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FINANCIAL REPORT 2022

THIS DOCUMENT IS AN ENGLISH TRANSLATION OF THE HEBREW VERSION OF THE COMPANY'S FINANCIAL STATEMENTS AND THE MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FIRST QUARTER OF 2022 (THE "REPORTS"). THE HEBREW VERSION OF THE REPORTS IS THE BINDING VERSION AND THE ONLY VERSION HAVING LEGAL EFFECT. THE ENGLISH TRANSLATION HAS BEEN CREATED FOR THE PURPOSE OF CONVENIENCE ONLY. THE APPROVAL OF THE COMPANY'S BOARD OF DIRECTORS WAS GIVEN TO THE HEBREW VERSION ONLY AND NO SUCH APPROVAL HAS BEEN GIVEN TO THE ENGLISH TRANSLATION. THE ENGLISH TRANSLATION WAS NOT PUBLISHED AND HAS NOT BEEN SUBMITTED TO THE ISRAELI SECURITIES AUTHORITY FOR ITS REVIEW.

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QUARTERLY REPORT as of March 31, 2022:

G CITY LTD.

Directors' Report to the Shareholders
For the period ended March 31, 2022

The Board of Directors of G City Ltd. (formerly Gazit Globe Ltd.) (the "Company") is pleased to present the Directors' Report of the Company for the period ended March 31, 2022 (the "Reporting Date):

The scope of this report is limited and is prepared under the assumption that the Company also has the periodic report of the Company for the year ended December 31, 2021 which was published on March 23, 2022 (reference number: 2022-01-033577) (the "Periodic Report").

It is clarified that the description in this report includes only information which, in the Company's opinion, is material information. However, in some cases, for the sake of completeness, additional information is included which is not necessarily material information.

1. The Company and its Operations

1.1. Overview

The Company, directly and through its public and private investees[1] (collectively: the "**Group**"), engages in acquisition, improvement, development and operating of income-producing properties for mixed-use, including retail, office and residential located in in North America, Israel, Brazil, Northern, Central and Eastern Europe with the focus on densely populated urban cities. In addition, the Company evaluates opportunities within its core business and similar fields in other regions.

The Group's strategy is focusing on properties which have a potential to for value appreciation and cash flows growth by proactive management, improvement, addition of uses, development and redevelopment, while simultaneously, the Group also takes measures to sell non-core properties which it believes have a limited growth potential and/or are in regions in which the Company wishes to reduce its activity, whether by selling an individual property and/or group of properties, and/or via selling part of its holdings in the companies that own properties in these areas.

On May 18, 2022, the company changed its name from Gazit Globe Ltd. to G City Ltd.

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

Currently, the Company operates mainly through its wholly-owned private subsidiaries that are consolidated in its financial statements and in which the Company outlines the strategy, is responsible for their financing activities, and oversees their operations. These operations are conducted through the Company (the Company's activity in the field of real estate in Israel will hereinafter be referred to as "**G- Israel**"), through Atrium European Real Estate Limited. ("**ATR**")[2]. through the Company's subsidiaries in Brazil ("**Gazit Brasil**"), through Gazit Horizons Inc. ("**Gazit Horizons**") in the U.S.A and a subsidiary operating in Canada ("**Gazit Canada**"), including through partnership "Gazit Tripllle"

Additionally, Public entity operates under the Company's control with a similar strategy that are consolidated in its financial statements, in which the Company is the largest shareholder. These operations are conducted through Citycon Oyj. ("**CTY**").

In accordance with this strategy, on February 18, 2022, a wholly owned subsidiary of the Company (collectively: "the Subsidiary") merged into ATR, a wholly owned subsidiary of the Company under which the subsidiary acquires all ATR shares not owned by the Company, constituting 25% ATR's share capital at a price of EUR 3.63 per share and an estimated total consideration of EUR 376 million (NIS1.4 billion) in cash payment. The proposed price was adjusted for the distribution of a special dividend which ATR distributed in the amount of EUR 0.6 per share. For further details, refer to Note 3b2 to the financial statements.

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[1] Reference to investees includes, unless stated otherwise, companies that are fully consolidated by the Company and companies that are presented according to the equity method.

[2] For details regarding the acquisition of ATR's minority shareholders and its transformation into a private company, in February 2022, refer to Note 3b2 to the financial statements.

1.2. **The impact of the Covid-19 virus and Russia and Ukraine Conflict on the group's activities**

a. **The Covid- 19 Virus**- At the beginning of 2020, the Covid-19 virus spread to many countries across the globe, including those where the Company holds commercial assets, and the World Health Organization declared it a pandemic. Many countries dealt with rapid outbreak of the virus in various ways, mainly by imposing a partial or complete lockdown on the population. The directive of the governments in those countries, together with the response of the capital, oil, interest and foreign currency markets to such extreme uncertainty led to extreme uncertainty that brought about a global economic crisis. During the reporting period, there was a sharp increase in the incidence of morbidity in Corona, but in light of the high immunization rates and the improvement in the ability to cope with the epidemic, their impact on economic activity in the economy was more moderate. In addition, at the end of the reporting period and thereafter, there was a significant decrease in the volume of morbidity and as of the date of publication of the report on the Group's compounds in the world open to full trade, without significant restrictions. A renewed aggravation of the extent of the disease, however it may be, may adversely affect the Group's operations and its business and financial condition. For further details regarding the impact of the epidemic on the Group's activities, see section 1.2 of the Company's Board of Directors' Report for 2021.

b. **The Russia and Ukraine conflict**- In February 2022, the Russian army invaded Ukraine and as of the date of this report, fighting is taking place between the parties. In response to the invasion, Western countries banded together and imposed a series of different financial and economic sanctions on Russia and Belarus, as well as on Russian companies, individuals and businessmen. These new sanctions join international sanctions that were already in force, but currently it is characterized by a substantial, almost unprecedented aggravation, creating a new economic, commercial and political reality in Europe.

As part of this, sanctions were imposed on trade with Russia, restrictions on the financial system in Russia, including disconnection of Russian banks from the clearing system (Swift) and a ban on transactions with the Central Bank of Russia (CBR), restrictions on technology exports to Russia and transportation restrictions, including "Closing the sky" in Europe to the Russian national airline. At the same time, many private entities (including banks and credit card companies) have announced the severance or termination of commercial relations with entities in Russia and Belarus. The Russian government also imposed various restrictions on capital movements from Russia (including restrictions on dividend distribution, a ban on repaying foreign currency debt. Further sanctions may be imposed during events, including on additional territories, as far as these are occupied by Russia. There is also a concern the war will lead to the involvement of other countries.

The Group has properties in Russia, held through ATR, amounting EUR 274 million (2.4% of the Company's total properties) which in 2021 generated NOI amounting EUR 28.4 million. During the first quarter of 2022, ATR's activity in Russia were marginally impacted as the conflict and subsequent sanctions only began at the end of February 2022. Russia's occupancy as of March 31, 2022 was 92.5% and the collections for the first quarter of 2022 was 89%.

ATR has preformed a full external valuation of its income producing assets in Russia as of March 31 2022 which resulted in a devaluation of EUR 9.6 million. Due to the Russia- Ukraine conflict and impact of sanctions, a high degree of judgment has been applied in determining the estimated cash flows used in Russia. The fair value as detriment by external, independent real estate valuation expert as of March 31 2022 have used all available information from reliable sources in developing appropriate assumptions to determine the fair vale of investment properties.

Nevertheless, in the Company's view, in the event the war between Russia and Ukraine continues and economic sanctions continue, even worsen, as described above, they are highly likely to adversely affect the value of the Group's assets in Russia (including due to the increase in the interest rate), as well as ATR's ability to transfer receipts outside Russia. Also, the sanctions imposed on Russia and fluctuation of the ruble exchange rate, could lead to an economic crisis in Russia, and adversely affect the rate of revenue in assets, and accordingly the expected revenues from them.

The Company's estimates regarding the impact of the Covid-19 Pandemic and global economic crisis on between Russia-Ukraine conflict on its business, revenue, profits and financial position are forward-looking information, as defined in the Israel Securities Law, 1968. These estimates are based on assumptions and assessments of the Company and the Group companies, but they are uncertain, may

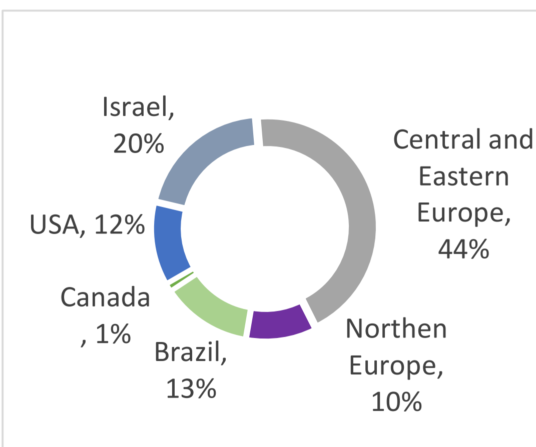
not materialize and are largely beyond the Company's control. If the global economic crisis continues and even worsens, and if the Covid-19 pandemic or new variants of the virus occur, and/or the conflict between Russia and Ukraine and the effect of the sanctions should worsen, there could be a significant deterioration in the Group's actual business and financial results.

.1.3. Group Properties as of March 31, 2022

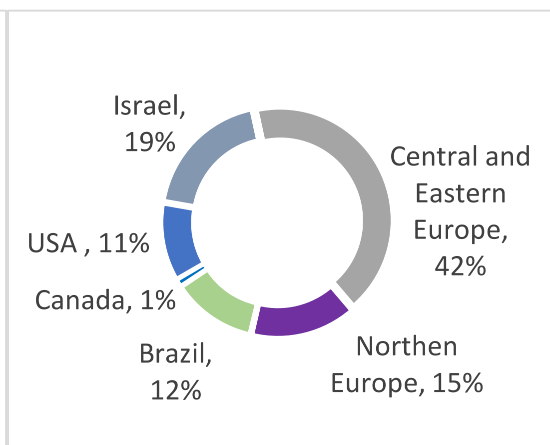
	Country of operation	Holding interest	Income-producing properties	Properties under development	Other properties	GLA (square meters in thousands)	Carrying value of investment property (NIS in millions)
CTY	Finland, Norway, Sweden, Estonia and Denmark	52.1%	35	-	-	1,074	15,075
ATR	Poland, Czech Republic, Slovakia and Russia	100%	25	-	-	767	9,167
Gazit Brasil	Brazil (Sao Paulo)	100%	7	-	1	176	2,743
G Israel	Israel	100%	13	-	-	161	4,310
	Bulgaria	100%	1	-	-	6	91
Gazit Horizons	USA	100%	10	3	1	65	2,275
Gazit Canada	Canada	100%	1	-	-	18	204
Total carrying value			**92**	**3**	**2**	**2,267**	**33,865**
Jointly controlled properties (proportionate consolidation)			8	-	-	109	1,987
Total			**100**	**3**	**2**	**2,376**	**35,852**

1.4. Breakdown of the Company's Investments by Region (on an expanded solo basis) as of March 31, 2022:

Market value

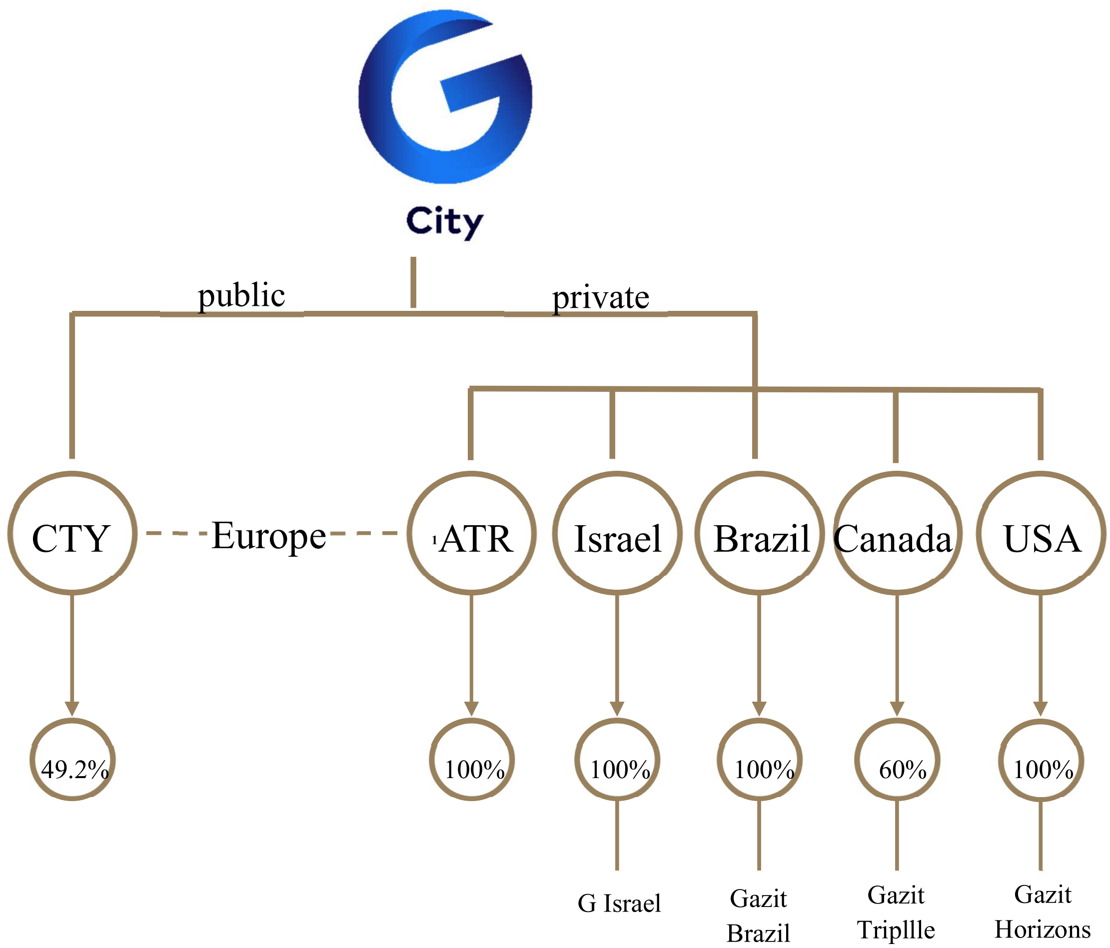


Carry amount



1 Including investments in Bulgaria.

1.5. The Company's Major Holdings (holding structure and interests as of March 31, 2022):



1 On February 2022, the merger of a wholly owned subsidiary of the company and ATR was completed, after the merger the company holds full shares in ATR (100%).

1.6. Highlights – First Quarter of 2022 (the "Quarter")

(NIS in millions, other than per share data)	March 31, 2022	December 31, 2021	
Net debt to total assets (Expanded Solo)	64.4%	63.2%	-
Net debt to total assets (Consolidated)[1]	56.9%	53.3%	-
Equity attributable to equity holders of the Company	5,897	5,307	-
Equity per share attributable to equity holders of the Company (NIS)	35.9	35.0	-

	3 months ended March 31,		
	2022	2021	Change
Rental income and others	557	585	(4.8%)
NOI [3]	380	388	(2.1%)
NOI adjusted for exchange rates	380	359	5.8%
Proportionately consolidated NOI [4]	306	262	16.8%
Proportionately consolidated NOI adjusted for exchange rates	306	245	24.9%
Cash flow from operating activities per share- Expanded Solo (NIS) [5]	0.44	0.77	(42.9%)
Economic FFO [6]	67	108	(38.0%)
Economic FFO per share (NIS) [6]	0.43	0.71	(39.4%)
Economic FFO adjusted for exchange rates	67	97	(36.1%)
Economic FFO per share adjusted for exchange rates (NIS)	0.43	0.64	(39.1%)
Number of shares used in calculating the Economic FFO per share (in thousands)	159,096	152,067	4.6%

Acquisition, construction and development of investment property [7]	534	275	-
Disposition of investment property [7]	499	515	-
Fair value gain from investment property and investment property under development, net	45	16	-
Net income (loss) attributable to equity holders of the Company	(321)	137	-
Diluted net earnings (loss) per share (NIS)	(2.03)	0.90	-
Cash flows provided by (used in) operating activities	89	89	-

1 For details regarding net debt to total assets (Consolidated) including interest bearing debt, refer to Section 7 below

2 Refer to section 2.5 below.

3 NOI ("Net Operating Income") – Rental income and others, net of property operating expenses and others.

4 The Company's proportionate share in the NOI of the Group's companies in accordance with its interest in the equity of each of the Group companies, refer to section 2.4 below.

5 Refer to section 2.2 below.

6 The Economic FFO is presented according to the management approach and in accordance with the EPRA rules. For the Economic FFO calculation, refer to section 2.3 below.

7 The Company and its subsidiaries (excluding associates and joint ventures presented according to the equity method), net of specifically attributed debt.

1.6. Highlights – First Quarter of 2022 (the "Quarter") (Cont.)

- In the quarter, the company issued 14.5 million shares and 7.25 million options for the company's shares to three institutional entities and Norstar Holdings Inc. The controlling shareholder, in exchange for an amount of NIS 468 million (a total of NIS 403 million was received in the quarter and the balance was received in April 2022).
- As of March 31, 2021, the Company and its subsidiaries had liquidity including revolver undrawn credit facilities available for an immediate drawdown of NIS 6.4 billion (of which NIS 4.2 billion in the Company and its wholly-owned subsidiaries including cash and cash equivalents, traded securities and short-term deposits in the amount of NIS 2.1 billion).
- As a result of fluctuations in currency exchange rates of the US dollar, the Euro, the Brazilian real and the Canadian dollar against the NIS, the equity attributable to the Company's equity holders increased in the Quarter by NIS 116 million (net of the effect of cross-currency swap transactions).
- In general, fluctuations in the exchange rates of the US dollar, the Euro, the Brazilian real and the Canadian dollar against the shekel have the following effect:
  - The appreciation of these currencies against the shekel has a positive effect on the Company's assets, shareholders' equity, NOI and economic FFO due to the translation of the foreign currency into shekels at higher rates. On the other hand, the appreciation will result in a negative impact on the Company's net income through the increase in financing expenses due to the revaluation loss on the hedging instruments (the financial derivatives).
  - A devaluation of these currencies against the shekel has a negative effect on the on the Company's assets, shareholders' equity, NOI and Economic FFO and, on the other hand, a positive effect on the Company's net income through the decrease in financing expenses due to the revaluation gain on the hedging instruments.

2. Additional Information Concerning the Company's Assets and

2.1. Summary of the Company's Holdings as of March 31, 2022:

Name of company	Type of security/ property	Amount (millions)	Holding interest (%)	Book value (NIS in millions)	Market value as of 31.3.2022 (NIS in millions)
CTY	Shares (OMX)	87.6	52.1	3,310	2,116
Israel	Income-producing property and land	-	-	4,304	-
Brazil	Income-producing property and land	-	-	2,755	-
USA[1]	Income-producing property and land	-	-	2,549	-
Canada[1]	Income-producing property			256	
Europe	Income-producing property and land	-	-	9,503	-
Total assets		-	-	**22,677**	-

Set forth below are the Company's monetary balances (including balances of its privately-held subsidiaries) ("expanded solo basis") as of March 31, 2022:

	NIS in millions
The Company's Debentures	8,561
ATR's Debentures	3,159
Debts to financial institutions	5,634
Total debentures and debts to financial institutions (*)	**17,354**
Other monetary liabilities	1,212
Total monetary liabilities	**18,566**
Less - monetary assets[2]	3,760
Less - other investments[3]	201
Monetary liabilities, net[4]	**14,605**

Year	The Company's Debentures	ATR's Debentures	Financial Institutions	Mortgages	Total	%
2022	794	512	381[5]	40	1,727	10
2023	978	-	197	867	2,042	12
2024	1,186	-	605	91	1,882	11
2025	1,071	1,654	33	137	2,895	16
2026	1,110	-	43	641	1,794	10
2027	1,266	993	209	438	2,906	17
2028	1,097	-	28	221	1,346	8
2029	750	-	34	132	916	5
2030	309	-	386	1,151	1,846	11
Total	8,561	3,159	1,916	3,718	17,354	100

1 Includes investment in properties through a joint venture presented in the financial statements using the equity method.
2 Including cash and cash equivalents, traded securities and deposits in the amount of NIS 2.1 billion.
3 Comprises primarily the investment in participation units in private equity funds and other investments.
4 Excludes ATR's hybrid debentures in the amount of NIS 1,196 million, deferred tax liability in the amount of NIS 778 million with respect to investment property and other investments and NIS 201 million in non-controlling interestsin part of the company's properties.
5 Includes commercial paper in the amount of NIS 168 million.

2.2 Cash flows from operating activities - expanded Solo:

Following the completion of the merger with ATR during the quarter, cash flow from operating activity (expanded solo) includes the cash flow from operating activity of ATR and not only the Company’s share in ATR’s dividends.

	Three months ended March 31,		Year ended December 31,
	2022	2022	2021
	NIS in millions (except for per share data)		
Dividends from public investees	40	118	*434
EBITDA from private companies, net of Capex and other income **	174	136	476
Total income	**214**	**254**	**910**
General and administrative expenses	(18)	(16)	(72)
Interest expenses, net	(118)	(97)	(363)
Taxes	(9)	(25)	(44)
Total expenses	**(145)**	**(138)**	**(479)**
Cash flows from operating activity	**69**	**116**	**431**
Cash flows from operating activity per share	**0.44**	**0.77**	**2.84**

* Including dividend in the amount of NIS 37 million (0.24 per share) from ATR in respect of the fourth quarter of 2021 which was distributed to ATR's shareholders in February 2022 in accordance with the merger agreement with ATR (refer to Note 3B2 to the financial statements).

** Including capital expenditures (CAPEX) in the amount of NIS 28 million for the year 2021, NIS 12 million and NIS 7 million in the quarter and the correspondent quarter last year, respectively.

2.3. FFO (EPRA Earnings)

As is the practice in the real estate industry, the Company customarily publishes information regarding the results of its operating activities in addition to, and without detracting from, the income statement prepared according to accounting principles. In European countries where the financial statements are prepared in accordance with International Financial Reporting Standards (**"IFRS"**), it is customary for income-producing property companies to publish a measure for presenting the operating results of a company that are attributable to its equity holders, in line with the position paper of the European Public Real Estate Association (**"EPRA"**), the objective of which is to promote greater transparency, uniformity and comparability of the financial information reported by property companies (**"EPRA Earnings"**). This measure is not based on generally accepted accounting principles. Furthermore, pursuant to the draft securities regulations for anchoring the disclosure provisions for investment property activity, issued by the Israel Securities Authority in December 2013, FFO (Funds from Operations) is to be presented in the "Description of the Company's Business" section of the annual report of investment property companies, similar to the manner of calculating FFO under EPRA rules.

EPRA Earnings (or **"Nominal FFO"**) are calculated as the net income (loss) attributable to the equity holders of a company after excluding non-recurring income and expenses (including gains or losses from revaluations of properties to their fair value), changes in the fair value of financial instruments through profit and loss, gains or losses on the disposition of properties, and other types of gains and losses.

The Economic Adjusted EPRA Earnings (or **"Economic FFO according to the management approach"**) is calculated as EPRA Earnings with such additional adjustments being made as a company considers necessary in order to present an operating income measure that is comparable with previous periods and with the results of similar companies This measure is customarily used to review the performance of income-producing property companies. The required adjustments to the accounting net income (loss) are presented in the table below.

The Company believes that the Economic Adjusted EPRA Earnings measure fairly reflects the operating results of the Company, since it provides a better basis for the comparison of the Company's operating results in a particular period with those of previous periods and provides a uniform financial measure for comparing the Company's operating results with those published by other European property companies.

As clarified in the EPRA position papers, the EPRA Earnings and the Economic Adjusted EPRA Earnings 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.

DIRECTORS' REPORT ON THE COMPANY'S BUSINESS

The table below presents the calculation of the Company's Economic FFO, calculated according to the recommendations of EPRA and the draft securities regulations for investment property activity, and its Economic FFO per share for the stated periods:

	For the 3 months ended March 31,		For the year ended December 31,
	2022	2021	2021
	NIS in millions (other than per share data)		
Net income (loss) attributable to equity holders of the Company for the period	**(321)**	**137**	**646**
Adjustments:			
Fair value gain from investment property and investment property under development, net	(45)	(16)	(621)
Capital loss on sale of investment property	48	22	43
Changes in the fair value of financial instruments, including derivatives, measured at fair value through profit or loss	380	(140)	(580)
Adjustments with respect to equity-accounted investees	(1)	1	(15)
Deferred taxes and current taxes with respect to disposal of properties	(142)	94	629
Acquisition costs recognized in profit or loss	-	2	4
Loss from early redemption of interest-bearing liabilities and financial derivatives	4	26	39
Non-controlling interests' share in above adjustments	22	(22)	83
Nominal FFO (EPRA Earnings)	**(55)**	**104**	**228**
Additional adjustments:			
CPI linkage and exchange rate differences	125	3	212
Depreciation and amortization	5	5	20
Other adjustments(1)	16	3	29
Economic FFO according to the management approach (Economic Adjusted EPRA Earnings)	**91**	**115**	**489**
Economic FFO per share according to the management approach (in NIS)	**0.57**	**0.77**	**3.23**
Coupon per hybrid debentures	(24)	(7)	(72)
Economic FFO according to the management approach (Economic Adjusted EPRA Earnings)	**67**	**108**	**417**
Economic FFO per share according to the management approach (in NIS)	**0.43**	**0.71**	**2.75**
Economic FFO adjusted for exchange rates according to the management approach	**67**	**97**	
Economic FFO per share adjusted for exchange rates according to the management approach (in NIS)	**0.43**	**0.64**	
Number of shares used in the Economic FFO per share calculation (in thousands)(2)	**159,096**	**152,067**	**151,976**

1 Income and expenses adjusted against the net income (loss) for the purpose of calculating FFO, which include non-recurring expenses including expenses arising from the termination of engagements with senior Group officers, expenses from reorganization of the Group's companies, share-based compensation expenses and the adjustment of expenses and income from extraordinary legal proceedings not related to the Reporting Periods (including a provision for legal proceedings).

2 Weighted average for the period.

Economic FFO guidance

The Company as many other real estate companies in North America and Europe, presents FFO guidance. The purpose of the Company's guidance is to disclose Management's view as to the expected financial and operating performance of the Company.

Presented below is the 2022 guidance, based on publicly available information and Management's assessments, including the FFO guidance of public investees, where published, and on the following assumptions:

- Known exchange rates and interest rates as of the operating date.
- Acquisitions, sales, investments in development of properties according to the Company's plan.
- Excluding unanticipated material events that affect the Group's operations.

	1-3/22	2022	2021
	Actual	Guidance	Actual
NIS in millions			
Economic FFO according to the management approach	91	439-472	489
Coupon per hybrid debentures	(24)	(98)	(72)
Economic FFO per share according to the management approach deducting hybrid debenture coupon	67	341-374	417
NIS in millions			
Economic FFO according to the management approach	0.57	2.70-2.90	3.23
Coupon per hybrid debentures	(0.14)	(0.60)	(0.48)
Economic FFO per share according to the management approach deducting hybrid debenture coupon	0.43	2.10-2.30	2.75

The Company's Economic FFO guidance for 2019 is forward-looking information, as defined in the Securities Law, 1968, which is based on the aforementioned assumptions, including assessments and estimates by Management of the of Company and the Group companies pertaining to future events and matters whose materialization is not certain nor under the Group's control. There is no certainty that the guidance will be realized, wholly or partly, and actual results could be different from those set forth above due, inter alia, to their dependence on events that are not under the control of the Company and the Group, including changes in exchange rates and interest rates, as well as the Company's ability to realization, purchase and development of assets at the price, terms or timescales set in the work plan.

2.4. Additional information is presented below regarding the Company's pro rata share in the value of income-producing properties owned by the Group as of March 31, 2021, based on capitalization of net operating income ("**NOI**"). The information below is based on a methodology that is generally accepted in the markets in which the Group operates and is intended to provide an additional method of analyzing the value of the Company's properties on the basis of the Company's financial results for the quarter. This information is not intended to represent the Company's estimate of the present or future value of its assets or shares.

	3 months ended March 31,		Year ended December 31,
	2022	**2021**	**2021**
	NIS in millions		
Rental income	557	585	2,296
Property operating expenses	177	197	714
NOI for the period	380	388	1,582
Less - minority's share in NOI	(84)	(135)	(530)
Add - Company's share in NOI of associate and jointly controlled companies	10	9	49
NOI for the period - the Group's proportionate share[1]	**306**	**262**	**1,101**
Annual NOI - the Group's proportionate share	**1,224**[1]	**1,048**[1]	**1,101**

1 Calculated by multiplying the NOI for the quarter by four. For clarification, the data is not an annual NOI forecast.

The sensitivity analysis shown in the table below describes the implied value of the Group's income-producing properties using the aforesaid methodology according to the range of different capitalization rates ("cap rates") generally accepted in the regions in which the Group operates, as of the date of the financial statements. This analysis does not take into account income from premises that have not been leased and additional building rights that exist with respect to the Group's income-producing properties.

Value of proportionately consolidated income-producing property in accordance with the NOI for the first quarter of 2022

	Equity per share as of March 31, 2022		Share price as of March 31, 2022			
Cap Rate:	**5.66%**	**5.75%**	**5.97%**	**6.00%**	**6.25%**	**6.50%**
Value of income-producing property (NIS in millions) (*)	21,598	21,260	20,477	20,375	19,560	18,807
Share price derived from the above Cap Rate (NIS) (**)	35.9	33.9	29.1	28.5	23.5	19.0

(*) Calculated as the result of dividing the NOI by the cap rate.

(**) Excluding the tax effect.

New properties, properties under development and land, which are not yet income-producing and which are presented at their fair values in the Group's books (according to the proportionate consolidation method) as of March 31, 2022, amounted to NIS 3,818 million.

The Group's monetary liabilities, net of monetary assets (according to the proportionate consolidation method) as of March 31, 2022, amounted to NIS 19,509 million.

2.5. Net Asset Value (EPRA NAV, EPRA NTA and EPRA NDV)

As is customary in the European countries in which the Group operates, and in line with the EPRA position paper, the objective of which is to promote greater transparency, uniformity and comparability of the financial information reported by real estate companies, the Company publishes net asset value data (EPRA NRV), which is a measure that reflects the net asset value of the Company, as reflected by the Company's statement of financial position with certain adjustments, e.g., the exclusion of deferred taxes with respect to the revaluation of investment properties and investment properties under development to their fair value and the exclusion of the fair value of financial derivatives (with the exception of financial derivatives used for currency hedging with respect to which the difference between the fair value and intrinsic value is excluded); the Company also publishes EPRA NNNAV data, which is another measure reflecting net asset value (EPRA NAV), adjusted for the fair value of financial liabilities, as well as certain adjustments to the provision for deferred taxes with respect to the revaluation of investment properties and investment properties under development to their fair value, and certain additional adjustments to the fair value of the above-referenced financial derivatives.

The Company considers that the presentation of the EPRA NAV and the EPRA NNNAV data enables the Company's net asset value data to be compared to those of other European real estate companies. At the same time, such data does not constitute a valuation of the Company and does not replace the data presented in the financial statements; rather, such data provides an additional mechanism for evaluating the Company's net asset value (NAV) in accordance with the EPRA recommendations. Such data is not audited by the Company's independent auditors.

Presented below is the calculation of the EPRA NAV, EPRA NTA and EPRA NDV:

	March 31,		December 31,
	2022	2021	2021
	NIS in millions		
EPRA NRV			
Equity attributable to the equity holders of the Company, per the financial statements	5,897	5,730	5,307
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	1,265	914	1,306
Fair value asset adjustment for derivatives, net[2]	(200)	(37)	(207)
EPRA NRV	**6,962**	**6,607**	**6,460**
EPRA NRV per share (in NIS)	**42.1**	**43.4**	**42.0**
EPRA NTA			
Equity attributable to the equity holders of the Company, per the financial statements	5,897	5,730	5,307
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	633	457	653
Fair value asset adjustment for derivatives, net[2]	(200)	(37)	(207)
EPRA NTA	6,330	6,156	5,753
EPRA NTA per share (in NIS)	38.3	40.4	37.7
EPRA NDV			
Equity attributable to the equity holders of the Company, per the financial statements	5,897	5,730	5,307
Fair value asset adjustment for derivatives, net	(1,565)	(525)	(1,355)
EPRA NDV	4,332	5,205	3,952
EPRA NDV per share (in NIS)	26.2	34.2	25.9
Issued share capital of the Company used in the calculation (in thousands of shares)[3]	**165,533**	**152,060**	**152,508**

1 Net of goodwill generated in business combinations against deferred tax liability. In EPRA NTA calculation 50% of the tax reserve is taken.

2 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. Discussion by the Board of Directors for the Company's Business Position, its Results of Operations, its Equity and its Cash Flows

3.1. Investments and realizations of investment real

- During March 2022, the company won a tender for the purchase of Beit ICL in the Korazin Givatayim complex, on an area of 7 acers, on which a 3-story office building in an area of 9,000 square meters is located, in exchange for NIS 336 million plus VAT and improvement levies. The complex is subject to an approved back / 418 plan from 2017, which stipulates building rights for 2 27-story towers, with a scope of rights of 4,500 main square meters for commerce, 39,000 main square meters for employment, 4,000 square meters main residential (58 Housing units) and 1,550 sq.m. main for public buildings. The Givatayim local committee has begun promoting a plan to increase building rights to 40 floors and add employment areas totaling 15,000 square meters and a total of about 90,000 square meters.
- During March 2022, Gazit Horizons received approval from the authorities to increase its residential rental project in Miami, Brickell Gateway, from 364 units to 504 units. Gazit Horizons also purchased an 840-square-meter commercial property from the project for about $ 20 million, which is now fully leased, on 1.3 acres of land and is expected to produce additional flexibility for the Brickell Gateway project during development and lease.
- During April 2022, Gazit Horizons entered into an agreement with an American partner to develop a luxury residential rental in Tampa Bay, Florida, USA. The total expected investment in the project is USD 175 million. The project will include 334 apartments in a 31-story building located on the riverfront The city's growing artists in front of the Hall of Culture and adjacent to the Tampa Art Museum.

.• During the quarter, CTY sold two properties in Norway that are not at the core of its business for about 145 million euros and also purchased a residential building for rent in Sweden that includes 200 housing units for rent amounting to about 70 million euros

The effect of the investments on the operating results of the Group will be reflected in full in 2022 onwards.

Property activities

1) **Highlights of operational data:**

	Income producing properties[1]	GLA (in thousands of square meters)	Occupancy rate in core properties	
			31.12.2022	31.12.2021
G Israel	13	161	98.1%	98.1%
Gazit Brasil	7	176	92.8%	95.1%
Gazit Horizons	11	85	91.1%	86.0%
CTY	36	1,120	94.4%	93.2%
ATR	26	796	93.1%	91.7%

	Average basic monthly rent per square meter		Change in same property NOI [2]	NOI (million)	
	31.12.2022	31.12.2021	Quarter	Q1. 2022	Q1. 2021
G Israel	NIS 111	NIS 111.3	75.7%	NIS 44.6	NIS 23.7
Gazit Brasil	R$ 70.0	R$ 62.8	55.8%	R$52.7	R$ 39.2
Gazit Horizons	$ 51.2	$ 50.4	4.4%	$ 4.4	$ 3.5
CTY	€ 23.4	€ 22.7	3.5%	€ 49.1	€ 50.4
ATR	€ 14.9	€ 14	3.6%	€ 30.2	€ 30.2

1 Includes jointly controlled properties.

2 Change in same property NOI in the reporting period and in the quarter compared with the corresponding period last year.

2) Projects in construction and development stage in the Private Companies (Gross)

Commercial and Office Projects The Project	Plan	Gross GLA Area (SQM)	GCITY Share	Expected Completion	Fair Value As of 31.3.22 (100% , Million NIS)	Cost to Complete (100% , Million NIS)	Expected Annual NOI (100% , NIS Million)
Savyon	Expanding commercial and office area.	5,500	100%	Q4-22	60	26	8-9
Water Plant Kfar Saba Plot 50	Completing the water plant project, 2 commercial floors	3,650	25.5%	Q2-23	26	28	3
G City Rishon Lezion	Office Tower: Excavation and deepening work have been completed. Foundation works have been acomplished	64,000	100%	Q1-26	136	686 - 734	65-70
G Kfar Saba	Expanding commercial area: The project is in planning and licensing stage	5,000	51%	Will be updated	27	104 - 114	8-8.5
G Kfar Saba	Office Tower: City zoning plan has been approved for an office tower. The project in currently at the first stage of planning, the company is looking to change the zoning to a residential tower	27,100	51%	Will be updated	19	344-364	27-29
Home-Depot New York	Renovation of a 4-story property, for the Home Depot new store	11,000	100%	Q3/23	445	-	25
Market Place, Boston	Adding 7 stories of office space above the existing 3-story building	16,000	65%	2025	-	346	37
Promenada, Warsaw	Expansion of the existing mall, adding approx. 13,000 sqm of commercial areas and 8,000 sqm of office areas	Commercial 13,000 Office 8,000	100%	Q4-24	135	414	25
					848	**1,948 - 2,026**	**198 - 206**
			Total 100%		**806**	**1,587 - 1,650**	**165 - 173**

Residential for Rent Projects The Project	Plan	Gross GLA Area (SQM)	GCITY Share	Expected Completion	Fair Value As of 31.3.22 (100% , Million NIS)	Cost to Complete (100% , Million NIS)	Expected Annual NOI (100% , NIS Million)
Tel Hashomer Apartment for Rent'	of 4 residential apartment buildings with Construction right additions/Shabas 243 apartments for rent (before years reliefs) for long-term leasing, for a period of 20	30,670	100%	Q2-25	533	322	21
Brickell, Miami	Constructing a 52-story tower above the commercial floors, it was approved to expand the building right to approx.500 units	42,000	100%	2025	104	690	43
AER Tampa	Development of a premier luxury rental building. The 31-story and 334 unit riverfront project will also cotain 14,000 sqf of commercial space and 466 space parking garage	37,000	94%	2024	100	430	37
Promenada, Warsaw	A residential for rent project, adjacent to the existing mall Atruim Promenada. The project will be built on a land of approx. 9,300 sqm owned by the company	63,000	100%	Q4-23 | 200 units Q3-24 | 460 units 2027 | 1,200 units	109	372	24
Rubikon, Warsaw	A residential leasing project which includes 541 units, located in the western side of Warsaw in Wtochy square	15,970	100%	Q4-22	106	29	8
Racławicka, Krakow	A residential leasing project which includes 109 units, in the northern area of Krakow in Krowodrza square	4,676	100%	Q3-22	46	9	2
				Total 100%	**998**	**1,852**	**135**

*The information above includes information regarding projects under planning and construction (including additional projected area, projected time to complete, cost to complete and projected annual NOI), which constitutes a forward-Looking Statements, as defined under Israeli Securities Law – 1968. Such information is based on the Company's estimations as of the date of this presentation and might change in the future. For additional information please see page 2 of the presentation.

3) Effect of the Macro-Economic Environment on the Group's Activity

The Group's activity is also affected by the macro-economic environment (inter alia, an increase/decrease in population, private consumption volumes, the unemployment rate and the level of demand) in the various countries in which it operates. These parameters to a certain degree impact the occupancy rates at properties, the level of rents, the Group's ability to increase its revenues over time, and the scope and potential of the investments and development.

Presented below are macro-economic data for the countries where the Group operates[1]:

	Growth (GDP)				
	2022 forecast	2021	Rate of unemployment	Yield on government debentures (10 years)	Debt rating (S&P)
Norway	5.00%	8.10%	3.80%	2.530%	AA-
Sweden	3.80%	5.70%	5.40%	6.798%	A-
Canada	2.00%	3.50%	7.00%	1.367%	AA+
Finland	3.90%	4.00%	1.90%	2.858%	AAA
USA	0.60%	4.80%	11.17%	12.557%	BB-
Czech Republic	2.90%	3.40%	3.30%	4.813%	AA-
Israel	(10.40%)	4.10%	4.30%	NA	NR
Poland	2.90%	4.70%	8.20%	%858.1	AAAu
Russia	3.10%	3.80%	5.13%	2.925%	AA+u
Brazil	4.10%	4.80%	5.77%	2.960%	AAA

International debt rating of Group companies:

Rating Agency	G City[2]	CTY	ATR
Moody's	ilA1[3]/ Negative	Baa3/ Stable	Ba2/ Stable
S&P	ilA+[3]/ Negative	BBB-/ Stable	-
Fitch	-	BBB-/ Stable	BB/Stable

1. Data source: Bloomberg – May 2022.
2. The Company has a short-term issuer rating of 'ilA-1' and 'P-1.il' by S&P Maalot and Midroog, respectively.
3. The Company's secured debentures (Series O), rated by S&P Maalot and Midroog at a rating level of 'ilAA' and 'Aa3.il', respectively.

3.2. Material Events at the Group During the quarter

A. For details regarding the completion of the acquisition of the minority shares in ATR, by way of merger, refer to Note 3b2 to the financial statements.

B. During the reporting period, the Company issued 14.5 million shares and 7.25 million options for the Company's shares to three institutional entities and Norstar Holdings Inc., which controls the Company, in consideration of NIS 468 million (NIS 403 million was received in the quarter and the balance received in April 2022).

C. For details regarding debt raising, by the company, by series expansion (Series P) in the amount of NIS 174 million, refer to Note 3a2 to the financial statements.

D. For details regarding buyback of ATR'S debentures in the amount of EUR 43 million, refer to Note 3a1 to the financial statements.

3.3. Dividend Distribution Policy

Pursuant to the Company's policy, the Company announces every year the anticipated annual dividend.
In March 2022, the Board of Directors approved that the anticipated quarterly dividend for 2022 of NIS 0.32 per share (NIS 1.28 per year, compared to a dividend of NIS 1.20 per share distributed in 2021).The above is subject to the existence of sufficient distributable income at the relevant dates and is subject to the provisions of any law relating to dividend distributions and to decisions that the Company is permitted to take. This includes the appropriation of its income for other purposes and the revision of this policy. The Company periodically reviews the implementation of its dividend policy in accordance with the economic environment in which it operates.

3.4. Financial Position

Current assets

Current assets, as of March 31, 2022, total NIS 3.6 billion, compared with NIS 5.6 billion as of December 31, 2020. The decrease in current assets derives mainly from a decrease in cash and cash equivalents following the completion of the acquisition of the minority shares in ATR.

Equity-accounted investees

The balance of equity-accounted investees amounted to NIS 1.5 billion as of March 31, 2021, similar to NIS 1.5 billion as of December 31, 2020. The balance of the equity-accounted investees is primarily comprised of investments in property through joint ventures as recorded in the books of CTY, ATR, Gazit Horizons and Gazit Canada.

Non- current Financial derivatives

The balance of financial derivatives primarily arises from cross-currency swap transactions, entered into as part of the Group's policy to correlate as closely as possible the currency in which properties are acquired and the currency in which the liabilities are undertaken to finance the respective acquisitions of such properties are incurred (on a proportionately consolidated basis), and are presented at fair value (refer to Section 4 above). The balance of the financial derivatives is presented net of amounts received under CSA (Credit Support Annex) agreements entered into with certain financial institutions that establish settlement mechanisms between the Company and the banking institution with which the swap transaction is being carried out with respect to the value of the financial derivatives (CSA agreement). As of March 31, 2022, the aforesaid balance of financial derivatives amounted to NIS 509 million, compared to NIS 200 million as of December 31, 2021.

Investment property and investment property under development

Investment property and investment property under development (including assets held for sale that are presented under current assets), as of March 31, 2022, amounted to NIS 33.8 billion, compared to NIS 33.2 billion as of December 31, 2021.

The increase in these balances during the quarter is primarily due from fluctuation in exchange rates.

Intangible assets, net

Intangible assets, net, as of March 31, 2021, totaled NIS 471 million, compared to NIS 512 million as of December 31, 2021. The intangible assets primarily consist of goodwill relates to properties in Norway own by CTY.

Current liabilities

Current liabilities, as of March 31, 2022, totalled NIS 3.4 billion, compared to NIS 3.1 billion as of December 31, 2021. The balance mainly includes short-term credit from banks and others and current maturities of long-term liabilities, in the amount of NIS 2.1 billion, compared to NIS 2.0 billion as of December 31, 2021.

Non-current liabilities

Non-current liabilities, as of March 31, 2022, totaled NIS 24.0 billion, compared to NIS 24.4 billion as of December 31, 2021. The decrease in non-current liabilities is primarily due to a decrease in deferred taxes.

Equity attributable to the equity holders of the Company

Equity attributable to the equity holders of the Company, as of March 31, 2022, amounted to NIS 5,897 million, compared to NIS 5,307 million as of December 31, 2021.

The increase is due to the issuance of the Company's shares and options in the amount of NIS 403 million and and from an increase in capital reserves in the amount of NIS 561 million (mainly from foreign currency translation reserve). The aforesaid increase was offset by the declared dividend of NIS 53 million and a loss attributed to the Company's shareholders in the amount of NIS 321 million.

The equity per share attributable to the equity holders of the Company as of March 31, 2022 totaled NIS 35.9 per share, compared to NIS 35.0 per share as of December 31, 2021, after a dividend distribution of NIS 0.32 per share during the Reporting period.

Non-controlling interests

Non-controlling interests, as of March 31, 2022, amounted to NIS 6.9 billion, compared to NIS 8.2 billion as of December 31, 2021. The balance primarily comprised of interests of CTY’s other shareholders at a rate of 47.9% of CTY’s equity as well as CTY's and ATR’s hybrid debentures.

The decrease in non-controlling interests in the Quarter is primarily due to the acquisition of the minority shares in ATR (refer to Note 3b2 to the financial statements) in the amount of NIS 1.1 billion, from the portion of other shareholders in dividend distributed by the subsidiaries in the amount of NIS 0.3 billion. The aforesaid decrease was offset by net income attributed to non-controlling interest in the amount of NIS 0.2 billion.

3.5 Results of Operations and Analysis

A. Results of operations are as follows:

	Three months ended March 31,		Year ended December 31,
	2022	2021	2021
	Unaudited		Audited
	NIS in millions (except for per share data)		
Rental income and others	557	585	2,296
Property operating expenses and others	177	197	714
Net operating rental income	380	388	1,582
Fair value gain (loss) from investment property and investment property under development, net	45	16	621
General and administrative expenses	(98)	(83)	(342)
Other income	4	-	16
Other expenses	(52)	(23)	(58)
Company's share in earnings (losses) of equity-accounted investees, net	8	3	41
Operating income (loss)	287	301	1,860
Finance expenses	(721)	(220)	(1,017)
Finance income	57	238	886
Profit (loss) before taxes on income	(377)	319	1,729
Taxes on income (tax benefit)	(131)	123	690
Net income (loss)	(246)	196	1,039
Attributable to:			
Equity holders of the Company	(321)	137	646
Non-controlling interests	75	59	393
	(246)	196	1,039
Net earnings (loss) per share attributable to equity holders of the Company (NIS):			
Basic net earnings (loss)	(2.03)	(3.36)	4.26
Diluted net earnings (loss)	(2.03)	(3.36)	4.25

The statement of comprehensive income is as follows:

	Three months ended March 31,		Year ended December 31,
	2022	2021	2021
	Unaudited		Audited
	NIS in millions		
Net income (loss)	(246)	196	1,039
Other comprehensive income (loss) (net of tax effect):			
Amounts that will not be reclassified subsequently to profit or loss			
Net gains (losses) on financial assets at fair value through other	(1)	9	27
Items that are or will be reclassified to profit or loss			
Exchange differences on translation of foreign operation	572	10	(1,862)
Net gains (losses) on cash flow hedges	59	29	57
Total other comprehensive income (loss)	630	48	(1,778)
Total comprehensive income (loss)	384	244	(739)
Attributable to:			
Equity holders of the Company	214	156	(222)
Non-controlling interests	170	88	(517)
	384	244	(739)

B. Analysis of results of operations for the first quarter of 2021

Rental income and others

Excluding the average exchange rates the rental income and others in the Quarter increased by 2.7% compared with the corresponding quarter the prior year. The increase is due to the restrictions imposed by governments in countries which the company operates following the Covid-19 pandemic as well as investments in assets during the past 12 months.

The aforesaid increase was offset from the sale of non-core assets during the past 12 months.

Rental income and others decreased by 4.8% to NIS 557 million in the Quarter, compared with NIS 585 million in the corresponding quarter the prior year.

Property operating expenses and others

Property operating expenses and others totaled NIS 177 million in the Quarter, representing 31.8% of total rental income and others, compared with NIS 197 million, representing 33.7% of total rental income and others in the corresponding quarter the prior year.

Net operating income (NOI)

Excluding the change in the average exchange rates, the net operating rental income in the Quarter increased by 5.8% compared with the corresponding quarter last year. The increase in net operating income is due to the reasons described in income from rental income and others above.

Net operating rental income decreased by 2.1% to NIS 380 million in the Quarter (68.2% of total rental income), compared with NIS 388 million (66.3% of rental income) in the corresponding quarter last year.

Fair value gain (loss) from investment property and investment property under development, net

The Group applies the fair value model, as prescribed in IAS 40 (Revised), *Investment Property*. As a result of implementing this standard, the Company and its subsidiaries recognized in the Quarter a fair value gain on its properties in a gross amount of NIS 45 million, compared to fair value gain of NIS 16 million in the corresponding quarter in the prior year.

General and administrative expenses

General and administrative expenses totaled NIS 98 million (17.6% of total income) in the Quarter, compared to NIS 83 million (14.2% of total income) in the corresponding quarter in the prior year. The increase in general and administrative expenses is due to non-recurring expenses related to the merger with ATR.

Company's share in earnings of equity-accounted investees, net

In the Quarter, the Company's share in gain of equity-accounted investees amounted to NIS 8 million (compared to a gain of NIS 3 million recorded in the corresponding quarter in the prior year) and is primarily comprised of the Group's share in the net earnings of CTY, Gazit Horizons, ATR and Gazit Canada (Gazit Tripllle).

Finance expenses

Finance expenses amounted to NIS 721 million in the Quarter, compared to NIS 220 million in the corresponding quarter in the prior year. The increase in finance expenses in the quarter compared to the corresponding quarter in the prior year is primarily due to a loss from revaluation of financial instruments derivatives in the amount of NIS 412 million compared with income from revaluation of financial instruments in the corresponding quarter in the prior year and from the linkage differences expenses in respect of debt linked to the consumer price index in the amount of NIS 124 million in the quarter, compared with expenses from linkage differences in the amount of NIS 3 million in the corresponding quarter in the prior year.

Finance income

Finance income totaled NIS 57 million in the Quarter, compared to NIS 238 million in the corresponding quarter in the prior year. Finance income in the Quarter primarily comprises from the sale and revaluation of securities and dividends in the amount of NIS 40 million (an income of NIS 138 million was recorded in the corresponding quarter in the prior year) and interest income in the amount of NIS 12 million (an income of NIS 8 million was recorded in the corresponding quarter in the prior year).In addition, financing income in the corresponding quarter last year included an income from the revaluation of derivative financial instruments in the amount of NIS 91 million.

Taxes on income (tax benefit)

Tax income totaled NIS 131 million in the Quarter, compared with tax expenses of NIS123 million in the corresponding quarter last year. Tax income in the Quarter comprises primarily of deferred tax income of NIS 125 million, arising mainly from net changes in the temporary differences between the tax base and fair value of investment property and investment property under development, including disposition of properties as well as structural change in the Group and carry forward losses (in the corresponding quarter last year, net deferred tax expenses of NIS 80 million arising primarily as the net changes in the temporary differences between the tax base and the fair value of investment property and investment property under development, including disposition of properties). In the Quarter, the Group companies recorded current tax expenses in an amount of NIS 17 million, compared with current tax expenses of NIS 43 million in the corresponding Quarter in the prior year. In addition, in the corresponding Quarter in the prior year tax income was recorded with respect to prior years in the amount of NIS 23 million.

3.6. Liquidity and Capital Resources

The Company and its subsidiaries have a policy of maintaining an adequate level of liquidity that enables the pursuit of business opportunities in its activities, as well as flexibility in accessibility to sources of finance.

The sources of liquidity of the Company and its subsidiaries are the cash generated from its income-producing properties, issuing of debentures, hybrid debentures, capital raising, credit facilities and long-term loans (including loans secured property), which is used primarily for the acquisition, development and redevelopment of income-producing properties, the settlement of liabilities, investments in investees and other investments.

As of March 31, 2022, the liquid assets available to the Company and its subsidiaries, including short-term investments, totaled NIS 2.4 billion as of March 31, 2022. In addition, as of March 31, 2022, the Company and its subsidiaries have binding undrawn long-term credit facilities[1] available for immediate drawdown of NIS 4.0 billion.

As of March 31, 2022, the Company and its subsidiaries have liquidity, including undrawn long term credit facilities[1] available for immediate drawdown and liquid balances totaling NIS 6.4 billion (of which NIS 4.2 billion at the Company and it's wholly-owned subsidiaries, including cash and cash equivalents, tradable securities and short-term deposits in the amount of NIS 2.1 billion).

Furthermore, as of March 31, 2022, the Company and its subsidiaries have unencumbered investment property and investment property under development, which is carried on the financial statements at a fair value of NIS 22.5 billion (66.5% of the total investment property and investment property under development).

As of March 31, 2022, the Company's separate reports (solo) has a negative working capital of approximately NIS 1.4 billion and negative cash flow from operating activities, in addition, the Company's (expanded solo) has a positive cash flow from operating activities, refer to Section 2.2 above. On the other hand, the Company has approved long-term credit facilities[1], available for immediate drawdown on a consolidation basis and on an expanded solo basis (including in companies that are fully owned by the Company), in the amount of NIS 4.0 billion and NIS 2.2 billion, respectively. The policy of the Company is to finance its operations with revolving credit facilities and by raising long-term debt from time to time, depending on market conditions. The Board of Directors has concluded that, in view of the resources that are available to the Company and its subsidiaries, including non-pledged assets, as described above, and considering the positive cash flow from operating activities on consolidation and on expanded solo, including forecast cash flow, its existence is not indicative of a liquidity problem in the Company or in its subsidiaries.

[1] Signed credit lines with financial institutions pursuant to which these institutions are obligated to provide the Group with the aforesaid credit, subject to complying with the terms prescribed in the agreements, and with respect to which the Group companies pay various commissions, including commitment fees.

3.7. Cash flows

Cash flow generated from operating activity in the Quarter totalled NIS 89 million similar to NIS 89 million in the corresponding quarter in the prior year.

During the quarter, the Company and its subsidiaries financed their operations thorough issuance of debentures and stock options in net amount of NIS 403 million. These cash flows were primarily used for the purchase of ATR's minority shares in the amount of NIS 1,100 million, for loans repayments and credit lines in the in the net amount of NIS 714 million, for dividend payments by the Company and its subsidiaries in the amount of NIS 315 million and for investments in financial properties in net amount of NIS 253 million.

3.8. Repurchase Program

A. On March 23, 2022, the Company's Board of Directors resolved to adopt a new buyback program for the Company's debentures (in place of the previous program) with a par value of up to NIS 450 million, in relation to all the outstanding series of debentures, the program is in effect until March 31, 2023. Purchases will be made under the program from time to time and at the discretion of the Company's Management. The program is in place of the previous program which was not utilized in the reporting period.

B. On May 23, 2022, the Company's Board of Directors resolved to adopt new buyback program for the Company's shares in an amount of up to NIS 250 million, the program is in effect until March 31, 2023. Purchases will be made from time to time, at the discretion of the Company's management, so long as the stock exchange price of the share reflects a significant discount on the Company's NAV, as shall be from time to time. The program is in place of the previous program which was not utilized in the reporting period.

4. **Exposure to Market Risks and their Management**

4.1. The individuals responsible for managing and reporting the Company's market risks are the Company's CEO and Executive Vice President and CFO. The Group operates globally and is consequently exposed to currency risks resulting from fluctuations in exchange rates of various currencies (primarily the euro, U.S. dollar and the Brazilian real). Since March 21, 2022, the approval date of the Company's annual report for 2021, there has not been any material changes in the management or nature of the market risks to which the Company is exposed.

4.2. During the period from January 1, 2022 through the date of the approval of the financial statements, the CEO and Executive Vice President and CFO have held and continue to hold regular discussions concerning the exposure to market risks, including changes in exchange rates and interest rates. Furthermore, during such period, the Company's Board of Directors discussed the foregoing risks and the Company's policy regarding them at meetings in which the financial statements as of December 31, 2021 and March 31, 2022 were approved.

4.3. Changes in foreign currency exchange rates – during the period from January 1, 2022 through March 31, 2022, the NIS appreciated against the Euro the Brazilian real and the U.S. dollar by 0.1%, by 20.7% , by 2.1%and by 3.8%, respectively. With regard to the impact of exchange rate changes on the Company's equity, as of March 31, 2022, refer to Appendix A of the Directors' Report. In addition, as of March 31, 2022 until immediately prior to the date of approval of this report, the NIS depreciated against the Euro, the U.S. dollar, the Canadian dollar and the Brazilian real by 0.7%, by 5.8%, by 3.5% and by 2.1%, respectively.

In addition, some of the Company's liabilities (primarily with respect to operations in Israel) are linked to changes in the Israeli consumer price index. During the period from January 1, 2022 through March 31, 2022, the Israeli consumer price index (known index) rose by 1.2%. In addition, as of March 31, 2022, until immediately prior to the date of approval of this report, the Israeli consumer price index (known index) rose by 1.4%.

4.4. The Company maintains a correlation between the mix of its properties in the various functional currencies and the exposure of its equity to those currencies, by conducting hedging transactions to manage the currency exposure. However, considering recent fluctuations in foreign exchange rates against the NIS in the last two years, on November 2021 the Company's Board of Directors decided to conduct hedging transactions to increase the exposure of the NIS equity, so that the equity ratio exposed to the shekel will be up to 40% of equity. Management regularly evaluates the linkage bases report and takes appropriate action in accordance with exchange rate fluctuations.

For details regarding the scope of the Company's exposure to each of the functional currencies (the euro, the U.S. dollar, the Canadian dollar, the NIS and the Brazilian real), with respect to which linkage basis and cross-currency swaps have been transacted and loans taken in the various currencies, and regarding the scope of the remaining exposure after transacting cross-currency swaps, as of March 31, 2022, refer to the table attached as Appendix A of the Directors' Report.

5. Corporate Governance Aspects

Donations

The Group has undertaken to assist the communities in which it operates in accordance with the donation policy approved by the Company's Management. During the Reporting Period, the Group made donations to a variety of projects in the areas of education, culture, welfare, and health in the various countries in which the Company operates.

A. The majority of the Group's donations in the Reporting Period was directed to the field of education for the benefit of the "Supporting the South" initiative, which was established by the Company eight years ago. Within the framework of the initiative, the Company supports the educational systems of periphery towns in the Negev, including providing support to elementary and high schools, as well as to several nursery schools and preschool centers.

B. Communal involvement – the Group supports a variety of volunteer organizations in the fields of welfare, health and culture.

During the Quarter, the Group's donations amounted to NIS 1.0 million.

6. Disclosure Regarding the Financial Reporting of the Company

Subsequent events

A. For details regarding the buyback of ATR's debentures in the amount of EUR 29 million, refer to Note 5b to the financial statements.

B. On April 24, 2022, Norstar Holdings Inc., the controlling shareholder of the Company, received a non-binding offer on behalf of Israel Canada (TR) Ltd., which is interested in it, to enter into negotiations for the purchase of all Norstar shares not held by it, as detailed in the immediate report of Norstar dated April 24, 2022 (2022-01-050194). In addition, Norstar subsequently received another non-binding offer to purchase all of its shares from Hidan Kidan Dahari and Tiron Adiv as specified in Norstar's immediate report dated April 25, 2022 (2022-01-050719).

C. On April 30, 2022, the term of office of Mr. Roni Bar-On as an external director of the Company ended, after 9 years.

7. Details Concerning the Company's Publicly-Held Debt Certificates

A. The Company's commitments pursuant to the debentures (Series O) are secured by a first fixed charge on the rights relating to properties, as set out in section 4.6 of the Company's shelf prospectus published on October 22, 2020 (reference no. 2020-01-106162) with the information contained therein being hereby presented by means of this reference. The value of the foregoing pledged property as of December 31, 2021 is NIS 478 million. The valuation of the pledged properties as of December 31, 2021 is attached to the Periodic Report.

For details regarding the Company's right to issue additional debentures from the series and to exchange, sell or release the pledged assets for the benefit of Series O debenture holders subject to certain conditions being met, including compliance with a weighted ratio, as defined in the trust deed (Series O), which is lower or equal to -1, and everything as specified in sections 5.6 to 5.9 of the trust deed, attached to the Company's shelf prospectus published on October 22, 2020 (Reference No. 2020-01-106162), which is stated therein, is included below by way of reference.

For further details regarding the foregoing pledged properties, as required pursuant to the regulations of the Israel Securities Authority regarding investment property activity, see Appendix B of this report.

The trust deeds, by virtue of which the debentures were issued, do not impose any restrictions on the Company regarding the creation of further charges on the Company's assets or regarding the Company's powers to issue additional commitment certificates other than the negative charge undertaking in the deed of trust of debentures (Series M, N and O).

B. The Company's commitments pursuant to the debentures (Series P) are secured by a first-degree fixed lien on account of the pledged shares (ATR shares) and all the rights of the lien company in the account of the pledged shares. For details regarding a parallel debt agreement between the Company and the Trustee, as well as a control agreement signed between the Company, the Trustee and the custodian in connection with the account of the pledged shares, as well as further details regarding the Treasury Trust Fund's provisions, refer to Note 3a to the financial statements. The trust deed also includes mechanisms for adding, removing, selling or exchanging liens and delisting the pledged shares from trading as well as the Company's right to issue additional debentures (Series P), as set out in sections 5.6-5.11 of the trust deed attached to the Company's shelf offer report published on August 22, 2021 (Reference No. 2021-01-068740) in which the information contained herein is hereby incorporated by reference.

For further details regarding ATR, refer to ATR's financial statements published on May 19, 2022 (Reference No. 2022-01-061297) in which the information contained herein is hereby incorporated by reference. In February 2022, the Company leased for the benefit of the shareholders (Series P) an additional 17.5 million ATR shares, due to the distribution of the special dividend declared by ATR, in accordance with the provisions of the trust deed.

C. The trust deeds by virtue of which the debentures were issued in circulation, do not impose restrictions on the Company on the creation of additional liens on the Company's assets or in connection with the Company's authority to issue additional debentures other than a negative current liability (series M, N, O and P|)

D. On March 24, 2022, the Midroog rating agency degraded the issuer rating and the credit rating of all the outstanding series of debentures of the Company, which are not secured by a pledge, to a rating level of 'ilA1' with a stable outlook and the credit rating of the Company's debentures (Series O), which are secured by a pledge, at a rating level of 'ilAa3', with a stable outlook.

E. For details regarding the issuance of debentures (Series P) secured by a pledge of ATR shares and its expansion, refer to Note 3a2 to the financial statements.

F. The principal covenants attaching to the debentures (Series K, L, M,N ,O and P) of the Company are as follows:

Financial ratio	**Covenants**	**As of March 31, 2022**
Minimum shareholders' equity (less non-controlling interests) (dollars in millions)	Series K-Higher than 500, during 4 consecutive quarters Series L-Higher than 650, during 3 consecutive quarters Series M-Higher than 800, during 3 consecutive quarters Series N,O,P- Higher than 850, during 3 consecutive quarters	1,857
Minimum shareholders' equity (less non-controlling interests) during one quarter (dollars in millions)	Series M,N,O- Higher than 400 P- Higher than 450	1,857
Ratio of net interest-bearing debt to total consolidated assets And	Series K and L-lower than 80%, during 4 consecutive quarters Series M-lower than 75%	[1]57.3%
Minimum rating of the debentures	Series K,L and M-'ilBaa3'/'ilBBB-'	'ilA1'/ 'ilA+'
Ratio of net interest-bearing debt to total consolidated assets	Series N, O, P-lower than 75%	56.9%
Minimum rating of the debentures	Series N, O-'ilBaa3'/'ilBBB-'	'ilAa3'/ 'ilAA'-

As of March 31, 2022 and as of the approval of the financial statements, the Company complied with the covenants in respect of its debentures.

May 23, 2022		
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

[1] The ratio of net interest bearing debt to balance sheet, the net interest bearing debt includes the accrued interest as presented in the financial statements.

Appendix A of the Directors' Report

Additional Information regarding Currency Exposure

As of March 31, 2022

The information below sets forth the scope of the Company's currency exposure (the euro, the U.S. dollar, the Canadian dollar, the NIS and the Brazilian real) in connection with the cross-currency swaps which have been transacted, and the scope of the exposure remaining after taking into account the cross-currency swaps, as of March 31, 2022. 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 they represent out of the total assets and liabilities, respectively, on a proportionately consolidated basis[2], and the total financial adjustments made by the Company by means of cross-currency swap transactions, in order 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 currency do not fully correlate, and the exposure reduction to each such currency is reflected in the differences, as presented in the table. For details regarding cash exposure that is affected by the fair value change of swap transactions as a result of the sharp fluctuations from the Corona virus outbreak, refer to section 4.4 below.

Data presented in millions	NIS	U.S.$	EUR	C$	BRL	Total in NIS
Assets in original currency	4,551	1,062	5,074	130	4,348	-
Assets in NIS	4,551	3,372	17,879	330	2,908	29,040
% of total assets	16	12	61	1	10	100
Liabilities in original currency	10,578	468	2,601	107	763	-
Cross-currency swap transactions in original currency	(6,342)	(863)	1,463	-	4,113	-
Liabilities in original currency	4,236	(395)	4,064	107	4,876	-
Liabilities in NIS adjusted for swaps	4,236	(1,255)	14,320	271	3,260	20,832
% of total liabilities	20	(6)	69	1	16	100
Total equity in original currency	315	1,457	1,010	23	(528)	-
Total economic equity[3] in NIS	315	4,627	3,559	59	(352)	8,208
% of total equity	4	56	43	1	(4)	100

1 According to currency exchange rates as of March 31, 2022.

2 The Company's statement of financial position presented on a proportionately consolidated basis has not been prepared in conformance with generally accepted accounting principles, but rather according to the Company's interest in each of the investees at the stated date.

3 Represents the equity attributable to the equity holders of the Company after excluding the provision for deferred taxes with respect to revaluation of investment property.

UPDATE TO THE DESCRIPTION OF THE COMPANY'S BUSINESS FOR THE 2021 PERIODIC REPORT OF G CITY LTD. (formerly GAZIT-GLOBE LTD.)

Pursuant to Regulation 39A of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970, details are presented below concerning material changes and developments that have taken place in the Company's business since the publication of the Company's Periodic Report for 2020 (the "Periodic Report"), for each matter required to be described in the Periodic Report.

Update to Section 1 – The Company's operations and its business development

A. On May 18, 2022, the company changed its name to G City Ltd.

B. On February 18, 2022, a wholly owned subsidiary of the Company (hereinafter referred to as "the Subsidiary") merged with ATR, according to which the subsidiary acquired all ATR shares not owned by the Company, constituting 25% of ATR's share capital at a price of EUR 3.63 per share and for a total consideration of EUR 376 million (NIS .4 billion) paid in full in cash. The proposed price was adjusted to distribute a special dividend distributed by ATR in the amount of EUR 0.6 per share. For further details, see Note 3b2 to the financial statements.

Update to Section 2 – Investment in the company's capital and transactions in its shares in the last two year

A. On February 2022, the Company issued 14.5 million shares and 7.25 million stock options for the Company's shares to three institutional entities and Norstar Holdings Inc. the controlling shareholder in the company, in exchange for an amount of NIS 468 million (an amount of NIS 403 million was received in the quarter and the balance was received in April 2022).

B. As of January 1, 2022 and up to the publication date of this report, the Company issued 73,577 shares to officers of the Company, employees of the Company and employees of its wholly owned subsidiaries, as a result of the vesting of convertible securities allocated to them as part of their employment conditions.

Update to Section 3 – Dividend distributions in the last two years

A. On April 12, 2022 the Company distributed a dividend to its shareholders in an amount of NIS 53 million (NIS 0.32 per share).

B. For details regarding a dividend declared by the Company after the Reporting Date, refer to Note 5a to the financial statements.

Update to Section 6 – Acquisition, development and operation of shopping centers in Northern Europe

During the quarter, CTY sold two non-core properties in Norway for EUR 145 million and also purchased a residential building for rent in Sweden that includes 200 housing units for rent amounting to EUR 70 million.

Update to Section 7 – Acquisition, development and operation of shopping centers in Central and Eastern Europe

A. For details regarding the purchase of ATR shares by the Company's wholly-owned subsidiary in the amount of NIS 72 million, refer to Notes 3b1and 5b the financial statements.

B. On January 17, 2022, following the completion of the Company's merger with ATR, as described in paragraph 1 above, the rating agency Fitch downgraded ATR's long-term issuer rating from 'BBB' to 'BB', with a stable outlook.

C. On April 6, 2022, following the completion of the merger of ATR, as described in paragraph 1 above, the rating agency Moody's downgraded ATR's unsecured debentures series from 'Baa3' to 'Ba2', with a negative outlook, and the ATR hybrid debenture rating from 'Ba2' to 'B1' with a negative outlook.

Update to Section 8 – G Israel

During March 2022, the company won a tender for the purchase of Beit ICL in the Korazin Givatayim complex, on an area of 7 acers, on which a 3-story office building in an area of 9,000 square meters is located, in exchange for NIS 336 million plus VAT and improvement levies. The complex is subject to an approved back / 418 plan from 2017, which stipulates building rights for 2 27-story towers, with a scope of rights of 4,500 main square meters for commerce, 39,000 main square meters for employment, 4,000 square meters main residential (58 Housing units) and 1,550 sq.m. main for public buildings. The Givatayim local committee has begun promoting a plan to increase building rights to 40 floors and add employment areas totaling 15,000 square meters and a total of about 90,000 square meters.

Update to Section 10 – Gazit Horizons

During March 2022, Gazit Horizons received approval from the authorities to increase its residential rental project in Miami, Brickell Gateway, from 364 units to 504 units. Gazit Horizons also purchased an 840-square-meter commercial property from the project for about $ 20 million, which is now fully leased, on 1.3 acres of land and is expected to produce additional flexibility for the Brickell Gateway project during development and lease.

UPDATE TO THE DESCRIPTION OF THE COMPANY'S BUSINESS

During April 2022, Gazit Horizons entered into an agreement with an American partner to develop a luxury residential rental in Tampa Bay, Florida, USA. The total expected investment in the project is USD 175 million. The project will include 334 apartments in a building located on the riverfront The city's growing artists in front of the Hall of Culture and adjacent to the Tampa Art Museum.

Update to Section 17 – Human capital

During the reporting period, after receiving the approval of the Compensation Committee, the Company's Board of Directors approved the completion of remuneration for directors who have served or will serve in the Company during the period of restrictions due to special health condition and / or emergency due to Corona virus), in 2022. Completion of such remuneration shall be made in accordance with criteria adopted by the Company's Board of Directors to classify a director's participation in a meeting held by means of communication as a physical meeting, all during the relevant period under the aforesaid temporary order.

On May 2022 the General Meeting of the Company approved directors' remuneration to Mr. Modi Königsberg, who serves as an external director of the Company for his tenure as a director of Gazit Brazil, a subsidiary wholly owned by the Company, in a manner not exceeding Gazit Brazil's Board of Directors in which it will participate, when the remuneration for each meeting does not exceed the maximum amount for a meeting as stated in the Companies Regulations (Rules regarding Remuneration and Expenditure for External Directors), 2000 (hereinafter: "Remuneration Regulations"), according to Gazit Brazil's rank; (2) The annual remuneration set forth in the Remuneration Regulations for a Company in the rank of Gazit Brazil.

Update to Section 19 – Financing

A. For details regarding the issuance of debentures (Series P) secured by the lien on ATR shares, by way of a series expansion, amounting to NIS 174 million, see Note 3a2 to the financial statements.

B. On January 20, 2022, following the completion of the merger with ATR as described in paragraph 1 above, the rating agency S&P Maalot downgraded the credit rating for all series of the Company's non-secured debentures to 'ilA+' rating level, with a stable outlook, as well as the credit rating for debentures (Series O) of the company secured by lien lien to 'ilAA 'rating level with a stable outlook.

C. On March 24, 2022, the Midroog rating agency degraded the issuer rating and the credit rating of all the outstanding series of debentures of the Company, which are not secured by a lien, to a rating level of 'ilA1' with a stable outlook and the credit rating of the Company's debentures (Series O), which are secured by a pledge, at a rating level of 'ilAa3', with a stable outlook.

D. On February 2022, the Company leased for the benefit of the shareholders (Series P) an additional 17.5 million ATR shares, due to the distribution of the special dividend declared by ATR, in accordance with the provisions of the trust deed.

UPDATE TO THE DESCRIPTION OF THE COMPANY'S BUSINESS

Disclosure regarding effectiveness of assets in accordance with Chapter VI for guidance disclosure regarding investment property activity

G Savion

	First Quarter of 2022	2021
Value of property income producing (NIS in 000's)	80,205	77,340
Value of reserved property (NIS in 000's)	67,332	67,340
Value of property (NIS in 000's)	147,537	144,680
NOI in the period (NIS in 000's)	1,053	4,468
Revaluation gains (losses) in the period (NIS in 000's)	-	(313)
Average occupancy rate in the period	98.6%	94.3%
Actual rate of return (%)	5.4%	5.8%
Average annual rental per sq. meter (NIS)	137	137.1
Average annual rental per sq. meter in leases signed in the period (NIS)	-	-

G Rothschild (Company's share of property 51%)

	First Quarter of 2022	2021
Value of property income producing (NIS in 000's)	117,525	115,986
Value of property construction rights (NIS in 000's)	3,314	3,314
Value of property (NIS in 000's)	120,839	119,300
NOI in the period (NIS in 000's)	1,407	4,289
Revaluation gains (losses) in the period (NIS in 000's)	-	933
Average occupancy rate in the period	94.4%	96.4%
Actual rate of return (%)	4.8%	3.7%
Average annual rental per sq. meter (NIS)	97.1	97.9
Average annual rental per sq. meter in leases signed in the period (NIS)	84	89

G Kohav Hatzafon

	First Quarter of 2022	2021
Value of property (NIS in 000's)	105,657	104,000
NOI in the period (NIS in 000's)	1,276	4,781
Revaluation gains (losses) in the period (NIS in 000's)	-	644
Average occupancy rate in the period	90.2%	90.9%
Actual rate of return (%)	4.8%	4.6%
Average annual rental per sq. meter (NIS)	255.9	250
Average annual rental per sq. meter in leases signed in the period (NIS)	-	-

G Horev Center (Company's share of property 50%)

	First Quarter of 2022	2021
Value of property income producing (NIS in 000's)	109,654	109,650
Value of reserved property (NIS in 000's)	12,750	12,750
Value of property (NIS in 000's)	122,404	122,400
NOI in the period (NIS in 000's)	1,663	4,620
Revaluation gains (losses) in the period (NIS in 000's)	-	23,098
Average occupancy rate in the period	93.3%	94.6%
Actual rate of return (%)	6.1%	4.7%
Average annual rental per sq. meter (NIS)	109.6	107.7
Average annual rental per sq. meter in leases signed in the period (NIS)	151	75

G CITY LTD. (Previously: GAZIT-GLOBE LTD.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of March 31, 2022

Unaudited

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AUDITORS' REVIEW REPORT TO THE SHAREHOLDERS OF G CITY LTD.

Introduction

We have reviewed the accompanying financial information of G CITY Ltd. and its subsidiaries ("the Group"), which comprises the condensed consolidated statement of financial position as of March 31, 2022 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the period of three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for this period in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of 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 25% of total consolidated assets as of March 31, 2022 and whose revenues constitute approximately 30% three months then ended. The condensed interim financial information of this company was reviewed by other auditors, whose review report has been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of this company, is based on the review report 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 report 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 report 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 of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
May 23, 2022

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31,		December 31,
	2022	2021	2021
	Unaudited		Audited
	NIS in millions		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1,385	1,266	3,373
Short-term investments and loans	28	47	30
Financial assets	979	684	855
Financial derivatives	115	2	96
Trade receivables	187	223	169
Other accounts receivable	467	402	490
Current taxes receivable	9	10	8
	3,170	2,634	5,021
Assets classified as held for sale	477	577	534
	3,647	3,211	5,555
NON-CURRENT ASSETS			
Equity-accounted investees	1,499	1,547	1,453
Other investments, loans and receivables	381	219	298
Financial assets	161	145	153
Financial derivatives	509	299	200
Investment property	29,213	31,498	28,903
Investment property under development	4,128	2,713	3,783
Fixed assets, net	159	167	153
Intangible assets, net	471	617	512
Deferred taxes	59	67	63
	36,580	37,272	35,518
	40,227	40,483	41,073

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31,		December 31,
	2022	2021	2021
	Unaudited		Audited
	NIS in millions		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Credit from banks and others	168	534	167
Current maturities of non-current liabilities	1,948	347	1,794
Financial derivatives	327	50	36
Trade payables	90	89	181
Other accounts payable	747	857	792
Current taxes payable	5	58	117
	3,285	1,935	3,087
Liabilities attributable to assets held for sale	76	23	-
	3,361	1,958	3,087
NON-CURRENT LIABILITIES			
Debentures	16,871	18,538	16,723
Interest-bearing loans from banks and others	4,858	5,166	5,193
Financial derivatives	143	123	83
Other liabilities	380	412	375
Deferred taxes	1,789	1,744	2,057
	24,041	25,983	24,431
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	217	204	204
Share premium	4,464	4,066	4,078
Retained earnings	4,852	4,853	5,226
Foreign currency translation reserve	(4,862)	(4,329)	(5,352)
Other reserves	1,227	937	1,152
Treasury shares	(1)	(1)	(1)
	5,897	5,730	5,307
Non-controlling interests	6,928	6,812	8,248
Total equity	12,825	12,542	13,555
	40,227	40,483	41,073

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

May 23, 2022			
Date of approval of the financial statements	Ehud Arnon Chairman of the Board	Chaim Katzman CEO and Vice Chairman of the Board	Adi Jemini Executive Vice President and CFO

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three months ended March 31, 2022	Three months ended March 31, 2021	Year ended December 31, 2021
	Unaudited	Unaudited	Audited
	NIS in millions (except for per share data)		
Rental and other income	557	585	2,296
Property operating and other expenses	177	197	714
Net operating rental income	380	388	1,582
Fair value gain (loss) from investment property and investment property under development, net	45	16	621
General and administrative expenses	(98)	(83)	(342)
Other income	4	-	16
Other expenses	(52)	(23)	(58)
Company's share in earnings (loss) of equity-accounted investees, net	8	3	41
Operating income (loss)	287	301	1,860
Finance expenses	(721)	(220)	(1,017)
Finance income	57	238	886
Income (loss) before taxes on income	(377)	319	1,729
Taxes on income (tax benefit)	(131)	123	690
Net income (loss)	(246)	196	1,039
Attributable to:			
Equity holders of the Company	(321)	137	646
Non-controlling interests	75	59	393
	(246)	196	1,039
Net earnings (loss) per share attributable to equity holders of the Company			
Total basic net earnings (loss)	(2.03)	0.91	4.26
Total diluted net earnings (loss)	(2.03)	0.90	4.25

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended March 31, 2022	Three months ended March 31, 2021	Year ended December 31, 2021
	Unaudited	Unaudited	Audited
	NIS in millions		
Net income (loss)	(246)	196	1,039
Other comprehensive income (loss) (net of tax effect):			
Amounts that will not be reclassified subsequently to profit or loss:			
Net gains (losses) on financial assets at fair value through other comprehensive income	(1)	9	27
Amounts that will be or that have been reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	572	10	(1,862)
Net gains (losses) on cash flow hedges	59	29	57
Total other comprehensive income (loss)	630	48	(1,778)
Comprehensive income (loss)	384	244	(739)
Attributable to:			
Equity holders of the Company (1)	214	156	(222)
Non-controlling interests	170	88	(517)
	384	244	(739)

(1) Breakdown of total comprehensive income (loss) attributable to equity holders of the Company:

	Three months ended March 31, 2022	Three months ended March 31, 2021	Year ended December 31, 2021
Net income (loss)	(321)	137	646
Exchange differences on translation of foreign operations	491	(12)	(940)
Net gains on cash flow hedges	46	24	46
Net gains (losses) on financial assets at fair value through OCI	(2)	7	26
	214	156	(222)

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in millions								
Balance as of December 31, 2021 (audited)	204	4,078	5,226	(5,352)	1,152	(1)	5,307	8,248	13,555
Loss	-	-	(321)	-	-	-	(321)	75	(246)
Other comprehensive income	-	-	-	491	44	-	535	95	630
Total comprehensive income	-	-	(321)	491	44	-	214	170	384
Issuance of shares and warrants net of issuance expenses	13	371	-	-	19	-	403	-	403
Exercise and expiration of Company's share options into Company shares	*) -	15	-	-	(15)	-	*) -	-	*) -
Cost of share-based payment	-	-	-	-	4	-	4	3	7
Buyback of hybrid debentures from non-controlling interests	-	-	-	-	-	-	-	(24)	(24)
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(56)	(56)
Dividend declared **)	-	-	(53)	-	-	-	(53)	-	(53)
Acquisition of non-controlling interests	-	-	-	(1)	23	-	22	(1,144)	(1,122)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(269)	(269)
Balance as of March 31, 2022	217	4,464	4,852	(4,862)	1,227	(1)	5,897	6,928	12,825

*) Represents an amount of less than NIS 1 million.
**) In the three months ended in March 31, 2022, the Company declared a dividend in the amount of NIS 0.32 per share (in a total amount of NIS 53 million), was paid on April 12, 2022.

The accompanying notes are an integral part of these condensed 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	Foreign currency translation reserve	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in millions								
Balance as of December 31, 2020 (audited)	204	4,063	4,761	(4,307)	842	(1)	5,562	7,017	12,579
Net income	-	-	137	-	-	-	137	59	196
Other comprehensive income	-	-	-	(12)	31	-	19	29	48
Total comprehensive income	-	-	137	(12)	31	-	156	88	244
Exercise and expiration of Company's share options into Company shares	*) -	3	-	-	(3)	-	*) -	-	*) -
Cost of share-based payment	-	-	-	-	3	-	3	2	5
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(62)	(62)
Dividend paid **)	-	-	(45)	-	-	-	(45)	-	(45)
Acquisition of non-controlling interests and equity issuance in a subsidiary	-	-	-	(10)	64	-	54	(159)	(105)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(74)	(74)
Balance as of March 31, 2021	204	4,066	4,853	(4,329)	937	(1)	5,730	6,812	12,542

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

The accompanying notes are an integral part of these condensed 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	Foreign currency translation reserve	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Audited								
	NIS in millions								
Balance as of December 31, 2020 (audited)	204	4,063	4,761	(4,307)	842	(1)	5,562	7,017	12,579
Net income	-	-	646	-	-	-	646	393	1,039
Other comprehensive loss	-	-	-	(940)	72	-	(868)	(910)	(1,778)
Total comprehensive loss	-	-	646	(940)	72	-	(222)	(517)	(739)
Exercise and expiration of Company's share options into Company shares	*) -	15	-	-	(15)	-	*) -	-	*) -
Cost of share-based payment	-	-	-	-	9	-	9	10	19
Reclassification of share based payment to a cash settlement	-	-	-	-	-	-	-	(9)	(9)
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(100)	(100)
Issuance of hybrid debentures to non-controlling interests	-	-	-	-	-	-	-	2,682	2,682
Dividend declared **)	-	-	(181)	-	-	-	(181)	-	(181)
Acquisition of non-controlling interests and equity issuance in a subsidiary	-	-	-	(105)	244	-	139	(582)	(443)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(253)	(253)
Balance as of December 31, 2021 (audited)	204	4,078	5,226	(5,352)	1,152	(1)	5,307	8,248	13,555

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31, 2022	Three months ended March 31, 2021	Year ended December 31, 2021
	Unaudited	Unaudited	Audited
	NIS in millions		
Cash flows from operating activities:			
Net income (loss)	(246)	196	1,039
Adjustments required to present cash flows from operating activities:			
Adjustments to the profit or loss items:			
Finance (income) expenses, net	664	(18)	131
Company's share in earnings of equity-accounted investees, net	(8)	(3)	(41)
Fair value gain from investment property and investment property under development, net	(45)	(16)	(621)
Depreciation and amortization	6	7	27
Taxes on income (tax benefit)	(131)	123	690
Capital loss, net	48	22	32
Change in provision for legal claims, net	-	(1)	(5)
Cost of share-based payment	7	5	19
	541	119	232
Changes in assets and liabilities items:			
Increase in trade receivables and other accounts receivable	(19)	(83)	(115)
Increase (decrease) in trade and other accounts payable	(69)	49	56
	(88)	(34)	(59)
Net cash provided by operating activities before interest, dividend and taxes	207	281	1,212
Cash received and paid during the period for:			
Interest paid	(156)	(162)	(742)
Interest received	15	4	20
Dividend received	11	13	59
Taxes paid	(34)	(47)	(101)
Taxes received	46	-	13
	(118)	(192)	(751)
Net cash provided by operating activities	89	89	461

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,		Year ended December 31,
	2022	2021	2021
	Unaudited		Audited
	NIS in millions		
Cash flows from investing activities:			
Investment and loans to investees	-	-	(88)
Acquisition, construction and development of investment property	(534)	(275)	(1,972)
Investments in fixed assets and other assets	(7)	(2)	(20)
Proceeds from sale of investment property, net of tax paid	499	515	1,492
Grant of long-term loans	-	-	33
Investment in financial assets	(482)	(278)	(3,025)
Proceeds from sale of financial assets and deposits withdrawal, net of tax paid	229	415	2,900
Net cash provided by (used in) investing activities	(295)	375	(680)
Cash flows from financing activities:			
Issuance of shares and warrants net of issuance expenses	403	-	-
Exercise of share options into Company's shares	(* -	*) -	(* -
Acquisition of non-controlling interests and equity issuance in a subsidiary	(1,100)	(105)	(443)
Dividend paid to equity holders of the Company	(46)	(45)	(182)
Dividend paid to non-controlling interests	(269)	(74)	(243)
Receipt of long-term loans	-	-	1,556
Repayment of long-term loans	(10)	(10)	(143)
Repayment of short-term credit facilities from banks, net	(690)	(580)	(577)
Receipt (repayment) of short-term credit from banks and others, net	(14)	(490)	(1,184)
Repayment and early redemption of debentures	(172)	(1,092)	(1,767)
Issue of debentures	174	2,560	3,523
Issue of hybrid debentures to non-controlling interests	-	-	2,682
Buyback of hybrid debentures from non-controlling interests	(24)	-	-
Interest paid on hybrid debentures for non-controlling interests	(56)	(62)	(100)
Net cash provided by (used in) financing activities	(1,804)	102	3,122
Exchange differences on balances of cash and cash equivalents	22	(42)	(272)
Increase (decrease) in cash and cash equivalents	(1,988)	524	(2,631)
Cash and cash equivalents at the beginning of the period	3,373	742	742
Cash and cash equivalents at the end of the period	1,385	1,266	3,373

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three months ended March 31,		Year ended December 31,
		2022	2021	2021
		Unaudited		Audited
		NIS in millions		
(a)	Significant non-cash transactions:			
	Sale of investment property against receivables	-	-	75
	Dividend payable to equity holders of the Company	53	45	46
	Purchase of tradable securities against accounts payables	-	-	43
	Payable dividend to non-controlling interests	10	-	10
(b)	Additional information:			
	Tax paid included under investing and financing activities	98	-	30

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

NOTE 1:- GENERAL

a. These consolidated financial statements have been prepared in a condensed format as of March 31, 2022 and for the three months then ended (the "Reporting Period") (collectively: "Interim consolidated financial statements"). These condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2021 and for the year then ended and accompanying notes, that were authorized by the Board of Directors on March 23, 2022 ("annual financial statements").

b. On May 18, 2022, the Company changed its name from Gazit Globe Ltd. To G City Ltd.

c. The impact of the war between Russia and Ukraine on the group's activities

In February 2022, the Russian army invaded Ukraine and as of the date of this report, fighting is taking place between the parties. In response to the invasion, Western countries banded together and imposed a series of different financial and economic sanctions on Russia and Belarus, as well as on Russian companies, individuals and businessmen. These new sanctions join international sanctions that were already in force, but currently it is characterized by a substantial, almost unprecedented aggravation, creating a new economic, commercial and political reality in Europe.

As part of this, sanctions were imposed on trade with Russia, restrictions on the financial system in Russia, including disconnection of Russian banks from the clearing system (Swift) and a ban on transactions with the Central Bank of Russia (CBR), restrictions on technology exports to Russia and transportation restrictions, including "Closing the sky" in Europe to the Russian national airline. At the same time, many private entities (including banks and credit card companies) have announced the severance or termination of commercial relations with entities in Russia and Belarus. The Russian government also imposed various restrictions on capital movements from Russia (including restrictions on dividend distribution, a ban on repaying foreign currency debt.
The nature and extent of the restrictions vary daily, and further sanctions may be imposed during events, including on additional territories, as far as these are occupied by Russia. There is also a concern the war will lead to the involvement of other countries.
The Group has properties in Russia, held through ATR, amounting EUR 274 million (2.4% of the Company's total properties) which in 2021 generated NOI amounting EUR 28.4 million. During the first quarter of 2022, the impact on ATR's operations in Russia was minor, since the conflict and sanctions started only at the end of February.
ATR has performed a full external valuation of its income producing assets in Russia as of March 31, 2022, which resulted in a devaluation of EUR 9.6 million (NIS 34 million). Due to the Russia-Ukraine conflict and impact of sanctions, a high degree of judgement has been applied in determining the estimated cash flows used in the assessment of the fair value of investment properties in Russia. The fair values as determined by external, independent real estate expert as at March 31, 2022, have used all available information in developing appropriate assumptions to determine the fair value of investment properties.

d. Definitions in these financial statements

The Company	-	G City Ltd. (previously: Gazit-Globe Ltd.)
ATR	-	Atrium European Real Estate Limited, consolidated entity.
CTY	-	Citycon Oyj, consolidated entity.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the interim condensed consolidated 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 Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

The significant accounting policies and methods of computation adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the annual financial statements, other than the following:

1. Amendments to IFRS 3, "Business Combinations"

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework which are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting, that was issued in March 2018, without significantly changing its requirements.

The IASB added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately

According to the exception, liabilities and contingent liabilities within the scope of IAS 37 or IFRIC 21 will be recognized on the acquisition date according to the criteria in IAS 37 or IFRIC 21 and not according to the Conceptual Framework.

The Amendments also clarify that contingent assets do not qualify for recognition at the acquisition date.

The Amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

2. Annual improvements to IFRSs 2018-2020

In May 2020, the IASB issued certain amendments in the context of the Annual Improvements to IFRSs 2018-2020 Cycle. The main amendment is to IFRS 9, "Financial Instruments" ("the Amendment"). The Amendment clarifies which fees a company should include in the "10% test" described in paragraph B3.3.6 of IFRS 9 when assessing whether the terms of a debt instrument that has been modified or exchanged are substantially different from the terms of the original debt instrument.

The Amendment is effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The Amendment is to be applied to debt instruments that are modified or exchanged commencing from the year in which the Amendment is first applied.

b. Disclosure of new IFRS standards in the period prior to their adoption

1. Amendment to IAS 1, "Presentation of Financial Statements"

In January 2020, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" ("the Amendment") regarding the criteria for determining the classification of liabilities as current or non-current.

The Amendment includes the following clarifications:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Amendment is effective for annual periods beginning on or after January 1, 2023 and must be applied retrospectively. Early application is permitted

The Company is evaluating the possible impact of the Amendment on its current loan agreements.

2. <u>Amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors"</u>

In February 2021, the IASB issued an amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors" ("the Amendment"), in which it introduces a new definition of "accounting estimates".

Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The Amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The Amendment is to be applied prospectively for annual reporting periods beginning on or after January 1, 2023 and is applicable to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early application is permitted.

The Company is evaluating the effects of the Amendment on its financial statements.

3. <u>Amendment to IAS 12</u>

In May 2021, the IASB issued an amendment to IAS 12, "Income Taxes" ("IAS 12"), which narrows the scope of the initial recognition exception under IAS 12.15 and IAS 12.24 ("the Amendment").

According to the recognition guidelines of deferred tax assets and liabilities, IAS 12 excludes recognition of deferred tax assets and liabilities in respect of certain temporary differences arising from the initial recognition of certain transactions. This exception is referred to as the "initial recognition exception". The Amendment narrows the scope of the initial recognition exception and clarifies that it does not apply to the recognition of deferred tax assets and liabilities arising from transactions that are not a business combination and that give rise to equal taxable and deductible temporary differences, even if they meet the other criteria of the initial recognition exception.

The Amendment applies for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. In relation to leases and decommissioning obligations, the Amendment is to be applied commencing from the earliest reporting period presented in the financial statements in which the Amendment is initially applied. The cumulative effect of the initial application of the Amendment should be recognized as an adjustment to the opening balance of retained earnings (or another component of equity, as appropriate) at that date.

The Company estimates that the initial application of the Amendment is not expected to have a material impact on its financial statements.

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a. Debt raising and redemption by the group

1. During the first quarter, a wholly owned subsidiary of the company purchased EUR 43 million par value of ATR’s debentures in the amount of EUR 43 million (NIS 153 million), the effect of the purchase on the profit or loss of the Company is immaterial.
   The subsidiary also purchased EUR 8 million par value of ATR’s hybrid debentures for a consideration of EUR 7 million (NIS 24 million), the effect of the purchase on the capital attributable to shareholders is not material.

2. In March 2022, the Company issued to the public NIS 177.2 million par value debentures (series P) secured by ATR shares, by a way of expansion of listed series for net consideration of NIS 174 million, representing effective interest rate of 1.91% (linked).

b. Other events

1. In February 2022 according to a shelf prospectus, the Company issued 12.5 million ordinary shares of the Company of NIS 1 par value each and 6.25 million warrants (non-marketable) to institutional investors. The consideration for the issuance, net from issuance expenses, amounted to NIS 403 million.
   In addition the Company's Board of Directors approved a private issunace to the Company's controlling shareholder, Norstar, an allotment of 2 million ordinary shares and 1 million warrants, subject to the approval of the Company's general meeting (by a majority of minority shareholders) on the same terms as institutional investor. The Company's general meeting approved the issuance on March 30, 2022. The allotment was completed after the reporting period, in April 2022. The consideration for the issuance net from issuance expenses was approximately NIS 65 million.

2. On February 18, 2022, the Company completed a merger of a wholly owned subsidiary with ATR. According to the merger agreement the wholly owned subsidiary acquired all of ATR's shares it does not currently own, which represent approximately 25% of ATR's share capital, at a price of EUR 3.63 per share which equates to total consideration of EUR 376 million (approximately NIS 1.4 billion), that was paid in cash. The transaction price reflected a premium of 23.9% over ATR's price at proposal date in August 2021. The purchase price was adjusted to a special dividend distribution of EUR 0.6 per share which was declared by ATR on February 4, 2022 and was paid on February 8, 2022.
   The total consideration of the merger transaction, including transaction expenses and after the special dividend, totaled to EUR 315 million (NIS 1.1 billion). The transaction effect on the Company's equity was immaterial.

3. In February 2022, a request was submitted to the Tel Aviv District Court in accordance with the Law for promoting competition and reducing Centralization, 2013, For the appointment of a trustee, the means of control of the company will be established. The matter of the application is an agreement signed between Mr. Haim Katzman The company's CEO, deputy chairman of the board and its controlling shareholder and its controlling shareholder and parties are connected to him for the sale of Norstar shares to Israel Canada T.R. Ltd and the transformation of the Katzman Group and Israel Canada into joint holders of Norstar as a result of this agreement. Therefore, and note that Israel Canada is also a public company whose shares are traded on the Tel Aviv Stock Exchange, It is alleged that Article 21 of the Centralization Law, prohibits the existence of control pyramids was violated Among them are more than two "layered companies" (As defined by this term in the Law of Centralization). Alongside the company, the other respondents to the request for a trustee appointment are Mr. Katzman Norstar Holdings Inc, Israel Canada as well as the official receiver of assets of the State of Israel. As part of the request for the appointment of a trustee, additional remedies were also requested, among other things, providing instructions regarding voting rights in society as long as no trustee has been appointed and a statement that Katzman and Israel Canada are the joint controlling shareholders of Norstar.

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

4. On January 20, 2022, following the approval of the merger with ATR as describe in section 2 above, S&P Maalot rating company downgraded the ratings for all the Company's debentures which are not secured to a rating of ilA+, with a stable outlook, and the rating for the debentures (Series O) which are secured by investment properties, to ilAA-, with a stable outlook.

5. On March 24, 2022, following the completion of the merger with ATR as describe in section 2 above, Midroog rating company downgraded the ratings for all the Company's debentures which are not secured to a rating of A1.il, with a stable outlook, and the rating for the debentures (Series O) which are secured by investment properties, to Aa3.il, with a stable outlook.

6. On January 17, 2022, following the approval of the merger with ATR as describe in section 2 above, Fitch rating company downgraded the long-term issuer rating of ATR from 'BBB' to 'BB' with a stable outlook.

NOTE 4:- FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

The carrying amount of certain financial assets and liabilities including cash, trade receivables, other receivables, investments in marketable securities, short-term credit and loans, trade payables and other payables approximate their fair value.

The carrying amount and fair value of other financial liabilities (including current maturities), all of which are measured at amortized cost, are disclosed in the table below:

	March 31, 2022		March 31, 2021		December 31, 2021	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	NIS in million					
Debentures	18,208	18,877	18,628	19,359	18,054	18,973
Interest bearing loans from banks and others	5,469	5,491	5,423	5,378	5,656	5,853
	23,677	24,368	24,051	24,737	23,710	24,826

b. Classification of financial instruments by fair value hierarchy

During the Reporting Period, there was no material change in the classification of financial assets and liabilities measured in the financial statements at their fair value, as compared with their classification as of December 31, 2021. In addition, there were no transfers or reclassifications with respect to fair value measurement in the financial statements of financial instruments between Level 1 and Level 2, and there were no transfers to or from Level 3 with respect to the fair value measurement of financial instruments.

NOTE 5:- EVENTS AFTER THE REPORTING DATE

a. On May 23, 2022, the Company declared a dividend in the amount of NIS 0.32 per share (a total of NIS 53 million), payable on June 14, 2022 to the shareholders of the Company as of June 6, 2022.

b. After the date of the report, a wholly owned subsidiary of the Company purchased EUR 29 million par value of ATR’s debentures in the amount of EUR 29 million (NIS 100 million), the effect of the purchase on the company's financial statements is not material.

c. On April 6, 2022 following the completion of the merger with ATR as described in section 2 above, Moody's rating company downgraded ATR's unsecured debentures from 'Baa3' to 'Ba2' with a negative outlook and the rating of ATR hybrid bonds from 'Ba2' to 'B1' with a negative outlook.

NOTE 6:- OPERATING SEGMENTS

The Company reports five reportable segments according to the management approach of IFRS 8.
The Northern European segment is under a public subsidiary controlled by the Company, the other segments are wholly owned by the Company.

	Northern Europe	Central-Eastern Europe	Israel	Brazil	United States	Other segments	Consolidation adjustments	Total
	Unaudited							
	NIS in millions							
For the Three months ended March 31, 2022								
Segment revenues	273	181	62	39	28	9	(35)	557
Segment net operating income	181	116	47	32	18	5	(19)	380
Segment operating profit	101	87	41	28	11	3	16	287
Finance expenses, net								(664)
Loss before taxes on income								(377)

	Northern Europe	Central-Eastern Europe	Israel	Brazil	United States	Other segments	Consolidation adjustments	Total
	Unaudited							
	NIS in millions							
For the Three months ended March 31, 2021								
Segment revenues	312	179	62	29	23	13	(33)	585
Segment net operating income	205	127	29	23	14	8	(18)	388
Segment operating profit	158	104	13	21	10	8	(13)	301
Finance income, net								18
Income before taxes on income								319

NOTE 6:- OPERATING SEGMENTS (Cont.)

	Northern Europe	Central-Eastern Europe	Israel	Brazil	United States	Other segments	Consolidation adjustments	Total
	Audited							
	NIS in millions							
Year ended December 31, 2021								
Segment revenues	1,169	737	249	138	92	34	(123)	2,296
Segment net operating income	798	519	155	108	61	20	(79)	1,582
Segment operating profit	669	395	132	87	19	9	549	1,860
Finance expenses, net								(131)
Income before taxes on income								1,729

Segment assets

	Northern Europe	Central-Eastern Europe	Israel	Brazil	United States	Other segments	Consolidation adjustments	Total
	Unaudited							
	NIS in millions							
March 31, 2022	16,890	9,928	4,434	2,812	2,528	396	3,239	40,227
March 31, 2021	18,580	10,737	3,848	2,528	1,909	758	2,123	40,483
December 31, 2021 (Audited)	17,062	9,902	4,428	2,320	2,392	381	4,588	41,073

G CITY LTD. (previously: GAZIT-GLOBE LTD.)

Financial Data from the Condensed Consolidated Interim Financial Statements Attributable to the Company

As of March 31, 2022

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Building a better working world

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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 presented pursuant to Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970 of G CITY Ltd. ("the Company") as of March 31,2022 and for the period of three months then ended. The Company's Board of Directors and management are responsible for the separate interim financial information. We are responsible for expressing our conclusion with regard to the separate interim financial information for this interim period, based on our review.

We did not review the separate interim financial information of a certain investee whose assets less attributable liabilities amounted to NIS 4,362 million as of March 31,2022, and for which the Company's share of its earnings amounted to NIS 7 million in the periods of three months then ended. The separate interim financial information of this company was reviewed by other auditors, whose report has been furnished to us, and our conclusion, insofar as it relates to the separate interim financial information with respect to this company, is based on the review report 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 report 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, pursuant to the provisions of Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
May 23, 2022

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

G CITY LTD. (previously: GAZIT-GLOBE LTD.)

Financial data and financial information from the consolidated interim financial statements attributable to the Company

Below are separate financial data and financial information from the Group's condensed consolidated interim financial statements as of March 31, 2022, published as part of the interim reports ("consolidated financial statements") attributable to the Company, presented in accordance with the Israeli Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970.

The significant accounting policies applied for presentation of these financial data were set forth in Note 2 to the annual consolidated financial statements.

Subsidiaries - as defined in Note 1 to the annual consolidated financial statements.

Financial information from the Condensed Consolidated Statements of Financial Position attributed to the Company

	March 31, 2022	March 31, 2021	December 31, 2021
	Unaudited	Unaudited	Audited
	NIS in millions		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	128	307	1,073
Short-term investments	-	14	-
Short term loans and current maturities of long-term loans to subsidiaries	14	13	11
Financial assets	165	146	133
Financial derivatives	112	-	93
Other accounts receivable	54	37	72
Trade receivables	40	54	42
Income taxes receivable	2	2	2
	515	573	1,426
Assets held for sale	3	218	3
Total current assets	518	791	1,429
NON-CURRENT ASSETS			
Financial assets	8	-	8
Financial derivatives	434	235	150
Investment property	3,687	3,371	3,658
Investment property under development	578	43	575
Other investments, loans and receivables	106	49	27
Loans to subsidiaries	2,778	2,710	2,304
Investments in subsidiaries	11,528	13,684	10,831
Fixed assets and other assets, net	39	41	40
Total non-current assets	19,158	20,133	17,593
Total assets	19,676	20,924	19,022

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

Financial information from the Condensed Consolidated Statements of Financial Position attributed to the Company

	March 31, 2022	March 31, 2021	December 31, 2021
	Unaudited	Unaudited	Audited
	NIS in millions		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Credit from banks and others	168	167	167
Current maturities of non-current liabilities	1,283	133	1,131
Short-term loans from subsidiaries	-	29	-
Financial derivatives	311	32	17
Trade payables	26	20	24
Other accounts payable	70	216	83
Current taxes payable	-	19	-
Dividend payable	53	45	46
Total current liabilities	1,911	661	1,468
NON-CURRENT LIABILITIES			
Loans from banks and others	2,270	3,358	2,786
Long-term loans from subsidiaries	1,481	3,913	1,517
Debentures	7,769	7,087	7,507
Financial derivatives	111	-	-
Other liabilities	-	24	16
Deferred taxes	237	151	421
Total non-current liabilities	11,868	14,533	12,247
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	217	204	204
Share premium	4,464	4,066	4,078
Retained earnings	4,852	4,853	5,226
Foreign currency translation reserve	(4,862)	(4,329)	(5,352)
Other reserves	1,227	937	1,152
Treasury shares	(1)	(1)	(1)
Total equity	5,897	5,730	5,307
Total liabilities and equity	19,676	20,924	19,022

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

May 23, 2022			
Date of approval of the financial statements	Ehud Arnon Chairman of the Board	Chaim Katzman CEO and Vice Chairman of the Board	Adi Jemini Executive Vice President and CFO

Financial information from the Condensed Consolidated Statements of Income attributed to the Company

	Three months ended March 31,		Year ended December 31,
	2022	2021	2021
	Unaudited		Audited
	NIS in millions		
Rental and other income	61	60	247
Property operating and other expenses	16	33	94
Total gross profit	45	27	153
Fair value gain from investment property and investment property under development, net	-	6	212
General and administrative expenses	(16)	(17)	(63)
Other income, net	-	-	6
Management fees from related companies	1	1	2
Income from subsidiaries, net	91	165	617
Operation income	121	182	927
Finance expenses	(617)	(96)	(523)
Finance income	5	107	631
Finance expenses from subsidiaries, net	(4)	(19)	(72)
Income (loss) before taxes on income	(495)	174	963
Taxes on income (tax benefit)	(174)	37	317
Net income (loss) attributed to the Company	(321)	137	646

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

Financial Information from the Consolidated Statements of Comprehensive Income attributed to the Company

	Three months ended March 31,		Year ended December 31,
	2022	2021	2021
	Unaudited		Audited
	NIS in millions		
Net income (loss) attributable to the Company	(321)	137	646
Other comprehensive income (loss) attributable to the Company (net of tax effect):			
Amounts that will be or that have been reclassified subsequently to profit or loss:			
Exchange differences on foreign currency translation	(84)	(178)	32
Other comprehensive income (loss) attributed to the Company	(84)	(178)	32
Other comprehensive income (loss) attributed to subsidiaries (net of tax effect)	619	197	(900)
Total other comprehensive income (loss) attributed to the Company	535	19	(868)
Total comprehensive income (loss) attributed to the Company	214	156	(222)

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

	Three months ended March 31,		Year ended December 31,
	2022	2021	2021
	Unaudited		Audited
	NIS in millions		
Cash flows from operating activities of the Company			
Net income (loss) attributed to the Company	(321)	137	646
Adjustments required to present net cash provided by operating activities of the Company:			
Adjustments to profit and loss items of the Company:			
Depreciation and amortization	1	1	2
Finance expense (income), net	616	8	(36)
Fair value gain from investment property and investment property under development, net	-	(6)	(212)
Income from subsidiaries, net	(91)	(165)	(617)
Cost of share-based payment	1	3	6
Taxes on income (Tax benefit)	(174)	37	317
	353	(122)	(540)
Changes in assets and liabilities of the Company:			
Decrease (increase) in other accounts receivable	22	(30)	21
Increase (decrease) in trade payables and other accounts payable	(16)	13	(12)
	6	(17)	9
Cash paid and received during the year by the Company for:			
Interest paid	(89)	(117)	(460)
Interest received from subsidiaries, net	16	3	19
Taxes refund received	46	-	-
Dividend received	-	9	9
Dividend received from subsidiaries	39	40	162
	12	(65)	(270)
Net cash provided by (used in) operating activities of the Company	50	(67)	(155)

The accompanying additional information constitutes an integral part of the separate financial data and financial

	Three months ended March 31, 2022	Three months ended March 31, 2021	Year ended December 31, 2021
	Unaudited	Unaudited	Audited
	NIS in millions		
Cash flows from investing activities of the Company			
Investment in fixed and other assets	-	-	(1)
Acquisition, construction, and development of investment property	(132)	(13)	(628)
Proceeds from sale of investment property	-	60	216
Merger of G Israel into the Company	-	32	32
Return on Investments (Investments) in subsidiaries, net	-	(13)	326
Loans repaid by (granted to) subsidiaries, net	(571)	38	(159)
Repayment of a loan granted	-	-	32
Proceeds from sale (investment) of marketable securities, net	(50)	107	132
Net cash provided by (used in) investment activities of the Company	(753)	211	(50)
Cash flows from financing activities of the Company:			
Issue of capital, net of issue expenses	403	-	-
Exercise of stock options into shares	*) -	*) -	*) -
Repayment of short term credit from bank and others, net	-	(41)	(41)
Dividend paid to equity holders of the Company	(46)	(45)	(182)
Issue of debentures less issuance expenses	174	90	1,054
Repayment and early redemption of debentures	-	(257)	(348)
Receipt (repayment) of long-term credit facilities from banks, net	(754)	132	27
Repayment of long-term loans	(6)	(6)	(41)
Receipt of long-term loans	-	-	502
Net cash provided by (used in) financing activities of the Company	(229)	(127)	971
Exchange differences on balance of cash and cash equivalents	(13)	(15)	2
Increase (decrease) in cash and cash equivalents	(945)	2	768
Cash and cash equivalents at the beginning of period	1,073	305	305
Cash and cash equivalents at the end of period	128	307	1,073
Significant non-cash activities of the Company:			
Dividend payable to equity holders of the Company	53	45	46
Dividend received from a subsidiary against repayment of loans from a subsidiary	-	-	1,884

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

The accompanying additional information constitutes an integral part of the separate financial data and financial

a. General

1. This separate financial information as of March 31, 2022 and for the three-month periods then ended have been prepared in a condensed format in accordance with the provisions of Regulation 38d of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. This separate financial information should be read in conjunction with the financial information in the annual financial statements as of December 31, 2021 and for the year then ended and the accompanying notes thereto, that were authorized by the Board of Directors on March 23, 2022 and with the financial information in the interim condensed consolidated financial statements as of as of March 31, 2022.

2. As of March 31, 2022 (the "Reporting Date"), the Company has a working capital deficiency of NIS 1.4 billion. The Company and its wholly-owned subsidiaries have approved unutilized credit facilities amounting to NIS 2.2 billion available for immediate drawdown. The Company's management believes that these sources will allow the Company to repay its current liabilities when due.

3. On May 18, 2022, the Company changed its name from Gazit Globe Ltd to G City Ltd.

b. Material events during the period

1. For information regarding the effects of Russia- Ukraine on the Company, refer to Note 1b to the consolidated interim financial statements.

2. In March 2022, the Company issued to the public NIS 177.2 million par value debentures (series P) secured by ATR shares, by a way of expansion of listed series for net consideration of NIS 174 million, representing effective interest rate of 1.91% (linked).

3. In February 2022, according to a shelf prospectus, the Company issued 12.5 million ordinary shares of the Company of NIS 1 par value each and 6.25 million warrants (non-marketable) to institutional investors. The consideration for the issuance, net from issuance expenses, amounted to NIS 403 million.

   In addition, the Company's Board of Directors approved a private issuance to the Company's controlling shareholder, Norstar, an allotment of 2 million ordinary shares and 1 million warrants, subject to the approval of the Company's general meeting (by a majority of minority shareholders) on the same terms as institutional investor. The Company's general meeting approved the issuance on March 30, 2022. The allotment was completed after the reporting period, in April 2022. The consideration for the issuance net form issuance expenses was approximately NIS 65 million.

4. On February 18, 2022, the Company completed a merger of a wholly-owned subsidiary with ATR. According to the merger agreement the wholly-owned subsidiary acquired all of ATR's shares it does not currently own, which represent approximately 25% of ATR's share capital, at a price of EUR 3.63 per share which equates to total consideration of EUR 376 million (approximately NIS 1.4 billion), that was paid in cash. The transaction price reflected a premium of 23.9% over ATR's price at proposal date in August 2021.
   The purchase price was adjusted to a special dividend distribution of EUR 0.6 per share which was declared by ATR on February 4, 2022, and was paid on February 8, 2022.
   The total consideration of the merger transaction, including transaction expenses and after the special dividend, totaled to EUR 315 million (NIS 1.1 billion). The transaction effect on the Company's equity was immaterial.

5. For details regarding an application the appoint a trustee to buy the Company's control, under the Promotion of Competition and Reduction of Centralization, 2013 law, after the reporting period, refer to Note 3b3 to the interim consolidated financial statements.

6. On January 20, 2022, following the approval of the merger with ATR as describe in section 4 above, S&P Maalot rating company downgraded the ratings for all the Company's debentures which are not secured to a rating of ilA+, with a stable outlook, and the rating for the debentures (Series O) which are secured by investment properties, to ilAA-, with a stable outlook.

b. Material events during the period (cont.)

7. On March 24, 2022, following the completion of the merger with ATR as describe in section 4 above, Midroog rating company downgraded the ratings for all the Company's debentures which are not secured to a rating of A1.il, with a stable outlook, and the rating for the debentures (Series O) which are secured by investment properties, to Aa3.il, with a stable outlook.

c. IFRS 7 - Financial Instruments

1. Fair value of financial instruments

The carrying amount of certain financial assets and liabilities including cash, trade receivables, other receivables, investments in marketable securities, short-term credit and loans, trade payables and other payables approximate their fair value.

The carrying amount and fair value of other financial liabilities (including current maturities), all of which are measured at amortized cost, are disclosed in the table below:

	March 31, 2022		March 31, 2021		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	NIS in million					
Debentures	8,563	9,087	7,177	7,516	8,293	9,023
Loans from banks and others	2,759	2,775	3,401	3,360	3,131	3,242
	11,322	11,862	10,578	10,876	11,424	12,265

2. Classification of financial instruments by fair value hierarchy

During the Reporting Period, there was no material change in the classification of financial assets and liabilities measured in the financial statements at their fair value, compared to their classification as of December 31, 2021. In addition, there were no transfers or reclassifications with respect to fair value measurement in the financial statements of financial instruments between Level 1 and Level 2, and there were no transfers to or from Level 3 with respect to fair value measurement of financial instruments.

d. Dividend declared

On May 23, 2022, the Company declared a dividend in the amount of NIS 0.32 per share (a total of NIS 53 million), payable on June 14, 2022 to the shareholders of the Company as of June 6, 2022.

Quarterly Report regarding Effectiveness of the Internal Control over the Financial Reporting and the Disclosure

In accordance with Israeli Securities’ Regulation 38C(a)

Quarterly Report regarding Effectiveness of the Internal Control over the Financial Reporting and the Disclosure in accordance with Israeli Securities' Regulation 38C(a)

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, CEO and Vice Chairman of the Board of Directors;

2. Adi Jemini, Executive Vice President and CFO;

3. Oren Hod, Executive Vice President and COO;

3. Rami Vaisenberger, Vice President and Controller;

Internal control over financial reporting and disclosure includes the Corporation's existing controls and procedures, which were designed by the President and the most senior officer in the finance area or under their supervision, or by a party actually executing the said 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 provisions of the law, and to ensure that information the Corporation is required to disclose in the statements it publishes under the provisions of the law 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 CEO and to the most senior officer in the finance area or to a party actually executing the said 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 aim to provide complete assurance that a misrepresentation or omission of information in the statements will be avoided or discovered.

In the Annual Report regarding Effectiveness of the Internal Control over the Financial Reporting and the Disclosure, which was attached to the Periodic Report for the period ended December 31, 2021 (the "Last Annual Report regarding Internal Control"), the Board of Directors and management evaluated the internal control at the Corporation. Based on this evaluation, the Corporation's Board of Directors and management reached the conclusion that the aforesaid internal control, as of December 31, 2021, is effective.

Through the date of the report, no event or matter had been brought to the attention of the Board of Directors and the management that would be enough to change the evaluation of the effectiveness of the internal control, as expressed within the framework of the Last Annual Report regarding Internal Control.

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

Officers' Declarations

A) Declaration of the Chief Executive Officer in accordance with Israeli Securities' Regulation 38C(d)(1):

Officers' Declaration

Declaration of the Chief Executive Officer

I, Chaim Katzman, declare that:

(1) I have examined the quarterly report of G City Ltd. (the "Corporation") for the first quarter of 2022 (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 Chief Executive Officer 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 under my supervision of controls and procedures, which are designed to ensure that significant information relating to the Corporation, including subsidiaries as defined in the Israeli 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 Statements; and-

   (B) Have determined controls and procedures, or have verified the determination and existence under my supervision of controls and procedures, 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 has been brought to my attention that occurred during the period between the date of the last periodic report and the date of this report, which would be enough to change the conclusion of the Board of Directors and the management with regard to the effectiveness of the internal control over the financial reporting and the disclosure of the Corporation.

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

May 23, 2022

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

B) Declaration of the most senior officer in the finance area in accordance with Israeli Securities' Regulation 38C(d)(2):

Officers' Declaration

Declaration of the most senior officer in the finance area

(1) I, Adi Jemini, declare that:

(2) I have examined the interim financial statements and other financial information included in the interim period statements of G City Ltd. (the "Corporation") for the first quarter of 2022 (the "Statements" or the "Statements for the Interim Period");

(3) As far as I am aware, the financial statements and the other financial information included in the Statements for the Interim Period 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;

(4) As far as I am aware, the interim financial statements and the other financial information included in the Statements for the Interim Period 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;

(5) 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 Statements for the Interim Period, 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 President 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;

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

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

(B) Have determined controls and procedures, or have verified the determination and existence under my supervision of controls and procedures, 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 has been brought to my attention that occurred during the period between the date of the last periodic report and the date of this report, which would be enough to change the conclusion of the Board of Directors and the management with regard to the effectiveness of the internal control over the financial reporting and the disclosure of the Corporation.

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

May 23, 2022

Adi Jemini, Executive Vice President and Chief Financial Officer