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City

Quarterly Report as at March 31, 2025

G City Ltd.
Board of Directors Report to the Shareholders
for the Period ended March 31, 2025

The Board of Directors of G City Ltd. (the "Company") is pleased to present the Directors' Report of the Company for the period ended March 31, 2025 (the "Reporting Date"). The scope of this report is limited and it is drafted under the presumption that the readers will also have before them the Company's periodic report for the year ended December 31, 2024, which was published on March 20, 2025 (Ref. No.: 2025-01-018556) (the "Periodic Report").

It is hereby clarified that this Report includes only information that the Company believes is material information. Nonetheless, in some cases, to complete the picture, additional information that is not necessarily material information was included.

1. The Company and its Operations

1.1. Introduction

The Company, directly and through its private and public investees[1] (together: the "Group"), engages in management, improvement, development and purchase of income-producing mixed-use real estate properties, including commercial, residential and office properties in Israel, Northern and Central Europe, North America, and Brazil, with the focus on densely populated urban cities.

The Company's shares are listed on the Tel Aviv Stock Exchange Ltd. ("TASE" or the "Tel Aviv Stock Exchange") under the symbol "GCT".

The Group focuses on highly accessible properties connected to public transport (trains, buses, etc.) with potential for expanding building rights and increasing value and cash flows through proactive management, betterment, addition of uses, development and redevelopment, and the Company explores business opportunities in its operating sectors and in related or other operations in its operating sectors and in additional regions At the same time, the Group acts to sell properties that are non-core assets, or properties that the Group believes have limited growth potential and/or are in areas where the Group wishes to cut back its operations, and to bring in partners for stable properties where their betterment has been completed.

The Group operates in Israel directly through the Company and in other territories through its subsidiaries, in which the Company exclusively plans strategy and oversees their management: G City Europe Limited ("G Europe")[2], that operates in central Europe (mainly in Poland), Gazit Horizons Inc. ("Gazit Horizons") in the USA, and Gazit Fll Malls that operates in Brazil ("Gazit Malls"), and through other wholly owned subsidiaries of the Company in Brazil ("Gazit Brazil").

Furthermore, the Group operates in Northern Europe through Citycon Oyj ("CTY"), a public company controlled by the Company, that has a similar strategy to that of the Company.

1 Unless stated otherwise, reference to affiliates includes companies that are fully consolidated by the Company and companies that are presented according to the equity method.

2 G Europe data in this report are presented together with the data of another property in Poland that is held by another Group subsidiary.

1.2. In September 2024, the Company adopted a strategic plan for 2028 ("2028 Strategic Plan"), that refers to multi-departmental growth:

(a) Organic growth - by optimizing the tenant mix, increasing the number of visitors to the properties, and enhancing the revenues;

(b) Enhancing the rights in the Group's properties – through the expansion and development of existing properties, as well as by adding uses such as residential, office, and others spaces;

(c) Selective acquisition of properties with potential for betterment in the Group's business focus areas, and the improvement, development and construction of properties for sale

(d) Further sales of properties / entering partnerships in properties for which enhancement has been completed, as well as in properties for sale that the Company is constructing or will construct.

Such properties are acquired and sold while maintaining appropriate liquidity and balance sheet ratios, and for the purpose of strengthening the Company's equity and lowering the LTV ratio to 50% by the end of 2028.

Under the 2028 Strategic Plan, with regard to the geographic deployment of the Group's properties (in terms of the value of expanded solo properties), the Company intends to increase the share of North America (from 16% to 36%) and Israel (from 24% to 28%), while reducing the volume of properties in Europe (from 51% to 34%) and in Brazil (from 9% to 2%). Furthermore, the Company intends to increase the share of rental housing in its property portfolio (from 5% to 12%). The foregoing changes derive from the property disposal plan and exploring of business opportunities to bring in partners from among active companies, mainly in Europe, together with investments and improvement that the Company intends to make in its focus areas, where such investments will be made based on the Company's progress in its property disposal plan and taking into consideration the potential for property disposal following betterment.

The scope of disposal of properties and the Group's rate of progress in such disposal, including the pace at which the properties have been put up for sale according to the various countries in which the Group operates is dynamic and is carried out according to the market conditions in the various countries in which the Group operates, and pursuant to the discretion of the Company's management, while taking macroeconomic and Group specific considerations into account, and by balancing the Company's needs and may change as a result of macro-economic changes as well as due to generation or absence of business opportunities to promote certain parts of the strategic plan.

The 2028 Strategic Plan follows the disposal plan announced by the Company in October 2022 for disposal of non-core properties or properties that Company has accomplished their improvement.

As of date of publication of this report, and since October 2022, the Group has completed the disposal of properties for a total amount of NIS 5.3 billion, as follows: G Europe - NIS 3.6 billion; G Israel - NIS 0.6 billion; Gazit Horizons - NIS 0.6 billion; Gazit Brazil - NIS 0.5 billion.

Furthermore, in February 2024, CTY announce a streamlining and property disposal plan of EUR 950 million of which non-core properties worth EUR 475 million were sold.

The Company's estimates regarding the manifestation of the foregoing strategic plan, including the sale of properties and investments as aforesaid, the volume and consideration with respect thereto, constitute forward-looking information as defined in the Securities Law – 1968. These estimates are based on the Company's plans as they were at that date, which are based to a significant extent on their expectations and assessments, among others, with respect to macro-economic and other (industry-related and general) developments, and their synergy. Furthermore, the Company's foregoing investment plans are subject to the free cash flow and financial capabilities of the Company, as well as the investment opportunities in the relevant markets, and the economic and financial conditions in these markets and worldwide, as well as the effects of inflation, increase in interest, and special situations such as the Swords of Iron War. The Company's expectations and assessments, including with regard to their ability to realize its strategy and achieve the goals that it has set, including its property disposal plan and investment plan, are uncertain and may not materialize or may materialize in part, and the Company's management may deviate from or change them, depending on various factors, including macroeconomic conditions that are beyond the Company's control, such as the rate of inflation, interest rates, the effects of territorial events (including the Swords of Iron War and legislative changes in Israel), and the outcome of materialization of the risk factors applicable to the Company's operations as set out in sections 28 of the chapter on the Description of the Company's Business in the Periodic Report. At the same time, it is clarified that the Company's management will from time to time assess their plans and revise them according to such changes and others.

1.3. The Group's assets as at March 31, 2025 (including jointly controlled properties):

	Key Countries of Operation	Holding interest	Income-producing property	Properties under development	Land	GLA (sq.ms in thousands)
CTY	Finland, Norway, Sweden, Estonia and Denmark	49.5%	31	-	-	1,001
G Europe	Poland	100.0%	13	1	2	355
Gazit Brazil	Brazil (Sao Paulo)	82.5%	7	-	1	164
G Israel	Israel	100.0%	10	1	2	145
Gazit Horizons	USA	100.0%	12	2	1	65
Total carrying amount			**73**	**4**	**6**	**1,730**
Jointly controlled properties			4	-	1	75
Total			**77**	**4**	**7**	**1,805**

	Key Countries of Operation	Investment property and investment property under development			
		Income-producing property	Properties under development [1]	Land	Total
		NIS millions			
CTY	Finland, Norway, Sweden, Estonia and Denmark	15,273	-	-	15,273
G Europe	Poland and Czech Republic	7,051	30	487	7,568
Gazit Brazil	Brazil (Sao Paulo)	2,065	-	33	2,098
G Israel	Israel	3,445	444	744	4,633
Gazit Horizons	USA	1,750	395	283	2,428
Total carrying amount		**29,584** [2]	**869**	**1,547**	**32,000**
Jointly controlled properties		1,564	-	5	1,569
Total		**31,148**	**869**	**1,552**	**33,569**

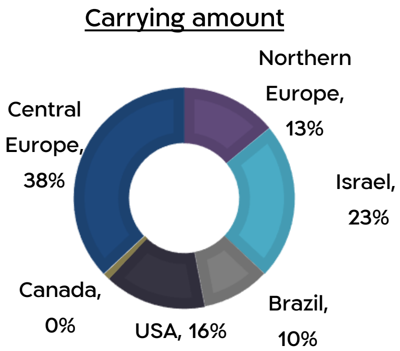
1 Including extensions to income-generating assets

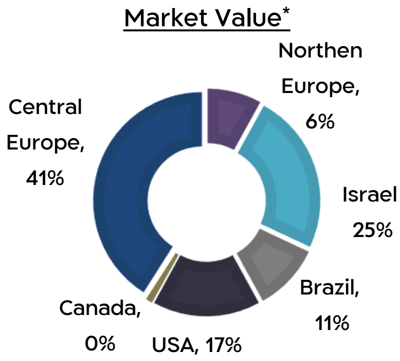
2 The balance of the yielding assets attributed to the expanded Solo (not incl CTY), an amount of approximately NIS 1.1 billion is attributed to vacant areas. For the purpose of calculating the value attributed to vacant spaces, vacant space was defined as space that did not generate rent during the reporting period. The value of the vacant spaces is calculated pro rata to the value of the relevant property (if it was not attributed a separate value in the evaluation of the property). The value of the vacant space is not reviewed or audited by the company's accountants.

Breakdown of the properties classified as assets held for sale included in the Group's total assets as at March 31, 2025:

	Country	Number of properties	Carrying amount NIS millions
CTY	Norway and Finland	2	329
Total carrying amount		**2**	**329**

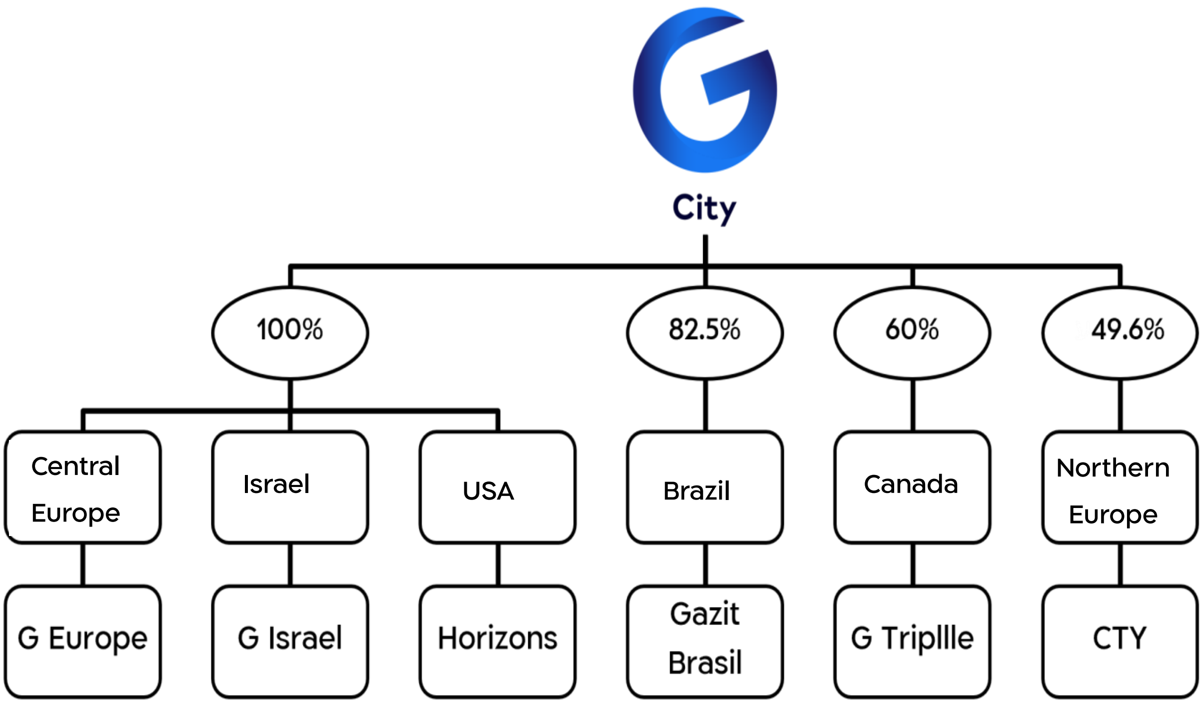
1.4. Breakdown of the Company's investments in its operating segments (on an expanded solo basis) as at March 31, 2025:





* The investment in CTY is presented as market value.

1.5. The Company's Major Holdings (holding structure and interests are as of March 31, 2025):



1.6. Highlights of Q1 2025 (the "Quarter")

(NIS millions, other than per share data)	March 31	December 31	
	2025	2024	
Net debt to total assets ratio (expanded solo information) [1]	66.6%	68.7%	
Net debt to balance sheet ratio (consolidated) [2]	60.8%	62.4%	
Equity attributable to equity holders of the Company	4,382	4,180	
Equity per share attributable to shareholders of the Company	22.0	21.0	
	For the 3 months ended March 31		
	2025	2024	Change
Rental and other income	569	621	(8.4%)
NOI	385	418	(7.9%)
NOI net of properties sold in the functional currency [4]	377	365	3.3%
Cash flows from operating activities per share (expanded solo information) (in NIS) [5]	0.42	0.50	(16.0%)
FFO [6]	69	84	(17.9%)
FFO per share (in NIS) [6]	0.35	0.45	(22.2%)
FFO from the income generating properties segment [7]	78	54	44.4%
FFO per share from the income generating properties segment	0.39	0.29	34.5%
Number of shares used in calculating the FFO per share	199,246	186,154	7.0%
Disposal of investment property [8]	898	475	-
Issue of convertible debentures [8, 9]	304	1,592	-
Early payment and redemption of debentures [8]	(782)	(1,240)	-
Loss to the Company's shareholders	(246)	(77)	-
Diluted loss per share (NIS)	(1.24)	(0.42)	-
Earnings (loss) including the Company's shareholders	223	(166)	

1 As of the first quarter of 2025, the Company has revised the method used for calculating the net debt to total balance sheet ratio also in the expanded solo financial information. For further information on the revised method of calculation see note 6 in section 2.1 below.

2 For further information concerning the net debt to total (consolidated) balance sheet ratio, including accrued interest for this debt, see section 6 below.

3 NOI - Net Operating Income - rental and other income, net of property operating and other expenses

4 Deducting NOI from sold properties (see section 1.1 above) and net of changes in the Group's functioning currencies.

5 See section 2.2 below.

6 The FFO is presented according to the management approach and in accordance with Securities Authority regulations. For the FFO calculation, see section 2.3 below.

7 See section 2.3 below.

8 From the consolidated statements of cash flows attributable to the Company

9 In the first quarter of 2025, including the issue of NIS 296 million par value Debentures (Series P) for gross proceeds of NIS 304 million classified as restricted cash in the balance sheet as at March 31, 2024, and received as cash in the Company subsequent to the balance sheet date.

- Net operating income from similar properties increased by 6.2% in the quarter compared with the corresponding quarter last year (7.1% based on proportionate consolidation). For further information, see section 3.2 below.
- In the first quarter of 2025, the number of visitors to the Group's properties increased by 0.6% and tenant revenue increased by 0.7% compared with the corresponding period last year.
- As at March 31, 2025, the Company and its subsidiaries have liquid balances and unutilized lines of credit available for immediate withdrawal amounting to NIS 4.1 billion (of which NIS 1.9 billion in the Company and its wholly owned subsidiaries, and includes cash and cash equivalents, marketable securities and short term deposits of NIS 1.1 billion).
- As a result of exchange rate changes of the USD, EUR, BRL and CAD against the NIS, and the NOK and SEK against the EUR, the equity attributable to Company shareholders increased in the Quarter by NIS 326 million (net of the effect of currency swap transactions). For further information concerning the effect of exchange rate fluctuations on the Company's results see section 1.6 of the Board of Directors Report as at December 31, 2024.

1.7. Credit rating of subsidiaries:

Rating Agency	G City	CTY	G Europe
Moody's	ilA3/ Stable *	-	B2/ Negative
S&P	ilA-\ Stable *	BBB-/ Stable **	-

* The Company's Debentures (Series R) and (Series T) that are secured by a lien, are rated by S&P Maalot and Midroog as ilA and A2.il, respectively

* CTY's issuer rating that is rated by S&P is BB+.

2. Additional Information Concerning the Company's Assets and Liabilities

2.1. Extended Separate Balance Sheet (the Company's balance sheet with the investment in CTY presented according to the equity method), as at March 31, 2025

Properties	NIS millions	
Investment in CTY (OMX shares) [1]	2,545	
Investment in real estate properties in Central Europe [2]	7,573	
Investment in real estate properties in Israel	4,628	
Investment in real estate properties in the USA [2]	3,204	
Investment in real estate properties in Brazil	2,098	
Investment in real estate properties in Canada [2]	58	
Total investments in real estate properties		**20,106**
Other assets [3]		**1,080**
Total assets		**21,186**
Liabilities:		
Interest-bearing liabilities *	15,170	
Net of cash and cash equivalents, marketable securities and short term	(1,069)	
Interest-bearing liabilities, net		**14,101**
Other liabilities [4]		**1,433**
Total liabilities		**15,534**
Equity		
Equity attributable to the Company's shareholders		**4,382**
Non-controlling interests [5]		**1,270**
Total expanded solo equity		**5,652**
Net interest bearing liabilities to total balance sheet [6]		**66.6%**

(*) Amortization schedule of debentures and debts to financial institutions (NIS millions):

Year	Company's debentures	Debentures of G Europe	Financial Institutions		Mortgages	Total	%
			Secured	Unsecured			
2025	1,263	-	33	37	150	1,483	9.8%
2026	1,226	-	13	37	908	2,184	14.4%
2027	1,549	874	24	222	355	3,024	19.9%
2028	1,820	-	28	-	1,159	3,007	19.7%
2029	1,846	-	34	-	317	2,197	14.5%
2030	756	-	42	-	869	1,667	11.0%
2031	1,254	-	48	-	-	1,302	8.6%
2032	-	-	54	-	-	54	0.4%
2033 onwards	-	-	252	-	-	252	1.7%
Total	**9,714**	**874**	**528**	**296**	**3,758**	**15,170**	**100%**

The table below presents a breakdown of the movement of interest-bearing liabilities since the beginning of 2023 (NIS million):

	2023	2024	Q1 2025
Opening balance	**17,635**	**17,029**	**15,501**
Receipt of loans or lines of credit / issue of debentures	2,049	3,936	314
Repayment of loans, lines of credit and debentures	(3,295)	(5,439)	(892)
CPI linkage and exchange rate differentials	750	67	228
Other changes	(110)	(92)	19
Closing balance	**17,029**	**15,501**	**15,170**
Net of cash and cash equivalents, marketable securities and short	(594)	(1,211)	(1,069)
Closing balance	**16,435**	**14,290**	**14,101**

[1] Investments presented using the equity method. The Company holds 91.3 million shares of CTY (49.5%). The market value of the investment in CTY as at March 31, 2025, is NIS 1,202 million (EUR 3.3 per share).

[2] Including an investment in assets through joint transactions presented in the financial statements according to the equity method.

[3] Including mainly loans payables in an amount of NIS 0.8 billion and derivative financial instruments of NIS 0.3 billion.

[4] Including mainly trade payables and other payables in an amount of NIS 0.7 billion, deferred tax liabilities of NIS 0.3 billion, and derivative financial instruments of NIS 0.4 billion.

[5] Includes G Europe hybrid debentures in an amount of NIS 0.8 billion, and non-controlling interests in part of the Company's properties amounting to NIS 0.5 billion. It is noted that these properties also have loans amounting to a total of NIS 0.6 billion that are fully consolidated in this balance sheet as part of the interest bearing liabilities (NIS 0.1 billion of which are attributable to non-controlling rights).

[6] As of the first quarter of 2025, the Company has revised the method used for calculating the net debt to total balance sheet ratio also in the expanded solo financial information. In the revised calculation method, the net debt consists of interest bearing liabilities net of cash and cash equivalents, marketable securities, and short term investments only and does not include other liabilities and deduction of other properties (also including held for sale investment properties) as were included in the previous calculation method. The revised calculation method is consistent with the calculation in the consolidated report and is the customary calculation for this ratio. As at March 31, 2025, this ratio, based on the previous calculation method, is 70.2%.

[7] Including, mainly, depreciation of premium and discounting and income from early redemption of debentures.

2.2. Cash flows from operating activities - expanded solo information

	For the 3 months ended March 31		Year ended December 31
	2025	2024	2024
	(NIS millions, other than per share data)		
Available sources for distribution from a public subsidiary (CTY) [1]	33	43	175
Available sources for distribution from private subsidiaries [2]	171	200	843
Total income	204	243	1,018
General and administrative expenses	(18)	(17)	(67)
Interest expenses, net	(99)	(131)	(492)
Taxes	(3)	(2)	(15)
Total expenses	(120)	(150)	(574)
Cash flows from operating activities	84	93	444
Cash flows from operating activities per share (in NIS)	0.42	0.50	2.40

1 Calculated based on CTY's adjusted FFO net of operating capex
For the 3 month period ended March 31, 2024 and for the year ended December 31, 2024, CTY distributed dividends amount to NIS 29 million and NIS 11 million, respectively. For the period ended March 31, 2025, no dividends were distributed. It is clarified that, based on the decision of the general meeting of CTY shareholders, the distribution of dividends is within the authority of the CTY board of directors, with the board being authorized to distribute up to EUR 0.30 per share until the next annual meeting of CTY shareholders. The CTY board of directors has announced that it does not intend to exercise its authority to distribute such dividends until the end of 2025.

2 Includes income from early repayment of interest-bearing debt, as well as CAPEX in the amount of NIS 45 million in 2024, and NIS 11 million in the quarter, and NIS 15 million in the corresponding quarter last year.

2.3. (Funds From Operations) FFO:

As is the practice in income-producing real estate companies, the Company customarily publishes information regarding the results of its operating activities in addition to, and without derogating from, the income statement prepared according to accounting principles.

The Company assumes that the Adjusted FFO index fairly reflects the operating results of the Company, provides a better basis for comparing the Company's operating results in a particular period with those of previous periods and also provides a uniform financial measure for comparing the Company's operating results with those published by other real estate companies.

These Adjusted FFO measures do not represent cash flows from operating activities according to accepted accounting principles, nor do they reflect the cash held by a company or its ability to distribute that cash, and they are not a substitute for the reported net income (loss). Furthermore, it is clarified that these measures are not audited by the Company's independent auditors.

For further information see section 2.3 of the Board of Directors report included in the periodic report.

Below is a breakdown of the calculation of the FFO and the financial FFO per share of the Company, based on the Securities Authority method* (the comparable figures were updated in accordance with the Authorities guidelines issued in January 2025):

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	(NIS millions, other than per share data)		
Net profit (loss)	(206)	86	96
Adjustments:			
Impairment (appreciation) in investment property and investment property under development, net	(63)	4	(38)
Capital loss (gain) on sale of investment property	62	(64)	330
Changes in the fair value of financial instruments, including measured derivatives presented at fair value through profit or loss	272	26	(15)
Adjustments with respect to equity-accounted investees	-	(2)	(108)
Deferred taxes and current taxes with respect to disposal of properties	34	42	53
Nonrecurring or exceptional expenses/income [1]	6	16	39
FFO as per Securities Authority method	105	108	357
Non-controlling interests' share in above adjustments	(64)	(57)	(280)
Interest on hybrid debentures paid to non-controlling interests	(25)	(24)	(96)
FFO as per the Security Authority method attributed to the Company's shareholders	16	27	(19)
Additional adjustments (attributable to the Company's shareholders)			
CPI and exchange rate linkage differentials [2]	36	35	328
Depreciation and amortization	4	4	20
Earnings from early redemption of hybrid debentures	-	15	92
Other adjustments [3]	13	3	69
FFO according to management method (AFFO)	69	84	490
AFFO per share (in NIS)	0.35	0.45	2.65
AFFO, excluding exchange rate changes	69	74	490
AFFO per share, excluding exchange rate changes (NIS)	0.35	0.40	2.65
Number of shares used in calculating the FFO per share (thousands) [4]	199,246	186,154	184,892

1. Includes mainly non-recurring expenses due to Group reorganization expenses, special bonuses directly related to the sale of properties and non-recurring expenses/revenue due to legal proceedings.
2. See also section 2.4 below.
3. Includes mainly share based compensation expenses, cancellation of discounting reductions resulting from the conversion component of convertible debentures, net of financing expenses for properties in the stabilization period and non-recurring financing expenses.
4. Average weighted for the period.

Below is a breakdown of FFO sources

	Three months ended March 31		Yyear ended December 31
	2025	2024	2024
	(NIS millions, other than per share		
FFO from the income generating properties segment			
Revenue			
NOI from investment property	185	215	844
The Group's share of CTY's FFO [1]	38	45	192
The Group's share of the FFO of subsidiaries other than CTY	4	3	20
Total income	227	263	1,056
Expenses			
Real financing, net	(100)	(153)	(470)
Profits for hybrid debentures	(9)	(10)	(30)
General and administrative	(37)	(44)	(165)
Current taxes	(3)	(2)	(16)
Total expenses	(149)	(209)	(681)
FFO from the income generating properties segment	78	54	375
FFO per share from the income generating properties segment (NIS)	0.39	0.29	2.03
FFO from special financing activities			
Revenue			
Gains from buyback of debentures and hybrid debentures	1	34	139
Expenses			
Financing expenses net of buyback of debentures and hybrid debentures [2]	(10)	(4)	(24)
FFO from special financing activities	(9)	30	115
FFO per share from special financing activities (NIS)	(0.04)	0.16	0.62
FFO as per management approach	69	84	490
FFO per share according to management approach (in NIS)	0.35	0.45	2.65
Gains from buyback of debentures and hybrid debentures using the long term spread method [3]	31	20	106

1. Net of profits with respect to CTY hybrid debentures
2. Reflects incremental interest expenses paid to finance buyback of the Group's debentures and hybrid debentures since the beginning of 2023. These expenses were calculated assuming the buyback financing according to the average interest on lines of credit for expanded solo debt, net of savings on interest expenses for the debentures bought back.
3. See section 2.5 below.

2.4. Adjustment of CPI linked income and CPI linked interest expenses

The Group's rental income is CPI linked (the "Index") in most of the countries in which it operates. This linkage contributes to the increase in the Group's income and the value of its properties.

For calculating the FFO according to the management method, the Company adjusts on the one hand the increase (impairment) in fair value of the income generating real estate and on the other the index differentials from financing expenses component in its financial statements, and adds the interest expenses on the hybrid debentures.

As at December 31, 2024, 81% of the rent, net the share of non-controlling interests, are from rental contracts in which the rent is contractually linked to the CPI and is updated monthly to annually, according to the customary method in the various regions in which the Company operates.

At the same time, at December 31, 2024, 43% of the Group's debt, net of the share of non-controlling interests, is not linked to the CPI (including the effect of swap transactions).

As at December 31, 2024, if the Company had fully adjusted the rate of CPI-linked revenue to the rate of CPI-linked debt, net of non-controlling interests, then in 2024 the debt of NIS 7.7 billion would have shifted from unlinked fixed interest to linked fixed interest, and the index differentials for the year would have reduced financing expenses for the purpose of calculating FFO based on the management method.

In the first quarter of 2025, the Company began engaging in such CPI swap transactions to create a higher correlation between CPI-linked revenue and CPI-linked debt, and as at date of publication of this report, the Company has engaged in swap transactions for an amount of NIS 4.1 billion.

The effect of transactions made through to the end of the first quarter of 2025 amounted to increased interest revenue of NIS 5 million, and is liable to increase interest revenue by NIS 27 million in the second quarter of this year, and this based on the transactions made through to the date of signing of these reports.

2.5. Buyback of debentures and hybrid debentures

Breakdown of future cash flow savings reflected in the return to redemption of the acquired debentures based on their purchase price until the original redemption data of these debentures that adds to decreasing the interest and principal payments that the Company was meant to pay on these debentures.

Period	Par value Acquired in the period	Total gains recognized in the period	Total cash flow savings over the useful life of the debentures
		NIS millions	
2023	958.3	220.1	36.1
Q1/24	272.6	33.2	19.7
Q2-Q4/24	1,248.7	107.6	86.2
Q1/25	-	-	30.8
Q2-Q4/25			85.2
2026			75.4
2027			22.7
2028			4.8
Total	**2,479.6**	**360.9**	**360.9**

2.6. Net property value (EPRA NTA, EPRA NRV and EPRA NDV)

As is customary in European countries in which the Group operates, and similar to the position paper published by EPRA, which aims to increase transparency, uniformity and compatibility of financial information reported by real estate companies, the Company publishes the follow net property value data: EPRA NTA, EPRA NRV and EPRA NDV.

The Company believes that the presentation of such data enables its net asset value data to be compared with those of other European real estate companies. However, such data do not constitute a valuation of the Company and do not replace the data presented in the financial statements, but rather provide an additional aspect of the Company's net asset value (NAV) in accordance with the EPRA recommendations. It is clarified that such data are not audited by the Company's independent auditors.

For further information regarding these indices see section 2.6 of the Board of Directors report included in the periodic report.

Below is the calculation of the Company's EPRA NTA, EPRA NRV and EPRA NDV:

	March 31		December 31
	2025	2024	2024
EPRA NRV			
Equity attributable to the shareholders of the Company, per the financial statements	4,382	4,569	4,180
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	721	789	671
Fair value asset adjustment for financial derivatives, net [2]	24	(33)	(21)
EPRA NRV	5,127	5,325	4,830
EPRA NRV per share (in NIS)	25.7	28.6	24.2
EPRA NTA			
Equity attributable to the shareholders of the Company, per the	4,382	4,569	4,180
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	407	453	378
Goodwill adjustment attributable to assets	(182)	(215)	(169)
Fair value asset adjustment for financial derivatives, net [2]	24	(33)	(21)
EPRA NTA	4,631	4,774	4,368
EPRA NTA per share (in NIS)	23.2	25.6	21.9
EPRA NDV			
Equity attributable to the shareholders of the Company, per the	4,382	4,569	4,180
Goodwill adjustment attributable to assets	(182)	(215)	(169)
Adjustment of financial liabilities to fair value	563	835	348
EPRA NDV	4,763	5,189	4,359
EPRA NDV per share (in NIS)	23.9	27.8	21.8
Number of issued shares of the Company used in the calculation (in thousands) [3]	199,449	186,378	199,554

1. Net of goodwill generated in business combinations against deferred tax reserves in EPRA NTA calculation, 50% of the tax reserve is used.
2. The amount represents the fair value less the intrinsic value of currency hedging transactions.
3. Represents the diluted number of issued shares (in thousands), excluding treasury shares held by the Company.

3. Explanations of the Board of Directors for the Company's Business Position, its Results of Operations, its Equity and its Cash Flows

3.1. Significant events in the Group during and subsequent to the reporting period

3.1.1. Key investments and disposals of investment real estate

A. G Europe

- In January 2025, the sale of land in Turkey was completed for proceeds of EUR 53 million.
- In February 2025, the sale of the Flora property was completed for proceeds of EUR 201 million after price adjustment, including for the capital investments and repairs and rentability.

B. G Israel

- The Company launched a marketing campaign to sell most of its holdings in the G City Rishon Le-Zion office tower that the Company is building. The Company won a tender of Leumit health care services for the purchase of 6 floors in the office tower for a total consideration of NIS 155 million.

C. Gazit Horizons

- In March 2025, the acquisition of an income generating property in Fort Lauderdale was completed for USD 35.4 million.

3.1.2. Financing activities and other significant events

A. In March 2025, the Company issued in a private placement, by means of expansion of a marketable series, NIS 295.6 million par value Debentures (Series P) secured by a fixed lien on G Europe shares held by wholly-owned subsidiaries of the Company, for a gross amount of NIS 304.4 million at effective interest of 5.05% (linked to the CPI). The proceeds were received subsequent to reporting date.

B. Subsequent to reporting date, in May 2025, the Company issued in a private placement, by means of expansion of a marketable series, NIS 71 million par value Debentures (Series O), which are secured by a lien on real estate assets, for a gross consideration of NIS 78.8 million and at an effective interest rate of 1.33% (CPI-linked). As part of this expansion the Company undertook to pledge two additional real estate properties in Israel in favor of the holders of the debentures.

C. In February 2025, G Europe completed the proactive full early redemption of outstanding Debentures (Series 2025) for an amount of EUR 85 million.

D. In May 2025, CTY bought back EUR 100 million par value Debentures (Series 2026) for an amount of EUR 97 million, by way of tender offer.

E. In March 2025, the S&P Maalot rating agency ratified the rating for CTY's debentures as BBB- and downgraded CTY's issued rating to BB+ with stable outlook.

F. In April 2025, CTY issued EUR 450 par value debentures (unsecured) bearing annual interest of 5.37% and that are repayable in July 2031.

G. In April 2025, CTY bought back EUR 100 million par value Debentures (Series 2026) for an amount of EUR 97 million, by way of tender offer.

H. Subsequent to the reporting date, the Company bought back NIS 22 million par value Debentures (Series N) of the Company for NIS 22 million. The effect of the early redemption on the Group's statement of income was immaterial.

3.2. Real estate operations

Key operating information and projects under development

	Income-producing properties [1]	GLA (square meters in thousands)	Occupancy rates March 31, 2025	Occupancy rates March 31, 2024
G Israel	10	145	98.1%	98.0%
Gazit Brazil	7	164	97.0% [2]	96.8%
Gazit Horizons	14	79	94.3%	94.1%
CTY	31	1,001	94.8%	94.9%
G Europe	13	355	95.9%	93.8%

	Average basic monthly rent		Change in net cash flow from these properties in reporting period [3]	OCR [4]	Net property NOI (millions)	
	March 31, 2025	March 31, 2024		March 31, 2025	Q1.2025	Q1.2024
G Israel	NIS 123.7 [7]	NIS 128.2 [7]	4.5%	11.0%	NIS 49.9	NIS 56.9
Gazit Brazil	R$ 64.1	R$ 64	1.4%	11.5%	R$ 50.0	R$ 49.5
Gazit Horizons	USD 45.7 [5]	USD 61.8 [5]	5.7%	- [4]	5.0 $	4.8 $
CTY	€ 25.3	€ 25.1	3.5%	9.1%	€ 50.1	€ 50.9
G Europe	EUR 27.3 [6]	EUR 26.6 [6]	16.1%	12.8%	EUR 25.1	EUR 25.6

1. Includes jointly controlled properties.
2. For the shopping centers only.
3. Change in net cash flow from similar properties in the reporting period compared to the corresponding period last year.
4. OCR (Occupancy Cost Ratio) is the rent and management to proceeds ratio. The Company does not receive proceeds data in the commercial properties of Horizons.
5. Excluding residential properties. The decrease in average monthly rent compared to the corresponding period is primarily due to a new property acquired during the reporting period that received much lower rent.
6. For shopping centers only, without leases based solely on revenue.
7. The decrease in average monthly rent compared to the corresponding period is primarily due to the sale of 50% of four properties at the end of 2024 that received higher rent.

Projects in planning, construction and development

Projects under construction	Plans	Expected Additional Space (sq.m)	Company's share	Expected completion date	Actual investment as at March 31, 2025	Fair value at March 31, 2025	Estimated cost for completion	Proceeds expected from sales	Annual NOI Expected [1]
					(100%, NIS millions)				
G City Rishon LeZion	An office tower under construction - 75% of the tower is earmarked for sale	65,100	100%	2026	286	444	429	622	23
		Total – 100%			**286**	**444**	**429**	**622**	**23**

(1) NOI is expected to remain stable during the year, assuming full occupancy in the remaining space after sales.

Land for future development	Plans	Expected Additional Space (sq.m)	Company's share	Expected completion date (1)	Fair value at March 31, 2025 (100%, NIS millions)
Tel Hashomer Rental Apartments	Construction of 4 residential buildings with 243 rental apartments (Before additional rights/betterment tax benefits) for long term rental of 20 years	30,700	100%	2027	282
Beit Cal	Development of mixed-use towers with 70,000 sq.m of office space, 11,000 sq.m of residential space and 6,300 sq.m of commercial space, at this stage the existing building is leased until the end of 2024.	90,100	100%	TBD	400
Brickel, Miami	Construction of a 61-floor mixed-use tower, an application to increase the number of residential units in the project to 504 has been approved.	42,000	100%	TBD	283
Promenada Village, Warsaw	The Promenada Village housing apartments for sale project includes 372 apartments for sale (15,830 sq.m) and 2,400 sq.m commercial space on the ground floor (the commercial space will remain under the Company's ownership), close to the existing Promenada Shopping Mall. It is built on a plot of land owned by the Company that currently uses it as a parking lot.	18,224	100%	Q4/2027	101
Promenada Retail Extension 2, Warsaw	The project for extending the Promenada Shopping Mall includes the Primark brand, 35-50 additional stores (addition of 22,800 sq.m) and 318 additional parking spaces.	24,453	100%	Q4/2028	107
Wolska, Warsaw	The Wolska residential rental project includes up to 570 apartments (16,700 sq.m), intended for the development of the 105 meter high PRS building in the heart of Warsaw's business district. The acquisition of the 3,175 sq.m plot was completed in the fourth quarter of 2024.	16,700	100%	Q1/2029	58
		Total			**1,231**

* The foregoing data includes information about projects in planning and under construction (including expected additional space, completion schedules, expected developers' profit, completion costs and expected annual NOI) which constitute forward-looking information as defined by the Securities Law, 1968. The foregoing estimates are based on the Company's estimates to date, they are uncertain, may not materialize and are mainly outside the Company's control and depend, among other things and as aforesaid, on the economic situation and the real estate market in the various markets where the properties are located and in which the Company operates, as well as manifestation of the risk factors relevant to the Company's operations (as set out in section 28 of the report). If the foregoing market conditions change or any of the risk factors materialize, it is possible that changes may apply in the estimated schedules, costs and NOI, respectively.

3.3. Effect of the Macro-economic Environment on the Group's operations

The Group's activity is affected by the macro-economic environment (inter alia, population growth/decrease, private consumption volumes, unemployment rates and level of demand) in the various countries in which it operates. These parameters to some extent impact occupancy rates of the properties, the level of rents, the Group's ability to increase its revenues over time, and the scope and potential of investments and development. For further information concerning the general environment and the effect of external factors on the Company's operations, including the impact of the war in Israel, see section 5 of the chapter on the description of the Company's business and the update thereto.

Below is a breakdown of macro-economic data for the countries in which the Group operates*:

	Growth (GDP)					
	2025 forecast	2024	Unemployment rate in 2025	CPI forecast for 2025	Nominal return on government bonds (10 years)	Credit rating (S&P)
Israel	3.50%	0.43%	3.00%	2.90%	4.35%	A
Poland	3.35%	2.90%	5.00%	4.05%	5.42%	A-
Finland	1.30%	(0.18%)	8.50%	1.60%	3.13%	AA+u
Norway	1.10%	0.60%	3.95%	2.60%	4.01%	AAAu
Brazil	1.90%	3.40%	6.90%	5.30%	13.89%	BB
Sweden	1.70%	0.95%	8.45%	1.15%	2.40%	AAAu
USA	1.35%	2.80%	4.40%	3.20%	4.45%	AA+u
Canada	1.21%	1.53%	6.84%	2.20%	3.22%	AAA

* Data source: Bloomberg May 2025

Furthermore, 97% of the Group's debt is long term at fixed interest (after hedging transactions) and therefore in the short term the Company does not expect that the domestic interest rate increase will not significantly affect the Company's financing expenses. At the same time, the Company is aware that the debt raising costs will grow in line with the increase in market interest rates and estimates that the debt raising costs will increase in accordance with additional increases in the market interest rate, if there will be any.

For information reading the exposure to CPI changes, see section 2.4 above.

It is hereby clarified that the Company is unable to estimate the future effects of the macro-economic changes on its operations and if the foregoing changes will lead to a global recession it could adversely affect the Group's operations and results. For further information see the chapter on Risk Factors in the Company's periodic report for 2024.

3.4. Dividend Distribution Policy

The Company has a long-term policy to share its profits with the Company's shareholders by means of ongoing quarterly dividend distributions, subject to the Company's cash flows, business plans, legal restrictions and the Company's liabilities. In March 2025, the Company's Board of Directors approved a quarterly dividend distribution policy for 2025 at NIS 0.125 per share (reflecting annual rate of NIS 0.50 per share for 2025), after reviewing the Company's financial position, including its projected cash flow, and based on the progress of the property disposal plan as announced by the Company on October 25, 2022, and as revised from time to time, as well as additional considerations, and pursuant to the distribution tests set in the Companies Law, 1999 ("Companies Law").

3.5. Financial Position

Item in the statement of financial position	March 31 2025	December 31 2024	Notes and explanations
	NIS million		
Cash and cash equivalents	1,208	1,991	For explanations regarding cash flows, see section 3.8 below.
Equity accounted investments	1,008	982	
Investment property and investment property under development (including properties held for sale)	31,973	30,801	Most of the increase is due to the weakening of the NIS against the Group's functional currencies in an amount of NIS 1.8 billion, and investments in real estate in an amount of NIS 0.2 billion, offsetting the disposal of properties classified as held for sale in an amount of NIS 1 billion.
Other assets	2,282	2,247	
Total assets	**36,471**	**36,021**	
Interest bearing liabilities and debentures	22,802	22,994	Significant movements in the period: An increase with respect to index differentials in the amount of NIS 0.7 billion Receipt of loans and issue of debentures in an amount of NIS 0.5 billion Repayment of loans and debentures in an amount of NIS 1.7 billion.
Liabilities attributed to assets held for sale	-	494	The decrease is due to the disposal of properties and repayment of liabilities link to them during the reporting period.
Other liabilities	2,919	2,435	The increase is mainly due to the increase in liabilities for fair value of financial derivatives in the amount of NIS 400 million and decrease in a provision for deferred taxes in the amount of NIS 100 million.
Total liabilities	**25,721**	**25,923**	
Equity attributable to the Company's shareholders	4,382	4,180	The increase is mainly due to other comprehensive income of NIS 467 million (mainly from translation of financial statements) net of dividends announced in the period of a total amount of NIS 25 million, and loss in the period of NIS 246 million.
Non-controlling interests	6,368	5,918	The increase is mainly due to the share of non-controlling interests in the total income in an amount of NIS 470 million.
Equity	**10,750**	**10,098**	
Total liabilities and equity	**36,471**	**36,021**	

3.6. Operating results and analysis

A. Breakdown of operating results:

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million (Other than earnings (loss) per share)		
Rental and other income	569	621	2,533
Property operating and other expenses	184	203	799
Operating income, net	385	418	1,734
Fair value gain (loss) from investment property and investment property under development, net	63	(4)	38
General and administrative expenses	(75)	(97)	(321)
Other income	3	185	222
Other expenses	(65)	(121)	(549)
Company's share in earnings (losses) of equity-accounted investees, net	(1)	3	114
Operating profit	310	384	1,238
Financing expenses	(511)	(307)	(1,285)
Financing income	32	53	219
Income (loss) before taxes on income	(169)	130	172
Taxes on income	37	44	76
Net profit (loss)	(206)	86	96
Attributable to:			
Equity holders of the Company	(246)	(77)	52
Non-controlling interests	40	163	44
	(206)	86	96
Net earnings (loss) per share attributable to equity holders of the Company (NIS)			
Total basic net earnings (loss)	(1.24)	(0.42)	0.28
Total diluted net earnings (loss)	(1.24)	(0.42)	0.28

Statement of comprehensive income

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Net profit (loss)	(206)	86	96
Other comprehensive income (loss) (net of tax effect):			
<u>Amounts not subsequently reclassified to profit or loss</u>			
Loss with respect to financial assets at fair value through other comprehensive income	-	-	(31)
<u>Amounts classified or reclassified to profit or loss</u>			
Adjustments for conversion of financial statements of foreign operations	916	(241)	(1,230)
Profit (loss) for cash flow hedges	(17)	29	(15)
Total other comprehensive income (loss)	899	(212)	(1,276)
Total comprehensive income (loss)	693	(126)	(1,180)
Attributable to:			
Shareholders of the Company (1)	223	(166)	(803)
Non-controlling interests	470	40	(377)
	693	(126)	(1,180)

B. Analysis of operating results for Q1, 2025

	Three months ended March 31		
	2025	2024	
Item in the consolidated statements of income	NIS million		Notes and explanations
Net operating income (NOI)	385	418	A decrease of 7.9% compared with the corresponding period. The decrease is mainly due to exchange rate changes and NOI from properties sold in the past year, offset by an increase in revenue from similar properties of 6.1%.
Rate of revenue	67.7%	67.3%	
Fair value gain (loss) from investment property and investment property under development	63	(4)	
General and administrative expenses	(75)	(97)	The decrease is due to the costs of the structural changes recorded in CTY in the corresponding quarter.
Other income (expenses), net	(62)	64	In the reporting period due to capital losses from the closing of property sale transactions and due to price adjustments and transaction costs. In the corresponding period, includes mainly capital gain of NIS 184 million from the acquisition of the partner in Kista Galleria, offsetting the capital loss from property sales transactions.
The Company's share in earnings (losses) of equity-accounted investees	(1)	3	
Operating profit	**310**	**384**	
Financing expenses, net	(479)	(254)	The increase in financing expenses is mainly due to expenses related to the revaluation of derivatives, amounting to NIS 258 million in the reporting period, compared with NIS 21 million in the corresponding period last year.
Income tax	(37)	(44)	The decrease in expenses is mainly due to a decrease in current tax expenses of NIS 6 million in the reporting period, compared with NIS 36 million in the corresponding period last year. This decrease was offset by tax expenses for previous years in the amount of NIS 18 million that was recorded in the reporting period.
Net profit (loss)	**(206)**	**86**	

3.7. Liquidity and Sources of Finance

The Company and its subsidiaries have a policy of maintaining an adequate level of liquidity that enables taking advantage of business opportunities in its operating segments and flexibility in accessibility to sources of finance.

The sources of liquidity of the Company and its subsidiaries are cash generated from its income-producing property, raising of debentures, hybrid debentures, convertible debentures, equity, credit lines, and long-term loans (including loans backed by liens on properties) used mainly for acquisition, development and redevelopment of income-producing property, settlement of liabilities, investments in investees and other investments.

As at March 31, 2025, the Company and its subsidiaries have unutilized approved long-term credit facilities[3] available for immediate withdrawal and liquid balances of NIS 4.1 billion (of which NIS 1.9 billion for the Company and it's wholly-owned subsidiaries) which consists of cash and short-term deposits of NIS 1.6 billion and unutilized approved long term credit facilities available for immediate withdrawal in the amount of NIS 2.5 billion.

Moreover, as at March 31, 2025, the Company and its subsidiaries also have unencumbered investment property and investment property under development, which is carried in the books at its fair value of NIS 10.7 billion (33.6% of the total investment property and investment property under development).

Of these, regarding the expanded solo information, the Company has properties that are not encumbered worth NIS 4.1 billion (NIS 2.6 billion in G Europe, NIS 1.0 billion in the US, NIS 0.4 billion in Brazil and NIS 0.1 billion in Israel).

As at March 31, 2025, based on the Company's consolidated financial statements, the Company has negative working capital of NIS 0.3 billion, and based on the Company's separate financial information negative working capital of NIS 1.3 billion and negative cash flows from operating activities. Moreover, the Company has (extended solo) positive cash flows from operating activities, see section 2.2 below. However, the Company has at its disposal, on a consolidated and expanded solo basis (including wholly-owned subsidiaries), approved long-term credit lines[1] available for immediate withdrawal amounting to NIS 2.5 billion and NIS 0.8 billion, respectively. According to Group policy, the Group usually finances its activities through revolving credit lines, and raises equity and long-term debt from time to time, in accordance with the market conditions. The Company's Board of Directors examined the existence of such negative working capital and negative cash flows from current operations, and tested whether this could indicate a liquidity problem in the Company, and this by reviewing the Company's cash flow projections, and determined that, in light of the scope of the foregoing sources available to the Company and its subsidiaries, including the scope of unencumbered properties, as set out above, the ability to refinance debts secured by land, and the positive cash flows from operating activities, consolidated and extended separate, including other cash flows, its existence does not indicate that the Company or its subsidiaries have a liquidity problem, and therefore it is unnecessary to attach cash flow projections.

[3] Signed credit lines with financial institutions, secured by properties, pursuant to which these institutions are obligated to provide the Group with the foregoing credit subject to complying with the terms prescribed in the agreements and with respect to which the Group Companies pay various commissions, including a credit allocation fee.

3.8. Cash flows

Cash flows generated from ongoing operations amounted to NIS 13 million in the reporting period, compared with NIS 124 million in the corresponding period in the prior year. The decline in cash flow from ongoing operations is mainly due to a significant amount of VAT from sale of properties, which was received in December 2024 and paid to the authorities in the reporting period

In the reporting period, the Company and its subsidiaries financed their operations mainly by disposing of investment property for a net amount of NIS 662 million. These cash flows were primarily used to repay loans and lines of credit in a net amount of NIS 737 million and to repay debentures in a net amount of NIS 782 million.

3.9. Buyback plan

A. On March 19, 2025, the Company's Board of Directors resolved to adopt a new plan for the buyback of debentures of the Company (replacing the earlier plan) in an amount of up to NIS 300 million par value, with regard to all outstanding debenture series, which is valid until March 31, 2026. Acquisitions are to be made under the plan from time to time, at the discretion of the Company's management. Up until date of publication of this report, the Company has bought back an amount of NIS 22 million par value debentures under this plan.

B. On March 19, 2025, the Company's Board of Directors resolved to adopt a program for the buyback of Company shares for an amount of up to NIS 100 million, effective through to March 31, 2026 (replacing the earlier plan). Acquisitions are to be made under the plan from time to time, at the discretion of the Company's management, subject to compliance with the distribution tests. Up until the date of publication of this report, the Company has bough back 180,000 shares at a cost of NIS 2 million.

4. Report concerning exposure to and management of market risks

4.1. The individuals responsible for the matter of reporting and market risk management in the Company are the CEO and CFO of the Company. The Group operates in a large number of countries, therefore it is exposed to currency risks resulting from the exposure to the fluctuations of exchange rates in different currencies, mainly to the Euro, USD and BRL. Since March 19, 2025, date of approval of the Company's annual report for 2024, there have been no material changes in market risks and means of their management, other than as set out in section 4.4.

4.2. In the period from January 1, 2025 through to the date of approval of the financial statements, the individuals responsible for reporting and managing the Company's market risks have held and continue to hold regular discussions concerning exposure to market risks, including changes in exchange rates and interest rates. In addition, during the foregoing period, the Company's Board of Directors discussed these risks and the Company's policy regarding them at meetings in which, among other things, they approved the financial statements, as well as at other meetings specifically on this issue.

4.3. Changes in foreign currency exchange rates – as of January 1, 2025 through March 31, 2025, the NIS depreciated against the USD, EUR, CAD and BRL by 1.9%, 5.9%, 2.1% and 11.1%, respectively. With regard to the effect of exchange rate changes on the Company's equity as at March 31, 2025, see Appendix A to the Directors' Report. In addition, as of March 31, 2025 until immediately prior to the date of approval of this report, the NIS appreciated against the USD, CAD and BRL by 4.5%, 1.2%, and 4.4%, respectively, and depreciated against the EURO by 0.1%.

Moreover, some of the Company's liabilities are linked to CPI changes in Israel (mainly for its operations in Israel). As of January 1, 2025 through March 31, 2025, the CPI (known) rose by 0.3%. Furthermore, as of March 31, 2025, through to close to the date of approval of this report, the CPI increased by 1.6%. For further information concerning index swap transactions that the Company engages in to align index-linked revenues with index-linked interest-bearing expenses, see section 2.4 above.

4.4. The Company usually maintains a high correlation between its property mix in the different functional currencies and the equity exposure to those currencies, by engaging in hedge transactions from time to time to manage the currency exposure. Furthermore, the Company's management regularly reviews the currency linkage balance and responds according to exchange rate developments. In recent years, due to the relatively high volatility of foreign exchange rates against the shekel, which significantly increases liquidity risks, the Company has acted gradually to temporarily exclude most of the derivatives portfolio. Recently the Company acted to expand hedging transactions to some extent, which has led to an improvement in the foregoing correlation.

For further information concerning the Company's currency exposure to its operating currencies (EUR, USD, CAD, NIS and BRL) as at March 31, 2025, see the table attached as Appendix A to the Directors' Report.

5. Aspects of Corporate Governance

Contributions

The Company considers itself committed to caring for and assisting the communities in which it operates, in accordance with the social investment policy approved by its management. In the reporting period, the Group made donations to a variety of projects in the fields of education, culture, welfare and health in the various countries in which the Company operates.

A. Most of the Group's social investment during the reporting period was directed to education in favor of the "To the South" project which the Company founded ten years ago. As part of this project, the Company supports the education systems in the outlying towns and villages in the Negev, including support for elementary and high schools, kindergartens and day care centers.

B. Community involvement – the Group supports a variety of social organizations in the fields of welfare, health and culture, through financial donations and volunteer work by its employees.

The Group's total donations in the reporting period amounted to NIS 1 million.

6. Details Concerning the Company's Publicly-Held Liabilities

A. Collateral for debentures (Series O)

The Company's commitments under the deed of trust for Debentures (Series O) are secured by a first degree fixed lien recorded on the Company's share (50%) in two real estate properties (G Kohav Tzafon and G Savyon) and on two two additional real estate properties it owns (51%) (the "Pledged Properties") and by bank guarantees that, as at reporting date amount to NIS 15 million. The value of the Company's share in the properties pledged for Debentures (Series O) as at March 31, 2025, is NIS 466 million.

For further information concerning the terms of the debentures and with regard to the foregoing pledged properties, as required pursuant to the Securities Regulations relating to investment real estate, see Note 19C7 to the financial statements of the Company as at December 31, 2024, Appendix B to the Company's Board of Directors Report as at December 31, 2024, and the valuations attached to the periodic report.

Subsequent to the reporting period the Company issued additional debentures (Series O) and pursuant to the provisions of the deed of trust, it acted to register a charge on two additional properties in favor of the holders of Debentures (Series O), worth NIS 139 million. For further information see immediate reports dated May 6, 2025 (Ref. No.: 2025-01-031670) and May 21 2025 (Ref. No.: 2025-01-035888), noted here by way of reference.

B. Collateral for debentures (Series P)

The Company's obligations under the deed of trust for Debentures (Series P) are secured by a fixed first degree lien on G Europe shares held by wholly owned subsidiaries of the Company. As at the date of this report, 232 million G Europe shares are pledged in favor of the holders of Debentures (Series P).

For further information concerning the terms of Debentures (Series P) see Note 19C6 to the Company's financial statements as at December 31, 2024. For further information concerning G Europe, see G Europe's financial statements as at March 31, 2025 as published under an immediate report issued by the Company on May 18, 2025 (Ref. No.: 2024-01-034440), where the information contained therein is hereby presented by way of reference.

C. Collateral for debentures (Series R)

The Company's obligations under the deed of trust for Debentures (Series R) are secured by a fixed first degree lien on all of the Company's holdings in GHI Alpha Portfolio LLC ("G Alpha"), which are held by the Company through Gazit Horizons Inc., a wholly-owned subsidiary of the Company (indirect) and related rights, as well as a single lien on the bank account of G Alpha. Furthermore, G Alpha provided a guarantee for the Company's liabilities under the deed of trust of Debentures (Series R). G Alpha is the owner of six income producing properties in the United States, which at the present time are valued at USD 283 million. For further information see sections 4.5 and 4.6 and Appendix E to the Company's shelf offering memorandum published on February 5, 2024 (Ref. No.: 2024-01-041019), the information contained therein is noted here by way of reference.

For further information concerning the terms of Debentures (Series R) see Note 19C4 to the Company's financial statements as at December 31, 2024. For further details regarding G Alpha, as required pursuant to the regulations of the Israel Securities Authority regarding investment property activity, see Chapter A to the periodic report.

D. Collateral for debentures (Series S)

The Company's commitments under the deed of trust for Debentures (Series S) are secured by a second degree mortgage on all the Company's rights in a real estate property owned by the Company (the G complex in Rishon LeZion), and a fixed second degree lien on the pledged revenue from the pledged properties (as defined in the deed of trust), as set out in section 5 of the deed of trust for Series S, attached as Appendix B to the shelf offering memorandum of the Company issued on April 9, 2024 (Ref. No.: 2024-01-041019) and amendment to the deed of trust issued on October 28, 2024 (Ref. No.: 2024-01-612201), where the information presented therein is noted here by way of reference. The value of the foregoing pledged property as at March 31, 2025 is NIS 2,075 million. The Company is acting to sell part of the office tower that it is building in the G Rishon Le-Zion complex, which is pledged in favor of Debentures (Series S). Prior to the sale of sections of the tower, the Company intends to negotiate with the trustee for Debentures (Series S) to release the foregoing sections from the lien, pursuant to the provisions of the deed of trust.

For further information concerning the terms of Debentures (Series S) see Note 19C3 to the Company's financial statements as at December 31, 2024.

For further information regarding the foregoing pledged property, as required pursuant to the regulations of the Israel Securities Authority regarding investment property activity, see Chapter A to the periodic report.

E. Collateral for debentures (Series T)

The Company's obligations under the deed of trust for Debentures (Series T) are secured as follows: (1) a first degree mortgage, limited in an amount equivalent to 175% of the principal of the debentures, on the rights in land in Warsaw, Poland (G Targowek), that is wholly owned by a wholly owned (indirect) subsidiary of the Company (in this section: the "Property Company"); (2) a first degree lien, limited to an amount equivalent to 175% of the principal of the debentures on movable assets and other assets owned by the property company (other that the real estate property); (3) a first degree lien limited to an amount equivalent to 175% of the principal of the debentures on all the bank accounts of the property company; (4) endorsement of the property company's rights in pledged revenue (as defined in the deed of trust), and as per the terms set out in this deed; (5) a first degree lien, limited to an amount equivalent to 175% of the principal of the debentures on the entire share capital of the company that holds the property company (the "Parent Company"); and (6) endorsement of the rights of the parent company in the shareholders' loans it provided to the property company, all as set out in section 5 of the deed of trust for Debentures (Series T) attached as Appendix B to the shelf offering memorandum issued by the Company on July 14, 2024 (Ref. No.: 2024-01-073495) and the amended deed of trust issued on February 6, 2025 (Ref. No.: 2025-01-009257), where the information presented therein is noted here by way of reference. The value of the foregoing pledged property as of March 31, 2025 is Eur 241 million.

For further information concerning the terms of Debentures (Series T) see Note 19C2 to the Company's financial statements as at December 31, 2024.

For further information regarding the foregoing pledged property, as required pursuant to the regulations of the Israel Securities Authority regarding investment property activity, see Chapter A to the periodic report.

F. Collateral for debentures (Series U)

The Company's obligations under the deed of trust for Debentures (Series U) are secured by a first degree fixed lien on a custodian account in which CTY shares held by a wholly owned subsidiary of the Company are deposited ("Pledged Company" and "Pledged Share Account", respectively) and all the Pledged Company's rights in the pledged share account with everything deposed therein (other than exceptions), and in which, to date, 19.7 million CTY shares are held. For further information, including with regard to the custodian agreement, see section 5 of the deed of trust, attached as Appendix B to the Company's shelf offering memorandum as amended on October 28, 2024 (Ref. No.: 2024-01-611780), where the information contained therein is presented here by way of reference.

For further information concerning the terms of Debentures (Series U) see Note 19C1 to the Company's financial statements as at December 31, 2024. For further information concerning CTY, see CTY's financial statements as at March 31, 2025 as published under an immediate report issued by the Company on May 14, 2025 (Ref. No.: 2025-01-033638), where the information contained therein is hereby presented by way of reference.

G. The deeds of trust under which the outstanding debentures were issued do not impose restrictions on the Company regarding the creation of additional charges on the Company's assets that were not pledged in favor of these debentures or with regard to the Company's authority to issue additional debentures, other than the undertaking to create a negative floating charge in favor of the holders of debentures (Series M, N, P, Q, R, S, T, and U).

H. For further information concerning the expansion of debenture series O and P, see Notes 3A3 and 5E to the financial statements.

I. Below are the principal financial covenants the Company's debentures:

Financial ratio	Financial covenants	At March 31, 2025
Minimum equity (excluding non-controlling interests) (USD million)	L - higher than 650 for 4 consecutive quarters M, R - higher than 800 for 3 consecutive quarters N, O, P, Q, S, T, U - higher than 850 for 3 consecutive quarters	1,179
Minimum equity (excluding non-controlling interests) for one quarter (USD million)	M, N, O - higher than 400 P, Q, R, S, T, U - higher than 450	1,179
Net interest bearing debt to total consolidated assets ratio	L - lower than 80% for 4 consecutive quarters M - lower than 75% for 3 consecutive quarters	61.1% [1]
In combination with Minimum rating for debentures	K and M - ilBaa3 / ilBBB-	ilA3 / ilA-
Net interest bearing debt to total consolidated assets ratio	N, Q, U - lower than 75% for 3 consecutive quarters	60.8%
	O, P, R, S, T - lower than 75% for 3 consecutive quarters	61.1% [1]
Minimum rating for debentures	N, Q, S and U O, R, and T ilBaa3 / ilBBB-	ilA3- / ilA- ilA2- / ilA

[1] In the calculation of the net interest bearing debt to total assets ratio, the net interest bearing debt includes the accrued interest as presented in the financial statements.

As at March 31, 2025 and shortly prior to date of approval of the financial statements, the Company was in compliance with the covenants for its debentures.

May 21, 2025		
Date of Approval of Directors' Report	Ehud Arnon - Chairman of the Board of Directors	Chaim Katzman - Vice Chairman of the Board of Directors and CEO

Appendix A to the Directors' Report

Additional Information regarding Currency Exposure

Below is a breakdown of the scope of the Company's exposure to each currency to which it is exposed (EUR, USD, CAD, NIS and BRL), in respect of which cross-currency swaps and forward transactions were executed (below: derivative transactions), and regarding the scope of the remaining exposure after executing the derivative transactions, as at March 31, 2025. The following table presents the assets and the liabilities presented in the Company's statement of financial position (in the original currency and in NIS[(1)]) and the percentages that they represent of the total assets and liabilities, respectively, on a proportionate consolidation basis[(2)], and the total financial adjustments made by the Company by means of cross-currency swap transactions, to correlate, to the extent possible, the Company's equity to the Company's assets (from a currency perspective). As illustrated by the table, the assets and liabilities for each particular currency do not fully correlate, and the exposure to each such currency is reflected in the differences, as presented in the table.

Data presented in millions	NIS	USD	EUR [3]	CAD	BRL Brazilian	Total in NIS
Assets in original currency	4,590	969	3,990	102	3,225	-
Assets in NIS	4,590	3,601	16,047	264	2,103	26,605
% of total assets	**17**	**14**	**60**	**1**	**8**	**100**
Liabilities in original currency	10,900	393	1,994	61	913	-
Cross-currency swap transactions in original currency	5,038	(206)	(1,178)	-	-	-
Liabilities in original currency	5,863	599	3,171	61	913	-
Liabilities in NIS adjusted for swaps	5,863	2,226	12,755	159	591	21,594
% of total liabilities	**27**	**10**	**59**	**1**	**3**	**100**
Total equity in original currency	(1,273)	370	818	41	2,313	-
Total financial equity in NIS [4.5]	(1,273)	1,375	3,292	105	1,512	5,011
% of total equity	**(25)**	**27**	**66**	**2**	**30**	**100**

1. According to currency exchange rates as of March 31, 2025.
2. The Company's statement of financial position presented on a proportionately consolidated basis was not prepared according to generally accepted accounting principles, but according to the Company's interest in each of the investees at the stated date.
3. The exposure to the EUR also includes the Group's exposure for its operations in Sweden whose currency is the Swedish krona (SEK), the operations in Norway whose currency is the Norwegian crown (NOK) and for the residential rental operations in Poland whose currency is the zloty (PLN). Furthermore, the data regarding CTY is based on CTY's EPRA NRV per share.
4. Represents the equity attributable to the shareholders of the Company, excluding goodwill and deferred taxes with regard to the revaluation of investment real estate, as it was known on December 31, 2024.

Update of the Description of the Company's Business of G City to the 2024 Periodic Report

Pursuant to Regulation 39A of the Securities Regulations (Periodic and Immediate Reports) 2015, below is information regarding material changes or renewals that occurred in the Company's business operations since publication of the Company's Period Report for 2024 (the "Periodic Report"), in any matter required to be described in the Periodic Report.

Update of section 2 - Investments in the Company's capital and transactions in its shares in the last two years

As of January 1, 2024 through to shortly prior to the date of publication of this report, the Company issued 44,690 par value Shares to Company officers and employees as a result of the vesting of the convertible securities alloted to them under the terms and conditions of their employment.

Update of section 3 - Distribution of dividends in the past two years

A. On April 9, 2025, the Company distributed a dividend to its shareholders in an amount of NIS 25 million (NIS 0.125 per share).

B. For further information regarding the dividend announced by the Company subsequent to reporting date see Note 5A to the financial statements.

Update of section 5 - Financial environment and the effects of external factors on the Company's operations

A. **Fluctuations in inflation rates, interest rates and currencies** - In April 2025, the Bank of Israel Research Department published a macroeconomic forecast according to which the GDP is expected to grow by 3.5% in 2025 and by 4% in 2026. The inflation rate in 2025 is expected to be 2.6% and to decline in 2026 to 2.2%. The baseline scenario does not assume escalation of the fighting in Gaza nor the imposition of significant restrictions on the home front. The forecast also takes into account an expected trade war that has come to light due to the US tariffs plan (see section C below), which is anticipated to lead to a decline of 4% in global trade volume by the end of 2026. The unemployment rate is expected to remain very low at 2.9%-3.2% while maintaining a debt-to-GDP ratio of 68%-69%. The foregoing takes into account the budget for 2025 that includes additional weight for the security budget. The Division assumes that the Bank of Israel base interest is expected to average at 4% in the first quarter of 2026, which is a delay of one quarter compared with the previous forecast. It further emphasizes that the forecast is made under higher uncertainty than usual, with risk of additional security developments that could negatively affect available labor, the deficit and public debt to GDP ratio, in addition to an increase in Israel's risk premium that could adversely affect investments and exports. In May 2025, the international rating agency S&P Global Ratings ratified the rating for the State of Israel as A with negative outlook.

B. **Swords of Iron War** - in October 2023, the Hamas terror organization launched a murderous terrorist attack on the State of Israel, which led to the start of the Swords of Iron War. Since then Israel has waged and is waging war on various fronts, including in the north of the country, against Iran and the Houthis. As at date of publication of this report, there is uncertainty regarding the continuation, nature and intensity of the fighting. The war has an extensive impact on the economy and the effects are largely dependent on the development of the war on the various fronts and on the various scenarios, including the effects on the domestic economy, effect on consumption and on the business sector, the capital market, changes in exchange rates and interest rates. The Company routinely monitors the effects of the war. The Company estimates that the Swords of Iron War has not had a material effect on its business and its financial results. For further information see section 5 to the chapter on the Description of the Company's Business in the periodic Report.

C. **US Tariff Program** – in April 2025 the Trump administration announced the imposition of retaliatory tariffs on imports of goods from many countries around the world to the United States, with a total tariff rate of 17% imposed on imports from Israel. The tariff applies only to goods and does not apply to services. At this stage, the Company is unable to assess the effect of the tariff program on its business activities. However, according to the Company's assessment, the effect, if any, is not expected to be significant to the Company's operations.

The Company's estimates regarding the impact of macroeconomic events, including the effects of the War in Israel, inflation rates, changes in exchange rates and interest rates in the various territories, as well as the effects of any other specific crisis in the country and/or certain countries in which the Company operates, on its operations, revenues, profits and financial status constitute forward-looking information as defined in the Securities Law, 1968. These estimates are based on assumptions and estimates of the company and the group companies as of the date of this report, but they are uncertain, may not materialize or may materialize significantly differently to that expected, among other things due to them being affected by factors outside of the control of the company. The continuation of the state of war, its expansion to other regions of the country and the involvement of other countries, the imposition of sanctions against Israel, changes in the directives issued by the State and the Home Front Command, the pace of the recovery of the Israeli economy, as well as growth trends in Israel and globally, and other macro-economic changes that may result from the foregoing, including continuing rise in inflation and market interest rates, continuation or deterioration of the global economic crisis, could impact the company's operations and its financial results in a manner different to the estimates set out above.

Update to section 6 - Acquisition, development and operation of shopping centers in Northern Europe

A. During and subsequent to the reporting period, CTY repaid a long term loan in the amount of EUR 250 million.

B. In April 2025, CTY issued EUR 450 par value Debentures repayable in 2031 and that bear nominal interest of 5.375%.

C. In April 2025, CTY bought back EUR 100 million par value Debentures (Series 2026) for an amount of EUR 97 million, by way of tender offer.

Update to section 10 - Gazit Horizons

In March 2025, the acquisition of an income generating shopping center in Fort Lauderdale was completed for USD 35.4 million.

Update to section 19 - Financing

A. For further information concerning the Company's expansion of an existing debenture series (Series P) that is secured by shares of G Europe (a wholly owned subsidiary of the Company) for an amount of NIS 295.6 million par value, see Note 3A3 to the financial statements.

B. For further information concerning the Company's expansion of an existing debenture series (Series O) that is secured by real estate properties in Israel worth NIS 71 par value, see Note 5E to the financial statements.

Disclosure concerning very material assets pursuant to Chapter F of the disclosure directive regarding investment property operations.

G Savyon (Company's share [(1)] 50%)	**Q1 2025**	**Year 2024**
Value of partially income generating	130,014	125,369
Value of the lands reserves property (NIS	16,100	16,100
Total value of the property (NIS	146,114	141,469
NOI for the period (NIS thousands) [(1)]	1,492	11,580
Revaluation (losses) profits for the period	-	13,855
Average occupancy rate in the period	97.1%	92.3%
Actual rate of return (%)	4.6%	4.6%
Average rent per sq. m. (per month in	159	162.2
Average rent per sq.m. in contracts signed in the period (per month in NIS)	148	125

(1) Since December 31, 2024, the Company holds 50% of the property.

G Rothschild (Company's share, 51%)	**Q1 2025**	**Year 2024**
Value of partially income generating	125,511	125,495
Value of the building rights in the	3,825	3,825
Total value of the property (NIS	129,336	129,320
NOI for the period (NIS thousands)	1,979	7,584
Revaluation (losses) profits for the period	-	3,678
Average occupancy rate in the period	98.4%	98.8%
Actual rate of return (%)	6.3%	6.0%
Average rent per sq. m. (per month in	107	106
Average rent per sq.m. in contracts signed in the period (per month in NIS)	57	87

(1) In the quarter agreements were signed for offices only.

G Kochav Hatzafon (Company's share [(1)] 50%)	**Q1 2025**	**Year 2024**
Total value of the property (NIS	55,424	55,332
NOI for the period (NIS thousands) [(1)]	726	2,815
Revaluation (losses) profits for the period	-	1,073
Average occupancy rate in the period	93.7%	90.8%
Actual rate of return (%)	5.2%	5.1%
Average rent per sq. m. (per month in	286	285.6
Average rent per sq.m. in contracts signed in the period (per month in NIS)	-	-

(1) Since December 31, 2024, the Company holds 50% of the property.

G Horev (Company's share, 50%)	Q1 2025	Year 2024
Value of partially income generating	122,437	122,437
Value of the lands reserves property (NIS	12,750	12,750
Total value of the property (NIS	135,187	135,187
NOI for the period (NIS thousands)	1,967	8,082
Revaluation (losses) profits for the	-	1,320
Average occupancy rate in the period	93.0%	93.7%
Actual rate of return (%)	6.4%	6.6%
Average rent per sq. m. (per month in	128	126.8
Average rent per sq.m. in contracts signed in the period (per month in NIS)	111	114

G City Rishon Le-Zion	Q1 2025	Year 2024
Value of partially income generating	1,630,450	1,628,700
Value of the lands reserves property (NIS	444,171	416,600
Total value of the property (NIS	2,074,621	2,045,300
NOI for the period (NIS thousands)	25,268	97,995
Revaluation (losses) profits for the	-	100,753
Average occupancy rate in the period	98.2%	98%
Actual rate of return (%)	6.2%	6.0%
Average rent per sq. m. (per month in	106	106
Average rent per sq.m. in contracts signed in the period (per month in NIS)	164	87

Dizengoff	Q1 2025	Year 2024
Value of partially income generating	60,824	60,800
NOI for the period (NIS thousands)	893	3,504
Revaluation (losses) profits for the	-	2,000
Average occupancy rate in the period	100%	100%
Actual rate of return (%)	5.9%	5.8%
Average rent per sq. m. (per month in	420	419
Average rent per sq.m. in contracts signed in the period (per month in NIS)	-	-

Leshinsky	**Q1 2025**	**Year 2024**
Value of partially income generating	77,855	77,400
NOI for the period (NIS thousands)	511	1,444
Revaluation (losses) profits for the	-	(13,995)
Average occupancy rate in the period (1)	99%	26%
Actual rate of return (%)	2.6%	1.9%
Average rent per sq. m. (per month in	86	117
Average rent per sq.m. in contracts	70	-

(1) In the first quarter of 2025, an agreement was signed with a major tenant.

Targowek	**Q1 2025**	**Year 2024**
Total value of the property (EUR	240,425	239,100
NOI in the period (EUR thousands) [1]	3,398	14,421
Revaluation gains (losses) for the period	1,189	6,394
Average occupancy rate in the period	98.8%	98.6%
Actual rate of return (%)	5.7%	6.02%
Average rent per sq. m. (per month in	34.3	33.4
Average rent per sq.m. in contracts signed in the period (per month in EUR)	40.3	24.6

G City Ltd.

Condensed Interim Consolidated Financial Statements as at September 30, 2025

Unaudited

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Shape the future with confidence

Auditors' Report to the Shareholders of G City Ltd.

Introduction

We have reviewed the accompanying financial information of G City Ltd. and subsidiaries ("the Company"), which comprises the condensed consolidated statement of financial position as of March 31, 2025 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months periods then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D to the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of a certain subsidiary, whose assets constitute approximately 46% of total consolidated assets as of March 31, 2025 and whose included in consolidation constitute approximately 51% of total consolidated revenues for the three months periods then ended. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

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 auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

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

Tel Aviv,
May 21, 2025

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	March 31		At December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Assets			
Current assets			
Cash and cash equivalents	1,208	1,224	1,991
Short-term investments and loans	359	35	538
Financial assets	41	13	43
Financial derivatives	69	64	69
Trade receivables	95	131	98
Other receivables	360	469	376
Current tax assets	2	4	2
	2,134	1,940	3,117
Assets held for sale	329	1,530	1,337
	2,463	3,470	4,454
Non-current assets			
Equity accounted investments	1,008	865	982
Other investments, loans and receivables	411	586	381
Financial assets	66	100	69
Financial derivatives	350	247	173
Investment property	29,228	29,835	27,041
Investment property under development	2,416	2,784	2,423
Fixed assets, net	93	125	94
Intangible assets, net	367	434	341
Deferred taxes	69	66	63
	34,008	35,042	31,567
	36,471	38,512	36,021

The accompanying notes constitute an integral part of these consolidated interim financial statements.

	March 31		At December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Liabilities and Equity			
Current liabilities			
Credit from banks and others	195	174	38
Current maturities of non-current liabilities	1,542	2,453	1,870
Financial derivatives	368	21	15
Trade payables and service providers	96	115	89
Other payables	532	620	648
Current tax liabilities	10	39	10
	2,743	3,422	2,670
Liabilities attributed to assets held for sale	-	676	494
	2,743	4,098	3,164
Non-current liabilities			
Debentures and convertible debentures	15,271	14,363	14,941
Interest-bearing loans from banks and others	5,794	6,725	6,145
Financial derivatives	271	267	222
Other liabilities	430	323	335
Deferred taxes	1,212	1,304	1,116
	22,978	22,982	22,759
Equity attributable to equity holders of the Company			
Share capital	253	239	253
Share premium	4,982	4,755	4,981
Retained earnings	2,175	2,353	2,446
Adjustments due to translation of financial statements of foreign operations	(4,277)	(4,073)	(4,763)
Other reserves	1,265	1,296	1,279
Treasury shares	(16)	(1)	(16)
	4,382	4,569	4,180
Non-controlling interests	6,368	6,863	5,918
Total equity	10,750	11,432	10,098
	36,471	38,512	36,021

The accompanying notes constitute an integral part of these consolidated interim financial statements.

May 21, 2025			
Date of approval of the financial statements	Ehud Arnon Chairman of the Board of Directors	Chaim Katzman CEO and Vice Chairman of the Board of Directors	Gil Kotler CFO

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million (Other than earnings (loss) per share)		
Rental and other income	569	621	2,533
Property operating and other expenses	184	203	799
Operating income, net	385	418	1,734
Fair value gain (loss) from investment property and investment property under development, net	63	(4)	38
General and administrative expenses	(75)	(97)	(321)
Other income	3	185	222
Other expenses	(65)	(121)	(549)
Company's share in earnings (losses) of equity-accounted investees, net	(1)	3	114
Operating profit	310	384	1,238
Financing expenses	(511)	(307)	(1,285)
Financing income	32	53	219
Income (loss) before taxes on income	(169)	130	172
Taxes on income	37	44	76
Net profit (loss)	(206)	86	96
Attributable to:			
Equity holders of the Company	(246)	(77)	52
Non-controlling interests	40	163	44
	(206)	86	96
Net earnings (loss) per share attributable to equity holders of the Company (NIS)			
Total basic net earnings (loss)	(1.24)	(0.42)	0.28
Total diluted net earnings (loss)	(1.24)	(0.42)	0.28

The accompanying notes constitute an integral part of these consolidated interim financial statements.

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Net profit (loss)	(206)	86	96
Other comprehensive income (loss) (net of tax effect):			
Amounts not subsequently reclassified to profit or loss			
Loss with respect to financial assets at fair value through other comprehensive income	-	-	(31)
Amounts classified or reclassified to profit or loss			
Adjustments for conversion of financial statements of foreign operations	916	(241)	(1,230)
Profit (loss) for cash flow hedges	(17)	29	(15)
Other comprehensive income (loss)	899	(212)	(1,276)
Total comprehensive income (loss)	693	(126)	(1,180)
Attributable to:			
Shareholders of the Company (1)	223	(166)	(803)
Non-controlling interests	470	40	(377)
	693	(126)	(1,180)
(1) Earnings (loss) per share attributable to shareholders of the Company:			
Net profit (loss)	(246)	(77)	52
Adjustments for conversion of financial statements of foreign operations	486	(116)	(809)
Profit (loss) for cash flow hedges	(17)	27	(15)
Loss with respect to financial assets at fair value through other comprehensive income	-	-	(31)
	223	(166)	(803)

The accompanying notes constitute an integral part of these consolidated interim financial statements.

Condensed Consolidated Statements of Changes in Equity

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Retained earnings	Adjustments due to translation of financial statements of foreign operations	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS million								
Balance as at December 31, 2024 (audited)	253	4,981	2,446	(4,763)	1,279	(16)	4,180	5,918	10,098
Loss	-	-	(246)	-	-	-	(246)	40	(206)
Other comprehensive income	-	-	-	486	(17)	-	469	430	899
Total comprehensive income	-	-	(246)	486	(17)	-	223	470	693
Exercise of options for Company shares	-*)	1	-	-	(1)	-	-*)	-	-*)
Cost of share-based payment	-	-	-	-	1	-	1	-	1
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(8)	(8)
Dividend announced **)	-	-	(25)	-	-	-	(25)	-	(25)
Acquisition of non-controlling interests	-	-	-	-	3	-	3	(7)	(4)
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	(5)	(5)
Balance as of March 31, 2025	253	4,982	2,175	(4,277)	1,265	(16)	4,382	6,368	10,750

*) Represents an amount of less than NIS 1 million
**) In the three months ended March 31, 2025, the Company declared a dividend of NIS 0.125 per share (total of NIS 25 million) which was paid on April 8, 2025.

The accompanying notes constitute an integral part of these consolidated interim financial statements.

Condensed Consolidated Statements of Changes in Equity

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Retained earnings	Adjustments due to translation of financial statements of foreign operations	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS million								
Balance as at December 31, 2023 (audited)	239	4,754	2,430	(3,998)	1,413	(1)	4,837	6,493	11,330
Net profit	-	-	(77)	-	-	-	(77)	163	86
Other comprehensive loss	-	-	-	(116)	27	-	(89)	(123)	(212)
Total comprehensive loss	-	-	(77)	(116)	27	-	(166)	40	(126)
Exercise and forfeiture of options for Company shares	-*)	1	-	-	(1)	-	-*)	-	-*)
Cost of share-based payment	-	-	-	-	1	-	1	-	1
Buyback of hybrid debentures from non-controlling interests	-	-	-	-	15	-	15	(30)	(15)
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(52)	(52)
IPO of a subsidiary	-	-	-	41	(159)	-	(118)	445	327
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	(33)	(33)
Balance as of March 31, 2024	239	4,755	2,353	(4,073)	1,296	(1)	4,569	6,863	11,432

*) Represents an amount of less than NIS 1 million

The accompanying notes constitute an integral part of these consolidated interim financial statements.

Condensed Consolidated Statements of Changes in Equity

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Retained earnings	Adjustments due to translation of financial statements of foreign operations	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Audited								
	NIS million								
Balance as at December 31, 2023 (audited)	239	4,754	2,430	(3,998)	1,413	(1)	4,837	6,493	11,330
Net profit	-	-	52	-	-	-	52	44	96
Other comprehensive loss	-	-	-	(809)	(46)	-	(855)	(421)	(1,276)
Total comprehensive loss	-	-	52	(809)	(46)	-	(803)	(377)	(1,180)
Issue of share capital and options (less issue costs)	18	236	-	-	14	-	268	-	268
Exercise and forfeiture of options for Company shares	-*)	29	-	-	(29)	-	-*)	-	-*)
Acquisition of treasury shares	-	-	-	-	-	(57)	(57)	-	(57)
Write-off of treasury shares	(4)	(38)	-	-	-	42	-	-	-
Cost of share-based payment	-	-	-	-	5	-	5	-	5
Buyback of hybrid debentures from non-controlling interests	-	-	-	-	87	-	87	(344)	(257)
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(168)	(168)
Dividend announced	-	-	(36)	-	-	-	(36)	-	(36)
Acquisition of non-controlling interests and IPO of subsidiary	-	-	-	44	(165)	-	(121)	449	328
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	(135)	(135)
Balance as at December 31, 2024 (audited)	253	4,981	2,446	(4,763)	1,279	(16)	4,180	5,918	10,098

*) Represents an amount of less than NIS 1 million

The accompanying notes constitute an integral part of these consolidated interim financial statements.

Condensed Consolidated Statements of Cash Flows

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Cash flows from operating activities			
Net profit (loss)	(206)	86	96
Adjustments required for presentation of cash flows from current			
Adjustments to profit or loss			
Financing expenses, net	479	254	1,066
Company's share in losses (earnings) of equity accounted investees, net	1	(3)	(114)
Impairment (appreciation) in investment property and investment property under development, net	(63)	4	(38)
Depreciation and amortization	5	6	25
Income tax	37	44	76
Other expenses, net	62	(60)	327
Cost of share-based payment	1	1	5
	522	246	1,347
Changes in items of assets and liabilities:			
Decrease (increase) in trade receivables and other receivables	44	(61)	113
Increase (decrease) in trade and other payables	(88)	81	(25)
	(44)	20	88
Net cash provided by operating activities before interest, dividend, and	272	352	1,531
Cash paid and received during the period for:			
Interest paid	(272)	(160)	(873)
Interest received	20	29	112
Dividends received	3	4	74
Taxes paid	(10)	(105)	(152)
Taxes received	-	4	4
	(259)	(228)	(835)
Net cash from operating activities	13	124	696

The accompanying notes constitute an integral part of these consolidated interim financial statements.

Condensed Consolidated Statements of Cash Flows

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Cash flows from investment activities			
Investments and loans to investees	-	(5)	(11)
Acquisition, construction, and development of investment property	(236)	(153)	(779)
Investments in property, plant and equipment and other assets	(1)	(1)	(8)
Proceeds from the sale of investment property net of tax paid	898	475	1,791
Repayment of long-term loans	1	-	243
Investment in financial assets, net	-	-	(45)
Proceeds from the sale of financial assets and withdrawal of deposits, net of tax paid	6	15	36
Net cash provided by investing activities	668	331	1,227
Cash flow from financing activities			
Issue of share capital and options (less issue costs)	-	-	268
Exercise of options for Company shares	-*)	-*)	-*)
Acquisition of treasury shares	-	-	(57)
Acquisition of non-controlling interests and IPO of subsidiary	(4)	327	328
Dividend paid to Company shareholders	-	-	(36)
Dividend paid to holders of non-controlling interests	(5)	(33)	(135)
Receipt of long-term loans	11	-	879
Repayment of long-term loans	(608)	(12)	(817)
Repayment of long-term credit from banks, net	(288)	(408)	(1,479)
Receipt (repayment) of short-term credit from banks, net	148	-	(141)
Early payment and redemption of debentures	(782)	(1,240)	(4,459)
Issue of debentures	-	1,592	5,588
Buyback of hybrid debentures from non-controlling interests	-	(15)	(241)
Interest on hybrid debentures paid to non-controlling interests	(8)	(52)	(168)
Net cash from (used for) financing operations	(1,536)	159	(470)
Exchange differences for cash and cash equivalents	72	(28)	(100)
Increase (decrease) in cash and cash equivalents	(783)	586	1,353
Cash and cash equivalents at the beginning of the period	1,991	638	638
Cash and cash equivalents at the end of the period	1,208	1,224	1,991

*) Represents an amount of less than NIS 1 million.

The accompanying notes constitute an integral part of these consolidated interim financial statements.

Condensed Consolidated Statements of Cash Flows

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
(A) Significant non-cash activities			
Sale of investment property against receivables	-	-	611
Dividend to be paid to Company shareholders	25	-	-
Issue of debentures against trade receivables	304	-	-

The accompanying notes constitute an integral part of these consolidated interim financial statements

Note 1 – General

A. These financial statements have been prepared in condensed format as of March 31, 2025 and for the three months then ended (the "Reporting Period" and "Consolidated Interim Financial Statements"). The financial statements should be read in conjunction with the Company's annual financial statements as at December 31, 2024 for the year then ended, and their accompanying notes, which were approved by the Company's board of directors on March 19, 2025 (the "Annual Financial Statements").

B. As at March 31, 2025, (the "Reporting Date") the consolidated Company (the "Group") had working capital deficit in the amount of NIS 0.3 billion. The Group has unused approved credit facilities in the amount of NIS 2.5 billion available for immediate withdrawal. Company management believes that the foregoing sources, plus the proceeds of the issuance of debentures executed subsequent to the reporting date in an amount of NIS 0.1 billion, the positive cash flows from operating activities, including the cash flow projection, as well as the scope of non-pledged assets and the ability to refinance debts secured by the Company's interests in land and shares of subsidiaries, will allow each of the Group companies to meet their short term repayment liabilities.

C. State of the Company affairs and liquidity:

The Company has a long term policy to maintain an adequate level of liquidity to allow the Company to meet its liabilities, to exploit opportunities in its operating sectors, and to have flexible financing sources. This is achieved by issuing equity and assuming long-term financing, including through the issue of debentures, bank loans and mortgages, against investments in long term assets.

It should be noted that the Company and its wholly-owned private subsidiaries have positive cash flows from ongoing operations. It is clarified that there is no impediment to transferring funds from its wholly-owned subsidiaries through distribution of dividend or receipt of a loan (subject to the distribution tests pursuant to the relevant law, and obligations to third parties).

Furthermore, the Company has binding lines of credit (mostly unused) with financial institutions in significant amounts, as part of which the Company and/or its wholly-owned subsidiaries may utilize credit for various periods according to their needs, and subject to compliance with the criteria set out in these agreements. As at March 31, 2025, the Company and its wholly-owned subsidiaries have such secured revolving credit facilities from several local and international banks and institutions, amounting to NIS 1.0 billion, of which NIS 0.2 billion have been used as at the foregoing date. Shortly prior to the publication date of this Report, the balance of these credit facilities was NIS 0.9 billion, of which NIS 0.1 billion has been used.

These credit facilities are with financial institutions with which the Company has long term relationships and they are renewed from time to time for periods of three to four years, and as at date of publication of this report, most of these facilities end in 2027. In light of past experience, the Company expects it could extend the credit facilities before their due date.

The credit facilities of the Company and its subsidiaries contain financial covenants including, among other things, minimum equity, leverage rate, leveraged debt to value of collateral ratio and others. As at March 31, 2025 and immediately prior to the date of publication of this report, the Company and its subsidiaries are in compliance with all these financial covenants.

The Group's strategy is to focus on urban properties, while strengthening its capital and reducing leverage, and as part of this, in September 2024 the Company adopted a strategic plan for 2028 (the "2028 Strategic Plan"), which relates to multi-divisional growth:

Note 1 – General (Contd.)

(a) Organic growth - with the correct tenant mix, increase in number of visitors to the properties and increased proceeds in the Group's existing properties; (b) Enhancement of the Group's property rights - through expansion and development of existing properties, and adding uses such as residential, offices and others; (c) Selective acquisition of properties with the potential to improve the Group's core business goals and their betterment, planning and building properties for sale, and (d) To continue selling properties/entering into partnerships in properties that have been improved and properties that the Company builds or will build for selling. Such properties are acquired and sold while maintaining appropriate liquidity and balance sheet ratios, and for the purpose of strengthening the Company's equity and lowering the debt to balance sheet ("LTV") ratio to 50% by the end of 2028.

The scope of disposal of properties and the Group's rate of progress in such disposal, including the pace at which the properties have been put up for sale according to the various territories in which G City Group operates is dynamic and is carried out according to the market conditions in the various territories in which the Group operates and in accordance with Company management's discretion, taking macroeconomic and Company specific considerations into account, and by balancing the Company's needs with the value of its properties, and may change as a result of macroeconomic changes as well as emergency or absence of business opportunities to promote certain parts of the strategic plan.

The 2028 Strategic Plan follows the disposal plan declared by the Company in October 2022 for disposal of non-core properties or properties that Company has accomplished their improvement.

As at date of publication of the Report, the Group has completed disposal of properties amounting to NIS 5.3 billion as follows: G Europe - NIS 3.6 billion; G Israel - NIS 0.6 billion; Gazit Horizons - NIS 0.6 billion; Gazit Brazil - NIS 0.5 billion.

D. **Swords of Iron War**:

In October 2023, the Hamas terror organization launched a murderous terrorist attack on the State of Israel, which led to the start of the Swords of Iron War. Since then, Israel has been waging war on various fronts, including in the north of the country, against Iran and the Houthis. As at the publication date of this Report, there is no certainty regarding continuation of the fighting, or its intensity.

The war has an extensive impact on the economy and the effects are largely dependent on the development of the war on the various fronts and on the various scenarios, including the effects on the domestic economy, effect on consumption and on the business sector, the capital market, changes in exchange rates and interest rates. The Company routinely monitors the effects of the war.

E. **US tariffs program**:

In April 2025, the Trump administration announced the imposition of retaliatory tariffs on the importation of goods from numerous countries worldwide to the USA, with imports from Israel being subject to a total tariff of 17%. The customs duties apply to goods only, and not to services. At this stage, the Company is unable to estimate the impact of the US customs duties program on its business operations. However, the Company estimates that the impact, if any, is not expected to be material to its operations.

F. Definitions in these financial statements:

Company	-	G City Ltd. (formerly Gazit-Globe Ltd.)
G Europe	-	G City Europe Limited (formerly Atrium European Real Estate Limited), a subsidiary
CTY	-	Citycon Oyj, a subsidiary.

Note 2 - Significant Accounting Policies

A. Preparation format of the Condensed Consolidated Interim Financial Statements

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The main accounting policy and calculation methods applied in the preparation of these Consolidated Interim Financial Statements are consistent with those applied in the preparation of the Annual Financial Statements, except for the following.

Note 3 – Material Events in the reporting period

A. Debt raising and redemption in the Group

1. In March 2025, CTY bought back, under a tender offer, EUR 100 million (NIS 402 million) par value debentures in return for EUR 97.5 million (NIS 392 million).
2. In February 2025, G Europe completed the proactive early redemption of all outstanding Debentures (Series 2025) for EUR 85 million par value (NIS 341 million).
3. In March 2025, the Company issued under a private placement, by means of expansion of a marketable series, NIS 295.6 million par value Debentures (Series P) secured by a fixed lien on G Europe shares held by wholly-owned subsidiaries of the Company, for a gross amount of NIS 304.4 million at effective interest of 5.05% (CPI-linked). The proceeds of the issue were received subsequent to reporting date.

B. Other events

1. In March 2025, the S&P Maalot rating agency ratified the rating for CTY's debentures as BBB- and downgraded its issued rating to BB+ with stable outlook.

Note 4 - Financial Instruments

A. Fair value of financial instruments

The carrying amounts of certain financial assets and liabilities, including cash, trade and other receivables, short-term loans and borrowings, trade and other payables corresponds to or are close to their fair value.

The fair value and carrying amounts of the other financial liabilities (including current liabilities) presented in the statement of financial position according to their amortized cost are as follows:

	As at March 31, 2025		As at March 31, 2024		As at December 31, 2024	
	Balance	**Fair value**	**Balance**	**Fair value**	**Balance**	**Fair value**
	NIS million					
Debentures (Level 1)	16,516	16,289	15,848	15,001	16,573	16,439
Interest bearing liabilities to banks and others (Level 2)	6,091	5,765	7,693	7,542	6,383	6,156
	22,607	22,054	23,541	22,543	22,956	22,595

Note 4 - Financial Instruments (cont.)

B. Classification of financial instruments according to fair value level

In the reporting period there were no material changes regarding the classification of financial assets and liabilities that are measured in the financial statements at fair value, compared to their classification as at December 31, 2024. Furthermore, there were no transfers between Level 1 and Level 2 with respect to fair value measurement of any financial instruments, and there were no transfers to or from Level 3 with respect to fair value measurement of any financial instruments.

Note 5 – Subsequent Events after the reporting period

A. On May 21, 2025, the Company declared a dividend of NIS 0.125 per share (a total of NIS 24.9 million), payable on June 16, 2025 to the shareholders of the Company on June 5, 2025.

B. In April 2025, CTY issued EUR 450 million par value debentures (unsecured), which bear an annual interest rate of 5.375% and are due in July 2031.

C. In April 2025, CTY bought back under a tender offer, EUR 100 million par value debentures of CTY for EUR 97.5 million.

D. Subsequent to the reporting date, the Company bought back NIS 22 million par value Debentures (Series N) of the Company for NIS 22 million. The effect of the early redemption on the Group's statement of income is not material.

E. In May 2025, the Company issued in a private placement, by means of expansion of a marketable series, NIS 71 million par value Debentures (Series O), which are secured by a fixed lien on real estate assets which it owns, for a gross consideration of NIS 78.8 million, which bear an interest rate of 1.33% (CPI-linked). As part of expansion of the series, the Company is working to pledge two more income-producing properties (in Tel Aviv and Rishon Lezion) for Debentures (Series O).

F. In 2019, G Europe launched liquidation proceedings of subsidiaries in Denmark, which in 2015 owned Finnish companies that owned two properties in Poland. In 2020, the Danish company received a positive taxation decision from the tax authorities in Denmark according to which no tax should be withheld for dividends in kind that were distributed to G City Group companies. In April 2025, the tax authorities in Denmark reversed their binding taxation decision and submitted a tax assessment to the Danish company for payment of the amount of the withholding tax in respect of the said dividends, in the amount of DKK 135.6 million (EUR 18.2 million, NIS 73.2 million) plus interest. The Danish company appealed cancellation of the taxation decision.

The managements of the Company and of G Europe estimate, based on the opinion of their legal counsel, that the appeal will most likely be accepted.

Note 6 - Operating Segments

The Company reports five reportable segments pursuant to the IFRS 8 management approach.

The operating segments were determined based on the information reviewed by the Company's Board of Directors for the purpose of making decisions regarding the allocation of resources and performance evaluation. Accordingly, for management purposes, the Company reports on five reportable segments in accordance with the management approach in IFRS 8. The segmentation is based on the geographical locations of the Company's operations. The Chief Operating Decision Maker (CODM) monitors the results of the segments separately for allocation of resources and evaluation of the segment's results, which in some cases are measured differently from the amounts reported in the financial statements, as set out in Note 36 to the Company's annual financial statements.

The Northern Europe segment falls under a public company controlled by the Company, the other segments are wholly owned by the Company.

Three months ended March 31, 2025

	Northern Europe	Central Europe	Israel	Brazil	USA	Other segments	Adjustments to consolidated	Consolidated
	Unaudited							
	NIS million							
Segment revenues	291	135	78	37	44	7	(23)	569
Operating income, net	190	95	51	31	24	3	(10)	385
Segment results	164	82	49	27	20	4	(36)	310
Financing expenses, net								(479)
Loss before taxes on income								(169)

Three months ended March 31, 2024

	Northern Europe	Central Europe	Israel	Brazil	USA	Other segments	Adjustments to consolidated	Consolidated
	Unaudited							
	NIS million							
Segment revenues	315	146	84	44	37	9	(14)	621
Operating income, net	203	102	57	37	23	4	(8)	418
Segment results	157	89	53	31	18	4	32	384
Financing expenses, net								(254)
Profit before taxes on income								130

Note 6 - Operating Segments (contd.)

Year ended 31 December, 2024

	Northern Europe	Central Europe	Israel	Brazil	USA	Other segments	Adjustments to consolidated	Consolidated
	Unaudited							
	NIS million							
Segment revenues	1,286	593	355	178	157	34	(70)	2,533
Operating income, net	859	411	240	147	95	17	(35)	1,734
Segment results	734	368	219	129	73	13	(298)	1,238
Financing expenses, net								(1,066)
Profit before taxes on income								172

Segment assets:

		Northern Europe	Central Europe	Israel	Brazil	USA	Other segments	Adjustments to consolidated	Consolidated
		Unaudited							
		NIS million							
March 31, 2025	Investment property	15,273	7,051	3,423	2,060	2,988	264	(1,831)	29,228
	Investment property under development	-	642	1,188	33	750	-	(197)	2,416
	Segment assets	15,885	7,773	4,651	2,162	3,763	266	1,971	36,471
March 31, 2024	Investment property	16,396	7,096	3,642	2,373	1,956	349	(1,977)	29,835
	Investment property under development	26	1,127	1,140	51	1,022	-	(583)	2,784
	Segment assets	17,176	8,361	4,849	2,504	3,195	360	2,067	38,512
December 31, 2024 (audited)	Investment property	14,081	7,178	3,414	1,854	1,974	258	(1,718)	27,041
	Investment property under development	-	925	1,157	29	1,547	-	(1,235)	2,423
	Segment assets	14,620	8,205	4,617	1,951	3,546	259	2,823	36,021

Note 7 - Condensed Financial Information of G Alpha

In February 2024 the Company offered to the public NIS 410 million par value Debentures (Series R), which are secured by a fixed first degree lien on all of its holdings in GHI Alpha Portfolio LLC (G Alpha), which owns (indirectly) several properties in the USA. G Alpha is owned by the Company through Gazit Horizons Inc., a wholly-owned subsidiary (indirectly) of the Company and the related rights, as well as a single lien on the bank account established and held by G Alpha.

Breakdown of Condensed Financial Information of G Alpha and key notes:

Condensed financial information of financial position –

	March 31		At December 31
	2025	2024	2024
	USD thousand		
Properties			
Current assets			
Cash and cash equivalents	11,546	3,440	8,675
Trade receivables	115	323	64
Other receivables	151	164	310
	11,812	3,927	9,049
Non-current assets			
Deposits	871	879	871
Investment property	282,956	283,862	282,615
Fixed assets, net	320	354	339
	284,147	285,095	283,825
	295,959	289,022	292,874
Liabilities and Equity			
Current liabilities			
Trade payables and service providers	971	1,749	444
Other payables	193	227	216
	1,164	1,976	660
Non-current liabilities			
Interest-bearing loans from banks and others	89,494	89,386	89,467
Other liabilities	1,180	1,112	1,088
	90,674	90,498	90,555
Equity attributable to equity holders of the Company	204,121	196,548	201,659
	295,959	289,022	292,874

Note 7 - Condensed Financial Information of G Alpha (contd.)

Condensed financial information of comprehensive income or loss

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	USD thousand		
Rental income - commercial	1,861	1,666	6,676
Rental property operating expenses - commercial	304	276	1,184
Net operating income (NOI) - commercial	1,557	1,390	5,492
Rental income - residential	2,494	2,463	10,116
Rental property operating expenses - residential	943	1,019	3,889
Net operating income (NOI) - residential	1,551	1,444	6,227
Total operating income, net	3,108	2,834	11,719
General and administrative expenses	(27)	(16)	(77)
Fair value loss from investment property	-	-	(1,783)
Operating profit	3,081	2,818	9,859
Financing expenses, net	(619)	(696)	(2,635)
Net profit	2,462	2,122	7,224

Note 7 - Condensed Financial Information of G Alpha (contd.)

Condensed financial information of cash flow

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	USD thousand		
Cash flows from operating activities			
Net profit	2,462	2,122	7,224
Adjustments required for presentation of cash flows from current operations			
Adjustments to profit or loss			
Financing expenses, net	619	696	2,635
Fair value loss from investment property	-	-	1,783
Depreciation and amortization	25	14	70
	644	710	4,488
Changes in items of assets and liabilities:			
Decrease (increase) in trade receivables and other receivables	(100)	21	(132)
Increase (decrease) in trade and other payables	596	1,019	(321)
	496	1,040	(453)
Net cash provided by operating activities before interest Dividends and taxes	3,602	3,872	11,259
Cash paid and received during the period for:			
Interest paid	(669)	(669)	(2,677)
Interest received	78	-	149
Net cash from operating activities	3,011	3,203	8,731
Cash flows from investment activities			
Acquisition, construction, and development of investment property	(134)	(820)	(1,081)
Investments in property, plant and equipment and other assets	(6)	(94)	(137)
Net cash used for investment activities	(140)	(914)	(1,218)
Cash flow from financing activities			
Shareholders' investment	-	14	25
Dividend paid to Company shareholders	-	(545)	(545)
Net cash used for financing activities	-	(531)	(520)
Increase in cash and cash equivalents	2,871	1,758	6,993
Cash and cash equivalents at the beginning of the period	8,675	1,682	1,682
Cash and cash equivalents at the end of the period	11,546	3,440	8,675

Note 7 - Condensed Financial Information of G Alpha (contd.)

Key Notes

1. General

   A. G Alpha is a limited liability company established pursuant to the laws of the State of Delaware in the USA, on October 23, 2023.

   B. G Alpha engages, through companies under its control, in the management of income-generating mixed-use real estate properties, including for commercial and residential rental uses, in densely populated urban areas in large cities in the US, mainly in New York, Boston, and Miami, and as at reporting date, it owns 6 income-generating properties.

   C. On February 4, 2024, Gazit Horizons Inc., which holds the entire capital of G Alpha, transferred to G Alpha its entire holdings in 6 wholly-owned private companies, each of which owns an income-generating property.

   D. Due to the establishment of G Alpha on October 23, 2023 and the transfer of the private companies to it as aforesaid, G Alpha prepared these condensed consolidated financial statements pursuant to the provisions of Regulations 9A and 38B of the Securities Regulations (Periodic and Immediate Reports) 1970, which reflect the results of G Alpha's consolidated operations, as though the consolidated companies that were transferred to it were consolidated in its financial statements in the said periods. All the comparable data and financial information presented above that refer to a period prior to the transfer of the private companies to it, are proforma information.

2. Significant Accounting Policies

The main accounting policies that were applied in the financial statements attributable to G Alpha are consistent with those applied in the preparation of these consolidated financial statements.

Note 8 - Condensed Financial Information of CH Targowek

In July 2024, the Company issued to the public NIS 645 million par value Debentures (Series T) that are secured, among other things, by a first degree mortgage on the full interests of CH Targowek (a wholly-owned subsidiary, indirectly, of the Company; the "Property Company") in a commercial property known as the Targowek Shopping Center ("Targowek") and the related rights, as well as a single lien on the bank account that was established and held by the Property Company, and a lien on the shares of the Property Company, as well as on the shareholders' loan that was provided for it.

Breakdown of Condensed Financial Information of the Property Company and key notes:

Condensed financial information of financial position –

	March 31		At December 31
	2025	2024	2024
	EUR thousands		
Properties			
Current assets			
Cash and cash equivalents	4,023	1,824	4,338
Trade receivables	761	785	590
Loans to affiliated parties	5,000	8,423	1,008
Other receivables	1,298	794	1,398
	11,082	11,826	7,334
Non-current assets			
Investment property	241,013	230,457	239,688
Fixed assets, net	31	21	32
	241,044	230,478	239,720
Total assets	252,126	242,304	247,054
Liabilities and Equity			
Current liabilities			
Trade payables and service providers	513	-	247
Other payables	2,686	2,728	4,423
Short term liability with respect to leases	435	-	421
	3,634	2,728	5,091
Non-current liabilities			
Loans from affiliated parties	75,134	73,524	70,043
Other liabilities	11,536	9,461	11,632
	86,670	82,985	81,675
Equity attributable to equity holders of the Company	161,822	156,591	160,288
Total equity and liabilities	252,126	242,304	247,054

Note 8 - Condensed Financial Information of CH Targowek (contd.)

Condensed financial information of comprehensive income or loss

	Three months ended March 31		Year ended December 31
	2025	2024	2024
		EUR thousands	
Rental and other income	4,753	4,213	18,256
Property operating and other expenses	1,355	922	3,835
Operating income, net	3,398	3,291	14,421
Fair value gain from investment property	1,189	129	7,380
General and administrative expenses	302	46	2,428
Operating profit	4,285	3,374	19,373
Financing expenses, net	2,751	1,526	5,619
Profit before taxes on income	1,534	1,848	13,754
Taxes on income	-	218	2,079
Net profit	1,534	1,630	11,675

Note 8 - Condensed Financial Information of CH Targowek (contd.)

Condensed financial information of cash flow

	Three months ended March 31		Year ended December 31
	2025	2024	2024
		EUR thousands	
Cash flows from operating activities			
Collected rents	5,997	5,796	23,157
Receipt of receivable payments	94	54	562
Payment to suppliers	(2,160)	(2,996)	(11,589)
Income tax paid	(146)	(141)	4
Net cash from operating activities	3,785	2,713	12,134
Cash flows from investment activities			
Investment in investment property	(160)	(57)	(2,038)
Loans granted to Group companies	(4,000)	(1,246)	(3,870)
Repayment of loans to Group companies	67	42	9,625
Net cash flows from (used in) investment activities	(4,093)	(1,261)	3,717
Cash flow from financing activities			
Repayment of loans among Group companies	-	(1,165)	(6,701)
Reduction of Capital	-	-	(6,348)
Net cash used for financing operations	-	(1,165)	(13,049)
Exchange differences for cash and cash equivalents	(7)	16	14
Increase (decrease) in cash and cash equivalents	(315)	303	2,816
Cash and cash equivalents at the beginning of the period	4,338	1,521	1,522
Cash and cash equivalents at the end of the period	4,023	1,824	4,338

Key Notes

1. CH Targowek sp. Z o. o. is a company incorporated in Poland, which engages in the management of income-generating real estate and owns the Atrium Targowek Shopping Center in Warsaw, Poland.

   The company is wholly owned (indirectly) by the Company. The financial information in these financial statements were consolidated into the consolidated financial statements of the Company for the relevant periods.

2. The highlights of the accounting policies applied in these condensed financial statements are consistent with those applied in preparing the consolidated financial statements of the Company as at December 31, 2024.

G City Ltd.

Financial Information from the Condensed Consolidated Interim Statements attributable to the Company

As at March 31, 2025

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To
The Shareholders of G CITY Ltd.

Dear Sirs/Mmes.,

Re: Special review report of the separate interim financial information in accordance with Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information disclosed in accordance with Regulation 38d to the Securities Regulations (Periodic and Immediate Reports), 1970 of G City Ltd. ("the Company") as of March 31, 2025 for the three months periods then ended. The Company's board of directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion on the separate interim financial information based on our review.

We did not review the separate interim financial information taken from the interim financial information of investees, whose assets less attributable liabilities net amounted to approximately NIS 2773 million as of March 31, 2025 and the Company's share of their earnings amounted to approximately NIS 8 million for the three months periods then ended. The separate interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

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 auditors, nothing has come to our attention that causes us to believe that the accompanying separate interim financial information is not prepared, in all material respects, in accordance with Regulation 38d to the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
May 21, 2025

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

G City Ltd.

Financial Figures and Financial Information from the Condensed Interim Financial Statements attributable to the Company

Below are the separate figures and financial information from the condensed interim financial statements of the Group as at March 31, 2025, published as part of the periodic reports (the "Consolidated Reports"), attributable to the Company, presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports),1970.

The accounting policy applied for presenting this financial information are set out in Note 2 to the annual consolidated financial statements.

Consolidated subsidiaries as defined in Note 1 to the annual consolidated financial statements.

	March 31		December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Properties			
Current assets			
Cash and cash equivalents	129	144	123
Short-term deposits	308	5	488
Financial assets	1	1	1
Financial derivatives	64	52	45
Other receivables	72	119	109
Trade receivables	13	21	15
Current tax assets	-	2	-
	587	344	781
Non-current assets			
Financial assets	63	52	61
Financial derivatives	212	46	42
Investment property	3,423	3,642	3,414
Investment property under development	1,188	1,140	1,157
Other investments, loans and receivables	18	24	16
Loans to subsidiaries	3,328	2,273	3,164
Investments in subsidiaries	8,311	9,033	7,776
Fixed and other assets, net	20	36	19
	16,563	16,246	15,649
	17,150	16,590	16,430

The accompanying additional information is an integral part of the financial information and of the separate financial information.

Financial Information from the Condensed Consolidated Statement of Financial Position attributable to the Company

	March 31		December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Liabilities and Equity			
Current liabilities			
Current maturities of non-current liabilities	1,355	2,044	1,406
Short-term loans from subsidiaries	96	125	130
Financial derivatives	294	18	-
Trade payables and service providers	33	30	25
Other payables	98	119	182
Current tax liabilities	1	-	-
Dividend payable	25	-	-
	1,902	2,336	1,743
Non-current liabilities			
Loans from banks	2,178	2,222	2,197
Loans from affiliates	44	435	-
Debentures and convertible debentures	8,469	6,781	8,147
Financial derivatives	119	206	150
Other liabilities	56	6	13
Deferred taxes	-	35	-
	10,866	9,685	10,507
Equity attributable to equity holders of the Company			
Share capital	253	239	253
Share premium	4,982	4,755	4,981
Retained earnings	2,175	2,353	2,446
Adjustments due to translation of financial statements of foreign operations	(4,277)	(4,073)	(4,763)
Other reserves	1,265	1,296	1,279
Treasury shares	(16)	(1)	(16)
	4,382	4,569	4,180
Total liabilities and equity	17,150	16,590	16,430

The accompanying additional information is an integral part of the financial information and of the separate financial information.

May 21, 2025			
Date of approval of the financial statements	Ehud Arnon Chairman of the Board of Directors	Chaim Katzman CEO and Vice Chairman of the Board of Directors	Gil Kotler CFO

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Rental and other income	77	84	355
Net operating rental income	27	27	115
Operating income, net	50	57	240
Fair value gain (loss) from investment property and investment property under development, net	(17)	(7)	86
General and administrative expenses	(16)	(14)	(58)
Other revenue, net	-	-	4
Management fees from related companies	1	1	3
Income from subsidiaries, net	9	6	320
Operating profit	27	43	595
Financing expenses	(318)	(149)	(762)
Financing income	8	9	112
Financing income from subsidiaries, net	38	25	129
Income (loss) before taxes on income	(245)	(72)	74
Taxes on income	1	5	22
Net profit (loss) attributed to the Company	(246)	(77)	52

The accompanying additional information is an integral part of the financial information and of the separate financial information.

Financial Information from the Condensed Consolidated Statement of Comprehensive Income attributable to the Company

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Net profit (loss) attributed to the Company	(246)	(77)	52
Other comprehensive income (loss) attributed to the Company (net of tax effect):			
Amounts not subsequently reclassified to profit or loss:			
Amounts classified or reclassified to profit or loss			
Adjustments for conversion of financial statements of foreign	(53)	(9)	(91)
Other comprehensive loss attributable to the Company	(53)	(9)	(91)
Other comprehensive income (loss) attributed to the subsidiaries	522	(80)	(764)
Total other comprehensive income (loss) attributed to the	469	(89)	(855)
Total comprehensive income (loss) attributed to the Company	223	(166)	(803)

The accompanying additional information is an integral part of the financial information and of the separate financial information.

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Cash flows from operating activities of the Company:			
Net profit (loss) attributed to the Company	(246)	(77)	52
Adjustments for presentation of statement of cash flows from the Company's ongoing operations:			
Adjustments to profit and loss items of the Company:			
Depreciation	1	1	3
Financing expenses, net	272	115	521
Impairment (appreciation) in investment property and investment	17	7	(86)
Adjustments to profit and loss items of the Company:	(9)	(6)	(320)
Cost of share-based payment	-	1	3
Other expenses (income), net	-	-	(4)
Income tax	1	5	22
	282	123	139
Changes in the Company's asset and liability items:			
Decrease in trade receivables and other receivables	47	6	90
Increase (decrease) in trade and other payables	(83)	42	96
	(36)	48	186
Changes in assets and liabilities items: Decrease (Increase) in other accounts receivable			
Interest paid	(82)	(56)	(382)
Interest received from subsidiaries, net	30	97	143
Taxes paid	-	(58)	(83)
Dividend received from subsidiaries	-	16	66
	(52)	(1)	(256)
Net cash from (used for) the Company's ongoing operations	(52)	93	121

The accompanying additional information is an integral part of the financial information and of the separate financial information.

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Cash flows from investment activities of the Company:			
Investment in property, plant and equipment and other assets	-	-	(1)
Acquisition, construction, and development of investment	(58)	(37)	(183)
Proceeds from the sale of investment property net of tax paid	485	-	-
Disposal of investments in subsidiaries, net	-	(54)	224
Receipt (provision) of loans from subsidiaries, net	13	22	(884)
Proceeds from sale of financial assets, net	-	14	22
Net cash from (used for) the Company's investment operations	440	(55)	(822)
Cash flows from the Company's financing activities			
Cash flows from financing activities of the Company:	-	-	268
Issue of shares (less issue expenses)	-*)	-*)	-*)
Acquisition of treasury shares	-	-	(57)
Dividend paid to Company shareholders	-	-	(36)
Issue of debentures less issue expenses	-	404	3,058
Early payment and redemption of debentures	(74)	(200)	(1,435)
Repayment of short-term lines of credit from banks, net	(288)	(238)	(1,232)
Repayment of long-term loans	(23)	(12)	(618)
Receipt of long-term loans	-	-	736
Net cash from (used for) the Company's financing operations	(385)	(46)	684
Exchange differences for cash balance and cash equivalents	3	-	(12)
Increase (decrease) in cash and cash equivalents	6	(8)	(29)
Cash and cash equivalents at the beginning of the period	123	152	152
Cash and cash equivalents at the end of the period	129	144	123

*) Represents an amount of less than NIS 1 million

The accompanying additional information is an integral part of the financial information and of the separate financial information.

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Significant non-cash activities of the Company:			
Dividend payable	25	-	-
Dividend received from a subsidiary against repayment of loans from a subsidiary	-	-	813
Sale of investment property and fixed assets against deposits	-	-	487
Issue of debentures against receivables	304	-	-

The accompanying additional information is an integral part of the financial information and of the separate financial information.

A. General

1. This separate financial information was drafted in a condensed format as at March 31, 2025 and for the three months then ended, pursuant to the provisions of article 38D of the Securities Regulations (Periodic and Immediate Reports), 1970. This separate financial information should be reviewed in conjunction with the financial information regarding the annual financial statements as at December 31, 2024, and for the year then ended and their accompanying notes, as approved by the Company's board of directors on March 19, 2025 and in conjunction with the condensed interim consolidated financial statements as at March 31, 2025.

2. As at March 31, 2025, (the “Reporting Date”) the Company had working capital deficit in the amount of NIS 1.3 billion. The Company and its wholly owned subsidiaries have unused approved credit facilities for an amount of NIS 0.8 billion that can be used immediately. The Company’s management believe that the foregoing sources, with the addition of the proceeds from the issue of debentures executed subsequent to the reporting date in an amount of NIS 0.1 billion, as set out in Note 1D below, and the positive cash flows from the ongoing operations of the Company and its wholly-owned subsidiaries will allow the Company to meet its short term repayment liabilities.

3. For further information concerning the effects of the Swords of Iron war on the Company's operations see Note 1D to the consolidated financial statements.

B. Significant events during the Reporting Period

1. In March 2025, the Company issued in a private placement, by means of expansion of a marketable series, NIS 295.6 million par value Debentures (Series P) secured by a fixed lien on G Europe shares held by wholly-owned subsidiaries of the Company, for a gross amount of NIS 304.4 million at effective interest of 5.05% (linked to the CPI). The proceeds were received subsequent to reporting date.

2. On March 19, 2025, the Company announced a dividend of 12.5 agorot per share (total amount of NIS 25 million), which was paid on April 8, 2025 to the shareholders of the Company on April 1, 2025.

C. Financial instruments

1. Fair value of Financial Instruments:

The carrying amounts of certain financial assets and liabilities, including cash, trade and other receivables, short-term loans and borrowings, trade and other payables corresponds to or are close to their fair value.

The fair values of the rest of the financial liabilities and their carrying amounts (including current maturities) presented in the statement of financial position, are as follows:

	March 31, 2025		**March 31, 2024**		**December 31, 2024**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	NIS million					
Debentures (Level 1)	9,714	9,620	7,900	7,394	9,446	9,478
Loans from banks and others (Level 2)	2,288	2,105	3,147	3,114	2,304	2,179
	12,002	11,725	11,047	10,508	11,750	11,657

C. Financial instruments (cont.)

1. The financial instruments are classified according to the fair value scale:

   In the reporting period there were no material changes regarding the classification of financial assets and liabilities that are measured in the financial statements at fair value, compared to their classification as at December 31, 2024. Furthermore, there were no transfers between Level 1 and Level 2 with respect to fair value measurement of any financial instruments, and there were no transfers to or from Level 3 with respect to fair value measurement of any financial instruments.

D. Subsequent events

1. On May 21, 2025, the Company announced a dividend in the amount of 12.5 agorot per share (a total of NIS 24.9 million), payable on June 16, 2025 to the shareholders of the Company as at June 5, 2025.
2. In May 2025, the Company issued in a private placement, by means of expansion of a marketable series, NIS 71 million par value Debentures (Series O), which are secured by a fixed lien on real estate owned by the Company, for a gross consideration of NIS 78.8 million, at interest of 1.33% (CPI-linked). Under the expansion of the series, the Company is acting to pledge two additional income generating properties (in Tel Aviv and Rishon Le-Zion) in favor of Debentures (Series O).
3. Subsequent to the reporting date, the Company bought back NIS 22 million par value Debentures (Series N), for NIS 22 million. The effect of the early redemption on the Group's statement of income was immaterial.

Quarterly Report regarding the Effectiveness of the Internal Control over the Financial Reporting and Disclosure pursuant to Regulation 38C(a) of the Securities Regulations in Israel

Quarterly Report regarding the Effectiveness of the Internal Control over the Financial Reporting and Disclosure pursuant to Regulation 38C(a)

The Management, under the supervision of the Board of Directors of G City Ltd. (the "Corporation"), is responsible for determining and maintaining proper internal control over the Corporation's financial reporting and disclosure.

For the purposes of this matter, the members of management are:

1. Chaim Katzman - Vice Chairman of the of the Board of Directors and CEO;
2. Gil Kotler, CFO;
3. Revital Kahlon, VP and Legal Counsel;
4. Eli Mualem, Chief Accounting Officer;

Internal control over financial reporting and disclosure includes the Corporation's existing controls and procedures, which were designed by the CEO and the most senior officer in the finance area or under their supervision, or by another party actually executing their functions, under the supervision of the Corporation's Board of Directors, which aims to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with the applicable laws, and to ensure that information the Corporation is required to disclose in the statements it publishes under applicable laws is gathered, processed, summarized and reported on the date and in the format prescribed by the law.

Internal control includes, among other things, controls and procedures that were designed to ensure that information the Corporation is required to disclose, as stated, was accumulated and transferred to the Corporation's management, including to the President and to the most senior officer in the finance area or to another party actually executing their functions, in order to enable decisions to be made at the appropriate time, with respect to disclosure requirements.

Due to its inherent limitations, internal control over the financial reporting and disclosure does not provide complete assurance that a misrepresentation or omission of information in the statements will be prevented or discovered.

In the annual report regarding the effectiveness of the internal control over the financial reporting and disclosure that is attached to the periodic report for the period ended December 31, 2024 ("the Latest Annual Report on Internal Control"), the Board of Directors and management assessed the Company's internal audit. Based on this assessment, the Company's board of directors and management concluded that the foregoing internal audit, as at December 31, 2024, is effective.

As at reporting date no event or matter was brought to the attention of the board of directors or the management, which could change the effectiveness assessment of the internal control as expressed in the Latest Annual Report on Internal Control.

As at reporting date, based on the assessment of effectiveness of the internal audit in the Latest Annual Report on Internal Control and on information brought to the attention of the management and board of directors as aforesaid, the internal control remains effective.

Officers' Declarations

A) Declaration of the CEO pursuant to Regulation 38C(d)(l):

Officers' Declaration
Declaration of the CEO

I, Chaim Katzman, hereby declare that:

(1) I have reviewed the Quarterly Report of G City Ltd. (the "Corporation") for the first quarter of 2025 (the "Statements");

(2) As far as I am aware, the Statements do not include any misrepresentation of a material fact and no representation of a material fact that is required has been omitted, so that the representations included therein, in light of the circumstances in which such representations were included, will not be misleading with reference to the period covered by the Statements;

(3) As far as I am aware, the financial statements and other financial information included in the Statements properly reflect, in all material respects, the Corporation's financial position, results of operations and cash flows as of the dates and for the periods to which the Statements relate;

(4) I have disclosed to the Corporation's auditors, the Board of Directors and the Audit Committee of the Board of Directors, based on my most up-to-date evaluation with respect to internal control over the Corporation's financial reporting and disclosure:

   (a) All significant deficiencies and material weaknesses in the determination or operation of internal control over financial reporting and disclosure, which could reasonably have an adverse impact on the Corporation's ability to gather, process, summarize or report financial information in such a manner that could cause doubt with respect to the reliability of the financial reporting and preparation of the financial statements in accordance with the provisions of the law; and -

   (b) Any fraud, whether or not significant, wherein the CEO is involved or a party under his direct supervision or other employees are involved that have a significant function in internal control over financial reporting and disclosure;

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

   (a) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, which are designed to ensure that significant information relating to the Corporation, including subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Corporation and the subsidiaries, particularly during the period of preparation of the financial statements; and -

   (b) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, which are designed to provide reasonable assurance regarding the reliability of financial reporting and 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 that occurred during the period from the last Periodic Report and the date of this Report was brought to my attention, which could change the conclusions of the board of directors and the management regarding the effectiveness of the internal control over and disclosure of the Corporation's financial reporting.

Nothing stated above detracts from my responsibility or the responsibility of any other person under any law.

May 21, 2025

Chaim Katzman, CEO and Vice Chairman
of the Board of Directors;

B) Declaration of the Chief Finance Officer of the Corporation pursuant to Regulation 38C(d)(2):

Officers' Declaration
Declaration of the most senior officer in the finance area

I, Gil Kotler, hereby declare that:

(1) I have reviewed the interim financial statements and other financial information contained in the reports of the interim period of G City Ltd. (the "Corporation") for the first quarter of 2025 (the "Financial Statements" or the "Interim Periodic Reports");

(2) As far as I am aware, the interim financial statements and other financial information for the interim period included in the Statements do not include any misrepresentation of a material fact and no representation of a material fact that is required has been omitted, so that the representations included therein, in light of the circumstances in which such representations were included, will not be misleading with reference to the period covered by the Financial Statements;

(3) As far as I am aware, the interim financial statements and other financial information included in the Interim Periodic Reports properly reflect, in all material respects, the Corporation's financial position, results of operations and cash flows as of the dates and for the periods to which the Financial Statements relate;

(4) I have disclosed to the Corporation's auditors, the Board of Directors and the Audit Committee of the Board of Directors, based on my most up-to-date evaluation with respect to internal control over the Corporation's financial reporting and disclosure:

(a) All significant deficiencies and material weaknesses in the determination or operation of internal control over financial reporting and disclosure to the extent it relates to the interim financial statements and the other financial information included in the interim Financial Statements, which could reasonably have an adverse impact on the Corporation's ability to gather, process, summarize or report financial information in such a manner that could cause doubt with respect to the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law; and -

(b) Any fraud, whether or not significant, wherein the CEO is involved or a party under his direct supervision or other employees are involved that have a significant function in internal control over financial reporting and disclosure;

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

(a) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, which are designed to ensure that significant information relating to the Corporation, including subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Corporation and the subsidiaries, particularly during the period of preparation of the financial statements; and -

(b) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, which are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.

(c) (c) No event or matter that occurred during the period from the last Periodic Report and the date of this Report that relates to the interim Financial Statements and to all other financial information contained in the interim Financial Statements, was brought to my attention, which could change, in my opinion, the conclusions of the board of directors and the management regarding the effectiveness of the internal control over and disclosure of the Corporation's financial reporting.

Nothing stated above detracts from my responsibility or the responsibility of any other person under any law.

May 21, 2025

Gil Kotler, CFO

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Shape the future
with confidence

May 21, 2025

To:
Board of Directors of G City Ltd.
8 Aharon Becker Street,

Tel Aviv

Dear sir or madam,

re: Letter of Consent Concerning the Shelf Prospectus of G City Ltd. (the "Company") dated May 2024

We hereby inform you that we consent to the inclusion (including by way of reference) of our reports as listed below in a shelf prospectus of May 2024:

1) Review report dated May 21, 2025, concerning the condensed consolidated financial information of the Company as at March 31, 2025 and for the three months then ended.

2) The Auditors' special report dated May 21, 2025, on the separate financial information of the Company as at March 31, 2025, and for the three months then ended, pursuant to Regulation 38C of the Securities Regulations (Periodic and Immediate Reports), 1970.

Kost Forer Gabbay & Kasierer
Certified Public Accountants