G City publishes its 2023 Q4 and 2023 results

The Company presents strong operating results and progress with its strategic plan involving focusing its activities and reducing leverage

The Same store NOI increased by ~8.8% in 2023 YoY, and by ~9.9% offsetting the impact of the Swords of Iron war

FFO increased in 2023 by ~19.1% and by ~47.4% offsetting the impact of Russia

As of the publication date, the Company has sold more than ~ILS 4.2 billion of properties including a total exit from Russia and ~30% disposal of holdings in Brazil

In Poland the Company decreased General and Administrative expenses by ~63% from EUR 9.7 million in Q4 2022 to ~EUR 3.6 million in Q4 2023, with an ~15.3% increase in Same store NOI with a high occupancy of ~95%

As of the publication date, the Rubicon project in Warsaw, Poland, including 541 rental units achieved 95% occupancy with average rent ~25% higher than forecasted when the project was acquired

Rental revenues for the entire Group increased by ~5.8% in 2023 YoY

~4% increase in 2023 with the number of visitors to the Group's properties YoY

Occupancy rate of the Group's properties increased to ~95.7% compared with ~94.9% YoY

Average rent per sqm increased by ~12% YoY

In 2023 the Company and wholly owned subsidiaries raised ~ILS 2.1 billion in debt and repaid ~ILS 3.4 billion in debt

As of the publication date of the report, the Liquidity and unutilized credit facilities of the Company and wholly owned subsidiaries come to ~ILS 1.7 billion.

As of the publication date of the report, credit facilities totaling ~ILS 1.2 billion, which were going to mature in 2024, were extended until 2027-2028

Chaim Katzman, Founder and CEO of G City: "We had a productive year in which we engaged in implementing our long-term plan to focus the Company on urban areas in Israel, Poland and the USA, cutting costs and reducing our leverage. We exited Russia and sold approximately a third of our holdings in Brazil, We sold additional properties that were not part of our core assets at prices equivalent to their book values and we will also continue with disposals in 2024 and 2025 until the entire plan has been completed. We are concurrently improving our core properties in Israel, the USA and Poland (~23% of the total portfolio), where there was a change in government during the year through democratic elections which strengthens our confidence in these transactions.

The Company granted its tenants discounts in wake of the 7th of October war which caught everyone by surprise and there were obviously declines in revenues and customer visits over October and November. On the other hand, from December onwards we have seen a return and even improvement, both with the number of visitors and revenues, which increased in December by ~10% relative to December YoY and this trend has also continued into 2024.

The positive trend with all of the Group's assets has also continued into 2024. We are acting to further streamline costs including reducing the Group's General and Administrative expenses by an additional ~15% relative to last year. We are also very involved with assisting the management of the subsidiary Citycon to implement its plan of action to focus on its blue chip properties and to increase value, to reduce management and operating costs, to sell non-core properties and to reduce leverage. We are also seeing a positive change with the investor perception of the commercial real estate sector and we believe that with the stabilization and perhaps even decrease in global interest rates we will also see a positive change in the valuations of commercial properties towards the end of the year".

The Company is implementing the strategic plan to dispose properties. Status of the plan which commenced in October 2022 (by the Company and privately owned companies) as amended from time to time:

ILS millions	Completed	In advanced negotiation stages	In Marketing	Total
Europe	2,816	1,096	1,278	5,190
Israel	154	-	145	299
USA	567	-	-	567
Brazil	498	368	38	904
Total	**4,035**	**1,464**	**1,461**	**6,960**

Financial highlights for the Q4 2023 results

- **The Same Store NOI increased by ~6.4% in the quarter compared with the same quarter YoY, and by ~10.8% offsetting the impact of the Swords of Iron war**
- **NOI** increased in the quarter by ~5.5% and totaled ~ILS 422 million compared with ~ILS 400 million in the same quarter YoY. **NOI excluding operations in Russia** increased by ~13.4% in the quarter.
- **FFO** increased to ~ILS 140 million in the quarter (ILS 0.78 per share) compared with ~ILS 79 million (ILS 0.48 per share) in the same quarter YoY. (There was an ~7.9% increase in the number of shares in Q4 YoY).
- **FFO excluding operations in Russia** increased to ~ILS 140 million in the quarter (ILS 0.78 per share) compared with ~ILS 54 million (~ILS 0.33 per share) in the same quarter YoY.
- In Q4 2023 the Company recorded a non-cash loss totaling ~ILS 284 million due to a decline in the fair value of properties (Company's share) in a net amount totaling ~ILS 325 million, primarily from Citycon totaling ~ILS 437 million (Company's share) resulting from a decision by the local appraisers to increase the discount rate applicable to Citycon's properties.

City

<u>**Financial highlights for the 2023 annual period:**</u>

- **The Same store NOI increased in 2023 by ~8.8% compared with the 2022 annual period. There was an increase of ~9.9% if the impact of the war is offset.**

- **NOI** increased in 2023 by ~5.3% and totaled ~ILS 1,667 million compared with ~ILS 1,583 million YOY. **NOI excluding operations in Russia increased by ~10.7%**.

- **FFO** increased to ~ILS 505 million in the 2023 annual period (ILS 2.85 per share) compared with ~ILS 424 million (ILS 2.59 per share) YoY. (There was an ~7.7% increase in the number of shares between the periods).

- **FFO excluding operations in Russia** incresaed to ~ILS 485 million in the 2023 annual period (ILS 2.74 per share) compared with ~ILS 329 million (ILS 2.00 per share) YoY.

- In 2023 the Company recorded a non-operating loss totaling ~ILS 1,203 million resulting from a capital loss, primarily from the sale of the Russian property portfolio totaling ~ILS 668 million and a loss from a decline in the fair value of properties (Company's share) in a net amount of ~ILS 363 million, primarily from properties in Northern Europe (Citycon), resulting from an increase in the discount rate, a revaluation of derivatives, exchange rates and CPI totaling ~ILS 441 million. On the other hand, the Company recorded a gain of ILS 538 million in its comprehensive profit from the translation of financial reports for external operations and derivative transactions directly imputed to equity not via the statement of profit and loss.

- **The LTV (expanded solo)** 66.6% as of December 31, 2023, compared with 67.6% at EoY 2022. **The IPO of operations in Brazil subsequent to the date of the report will contribute an ~1.1% decline in the LTV.**

- **Equity attributable to Company's shareholders -** ~ILS 4,837 million, ~ILS 26.0 per share, as of December 31, 2023, compared with ~ILS 5,016 million, ~ILS 30.1 per share, as of December 31, 2022. The decline in equity primarily resulted from the sale of the Russian property portfolio in Q2 2023 which resulted in a decline in equity of ~ILS 668 million (~ILS 3.7 per share) and from a net decline in the fair value of properties totaling ~ILS 315 million (~ILS 1.8 per share). On the other hand, there was an increase in equity resulting from changes with the exchange rate totaling ~ILS 625 million (~ILS 3.5 per share) in 2023.

- **Occupancy rate** of the Company's properties increased to ~95.7% as of December 31, 2023, compared with 94.9% the previous year.
- **Liquidity and approved and unutilized credit facilities (expanded solo)** are ~ILS 1.7 billion as of the publication date of the report.

Company's activities to strengthen its equity, decrease leverage and increase liquidity in and subsequent to Q4:

- Issuance of ~7.6 million shares against G Europe's hybrid bonds totaling ~EUR 46 million par value in December 2023.
- IPO of most of the Brazilian activities through a tender offer in consideration for ~301 million Brazilian Real, ~ILS 226 million in cash in January 2024.
- Closing the transaction for the sale of the Arkady Pankrac property in Prague in January 2024 in consideration for ~EUR 259 million (~ILS 1.04 billion), equivalent to its book value. A mortgage totaling ~EUR 112 million (~ILS 450 million) was recorded on the property which was assigned to the buyer.
- Completion of the transaction for the sale of a property in Manhattan, New York, in consideration for ~USD 153 million (ILS 567 million), equivalent to its book value at the time of signing the agreement. A mortgage totaling ~USD 134 million (~ILS 496 million) was recorded on the property and the sale of the property decreased G City's debt by the full value of the sale proceeds.
- Issuance of a new series of Bonds (Series 18) in February 2024 for ~ILS 410 million (which was oversubscribed with high demand of ~ILS 760 million), secured by a first-ranked pledge over the shares of G Alpha, a SPV which owns six income producing properties in Miami, New York and Boston. The series has been rated A by S&P Maalot and A2 by Midroog.
- The Company's board of directors decided not to distribute a quarterly dividend and will reexamine the matter in subsequent quarters depending on the progress with the disposal plan and financing of the properties as well as other parameters.

About G City

G City is a global real estate company focused on acquiring, improving, developing, and managing mixed-use income producing real estate including retail, office and residential properties in densely populated urban areas in key cities. As of December 31, 2023, the Group owns and manages 93 properties covering a built-up lettable area of ~1.9 million sqm with a value of ~ILS 36 billion. Additional information is available on the Company's website: www.G-City.com

Investors and analysts:

Gil Kotler, CFO, G City, Tel: 03-6948000, gkotler@G-City.com

Shiri Barkay, VP, Head of Economic and Capital Markets, G City, Tel: 03-6948000, sbarkay@G-City.com