an active market for identical instruments.
- Level 2: Observable data, directly or indirectly, not included in Level 1 above.
- Level 3: Data not based on observable market data.

As of the reporting date, the Company meets the financial covenants as stated in Notes 20A and 21C to the annual financial statements.

Note 8 – Events after the Balance Sheet Date

On May 24, 2026, the Company's Board of Directors approved an additional share buyback program in accordance with Legal Position No. 199-8 of the Securities Authority with safe harbor protection in an amount of up to NIS 100 million (hereinafter - the total purchase cost), for a period starting from the passing of one trading day from the date of publication of the financial statements for the first quarter of 2026, until the total purchase cost or until August 31, 2026, or until the day before the date of approval of the financial statements for the second quarter of 2026, whichever is earlier.

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Chapter A2 Summary Financial Information Separate

As of 31.3.2026

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Airport City Ltd.

Summary of Separate Financial Information

As of March 31, 2026

(Unaudited)

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Financial data from the Condensed Interim Consolidated Financial Statements attributed to the Company itself as of March 31, 2026

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Kost Forer Gabbay & Kasierer
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To

The Shareholders of Airport City Ltd.

Dear Sirs,

Re: Special report of the auditing accountant on interim separate financial information according to Regulation 38D of the Securities Regulations (Periodic report and Immediate Reports), 1970

Introduction

We have reviewed the interim separate financial information presented according to Regulation 38D of the Securities Regulations (Periodic report and Immediate Reports), 1970 of Airport City Ltd. (hereinafter - the Company), as of March 31, 2026, and for the three-month period then ended. The interim separate financial information is the responsibility of the Company's Board of Directors and Management. Our responsibility is to express a conclusion on the interim separate financial information for this interim period based on our review.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim separate financial information is not prepared, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic report and Immediate Reports), 1970.

Tel-Aviv, Kost Forer Gabbay & Kasierer

May 24, 2026 accountants

Condensed data on the Company's interim financial position as of Airport City Ltd.

	March 31, 2026	March 31, 2025	December 31, 2025
	(Unaudited) NIS thousands	(Unaudited) NIS thousands	(Audited) NIS thousands
Current Assets			
Cash and cash equivalents	1,025,898	1,129,785	1,371,992
Securities held for trading	69,172	56,739	74,631
Accounts receivable	9,782	19,143	8,527
Other receivables and debit balances	178,951	10,628	179,091
Current tax assets	48,758	-	56,423
Total current assets	**1,332,561**	**1,216,295**	**1,690,664**
Non-current Assets			
Investments in investees	8,439,738	7,936,240	8,379,033
Loans to investees	4,147,489	4,106,602	4,469,464
Investment property	2,915,208	2,721,812	2,918,224
Long-term receivables	-	190,934	2,082
Real estate for construction	176,231	218,240	175,400
Fixed assets	3,610	2,793	3,136
Total non-current assets	**15,682,276**	**15,176,621**	**15,947,339**
Total assets	**17,014,837**	**16,392,916**	**17,638,003**

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Airport City Ltd.

Condensed data on the Company's interim financial position as of

	March 31, 2026	March 31, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands
Current Liabilities			
Credit from banking institutions and other credit providers	**846,964**	805,067	960,537
Suppliers and service providers	**8,061**	7,346	10,959
Other payables and credit balances	**212,152**	151,561	215,581
Provisions	**9,724**	8,137	6,706
Current tax liability	**-**	38,607	-
Liabilities for purchase of non-controlling interests	**352**	352	352
Total current liabilities	**1,077,253**	**1,011,070**	**1,194,135**
Non-current Liabilities			
BONDS	**5,206,929**	5,069,240	5,662,409
Deferred taxes	**457,503**	408,948	456,595
Employee benefits	**117**	73	117
Other long-term liabilities	**947**	5,768	948
Total non-current liabilities	**5,665,496**	**5,484,029**	**6,120,069**
Total liabilities	**6,742,749**	**6,495,099**	**7,314,204**
Equity			
Share capital	**1,381**	1,381	1,381
Share premium	**2,150,393**	2,150,393	2,150,393
Treasury shares	**(1,043,951)**	(760,909)	(879,846)
Capital reserve from transactions with controlling shareholders	**6,218**	6,218	6,218
Capital reserve from translation differences	**(121,871)**	(73,270)	(108,228)
Share-based payment capital reserve	**7,404**	3,972	6,776
Capital reserve from revaluation	**8,633**	8,633	8,633

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	March 31, 2026 (Unaudited) NIS thousands	March 31, 2025 (Unaudited) NIS thousands	December 31, 2025 (Audited) NIS thousands
Capital reserve from transactions with non-controlling interests	**(99,962)**	(99,962)	(99,962)
Retained earnings	**9,363,843**	8,661,361	9,238,434
Total equity attributable to the owners of the Company	**10,272,088**	**9,897,817**	**10,323,799**
Total liabilities and equity	**17,014,837**	**16,392,916**	**17,638,003**

Haim Tsuff Chairman of the Board	**Jacob Maimon** CEO	**Yehuda Menachem Vandervelde** CFO

Approval date of the financial statements: May 24, 2026

The additional information attached to the summary of separate financial information forms an integral part thereof.

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	For the three-month period ended on		For the year ended on
	March 31 2026 (Unaudited) NIS thousands	March 31 2025 (Unaudited) NIS thousands	December 31 2025 (Audited) NIS thousands
Income from property rental and management	63,722	61,576	256,402
Cost of rental, property operation and management	7,527	8,136	35,971
Gross profit	**56,195**	**53,440**	**220,431**
Change in fair value of investment property, net	-	-	56,362
Selling, general and administrative expenses	(5,668)	(6,366)	(22,611)
Other income	-	-	233
Other expenses	(2,600)	(225)	(49,481)
Profit from ordinary operations	**47,927**	**46,849**	**204,934**
Financing expenses	(33,267)	(48,999)	(270,226)
Financing income	56,025	60,272	274,182
Financing income, net	22,758	11,273	3,956
Company's share in profits of investees, net	74,348	106,425	583,918
Profit before income taxes	**145,033**	**164,547**	**792,808**
Tax benefit (income taxes)	(19,624)	16,148	(35,040)
Profit for the period attributable to the owners of the company	**125,409**	**180,695**	**757,768**

The additional information attached to the summary separate financial information forms an integral part thereof.

Summary of interim comprehensive income data of the company Airport City Ltd.

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	For the three-month period ended on		For the year ended on
	March 31 2026	**March 31 2025**	**December 31 2025**
	(Unaudited)	**(Unaudited)**	**(Audited)**
	NIS thousands	**NIS thousands**	**NIS thousands**
Profit for the period attributable to the owners of the company	125,409	180,695	757,768
Other comprehensive income (loss) items that will be recognized in profit or loss in future periods			
Other comprehensive income (loss) from an investee	(13,643)	28,605	(6,353)
Total comprehensive income for the period attributable to the owners of the company	**111,766**	**209,300**	**751,415**

The additional information attached to the summary separate financial information forms an integral part thereof.

Summary of interim cash flow data of the company

Airport City Ltd.

	For the three-month period ended on		For the year ended on
	March 31 2026	**March 31 2025**	**December 31 2025**
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands
Cash flows from operating activities			
Profit for the period attributable to the owners of the company	**125,409**	180,695	757,768
Adjustments			
Change in fair value of investment property, net	**-**	-	(56,362)
Income taxes (tax benefit)	**19,624**	(16,148)	35,040

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	For the three-month period ended on		For the year ended on
	March 31 2026	**March 31 2025**	**December 31 2025**
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands
Share-based payment	**628**	769	3,573
Interest expenses (income) and linkage differences, net	**(28,284)**	(11,398)	14,329
Provision for impairment of real estate asset	**-**	-	49,326
Company's share in profits of investees, net	**(74,348)**	(106,425)	(583,918)
Change in fair value of securities held for trading, net	**5,393**	1,004	(18,120)
Depreciation and amortization	**199**	199	798
	48,621	48,696	202,434
Change in trade receivables	**(1,255)**	(5,244)	424
Change in other receivables and debit balances	**1,181**	(21)	(1,293)
Change in trade payables	**(667)**	(356)	(679)
Change in other payables, credit balances and other long-term liabilities	**4,904**	3,205	(3,809)
Change in provisions and employee benefits	**3,018**	(1,321)	(1,614)
	55,802	44,959	195,463
Income tax paid, net	**(11,051)**	**(7,492)**	**(102,627)**
Net cash provided by operating activities	**44,751**	**37,467**	**92,836**
Cash flows from investing activities			
Interest and dividend received from external parties	**14,903**	17,263	58,621
Interest received from investees	**35,199**	24,297	167,036
Repayment of loans from external parties	**1,208**	1,207	4,817
Net cash from investing activities in respect of transactions with investees	**337,115**	89,741	(221,047)
Investment in fixed assets	**(673)**	-	(941)
Refund received for investment property (investment in investment property)	**785**	(880)	(2,229)
Taxes for acquisition of assets	**-**	-	(7,500)
Acquisition of assets	**-**	-	(123,206)
Proceeds from disposal of securities held for trading	**66**	494	1,725
Net cash provided by (used in) investing activities	**388,603**	**132,122**	**(122,724)**

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Summary of interim cash flow data of the company (continued)

Airport City Ltd.

	For the three-month period ended on		For the year ended on
	March 31 2026 (Unaudited) NIS thousands	March 31 2025 (Unaudited) NIS thousands	December 31 2025 (Audited) NIS thousands
Cash flows from financing activities			
Issuance of BONDS (net of issuance costs)	-	346,809	1,239,024
Interest paid for loans and BONDS	(52,682)	(65,359)	(140,589)
Redemption of BONDS	(562,707)	(552,902)	(809,059)
Purchase of treasury shares	(164,105)	-	(118,937)
Transactions with non-controlling interests	-	-	(258)
Short-term credit from banking corporations and others, net	46	(32)	19
Net cash provided by (used in) financing activities	**(779,448)**	**(271,484)**	**170,200**
Change in cash and cash equivalents	(346,094)	(101,895)	140,312
Cash and cash equivalents balance at the beginning of the period	1,371,992	1,231,680	1,231,680
Cash and cash equivalents balance at the end of the period	**1,025,898**	**1,129,785**	**1,371,992**

The additional information attached to the summary separate financial information forms an integral part thereof.

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Condensed separate interim financial information as of March 31, 2026 (Unaudited)

Note 1 - Method of Preparing the Condensed Separate Interim Financial Information

The following is a summary of financial data from the condensed consolidated interim financial statements of the Group as of March 31, 2026 (hereinafter - the Consolidated Reports), published as part of the Periodic reports, attributed to the Company itself (hereinafter - condensed separate interim financial information), presented in accordance with the provisions of Regulation 38D (hereinafter - the Regulation) and the Tenth Schedule to the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter - the Tenth Schedule) regarding the condensed separate interim financial information of the corporation.

This condensed separate interim financial information should be read in conjunction with the separate financial information as of December 31, 2025 and with the Consolidated Reports.

The accounting policy in this condensed separate interim financial information is in accordance with the accounting policy rules detailed in the separate financial information as of December 31, 2025.

In this condensed separate interim financial information

(1) The Company - Airport City Ltd.

(2) Consolidated companies/subsidiary companies - companies, including partnerships, whose reports are fully consolidated, directly or indirectly, with the Company's reports.

(3) Investee companies - consolidated companies and companies, including partnerships or joint ventures, in which the Company's investment is included, directly or indirectly, in the financial statements on the equity basis.

Note 2 - Additional Information

A. Further to what is stated in Note 17.A.(7) in the separate financial information as of December 31, 2025, during the reporting period, an amount of approximately NIS 282 million was repaid from the approved credit facility. The balance of loans provided to a consolidated company from the said credit facility as of March 31, 2026, amounts to a total of approximately NIS 2,165 million.

B. For details regarding the approval of the extension of a self-purchase plan for shares, and self-purchase of shares, see Note 5A to the Consolidated Reports.

Note 3 - Events After the Balance Sheet Date

For details regarding the approval after the report period of a self-purchase plan for the Company's shares with safe harbor protection, see Note 8 to the Consolidated Reports.

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To

The Board of Directors of

Airport City Ltd. (hereinafter – "the Company")

Dear Sirs,

Re: <u>Consent letter regarding the shelf prospectus of Airport City Ltd. ("the Company")</u>

We hereby notify you that we agree to the inclusion (including by way of reference) of our reports detailed below in the shelf offering reports to be published by the Company, if any, by virtue of the Company's shelf prospectus dated May 6, 2025:

1. A review report by the independent accountant dated May 24, 2026, on the condensed consolidated interim financial statements of the Company as of March 31, 2026, for the three-month period ended on that date;
2. A special report by the independent accountant dated May 24, 2026, on condensed separate interim financial information according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970 of the Company as of March 31, 2026, for the three-month period ended on that date;

Tel-Aviv,

May 24, 2026

Sincerely,

Kost Forer Gabbay & Kasierer

Accountants

Chapter 3

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Quarterly report regarding effectiveness of the internal control over financial reporting and over disclosure as of 31.3.2026

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First quarter report for the year 2026 regarding the effectiveness of the internal control over financial reporting and disclosure according to Regulation 38C of the Securities Regulations (Periodic and Immediate Reports), 1970

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(1) Report on internal control over financial reporting and disclosure:

First quarterly report of 2026 regarding the effectiveness of internal control over financial reporting and disclosure according to Regulation 38C(a):

The Management, under the supervision of the Board of Directors of Airport City Ltd. (hereinafter: the "**Corporation**"), is responsible for the determination and existence of adequate internal control over financial reporting and disclosure in the Corporation.

In this regard, the members of management are:

1. Yaakov Maimon, CEO;
2. Accountant Yehuda Menachem Vanderolde, CFO.

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, which were designed by the General Manager and the most senior officer in the field of finance or under their supervision or by those who actually perform the said functions, under the supervision of the Corporation's Board of Directors, and which are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that information that the Corporation is required to disclose in the reports it publishes according to the provisions of the law is collected, processed, summarized, and reported at the time and in the format set by law.

Internal control includes, among other things, controls and procedures designed to ensure that information that the Corporation is required to disclose as stated is accumulated and transferred to the Corporation's management, including to the General Manager and the most senior officer in the field of finance or to whoever actually performs the said functions, in order to allow decisions to be made at the appropriate time, with respect to the disclosure requirements.

Due to its structural limitations, internal control over financial reporting and disclosure is not intended to provide absolute assurance that a misleading presentation or omission of information in the reports will be prevented or discovered.

In the annual report on the effectiveness of internal control over financial reporting and disclosure which was attached to the Periodic report for the period ended December 31, 2025 (hereinafter: the "**Last Annual Report on Internal Control**"), the Board of Directors and Management evaluated the internal control in the Corporation; based on this evaluation, the Board of Directors and the Management of the Corporation reached the conclusion that the internal control as stated, as of December 31, 2025, is effective.

Until the date of the report, no event or matter was brought to the attention of the Board of Directors and Management that would change the evaluation of the effectiveness of the internal control, as presented in the Last Annual Report on Internal Control;

As of the date of the report, based on the evaluation of the effectiveness of the internal control in the Last Annual Report on Internal Control, and based on information brought to the attention of the Management and the Board of Directors as stated above, the internal control is effective.

Executives' Declaration

(a) CEO Declaration according to Regulation 38C(d)(1):

Executives' Declaration
CEO Declaration

I, Yaakov Maimon, declare that:

(1)

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I have examined the quarterly report of Airport City Ltd. (hereinafter: the "**Corporation**") for the first quarter of the year 2026 (hereinafter: the "**Reports**");

(2) To my knowledge, the Reports do not include any misrepresentation of a material fact and do not lack a representation of a material fact necessary so that the representations included in them, in light of the circumstances in which those representations were included, will not be misleading with respect to the period of the Reports;

(3) To my knowledge, the financial statements and other financial information included in the Reports fairly reflect, in all material respects, the financial position, results of operations, and cash flows of the Corporation for the dates and periods to which the Reports relate;

(4) I have disclosed to the Corporation's auditing accountant, to the Board of Directors, and to the Audit Committee of the Corporation's Board of Directors, based on my most current evaluation of the internal control over financial reporting and disclosure:

(a) All significant deficiencies and material weaknesses in the determination or operation of the internal control over financial reporting and disclosure which could reasonably adversely affect the Corporation's ability to collect, process, summarize, or report financial information in a manner that casts doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and also –

(b) Any fraud, whether material or not material, involving the General Manager or those directly subordinate to him or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

(5) I, alone or together with others in the Corporation:

(a) Determined controls and procedures, or ensured the determination and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Corporation and in the consolidated companies, particularly during the preparation period of the Reports; and also –

(b) Determined controls and procedures, or ensured the determination and existence under my supervision of controls and procedures, designed to provide reasonable assurance as to the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

(c) No event or matter occurring during the period between the date of the Periodic report as of December 31, 2025, and the date of this report has been brought to my knowledge, which would change the conclusion of the Board of Directors and Management regarding the effectiveness of the internal control over financial reporting and disclosure of the Corporation.

Nothing in the above shall derogate from my responsibility or the responsibility of any other person, according to any law.

May 24, 2026

____

Yaakov Maimon, CEO

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(b) Declaration of the most senior officer in the field of finance according to Regulation 38C(d)(2):

Executives' Declaration

Declaration of the most senior officer in the field of finance

I, Accountant Yehuda Menachem Vanderolde, declare that:

(1) I have examined the interim financial statements and other financial information included in the reports for the interim period of Airport City Ltd. (hereinafter: the "Corporation") for the first quarter of the year 2026 (hereinafter: the "Reports" or **"Interim Reports"**);

(2) To my knowledge, the interim financial statements and other financial information included in the Interim Reports do not include any misrepresentation of a material fact, and do not lack a representation of a material fact necessary so that the representations included in them, in light of the circumstances in which those representations were included, will not be misleading with respect to the period of the Reports;

(3) To my knowledge, the interim financial statements and other financial information included in the Interim Reports fairly reflect, in all material respects, the financial position, results of operations, and cash flows of the Corporation for the dates and periods to which the Reports relate;

(4) I have disclosed to the Corporation's auditing accountant, to the Board of Directors, and to the Audit Committee of the Corporation's Board of Directors, based on my most current evaluation of the internal control over financial reporting and disclosure:

(a) All significant deficiencies and material weaknesses in the determination or operation of the internal control over financial reporting and disclosure, as it relates to the interim financial statements and other financial information included in the Interim Reports, which could reasonably adversely affect the Corporation's ability to collect, process, summarize, or report financial information in a manner that casts doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and also –

(b) Any fraud, whether material or not material, involving the General Manager or those directly subordinate to him or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

(5) I, alone or together with others in the Corporation:

(a) Determined controls and procedures, or ensured the determination and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Corporation and in the consolidated companies, particularly during the preparation period of the Reports; and also –

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(b) Determined controls and procedures, or ensured the determination and existence under my supervision of controls and procedures, designed to provide reasonable assurance as to the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

(c) No event or matter occurring during the period between the date of the Periodic report as of December 31, 2025, and the date of this report has been brought to my knowledge, relating to the interim financial statements and any other financial information included in the Interim Reports, which would change in my evaluation the conclusion of the Board of Directors and Management regarding the effectiveness of the internal control over financial reporting and disclosure of the Corporation.

Nothing in the above shall derogate from my responsibility or the responsibility of any other person, according to any law.

May 24, 2026

Accountant Yehuda Menachem Vanderolde, CFO

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