A link to an accessible document

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 2024 (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.

City

QUARTERLY REPORT as of March 31, 2024:

G CITY LTD.

Directors' Report to the Shareholders
For the period ended March 31, 2024

The Board of Directors of G City Ltd. (the "Company") is pleased to present the Directors' Report of the Company for the period ended March 31, 2024 (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, 2023 which was published on March 31, 2024 (reference number: 2024 -01-029479) (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 operating, improvement, development and acquisition of income-producing properties for mixed-use, including retail, office and residential located in Israel, North America, Brazil, Northern and Central Europe with the focus on densely populated urban cities.

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

The Group's strategy is focusing on properties and areas which have a potential for increasing building rights, value appreciation and cash flows growth by proactive management, improvement, addition of uses, development and redevelopment, and the Company evaluates opportunities within its core business and similar fields in other regions, 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 Group intends 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.

Currently, the Group operates mainly through its wholly-owned private subsidiaries that are consolidated in its financial statements and in which the Company exclusively outlines the strategy, 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 G City Europe Limited.(**G Europe**), which operates in Central Europe, 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, the company operates in Brazil through Gazit Malls FII, a real estate[2] investment fund under the (indirect) Company's control, incorporated in Brazil which was listed in an IPO for trading in February 2024 ("**Gazit Malls**") (as detailed in section b below), as well as through other wholly-owned subsidiaries of the company ("**Gazit Brazil**"). In addition, the group operates in Northern Europe through a public sunsidiary, with a similar strategy, in which the Company is the largest shareholder. These operations are conducted through Citycon Oyj. ("**CTY**").

In accordance with the group's strategy to focus on urban properties, while strengthening capital and reducing leverage, the company has taken several significant proactive actions from the beginning of the year leading up to the publication of this report, including:

a. Disposal of non-core properties or properties that the company has fully appreciated. As part of this, from the beginning of the year and up to the publication of this report, the company's and its fully owned subsidiary completed the sale of property in Czech republic totaling NIS 1.0 billion. For further details, refer to the section below.

b. On February 1, 2024, the initial public offering (IPO) of Gazit Malls was completed in the amount of BRL 301 million (NIS 226 million), by way of a tender offer of part of the Company's holdings[3].

Within 30 days after the offering, the Company repurchased 223 thousand shares during trading in an amount of

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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 'FII' – Fundo De Investimento Imobiliario.

3 For further details, refer to the immediate reports from 12.31.2023, 1.28.2024 and 2.1.2024 (reference: 2023-01-118024, 2024-01-010548, and 2024-01-012318, respectively), which are included on the referral.

BRL 16 million, as part of an enhanced market making program that was announced as part of the initial public offering process.

c. On March 28 2024 and May 27 2024, the company's board of directors decided not to distribute dividends to the company's shareholders for the first and second quarters of 2024. The company's board of directors will review and consider the dividend distribution policy for 2024, considering the progress of the property disposition plan, as announced by the company on October 25, 2022, which has been updated from time to time, as well as other considerations, and subject to the distribution tests stipulated in the Companies Law, 1999.

Additionally, on October 25, 2022, the company published a property disposition plan for non-core group properties, which is updated from time to time ("**the Property Disposition Plan**"). According to the Property Disposition Plan, the company intends to sell properties with a total value of NIS 7.1 billion in Europe, Brazil, the United States and Israel.

As of the date of the plan's publication until the publication date of this report, the company and its fully owned subsidiaries have entered into binding agreements for the sale of properties totaling NIS 4.0 billion, at book values (excluding the sale of assets in Russia).
The actual dispositions scope of the properties and the group's progress in their implementation, including the pace of property preparation for sale in different territories where the group operates, are dynamic and executed in accordance with market conditions in these territories and the company's management discretion, while considering macroeconomic factors and specific considerations for the company and balance between the company's needs and the properties' value.
Below is the breakdown of properties dispositions (in NIS millions)[1]:

	Completed	In advanced negotiation	In Marketing	Total
G Europe	2,816	1,087	1,270	5,173
G Israel	154	-	145	299
Gazit Horizons	567	-	159	726
Gazit Brasil*	498	345	37	880
Total carrying amount	4,035	1,432	1,611	**7,078**

Furthermore, the initial public offering (IPO) of Gazit Malls was completed in the amount of BRL 301 million (NIS 226 million). Additionally, the company and its fully owned subsidiary are working to obtain secured funding for debt-free properties (primarily in Europe[2]) totaling EUR 228 million.

The company's estimations regarding the sale of properties and their financing, including the scope of properties to be implemented, the consideration to be received, implementation timelines, funding receipt, and their scope are forward-looking statements as defined in the Securities Law, 1968. Such estimations are not guaranteed, may not materialize, and are dependent, among other things, as mentioned above, on the economic and real estate market conditions in the various markets where the properties are located and where the company operates. Changes in market conditions may result and/or delays in property disposition beyond what is detailed above.

[1] For further details regarding the properties disposition refer to section 1.1 to description of the Company's business.
[2] Including properties in the amount NIS 904 million for which the company intends to receive financing as a preliminary step before their sale.

1.2. **Group Properties as of March 31, 2024 (including jointly controlled properties)**:

	Country of operation	Holding interest	Income-producing property	Properties under development	Other assets	GLA (sq.m thousands)
CTY	Finland, Norway, Sweden, Estonia and Denmark	49.6%	34	-	-	1,011
G Europe	Poland, Czech Republic, and Russia	100.0%	14	-	-	362
Gazit Brasil	Brazil (Sao Paulo)	81.9%	6	-	1	150
G Israel	Israel	100.0%	10	3	-	156
Gazit Horizons	USA	100.0%	11	2	1	54
Gazit Canada	Canada	100.0%	1	-	-	18
Total carrying amount			**76**	**5**	**2**	**1,751**
Jointly controlled properties (proportionate consolidation)			7	-	-	33
Total			**83**	**5**	**2**	**1,784**

		Investment property and investment property under development			
		Income-producing property	Properties under development [1]	Land	Total
	Country of operation	NIS millions			
CTY	Finland, Norway, Sweden, Estonia and Denmark	16,396	26	-	16,422
G Europe	Poland, Czech Republic, and Russia	7,096	340	664	8,100
Gazit Brasil	Brazil (Sao Paulo)	2,379	-	51	2,430
G Israel	Israel	3,684	381	759	4,824
Gazit Horizons	USA	1,600	383	208	2,191
Gazit Canada	Canada	181	-	-	181
Total carrying amount		**31,336**	**1,130**	**1,682**	**34,148**
Jointly controlled properties (proportionate consolidation)		616	346	-	962
Total		**31,952**	**1,476**	**1,682**	**35,110**

1. Including the expansion of income-producing properties

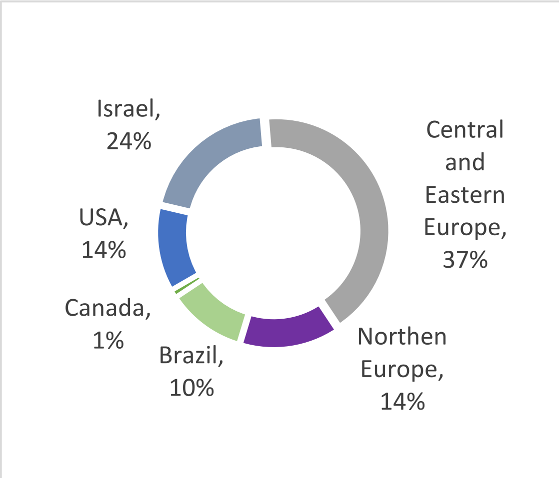
Below is a breakdown of the properties classified as assets held for sale included in the group properties as of March 31, 2023:

	Country	Number of Properties	Carry amount in NIS
G Europe	Czech Republic	1	1,009[1]
G Brasil	Brazil	1	344
CTY	Norway	2	177
Total carrying amount		**4**	**1,530**

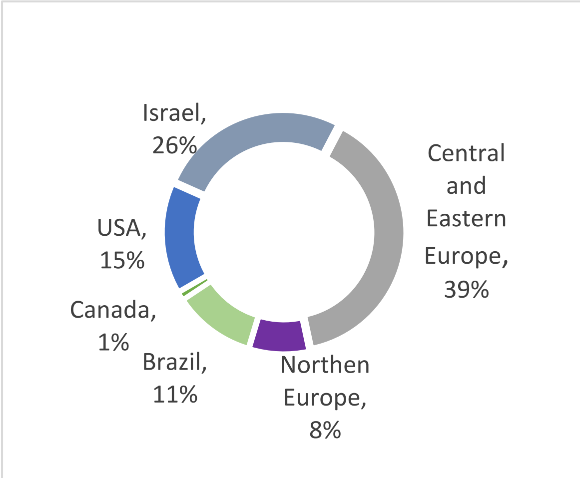
1. Including land in Romania in an amount of NIS 28 million.

1.3. Breakdown of the Company's investments by regions (on an expanded Solo basis) as of March 31, 2024:

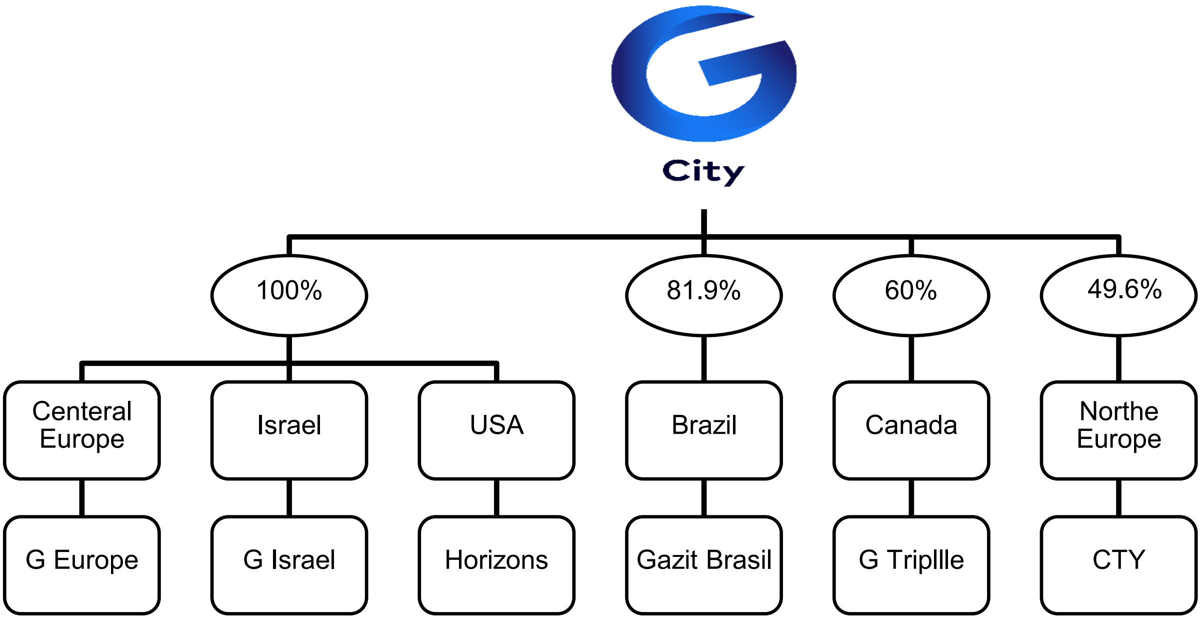
Carrying amount



Market Value



1.4. The Company's Major Holdings (holding structure and interests as of March 31, 2024):



1.5. Highlights – First Quarter of 2024 (the "Quarter")

(NIS millions, other than per share data)	December 31		
	2024	2023	
Net debt to total assets (Expanded Solo)	66.8%	66.6%	-
Net debt to total assets (Consolidated)[1]	61.6%	62.0%	-
Equity attributable to equity holders of the Company	4,569	4,837	-
Equity per share attributable to equity holders of the Company (NIS)	24.5	26.0	-
	For the 3 months ended March 31		
	2024	2023	Change
Rental income and others	621	604	2.8%
NOI[2]	418	410	2.0%
NOI adjusted for exchange rates changes	418	429	(2.6%)
NOI excluding Russia's activity and sold properties[3]	412	348	18.4%
Cash flows from operating activities per share - expanded Solo (NIS)[4]	0.42	0.62	(32.3%)
FFO[5]	84	124	(32.3%)
FFO per share (NIS)[5]	0.45	0.72	(37.5%)
FFO adjusted for exchange rates	84	133	(36.8%)
FFO per share adjusted for exchange rates changes	0.45	0.77	(41.6%)
FFO excluding Russia's activity and sold properties[7]	82	77	6.5%
FFO per share excluding Russia's activity and sold properties (NIS)	0.44	0.45	(2.2%)
Number of shares used in calculating the diluted FFO per share (in thousands)	186,154	171,570	8.5%
Acquisition, construction and development of investment property[6]	153	574	-
Disposal of investment property[6]	475	339	-
Fair value gain (loss) from investment property and investment property under development, net	(4)	155	-
Net income (loss) to shareholders of the Company	(77)	(509)	-
Diluted net earnings (loss) per share (NIS)	(0.42)	(2.99)	-
Cash flows from operating activities	124	235	-

1 For details regarding the net debt to total assets (consolidated), which includes the accrued interest, refer to section 7i below.

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

3 Excluding NOI from sold properties (refer to section 1.1 above).

4 Refer to section 2.2 below.

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

6 From the consolidated reports of the company's cash flows.

7 Excluding the NOI from sold properties (see section 1.1 above) and reducing interest expenses in consideration of proceeds from property sales.

1.5. **Highlights – First Quarter of 2024 (the "Quarter") (Cont.)**

- As of March 31, 2024, the company and its consolidated companies have liquid balances and unused credit lines for immediate withdrawal in the amount of NIS 3.5 billion (of which NIS 1.4 billion in the company and its wholly owned subsidiaries, which include cash and cash equivalents, marketable securities and deposits for a short time in the amount of NIS 0.8 billion). After the reporting date, the company issued a new series of debentures (Series S) secured by a second lien on a real estate property in Israel, in an amount of NIS 495 million, and expanded an existing series of debentures (Series P) secured by shares of G Europe (a wholly-owned subsidiary of the company), in an amount of NIS 336 million.
- During the quarter, the company issued a new series of debentures (Series R) secured by shares of a designated wholly-owned subsidiary of the company that holds income-producing property in the U.S., in an amount of NIS 410 million. For further details, refer to Note 3a1 to the financial statements.
- 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, and the Norwegian krone and Swedish krona against the Euro, the equity attributable to the Company's equity holders decreased in the Quarter by NIS 115 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.

- Fluctuations in the exchange rates of the Norwegian Krone and Swedish Krona against the Euro have the following effect:

- The appreciation of these currencies (strengthening) against the Euro have a positive effect on the Company's assets, shareholders' equity, NOI and economic FFO on the Company's net income, while a devaluation of these currencies (weakening) against the Euro has a negative effect on these items.

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

2.1. Summary of the Company's Holdings as of March 31, 2024:

Name of company	Type of security/ property	Amount (millions)	Holding interest (%)	Book value (NIS in millions)	Market value as of 31.3.2024 (NIS in millions)
CTY	Shares (OMX)	91.3	49.6	2,783	1,389[6]
Israel	Income-producing property and land	-	-	4,820	-
Brazil	Income-producing property and land	-	-	2,086	-
USA[1]	Income-producing property and land	-	-	2,826	-
Canada[1]	Income-producing property	-	-	226	-
Europe[1]	Income-producing property and land	-	-	7,150	-
Total assets		**-**	**-**	**19,891**	**-**

Set forth below are the Company's monetary balances (including balances of its privately-held subsidiaries) ("expanded solo basis") as of March 31, 2024:

	NIS in millions
The Company's Debentures	7,759
G Europe's Debentures	2,043
Debts to financial institutions	6,043
Total debentures and debts to financial institutions (*)	**15,845**
Other monetary liabilities	875
Total monetary liabilities	**16,720**
Less - monetary assets[2]	3,350
Less - other investments[3]	74
Monetary liabilities, net[4]	**13,296**

Year	The Company's Debentures	G Europe's Debentures	Financial Institutions		Mortgages[5]	Total	%
			Secured	Unsecured			
2024	1,034	-	386[7]	37	103	1,560	10
2025	1,182	1,130	112	37	581	3,042	19
2026	1,197	-	21	37	903	2,158	14
2027	1,322	913	406	221	547	3,409	22
2028	1,281	-	38	-	1,166	2,485	16
2029	1,179	-	37	-	152	1,368	8
2030	122	-	44	-	839	1,005	6
2031	442	-	51	-	-	493	3
2032 onwards	-	-	325	-	-	325	2
Total	**7,759**	**2,043**	**1,420**	**332**	**4,291**	**15,845**	**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, shirt term traded securities and deposits in the amount of NIS 0.8 billion, properties held for sale in the amount of NIS 1.4 billion, loans and receivables in the amount of NIS 1.1 billion and derivatives financial instruments in the amount of NIS 0.1 billion.

3 Comprises primarily the investment in participation units in private equity funds and other investments.

4 Excludes G Europe's hybrid debentures in the amount of NIS 1,040 million, deferred tax liability in the amount of NIS 482 million with respect to investment property and other investments and NIS 504 million in non-controlling interestsin part of the company's properties.

5 The repayment dates of the mortgage include the mortgages attributed to properties held for sale in 2027and thereafter in the amount of NIS 462 million.

6 The price of CTY's share as of March 31 is EUR 3.8 per share.

7 The company is working to extend the credit line with the financing institution.

2.2. Cash flows from operating activities - expanded Solo:

	Three months ended March 31,		Year ended December 31,
	2024	2023	2023
	NIS in millions (except for per share data)		
Dividends from public investees	29	42	179
EBITDA from private companies, net of Capex and other income *	200	220	892
Total income	**229**	**262**	**1,071**
General and administrative expenses	(17)	(19)	(68)
Interest expenses, net	(131)	(135)	(576)
Taxes	(2)	(1)	(14)
Total expenses	**(150)**	**(155)**	**(658)**
Cash flows from operating activity	**79**	**107**	**413**
Cash flows from operating activity per share	**0.42**	**0.62**	**2.33**

* Includes income from early redemption of interest-bearing debt and capital expenditures on assets (CAPEX) in the amount of NIS 60 million and NIS 15 million in the quarter and the correspondent quarter last year.

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 Adjusted EPRA Earnings (or **"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 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 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 FFO, calculated according to the recommendations of EPRA and the draft securities regulations for investment property activity, and its FFO per share for the stated periods*:

	For the 3 months ended March 31,		For the ended December 31,
	2024	2023	2023
	NIS in millions (other than per share data)		
Net income (loss) attributable to equity holders of the Company for the period	(77)	(509)	(1,203)
Adjustments:			
Fair value gain from investment property and investment property under development, net	4	(155)	767
Capital loss (gain) on sale of investment property	(64)	518	681
Changes in the fair value of financial instruments, including derivatives, measured at fair value through profit or loss	26	69	130
Adjustments with respect to equity-accounted investees	(2)	29	(48)
Deferred taxes and current taxes with respect to disposal of properties	42	(38)	94
Non-controlling interests' share in above adjustments	114	89	(275)
Nominal FFO (EPRA Earnings)	43	3	146
Additional adjustments:			
CPI linkage and exchange rate differences	35	111	328
Depreciation and amortization	4	5	24
Other adjustments(1)	11	1	23
FFO according to the management approach (Adjusted EPRA Earnings)	93	120	521
FFO per share according to the management approach (in NIS)	0.50	0.70	2.94
Gain from early redemption of hybrid debentures	15	32	97
Coupon per hybrid debentures	(24)	(28)	(113)
FFO according to the management approach (Adjusted EPRA Earnings)	84	124	505
FFO per share according to the management approach (in NIS)	0.45	0.72	2.85
FFO adjusted for exchange rates according to the management approach	84	133	
FFO per share adjusted for exchange rates according to the management approach (in NIS)	0.45	0.77	
Number of shares used in the FFO per share calculation (in thousands)(2)	186,154	171,570	171,052

* It is clarified, the company stopped neutralizing from the FFO calculation the gain/loss component from early repayment of interest-bearing debt and added the profit/loss component from the early redemption of hybrid debentures, reflecting the gain/loss from recurring cash flows of the company's operations as part of its normal course of business. The FFO data presented above in relation to the 3 months ended on March 31, 2024 were adjusted to the updated method of calculation. The total gain from early redemption of interest-bearing debt included in the FFO calculation for the 3 months ending on December 31, 2024 and 2023, are NIS 19 million and NIS 21 million, respectively, and for the year 2023 is NIS 160 million.

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, share-based compensation expenses and the adjustment of expenses.

2 Weighted average for the period.

Below is the breakdown of the FFO sources

(NIS millions, other than per share data)	For 3 months ended March 31		For the year ended December 31
	2024	2023	2023
Income			
NOI from investment properties	215	228	886
Group share of CTY's FFO	45	50	174
Group share in FFO of investees excluding CTY and G Europe[1]	3	8	32
Total income	263	286	1,092
Expenses			
Real Financing, net[1]	(133)	(115)	(386)
General and administrative	(44)	(46)	(185)
Current taxes	(2)	(1)	(16)
Total expenses	(179)	(162)	(587)
FFO according to the management approach	84	124	505
FFO per share according to the management approach (NIS)	0.45	0.72	2.85

1) Net real financing expenses include profit from early redemption of interest-bearing debt and hybrid debentures.

2.4. Net asset value (EPRA NAV and EPRA NNNAV)

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 NTA data, which is another measure reflecting net asset value (assuming the company buys and sells properties), adjusted for 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; and EPRA NDV, which is another measure reflecting net assets value adjusted for the fair value of financial liabilities.

The Company considers that the presentation of the EPRA NRV, EPRA NTA and the EPRA NDV 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,
	2024	2023	2023
	NIS in millions		
EPRA NRV			
Equity attributable to the equity holders of the Company, per the financial statements	4,569	5,066	4,837
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	789	934	841
Fair value asset adjustment for derivatives, net[2]	(33)	(178)	(33)
EPRA NRV	**5,325**	**5,822**	**5,645**
EPRA NRV per share (in NIS)	**28.6**	**32.6**	**30.3**
EPRA NTA			
Equity attributable to the equity holders of the Company, per the financial statements	4,569	5,066	4,837
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	453	529	484
Goodwill adjustment attributable to assets	(215)	(227)	(228)
Fair value asset adjustment for derivatives, net[2]	(33)	(178)	(33)
EPRA NTA	4,774	5,190	5,060
EPRA NTA per share (in NIS)	25.6	29.0	27.1
EPRA NDV			
Equity attributable to the equity holders of the Company, per the financial statements	4,569	5,066	4,837
Goodwill adjustment attributable to assets	(215)	(227)	(228)
Fair value asset adjustment for derivatives, net	835	3,329	1,209
EPRA NDV	5,189	8,168	5,818
EPRA NDV per share (in NIS)	27.8	45.7	31.2
Issued share capital of the Company used in the calculation (in thousands of shares)[3]	186,378	178,687	186,378

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

- In January 2024, G Europe completed the sale of the Arkady Pankrac property located in Prague, Czech Republic, for a consideration of EUR 259 million.
- In January 2024, Gazit Horizons completed the sale of the Bridge Tower property located in New York City, USA, for a consideration of USD 153 million.
- In February 2024 CTY purchased its partner's share (50%) in the Kista Gallery property in consideration of EUR 2.5 million. As part of the acquisition it assumed the full debt on the property in the amount of SEK 2.4 billion (NIS 850 million).
- In February 2024, Gazit Malls completed an IPO by way of a tender offer of a portion of the Company's holdings, for an amount of BRL 301 million (NIS 226 million). After the issue, the Company purchased 223,000 shares through regular trading for BRL 16 million, all under a time-limited market making plan that ended 30 days after the IPO was completed.

Property activities

3.2. Highlights of operational data:

	Income producing properties[1]	GLA (in thousands of square meters)	Occupancy rate	
			31.03.2024	31.03.2023
G Israel	10	156	98.0%	98.0%
Gazit Brasil	6	150	96.8%	94.3%
Gazit Horizons	13	68	94.1%	97.0%
CTY	34	1,011	94.9%	95.4%
G Europe	14	362	93.8%	93.2%

	Average basic monthly rent per square meter		Change in same property NOI in the Quarter [2]	NOI (million)	
	31.03.2024	31.03.2023		Q1. 2024	Q1. 2023
G Israel	NIS 128.2	NIS 120.4	4.0%	NIS 56.9	NIS 52.8
Gazit Brasil	R$ 64	R$ 63	8.4%	R$ 49.5	R$ 55.8
Gazit Horizons	$ 61.8	$ 60.9	(0.6%)	$ 4.8	$ 5.1
CTY	€ 25.1	€ 24.4	6.5%	€ 50.9	€ 48.0
G Europe	€ 23.1	€ 16.9	15.0%[3]	€ 25.6	€ 30.9

[1] Includes jointly controlled properties.

[2] Change in same property NOI in the quarter compared with the corresponding period last year.

[3] Excluding one-time municipal tax expenses in the first quarter of 2023, the change in same-property NOI of G Israel is 7.2%.

[4] Net cash flow from properties excluding Russia in the first quarter of 2023 in the amount of EUR 17.1 million.

Projects in planning, construction and development

Construction Projects	Plan	Gross GLA Area (SQM)	G CITY Share	Expected Completion	Actual Investment as of 31.3.2024	Fair Value as of 31.12.23 (100%, Million NIS)	Cost to Complete (100%, Million NIS)	Expected Annual NOI (100%, NIS Million)	Expected Return on Investment
G City Rishon Lezion	Office Tower under construction	65,100	100%	2026	193	381	613	74	9.2%
AER Tampa	A luxury residential project for rent in Downtown Tampa, which includes 334 housing units for rent (with full financial support)	37,000	94%	2024	563	648	99	48	7.2%
Promenada, Warsaw	First phase of the Promenada Village rental housing project which includes 442 apartments and 1,500 square meters of commercial space on ground floor adjacent to the existing Atrium Promenade mall. Built on a plot of land owned by the company.	16,000	100%	2024	141	157	64	16	7.8%
		Total 100%			**897**	**1,186**	**776**	**138**	
		Company share			**863**	**1,147**	**770**	**135**	

Land for future development	Plan	Gross GLA Area (SQM)	G CITY Share	Expected Completion	Fair Value as of 31.12.23 (100%, Million NIS)	Cost to Complete (100%, Million NIS)	Expected Annual NOI (100%, NIS Million)
Tel Hashomer Apartment for Rent'	Construction of 4 residential apartment buildings with 243 apartments for rent (before right additions/Shabas reliefs) for long term leasing for a period of 20 years.	30,700	100%	TBD	301	TBD	TBD
Beit Cal	Construction of mixed-use towers with 70,000 square meters of office space, 11,000 square meters of residential space and 6,300 commercial space. At this stage the existing building is leased for a period of one year with two options for extension (until the end of 2025)**	90,100	100%	TBD	397	TBD	TBD
Brickell, Miami	Constructing a mixed-use 61-story tower, approved to expand residential units to 504.	42,000	100%	TBD	208	TBD	TBD
Promenada, Warsaw	Second phase continuation of the Promenada Village rental housing project which includes 1,200 apartments (45,000 square meters) and 5,300 square meters of commercial space on ground floor adjacent to the existing Atrium Promenade mall. Built on a plot of land owned by the company which is currently used as a parking lot.	50,300	100%	TBD	277	TBD	
		Total			**1,141**	**TBD**	**TBD**

* The data above includes information regarding projects under planning and construction (including additional projected area, completion schedules, projected time to complete, cost to complete and projected annual NOI) which constitutes a forward-looking statement, as defined in the Securities Law, 1968. Such estimations are not guaranteed, may not materialize, and are dependent, among other things, as mentioned above, on the economic and real estate market conditions in the various markets where the properties are located and where the company operates as well as the realization of risk factors relevant to the Company's operation (as detailed in section 28 of the Description of the Company's Business in the Company's periodic report for 2023. As the market conditions will change or the risk factors will be realized, changes may occur in the time schedule, expected costs and NOI.

** the Company will determine in the future the financial feasibility of partial ownership on the property by way of partnerships or partial sale to potential buyers

3.3. 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. For more details regarding the general environment and the effect of external factors on the company's activities, including the effect of the war in Israel, see section 5 Update of Description of the Company's Business as well as the update to it.

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

	Growth (GDP)					
	2024 forecast	2023	Rate of unemployment 2024	Price index forecast 2024	Yield on government debentures (10 years)	Debt rating (S&P)
Israel	1.80%	1.92%	4.10%	2.50%	4.69%	+A
Poland	3.00%	0.20%	5.00%	3.90%	5.66%	A-
Finland	(0.10%)	(0.95%)	7.80%	1.65%	2.96%	AA+
Norway	0.70%	0.48%	4.00%	3.55%	3.64%	AAAu
Brazil	1.90%	2.94%	7.98%	4.00%	11.72%	BB
Czech Republic	1.30%	(0.30%)	3.60%	2.25%	4.12%	AA-
Sweden	0.25%	0.03%	8.30%	3.10%	2.35%	AAAu
USA	2.40%	2.50%	3.90%	3.10%	4.42%	AA+u
Canada	0.95%	1.07%	6.30%	2.50%	3.62%	AAA

1. Data source: Bloomberg – May 2024.

International debt rating of Group companies:

Rating Agency	G City[1]	CTY	G Europe
Moody's	ilA3 / Negative	-	B2 / Negative
S&P	ilA- / Negative	BBB- / Negative	-

2. The Company's secured debentures (Series O) and (Series R), rated by S&P Maalot and Midroog at a rating level of 'ilA' and 'A2.il', respectively.

The company's income from rent in the group's active countries, with the exception of the USA, is mostly linked (over 90%) to the increase in the consumer price index and contributes to the growth of its income as well as the value of its assets, respectively. At the same time, 69% of the company's debt is not linked to the consumer price index (after the effect of the exchange transactions). The increase in the index increases the Group's part of the debt linked to the index financing expenses. The rent linking mechanisms are a long-term financial protection against the increase in the company's financing expenses due to the index linking, when in relation to the debt balance linked to the index (against which there is no income linked to the consumer price index in Israel) the company carries out protection in currency exchange transactions that also include index protection. Additionally, 87% of the Group's debt is long-term debt with fixed interest rate (after hedging transactions) and therefore, in the short term, the company does not expect the economy rise in interest rates will significantly affect the company's financing expenses. At the same time, the company estimates the debt raising costs will grow in line with the growth in economy interest rates. The company is unable to assess the future effects of the macroeconomic changes on its activities, and to the extent that such changes lead to a global recession, they may have a negative impact on the group's activities and results. For further details, see the risk factors chapter in the company's periodic report for 2023.

3.4. Material Events at the Group During the quarter

A. For details regarding the issuance of new debentures (series R), by the company, secured by the shares of a private company which owns investments real estate in the USA in the amount of NIS 410 million, refer to Note 3a1 to the financial statements.

B. For details regarding buyback of the Company's debentures in the amount of NIS 43.1 million, refer to Note 3a2 to the financial statements.

C. For details regarding the issuance of debentures, by CTY, in the amount of EUR 300 million, refer to Note 3a3 to the financial statements.

D. For details regarding buyback of CTY's debentures in the amount of EUR 213.2 million, refer to Note 3a4 to the financial statements.

E. For details regarding the buyback of G Europe's debentures and hybrid debentures in the amount of about EUR 50 million and EUR 7.6 million, respectively, refer notes 3a5 and 3a6 to the financial statements.

F. For details regarding the issuance of part of the activity in Brazil in the amount of BRL 301 million (NIS 226 million), refer to Note 3b1 to the financial statements.

G. For details regarding the capital issuance by CTY in the amount of EUR 48 million and the company's participation in the issuance, refer Note 3b2 to the financial statements.

H. For details regarding the acquisition of the remaining (50%) in a joint venture in Sweden by CTY, refer to Note 3b3 to the financial statements.

3.5. Dividend Distribution Policy

On March 28 2024 and May 27 2024, the Company's Board of Directors decided not to distribute a dividend to the Company's shareholders in the first and second quarters of 2024. The Company's Board of Directors will convene and review the Company's dividend distribution policy for the following quarters of 2024, including based on progress in the execution of the plan for disposal of properties announced by the Company on October 25, 2022 and as updated from time to time, and additional considerations, subject to the distribution tests set out in the Companies Law, 1999.

3.4. Financial Position

Current assets

The balance of current assets, as of March 31, 2024, total NIS 3.5 billion, compared to NIS 4.3 billion as of December 31, 2023. The decrease in the balance of current assets is primarily due to the realization of investment properties for sale, which was offset by an increase in cash and cash equivalents.

Equity-accounted investees

The balance of equity-accounted investees amounted to NIS 0.9 billion as March 31, 2024, compared to NIS 1.1 billion as of December 31, 2023. The balance of the equity-accounted investees is primarily comprised of investments in property through joint ventures as recorded in the books of Gazit Horizons and Gazit Canada. The decrease in equity accounted investees is primarily due to the acquisition of Kista Galleria property which was under joint control, for further details refer to Note 3b3 to the financial statements.

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, 2024, the aforesaid balance of financial derivatives amounted to NIS 247 million, compared to NIS 290 million as of December 31, 2023.

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, 2024, amounted to NIS 34.1 billion, compared to NIS 34.8 billion as of December 31, 2023.

The decrease in these balances during the reporting period is primarily due to the realization of investment properties and fluctuation in the Group's exchange rates against the NIS, which were offset by first time consolidation of the investment property in Kista Galleria following the partner's acquisition.

Intangible assets, net

Intangible assets, net, as of March 31, 2024, totaled NIS 434 million, compared to NIS 447 million as of December 31, 2023. The intangible assets primarily consist of goodwill relates to properties in Norway own by CTY.

Current liabilities

Current liabilities, as of March 31, 2024, totalled NIS 4.1 billion, compared to NIS 6.9 billion as of December 31, 2023. The balance mainly includes short-term credit from banks and others and current maturities of long-term liabilities, in the amount of NIS 2.6 billion, compared to NIS 4.2 billion as of December 31, 2023. The decrease in current liabilities is primarily due to a decrease in liabilities attributable to assets held for sale, following the realization of assets, as well as a decrease in the current maturities of non-current liabilities following the extension of credit facilities and reclassification to long-term.

Non-current liabilities

Non-current liabilities, as of March 31, 2024, totaled NIS 23.0 billion, compared to NIS 20.7 billion as of December 31, 2023. The increase in non-current liabilities is primarily due to the issuance of debentures, the reclassification of long term credit facilities following their extension, and the initial consolidation of the loan from Kista Galleria following the partner's acquisition. This increase was offset by buyback of debentures.

Equity attributable to the equity holders of the Company

Equity attributable to the equity holders of the Company, as of March 31, 2024, amounted to NIS 4,569 million, compared to NIS 4,837 million as of December 31, 2023.

The decrease is due to in capital reserves in the amount of NIS 191 million (mainly from foreign currency translation reserve and the effect of issuance carried out in subsidiaries) and loss attributed to the Company's equity holders in the amount of NIS 77 million.

The equity per share attributable to the equity holders of the Company as of March 31, 2024 totaled NIS 24.5 per share, compared to NIS 26.0 per share as of December 31, 2023.

Non-controlling interests

Non-controlling interests, as of March 31, 2024, amounted to NIS 6.9 billion, compared to NIS 6.5 billion as of December 31, 2023. The balance primarily comprised of interests of CTY's other shareholders at a rate of 50.4% of CTY's equity, the portion of the shareholders in the activity in Brazil, as well as the partner's portion in several properties in the USA. Additionally, the balance includes hybrid debentures of CTY and G Europe.

The increase in non-controlling interests in the reporting period is primarily due to the issuances carried during the reporting period in CTY and Brazil in the amount of NIS 445 million, to the portion of other shareholders in total comprehensive income of NIS 40 million. The aforesaid decrease was offset by net income attributed to non-controlling interest in the amount of NIS 0.2 billion. The aforesaid decrease was offset by G Europe's buyback of hybrid debentures in the amount of NIS 30 million, interest payments to shareholders of hybrid debentures in the amount of NIS 52 million, and the portion of other shareholders in the dividends distribution in the amount of NIS 33 million.

3.6. Results of Operations and Analysis

A. Results of operations are as follows:

	Three months ended March 31,		Year ended December 31,
	2024	2023	2023
	Unaudited		Audited
	NIS in millions (except for per share data)		
Rental income and others	621	604	2,438
Property operating expenses and others	203	194	771
Net operating rental income	418	410	1,667
Fair value gain (loss) from investment property and investment property under development, net	(4)	155	(767)
General and administrative expenses	(97)	(88)	(349)
Other income	185	5	5
Other expenses	(121)	(522)	(686)
Company's share in earnings (losses) of equity-accounted investees, net	3	(46)	(2)
Operating income (loss)	384	(86)	(132)
Finance expenses	(307)	(387)	(1,340)
Finance income	53	39	272
Profit (loss) before taxes on income	130	(434)	(1200)
Taxes on income (tax benefit)	44	(36)	(120)
Net income (loss)	86	(398)	(1,320)
Attributable to:			
Equity holders of the Company	(77)	(509)	(1,203)
Non-controlling interests	163	111	117
	86	(398)	(1,320)
Net earnings (loss) per share attributable to equity holders of the Company (NIS):			
Basic net earnings (loss)	(0.42)	(2.98)	(6.79)
Diluted net earnings (loss)	(0.42)	(2.99)	(6.79)

The statement of comprehensive income is as follows:

	Three months ended March 31,		Year ended December 31,
	2024	2023	2023
	Unaudited		Audited
	NIS in millions		
Net income (loss)	86	(398)	(1,320)
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	-	-	(51)
Items that are or will be reclassified to profit or loss			
Exchange differences on translation of foreign operation	(241)	577	1,048
Net gains (losses) on cash flow hedges	29	(10)	(81)
Total other comprehensive income (loss)	(212)	567	916
Total comprehensive income (loss)	(126)	169	(404)
Attributable to:			
Equity holders of the Company	(166)	(133)	(665)
Non-controlling interests	40	302	261
	(126)	169	(404)

B. Analysis of results of operations for the first quarter of 2024

Rental income and others

Rental income and others increased by 2.8% to NIS 621 million in the Quarter, compared with NIS 604 million in the corresponding quarter last year.

Excluding the change in the average exchange rates, rental and other income in the Quarter decreased by 1.6% as compared to the corresponding quarter last year. The decrease is primarily due to the sale of non-core assets during the past 12 months. The aforesaid decrease was offset from an increase in income from identical properties.

Property operating expenses and others

Property operating expenses and others totaled NIS 203 million in the Quarter, representing 32.7% of total rental income and others, compared with NIS 194 million, representing 32.1% of total rental income and others in the corresponding quarter last year.

Net operating income (NOI)

Net operating rental income increased by 2.0% to NIS 418 million in the Quarter (67.3% of total rental income), compared with NIS 410 million (67.9% of rental income) in the corresponding quarter last year.

Excluding the change in the average exchange rates, the net operating rental income in the Quarter decreased by 2.6% compared with the corresponding quarter last year. The decrease in net operating income is due to the reasons described in rental income and others above when in the corresponding quarter last year included net operating income from Russia in the amount of EUR 9 million (NIS 34 million).

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 a fair value loss on its properties in a net amount of NIS 4 million in the Quarter, compared to fair value gain of 155 million in the corresponding quarter last year.

General and administrative expenses

General and administrative expenses totaled NIS 97 million (15.6% of total income) in the Quarter, compared with NIS 88 million (14.6% of total income) in the corresponding quarter last year. The increase in the reporting period is due to reorganization expenses and other one-time expenses totalling NIS 20 million, mainly from CTY.

Company’s share in earnings (losses) of equity-accounted investees, net

This item amounted to a gain of NIS 3 million in the quarter (a loss of NIS 46 million was recorded in the corresponding quarter last year), which was mainly comprised from the investment in Kista Galleria in Sweden) and is primarily comprised of the Group’s shares in the net loss of comprehensive companies CTY, Gazit Horizons, G Europe and Gazit Canada (Gazit Tripllle)

Other Income

Other income in the quarter totalled NIS 185 million, compared to NIS 5 million in the corresponding quarter last year. Other income in the quarter mainly comprised of a capital gain from the partner’s acquisition in Kista Galleria in the amount of NIS 184 million.

Other Expenses

Other expenses for the quarter totaled NIS 121 million, mainly including capital losses from property dispositions completed during the quarter, compared to other expenses of NIS 522 million in the corresponding quarter last year, which mainly included a loss of NIS 518 million following the sale of the Group's assets in Russia.

Finance expenses

Finance expenses amounted to NIS 307 million in the Quarter, compared to NIS 387 million in the corresponding quarter in the prior year.

The decrease 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 21 million compared to a loss in the amount of NIS 62 million, as well as a decrease due to the expenses in respect of linkage differences of interest-bearing liabilities in the quarter totaling NIS 34 million compared to a NIS 111 million in the corresponding quarter last year. The average interest rate on the company's interest bearing liabilities at the extended solo level is 4.16% compared to 3.69% in the corresponding period last year.

Financing income

Financing income in the Quarter totaled NIS 53 million, compared with NIS 39 million in the corresponding quarter last year. Finance income in the quarter comprises from interest income in the amount of NIS 32 million (an income of NIS 14 million was recorded in the corresponding quarter in the prior year) and from a gain of NIS 20 million from early redemption of interest-bearing debt (in the corresponding quarter last year a gain of NIS 22 million).

Taxes on income (tax benefit)

Tax expenses totaled NIS 44 million in the Quarter, compared to tax income of NIS 36 million in the corresponding quarter last year.

Tax expenses in the quarter mainly comprises of deferred tax income of NIS 8 million, mainly arising from net changes in temporary differences between the tax base and fair value of investment property, investment property under development, and disposal of properties as well as differences between the tax base (deferred tax expenses of NIS 50 million in the corresponding quarter the prior year. In the Quarter, the Group companies recorded current tax expenses in an amount of NIS 36 million, compared with current tax expenses of NIS 18 million in the corresponding Quarter in the prior year.

3.7. 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, convertible 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, 2024, the Company and its subsidiaries have liquidity, including undrawn[1] long-term credit facilities available for immediate drawdown and liquid balances totaling NIS 3.5 billion (of which NIS 1.4 billion of the Company and it's wholly-owned subsidiaries) which includes cash and cash equivalents in the amount of NIS 1.3 billion and have binding undrawn long term credit facilities available for immediate drawdown of NIS 2.2 billion.

Additionally, as of March 31, 2024, 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 13.3 billion (39.0% of the total investment property and investment property under development).

The company has unencumbered properties in an expanded solo to the of NIS 5.4 billion (NIS 3.9 billion in G Europe, NIS 0.8 billion in the USA, NIS 0.5 billion in the Brazil and NIS 0.2 billion in Israel).

For further details regarding the program of disposal of properties to increase liquidity, see section 1.1 above.

As of March 31, 2024, the Company had a negative working capital balance of NIS 0.6 billion under its separate reports (solo), and NIS 2.0 billion, respectively, and positive 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 2.2 billion and NIS 0.6 billion. 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 Group and to the Company, including non-pledged assets, as described above, the ability to refinance debt secured by properties and 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 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.

3.8. Cash flows

Cash flow generated from operating activity in the Quarter totalled NIS 124 million compared with NIS 235 million in the corresponding period in the prior year.

During the quarter, the Company and its subsidiaries financed their operations mainly through issuance of shares in subsidiaries in the amount of NIS 327 million, through disposal of investment properties in a net amount of NIS 322 million and through issuance of debentures in net amount of NIS 337 million. These cash flows were primarily used for loan repayments and credit facilities in net amount of NIS 420 million, for payment of dividends by the Group' companies in net amount of NIS 33 million and for interest payments to holders of hybrid debentures in an amount of NIS 52 million.

3.9. Repurchase Program

A. On March 28, 2024, 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 300 million, in relation to all the outstanding series of debentures, the program is in effect until March 31, 2025. 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. By the time of publication of the report, the company had purchased debentures with a par value of NIS 8.7 million under this program.

B. On May 27, 2024, the Company's Board of Directors resolved to adopt a new buyback program for the Company's shares with a par value of up to NIS 100 million in effect until March 31, 2025. Purchases will be made under the program from time to time and at the discretion of the Company's management, subject to division tests.

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 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 28, 2024, the approval date of the Company’s annual report for 2023, there has not been any material changes in the management or nature of the market risks to which the Company is exposed, except as specified in section 4.4.

4.2. During the period from January 1, 2024 through the date of the approval of the financial statements, the individuals responsible for managing and reporting the Company’s market risks 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, among other things, as of December 31, 2023 and March 31, 2024 were approved.

4.3. Changes in foreign currency exchange rates – during the period from January 1, 2024 through March 31, 2024, the NIS depreciated against the U.S. dollar by 1.5%, and the NIS appreciated against the Brazilian real, the Euro and the Canadian dollar and by 1.1%, by 0.8% and by 1.0%, respectively. With regard to the impact of exchange rate changes on the Company's equity, as of March 31, 2024, refer to Appendix A of the Directors’ Report.

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, 2024 through March 31, 2024, the Israeli consumer price index (known index) rose by 0.3%.

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, in order to protect its economic capital. Also, the company's management examines the currency linkage balance on an ongoing basis and reacts accordingly to developments in the exchange rates. At the same time and in light of the relatively high fluctuation of the exchange rates of foreign currency against the NIS, which significantly increases liquidity risk in the current period, the company has worked to neutralization of the derivatives portfolio in the last year, and as a result of greater exposure of the equity mainly to the euro, the US dollar and Brazilian real.

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), as of December 31, 2023, 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 Reporting period, the Group's donations amounted to NIS 1.5 million.

6. Disclosure Regarding the Financial Reporting of the Company

Subsequent events

A. For details regarding debt raising, by the company, by way of expansion of debentures (series P) in net amount of NIS 350 million, refer to note 5d to the financial statements.

B. For details regarding debt raising, by the company, by way of issuance of debentures secured by a second lien on property in Israel (series S) in net amount of NIS 495 million net, refer to Note 5e to the financial statements.

C. For details regarding the buyback of the Company's debentures in the amount of NIS 8.7 million, refer to Note 5a to the financial statements.

D. For details regarding the buyback of G Europe's debentures in the amount of EUR 35.8 million, refer to Note 5b to the financial statements.

E. For details regarding buyback of hybrid debentures of G Europe in the amount of EUR 11 million euros, refer to Note 5c to the financial statements.

F. In May 2024, CTY announced an early redemption initiated for the full outstanding balance of the debentures (Series 2024). The early redemption will take place on June 17, 2024. As of the reporting date, the debentures (Series 2024) are presented in an amount of EUR 97 million Euros (NIS 388 million).

G. In May 2024, CTY extended the term of the EUR 650 million financing agreement (consisting of a EUR 400 million revolving credit facility and a EUR 250 million loan) by exercising the option granted to CTY under the agreement for an additional one-year period (until April 2027). In addition, CTY extended the loan agreement assigned to it as part of the acquisition of Kista for a period of five years (until May 2029).

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 March 31, 2024 in the amount of NIS 597 millions.

For additional details regarding the terms of the debentures and the pledged properties as mentioned, as required by the Israel Securities Authority regulations regarding investment property activities, see Note 19c'3 to the Company's financial statements as of December 31, 2023, as well as the Chapter on Updates to the Description of the Company's Business Operations.

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 (G Europe shares) and all the rights of the lien company in the account of the pledged shares which as of this date holds 232 million G Europe 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, refer to section 5.2.2 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 details regarding the terms of the debentures (Series P), refer to Note 19c2 to the Company's financial statements as of December 31 2023.
For further details regarding G Europe, refer to G Europe 's financial statements of March 31, 2024 published in the Immediate report of the company on May 20, 2024 (Reference No. 2024-01-049036) in which the information contained herein is hereby incorporated by reference.

C. The Company's obligations under the debentures (Series R) that were initially issued during the reporting period are secured by a fixed first-ranking charge on all of the Company's holdings in GHI Alpha Portfolio LLC ("G Alpha"), held by the Company through Gazit Horizons Inc., a wholly-owned (indirect) subsidiary of the Company, and the associated rights, as well as a single lien on the bank account established and held by G Alpha. In addition, G Alpha provided a guarantee for the Company's obligations under the trust deed for the debentures (Series 18), the information contained in which is incorporated herein by reference. G Alpha is the owner of six income-producing properties in the U.S., which as of this date have a value of approximately $283.9 million. For further details, see sections 4.5 and 4.6 and Appendix E to the Company's shelf offering report published on February 5, 2024 (Reference No. 2024-01-041019).
For details regarding the terms of the debentures (Series R), see Note 19c'20 to the Company's financial statements as of December 31, 2023. For additional details regarding the pledged assets as mentioned, as required by the Israel Securities Authority regulations regarding investment property activities, see the Chapter on Updates to the Description of the Company's Business Operations.

D. The Company's obligations under the debentures (Series S) are secured by a fixed second-ranking charge on rights relating to a real estate property - the Rishon LeZion compound, owned by the Company, as detailed in section 4.5 of the Company's shelf offering report published on April 9, 2024 (Reference No. 2024-01-041019), the information contained in which is incorporated herein by reference, as well as by an autonomous bank guarantee in the amount of NIS 180 million (deposited until completion of registration of the charge on the Company's rights in the G Fashion compound on the plot of land known as Parcel 391 in Block 394). The value of the pledged property as of March 31, 2024 is approximately NIS 1,616 million plus a bank guarantee of NIS 180 million. After completing the registration of the mortgage on Parcel 391 in lieu of the aforementioned guarantee, the value of the entire pledged property will stand at NIS 1,868 million.
For details regarding the Company's right to issue additional debentures from the series and to exchange, sell or release the pledged assets in favor of the holders of Series S debentures, subject to the fulfillment of certain conditions, including compliance with the weighted ratio, as defined in the trust deed (Series S), which is less than or equal to 0.85 or 0.8, see sections 5.6 to 5.9 of the trust deed attached to the Company's shelf offering report published on April 9, 2024 (Reference No. 2024-01-041019), the contents of which are incorporated herein by reference.
For additional details regarding the aforementioned pledged property, as required by the Israel Securities Authority regulations regarding investment property activities, see the Chapter on Updates to the Description of the Company's Business Operations.

E. 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, P, Q, R and S).

F. On March 2024, the Midroog rating agency reaffirmed the issuer rating and the credit rating of the Company's debentures (Series R) at a rating level of 'A2.il', with a negative outlook.

G. On February 2024, the S&P Maalot rating agency reaffirmed the issuer rating and the credit rating of the Company's debentures (Series R) at a rating level of ilA', with a negative outlook.

H. On March 2024, the Standard & Poor's rating agency reaffirmed the issuer rating of CTY's debentures series at a rating level of 'BBB-' with a negative outlook.

1. On March 2024, Moody's rating agency downgraded the debenture series of G Europe from 'Ba2' to 'B1', with a stable outlook.

I. On April 30 2024, the S&P Maalot rating agency reaffirmed the issuer rating and the credit rating of the Company's debentures (Series P) at a rating level of 'ilA', with a negative outlook.

J. On April 30 2024, the Midroog rating agency reaffirmed the issuer rating and the credit rating of the Company's debentures (Series P) at a rating level of 'A3.il', with a negative outlook.

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

Financial ratio	Covenants	As of March 31, 2024
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 4 consecutive quarters Series M, R-Higher than 800, during 3 consecutive quarters Series N, O, P,Q, R and S -Higher than 850, during 3 consecutive quarters	1,241
Minimum shareholders' equity (less non-controlling interests) during one quarter (dollars in millions)	Series M,N,O - Higher than 400 Series P, Q, R and S – Higher than 450	1,241
Ratio of net interest-bearing debt to total consolidated assets And Minimum rating of the debentures	Series K and L-lower than 80%, during 4 consecutive quarters Series M-lower than 75% Series K,L and M-'ilBaa3'/'ilBBB-'	[1]62.1% 'ilA3'/ 'ilA-'
Ratio of net interest-bearing debt to total consolidated assets	Series N,O,P Q, R and S -lower than 75%	61.6%
Minimum rating of the debentures	Series N,O -'ilBaa3'/'ilBBB-'	'ilA3'/ 'ilA-'

As of March 31, 2024 and as of the approval of the financial statements, the Company complied with the covenants in respect of its debentures.

May 27, 2024		
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, 2024

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 respect of which cross-currency swaps were transacted ("Derivative transactions") and regarding the scope of the remaining exposure after transacting the swaps, as known to the Company, as of March 31, 2024. 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.

Data presented in millions	**NIS**	**U.S.$**	**EUR**	**C$**	**BRL**	**Total in NIS**
Assets in original currency	4,896	790	4,030	107	3,302	-
Assets in NIS	4,896	2,907	16,037	290	2,433	26,563
% of total assets	**19**	**11**	**60**	**1**	**9**	**100**
Liabilities in original currency	10,430	251	1,999	109	760	-
Cross-currency swap transactions in original currency	322	16	-	-	-	-
Liabilities in original currency	10,108	235	1,999	109	760	-
Liabilities in NIS adjusted for swaps	10,108	865	7,954	296	560	19,783
% of total liabilities	**51**	**4**	**40**	**2**	**3**	**100**
Total equity in original currency	(5,212)	555	2,031	(2)	2,542	-
Total economic equity[3] in NIS	(5,212)	2,042	8,083	(6)	1,873	6,780
% of total equity	**(77)**	**30**	**119**	**-**	**28**	**100**

1 According to currency exchange rates as of March 31, 2024.

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 The exposure to the euro currency also includes the exposure the group has for the activity in Sweden whose currency is the Swedish krona (SEK), the activity in Norway whose currency is the Norwegian crown (NOK) and for the activity of the rental residences in Poland whose currency is the zloty. Additionally, the data regarding CTY is based on CTY's EPRA NRV per share.

4 (Represents the equity attributable to the shareholders of the Company, excluding deferred taxes as it was known of March 31, 2024, hybrid debentures of G Europe and minority rights in assets as detailed in section 2.1, footnote 4 above.

UPDATE TO THE DESCRIPTION OF THE COMPANY'S BUSINESS FOR THE 2022 PERIODIC REPORT OF G CITY 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 2023 (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 October 25, 2022, the Company published a plan to realize (sell) some of the Group's assets, which was updated from time to time ("the Asset Realization Plan"). According to the Asset Realization Plan, the Company intends to realize assets with a total value of approximately NIS 7.1 billion in Europe, Brazil, the United States and Israel, and to update the status of the Asset Realization Plan and asset financing, as detailed below.

Up to the date of publication of the asset realization plan, the company and its wholly owned subsidiaries (hereinafter in this section "the group") realized assets totaling NIS 4.0 billion.

Below is a breakdown of the status of the asset realization plan (in millions of NIS):

	Completed	In advanced negotiation	In Marketing	Total
G Europe	2,816	1,087	1,270	5,173
G Israel	154	-	145	299
Gazit Horizons	567	-	159	726
Gazit Brasil	498	345	37	880
Total carrying amount	4,035	1,432	1,611	**7,078**

B. In addition, the initial public offering (IPO) of Gazit Malls was completed in an amount of BRL 301 million (NIS 226 million).

C. b. Furthermore, the Company and a wholly-owned subsidiary intend to obtain financing secured by several additional unencumbered assets (mainly assets in Europe), in an aggregate amount of EUR 228 million.

The Company's assessments regarding the sale of assets and/or obtaining financing against them, including the scope of assets to be realized, the consideration to be received for them and the timing of realization, as well as obtaining financing against them, are considered forward-looking information as defined in the Securities Law, 1968. Such assessments are uncertain, may not materialize, and are largely not under the Company's control and depend, among other things, as mentioned above, on the economic conditions and real estate market in the various markets where the assets are located and in which the Company operates. To the extent that such market conditions change, there may be changes and/or delays in the realization of assets beyond what is detailed above.

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

As of January 1, 2024, up to the publication date of this report, the company issued 9,619 shares to employees of the company as part of their employment conditions, following the allocation of securities designated for them.

UPDATE TO THE DESCRIPTION OF THE COMPANY'S BUSINESS

Update to Section 5 - General environment and the influence of external factors on the company's activities

A. Inflation rate, interest rate and currency exchange rate volatility[1] - the moderation of inflation rates that began towards the end of 2023 continued at the beginning of the first quarter of this year, although the indices for March 2024 and April 2025 remain relatively high at 0.6% and 0.8%, respectively. Accordingly, in April 2024, the Bank of Israel decided to leave the market interest rate unchanged (4.5%). In his decision, the Governor of the Bank of Israel noted that according to the Bank's assessment there are at this time several major risks for possible acceleration of inflation, including the development of the Swords of Iron War and its effect on market activity, the devaluation of the NIS, restrictions on operations in the construction industry, fiscal developments and global oil prices. Furthermore, according to Bank of Israel publications in April 2024, the overall level of activity in the economy is still lower than on the eve of the war, however economic activity is adapting to the situation and a steady recovery has been evident in recent months.

In the reporting period the foreign exchange market was volatile due to various developments in the war and in the geopolitical environment. At the end of the period the NIS weakened against the USD by 1.5%, with high volatility, and strengthened against the EUR by 0.8%. Moreover, compared to the rest of the world, the stock market in Israel continues to underperform and return on government bonds recorded high increase.

The Bank of Israel research division estimates that the GDP is expected to grow by 2% in 2024 and by 5% in 2025. The updated inflation forecast (as at April 2024) is for 2.7% and in the first quarter of 2025, the market interest is expected to be 3.75%. The forecast assumes that the direct economic effect of the Swords of Iron War will continue until the end of 2024 with decreasing intensity, and for 2025 it assumes that the War will not have any further direct effect. It is important to emphasize that the uncertainty concerning the various developments of the War may have a significant effect on the forecast.

In February 2024, the international rating agency, Moodys announced that it was downgrading the rating for the State of Israel (from A1 to A2) with negative outlook (which it ratified in May 2024). In April 2024, the international rating agency, S&P Global Ratings announced that it was downgrading the rating for the State of Israel (from AA- to A+) with negative outlook. The international rating agency Fitch kept its credit rating for Israel unchanged as A+, however changed the outlook to negative.

B. Swords of Iron War - in October 2023, the Hamas terror organization launched a murderous terrorist attack on the State of Israel, which led to the start of the Swords of Iron War. Following the terror attack, the villages in the Gaza border area were evacuated, following which, due to the escalation along the Lebanon border, villages close to the northern border were also evacuated. At the same time, due to the rocket attacks on the State of Israel, restrictions were imposed on gatherings, workplaces and the education system, based on their prevailing security conditions and proximity to the combat zones.

Since the beginning of 2024 through to the date of this report, hostilities are ongoing, including on the northern border. In April 2024, Iran attached the State of Israel by launching hundreds of rockets and UAVs, which were intercepted by Israel and its allies, without any significant damage being caused. Moreover, the War has led to an unprecedented global wave of anti-Semitism, including by leading academic institutions. Among other things, Turkey has imposed an embargo on exports to the State of Israel and there are concerns that other countries and/or business corporations (including international retail chains) will follow suit and impose restrictions on transactions with Israel.

Upon the outbreak of the war there was a significant decrease in economic activity in Israel, including with regard to the company's properties in Israel, however it is evident that as time goes by there has been an increase in the number of visitors and in the revenues of the company's properties, and during and subsequent to the reporting period, these have returned to the usual pre-war scope.

To date, the declaration of war is still in effect and there is uncertainty regarding the duration, nature and scope of the war. Therefore the company is unable to assess the impact of the war on its businesses, however it estimates that the continuation of the war at its current intensity is not expected to have a material effect on the company's businesses and on its financial results in the coming quarters, based on the foregoing.

For further information concerning macro-economic data in the primary countries in which the Group operates and regarding their impact on the Group, see section 3.3 to the board of directors report.

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1 Based, among other things, on data and forecasts published by the Bank of Israel, including its announcement of April 8, 2024 (www.BOI.org.il).

UPDATE TO THE DESCRIPTION OF THE COMPANY’S BUSINESS

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

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

A. On May 16, 2024, CTY announced that it exercised an option granted to it to extend a credit agreement that was due for repayment in April 2026, for a period of one year. The credit agreement was provided by a syndicate of banks in the amount of EUR 650 million. The credit agreement consists of a revolving credit facility of EUR 400 million and a loan of EUR 250 million. The new repayment date is in April 2027.

In addition, CTY agreed to extend the SEK 2,060 million loan, which was acquired with the acquisition of the partner's (50%) holdings in Kista Galleria, for a period of 5 years. The new updated repayment date of the loan is May 2029.

B. On May 15, 2024, CTY announced an early redemption initiated for the full outstanding balance of the debentures (Series 2024). The early redemption will take place on June 17, 2024. As of the reporting date, the debentures (Series 2024) are presented in an amount of approximately EUR 97 million (NIS 388 million).

Update to Section 19 – Financing

A. For details regarding debt raising, by the company, by way of expansion of debentures (series P) in net amount of NIS 350 million, refer to note 5d to the financial statements.

B. For details regarding debt raising, by the company, by way of issuance of debentures secured by a second lien on property in Israel (series S) in net amount of NIS 495 million net, refer to Note 5e to the financial statements.

C. On April 30 2024, the S&P Maalot rating agency reaffirmed the issuer rating and the credit rating of the Company’s debentures (Series P) at a rating level of 'ilA', with a negative outlook.

D. On April 30 2024, the Midroog rating agency reaffirmed the issuer rating and the credit rating of the Company’s debentures (Series P) at a rating level of 'A3.il', with a negative outlook.

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 2024	2023
Value of property income producing (NIS in 000's)	218,840	218,218
Value of reserved property (NIS in 000's)	15,700	15,700
Value of property (NIS in 000's)	234,540	233,918
NOI in the period (NIS in 000's)	2,443	5,202
Revaluation gains (losses) in the period (NIS in 000's)	-	18,719
Average occupancy rate in the period	97.3%	%92.4
Actual rate of return (%)	4.5%	%[1]6.3
Average annual rental per sq. meter (NIS)	155.9	154.5
Average annual rental per sq. meter in leases signed in the period (NIS)	129	151

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

	First Quarter of 2024	2023
Value of property income producing (NIS in 000's)	116,838	116,797
Value of property construction rights (NIS in 000's)	4,766	4,766
Value of property (NIS in 000's)	121,604	121,563
NOI in the period (NIS in 000's)	1,829	6,881
Revaluation gains (losses) in the period (NIS in 000's)	-	(646)
Average occupancy rate in the period	96.2%	96.4%
Actual rate of return (%)	6.3%	5.9%
Average annual rental per sq. meter (NIS)	102.5	101.5
Average annual rental per sq. meter in leases signed in the period (NIS)[1]	45	86

1 In the current quarter, most of the leases signed were in the offices section of the property.

G Kohav Hatzafon

	First Quarter of 2024	2023
Value of property (NIS in 000's)	108,411	108,411
NOI in the period (NIS in 000's)	1,566	5,474
Revaluation gains (losses) in the period (NIS in 000's)	-	3,218
Average occupancy rate in the period	100%	90.2%
Actual rate of return (%)	5.8%	5.0%
Average annual rental per sq. meter (NIS)	278.5	277.5
Average annual rental per sq. meter in leases signed in the period (NIS)	-	324

UPDATE TO THE DESCRIPTION OF THE COMPANY'S BUSINESS

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

	First Quarter of 2024	2023
Value of property income producing (NIS in 000's)	119,790	118,141
Value of reserved property (NIS in 000's)	12,750	12,750
Value of property (NIS in 000's)	132,540	130,891
NOI in the period (NIS in 000's)	1,958	7,084
Revaluation gains (losses) in the period (NIS in 000's)	-	(69)
Average occupancy rate in the period	92.6%	92.6%
Actual rate of return (%)	6.6%	6.0%
Average annual rental per sq. meter (NIS)	122.7	122.2
Average annual rental per sq. meter in leases signed in the period (NIS)	-	82

G City Rishon LeZion

	First Quarter of 2024	2023
Value of property income producing (NIS in 000's)	1,475,776	1,472,670
Value of reserved property (NIS in 000's)	392,485	375,330
Value of property (NIS in 000's)	1,868,260	1,848,000
NOI in the period (NIS in 000's)[1]	22,961	87,689
Revaluation gains (losses) in the period (NIS in 000's)	-	60,574
Average occupancy rate in the period	98.5%	98%
Actual rate of return (%)	6.2%	6.0%
Average annual rental per sq. meter (NIS)	104	100
Average annual rental per sq. meter in leases signed in the period (NIS)	76	124

1 The first quarte rof 2024 includes a provision for city tax for prior years in the amount of NIS 2 million.

G CITY LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of March 31, 2024

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 subsidiaries ("the Company"), which comprises the condensed consolidated statement of financial position as of March 31, 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D to the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of a certain subsidiary, whose assets constitute approximately 47% of total consolidated assets as of March 31, 2024 and whose included in consolidation constitute approximately 51% of total consolidated revenues for the three months period then ended. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

Scope of review

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

Conclusion

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

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

Tel-Aviv, Israel
May 27, 2024

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2024	March 31, 2023	December 31, 2023
	Unaudited	Unaudited	Audited
	NIS in millions		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1,224	613	638
Short-term investments and loans	35	197	31
Financial assets	13	58	26
Financial derivatives	64	62	34
Trade receivables	131	126	143
Other accounts receivable	469	475	423
Current taxes receivable	4	60	4
	1,940	1,591	1,299
Assets classified as held for sale	1,530	1,722	2,977
	3,470	3,313	4,276
NON-CURRENT ASSETS			
Equity-accounted investees	865	1,701	1,131
Other investments, loans and receivables	586	497	592
Financial assets	100	201	96
Financial derivatives	247	191	290
Investment property	29,835	30,248	29,083
Investment property under development	2,784	2,873	2,759
Fixed assets, net	125	156	133
Intangible assets, net	434	435	447
Deferred taxes	66	65	66
	35,042	36,367	34,597
	38,512	39,680	38,873

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2024	March 31, 2023	December 31, 2023
	Unaudited		Audited
	NIS in millions		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Credit from banks and others	174	624	185
Current maturities of non-current liabilities	2,453	2,238	4,053
Financial derivatives	21	4	184
Trade payables	115	118	138
Other accounts payable	620	645	539
Current taxes payable	39	35	105
	3,442	3,664	5,204
Liabilities attributable to assets held for sale	676	594	1,652
	4,098	4,258	6,856
NON-CURRENT LIABILITIES			
Debentures	14,363	15,898	13,150
Interest-bearing loans from banks and others	6,725	5,308	5,559
Financial derivatives	267	222	319
Other liabilities	323	381	339
Deferred taxes	1,304	1,447	1,320
	22,982	23,256	20,687
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	239	231	239
Share premium	4,755	4,669	4,754
Retained earnings	2,353	3,131	2,430
Foreign currency translation reserve	(4,073)	(4,314)	(3,998)
Other reserves	1,296	1,350	1,413
Treasury shares	(1)	(1)	(1)
	4,569	5,066	4,837
Non-controlling interests	6,863	7,100	6,493
Total equity	11,432	12,166	11,330
	38,512	39,680	38,873

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

May 27, 2024			
Date of approval of the financial statements	Ehud Arnon Chairman of the Board	Chaim Katzman CEO and Vice Chairman of the Board	Gil Kotler CFO

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three months ended March 31, 2024	Three months ended March 31, 2023	Year ended December 31, 2023
	Unaudited	Unaudited	Audited
	NIS in millions (except for per share data)		
Rental and other income	621	604	2,438
Property operating and other expenses	203	194	771
Net operating rental income	418	410	1,667
Fair value gain (loss) from investment property and investment property under development, net	(4)	155	(767)
General and administrative expenses	(97)	(88)	(349)
Other income	185	5	5
Other expenses	(121)	(522)	(686)
Company's share in earnings (loss) of equity-accounted investees, net	3	(46)	(2)
Operating income (loss)	384	(86)	(132)
Finance expenses	(307)	(387)	(1,340)
Finance income	53	39	272
Income (loss) before taxes on income	130	(434)	(1,200)
Taxes on income (tax benefit)	44	(36)	120
Net income (loss)	86	(398)	(1,320)
Attributable to:			
Equity holders of the Company	(77)	(509)	(1,203)
Non-controlling interests	163	111	(117)
	86	(246)	(1,320)
Net earnings (loss) per share attributable to equity holders of the Company			
Total basic net earnings (loss)	(0.42)	(2.98)	(6.79)
Total diluted net earnings (loss)	(0.42)	(2.99)	(6.79)

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,		Year ended December 31,
	2024	2023	2023
	Unaudited		Audited
	NIS in millions		
Net income (loss)	86	(398)	(1,320)
Other comprehensive income (loss) (net of tax effect):			
<u>Amounts that will not be reclassified subsequently to profit or loss:</u>			
Net gains (losses) on financial assets at fair value through other comprehensive income	-	-	(51)
<u>Amounts that will be or that have been reclassified subsequently to profit or loss:</u>			
Exchange differences on translation of foreign operations	(241)	577	1,048
Net gains (losses) on cash flow hedges	29	(10)	(81)
Total other comprehensive income (loss)	(212)	567	916
Comprehensive income (loss)	(126)	169	(404)
Attributable to:			
Equity holders of the Company (1)	(166)	(133)	(665)
Non-controlling interests	40	302	261
	(126)	169	(404)

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

Net income (loss)	(77)	(509)	(1,203)
Exchange differences on translation of foreign operations	(116)	388	667
Net gains on cash flow hedges	27	(12)	(78)
Net gains (losses) on financial assets at fair value through OCI	-	-	(51)
	(166)	(133)	(665)

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, 2023 (audited)	239	4,754	2,430	(3,998)	1,413	(1)	4,837	6,493	11,330
Loss	-	-	(77)	-	-	-	(77)	163	86
Other comprehensive income	-	-	-	(116)	27	-	(89)	(123)	(212)
Total comprehensive income	-	-	(77)	(116)	27	-	(166)	40	(126)
Exercise and expiration of Company's share options into Company shares	(* -	1	-	-	(1)	-	(* -	-	(* -
Cost of share-based payment	-	-	-	-	1	-	1	-	1
Buyback of hybrid debentures from non-controlling interests	-	-	-	-	15	-	15	(30)	(15)
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(52)	(52)
Issuance in a subsidiary	-	-	-	41	(159)	-	(118)	445	327
Dividend to non-controlling interests	-	-	-	-	-	-	-	(33)	(33)
Balance as of March 31, 2024	239	4,755	2,353	(4,073)	1,296	(1)	4,569	6,863	11,432

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

The accompanying notes 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, 2022 (audited)	219	4,529	3,674	(4,702)	1,297	(1)	5,016	7,029	12,045
Loss	-	-	(509)	-	-	-	(509)	111	(398)
Other comprehensive income	-	-	-	388	(12)	-	376	191	567
Total comprehensive income	-	-	(509)	388	(12)	-	(133)	302	169
Issuance of shares	12	138	-	-	-	-	150	-	150
Exercise and expiration of Company's share options into Company shares	(* -	2	-	-	(2)	-	(* -	-	(* -
Cost of share-based payment	-	-	-	-	1	-	1	2	3
Buyback of hybrid debentures from non-controlling interests	-	-	-	-	32	-	32	(135)	(103)
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(60)	(60)
Reclassification of realized financial assets at fair value through other comprehensive income reserve to retained earning	-	-	(34)	-	34	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	(38)	(38)
Balance as of March 31, 2023	231	4,669	3,131	(4,314)	1,350	(1)	5,066	7,100	12,166

*) 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
	NIS in millions								
Balance as of January 1, 2023	219	4,529	3,674	(4,702)	1,297	(1)	5,016	7,029	12,045
Loss	-	-	(1,203)	-	-	-	(1,203)	(117)	(1,320)
Other comprehensive income	-	-	-	667	(129)	-	538	378	916
Total comprehensive loss	-	-	(1,203)	667	(129)	-	(665)	261	(404)
Issuance of shares net of issuance expenses	20	221	-	-	-	-	241	-	241
Exercise and expiration of Company's share options into	(* -	4	-	-	(4)	-	(* -	-	(* -
Cost of share-based payment	-	-	-	-	-	-	-	5	5
Issuance of convertible debentures	-	-	-	-	64	-	64	-	64
BuyBack of hybrid debentures from non-controlling interests	-	-	-	-	199	-	199	(577)	(378)
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(166)	(166)
Reclassification of realized financial assets at fair value through other comprehensive income reserves to retained earning	-	-	(41)	-	41	-	-	-	-
Share issuance in subsidiary	-	-	-	37	(55)	-	(18)	105	87
Dividend to non-controlling interests	-	-	-	-	-	-	-	(164)	(164)
Balance as of December 31, 2023	239	4,754	2,430	(3,998)	1,413	(1)	4,837	6,493	11,330

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,		Year ended December 31,
	2024	2023	2023
	Unaudited		Audited
	NIS in millions		
Cash flows from operating activities:			
Net income (loss)	86	(398)	(1,320)
Adjustments required to present cash flows from operating activities:			
Adjustments to the profit or loss items:			
Finance (income) expenses, net	254	348	1,068
Company's share in earnings of equity-accounted investees, net	(3)	46	2
Fair value gain from investment property and investment property under development, net	4	(155)	767
Depreciation and amortization	6	6	29
Taxes on income (tax benefit)	44	(36)	120
Capital loss, net	(60)	517	682
Cost of share-based payment	1	3	5
	246	729	2,673
Changes in assets and liabilities items:			
Increase in trade receivables and other accounts receivable	(61)	(52)	(45)
Increase (decrease) in trade and other accounts payable	81	121	32
	20	69	(13)
Net cash provided by operating activities before interest, dividend and taxes	352	400	1,340
Cash received and paid during the period for:			
Interest paid	(160)	(146)	(767)
Interest received	29	21	83
Dividend received	4	5	33
Taxes paid	(105)	(45)	(64)
Taxes received	4	-	25
	(228)	(165)	(690)
Net cash provided by operating activities	124	235	650

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,
	2024	2023	2023
	Unaudited		Audited
	NIS in millions		
Cash flows from investing activities:			
Investment and loans to investees	(5)	-	(39)
Acquisition, construction and development of investment property	(153)	(574)	(1,491)
Investments in fixed assets and other assets	(1)	(12)	(29)
Proceeds from sale of investment property, net of tax paid	475	339	1,386
Grant of long-term loans	-	(123)	27
Collection of long-term loans	-	-	(123)
Investment in financial assets	-	-	116
Proceeds from sale of financial assets and deposits withdrawal, net of tax paid	15	114	215
Net cash provided by (used in) investing activities	331	(256)	62
Cash flows from financing activities:			
Issuance of shares and warrants net of issuance expenses	-	150	150
Exercise of share options into Company's shares	(* -	(* -	(* -
Acquisition of non-controlling interests and equity issuance in a subsidiary	327	-	-
Dividend paid to equity holders of the Company	-	(53)	(53)
Dividend paid to non-controlling interests	(33)	(38)	(164)
Receipt of long-term loans	-	369	1,812
Repayment of long-term loans	(12)	(7)	(211)
Receipt (Repayment) of long-term credit facilities from banks and	(408)	(970)	469
Receipt (Repayment) of short-term credit from banks and others, net	-	187	(848)
Repayment and early redemption of debentures and convertible	(1,240)	(211)	(2,767)
Issue of debentures	1,592	-	611
BuyBack of hybrid debentures from non-controlling interests	(15)	(103)	(200)
Interest on hybrid debentures paid to non-controlling interests	(52)	(60)	(166)
Net cash provided by (used in) financing activities	159	(736)	(1,367)
Exchange differences on balances of cash and cash equivalents	(28)	(4)	(81)
Increase (decrease) in cash and cash equivalents	586	(761)	(736)
Cash and cash equivalents at the beginning of the period	638	1,374	1,374
Cash and cash equivalents at the end of the period	1,224	613	638

*) 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, 2024	Three months ended March 31, 2023	Year ended December 31, 2023
	Unaudited	Unaudited	Audited
	NIS in millions		
(a) Significant non-cash transactions:			
Sale of investment property against receivables	-	-	245

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, 2024 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, 2023 and for the year then ended and accompanying notes, that were authorized by the Board of Directors on March 28, 2024 ("annual financial statements").

b. As of March 31, 2024 (the "Reporting Date") the consolidated company ("the Group") has a working capital deficit of NIS 0.6 billion. The group has approved unutilized credit facilities amounting to NIS 2.2 billion available for immediate drawdown. The Company's management is of the opinion that those sources, in addition to the consideration from issuance of debentures after the reporting date in a total amount of approximately NIS 0.8 billion, the positive cash flow from operation activities, including forecast cash flow, its non-pledged assets and the ability to recycle its debts secured by property, will allow each of the group's companies to repay their current liabilities.

c. Company's business and liquidity status:

The Company long term policy is to maintain proper level of liquidity to allow the Company to meet its liabilities, take opportunities in its business, and be flexible with financial resources. This is achieved by issuing equity and taking long-term financing, including through the issuance of debentures, hybrid bonds, bank loans and mortgages, to invest in long term assets.

First, it should be mentioned that the Company and its wholly owned subsidiaries have positive operating cash flows and dividend cash flow from a traded subsidiary. It should be clarified that there are no restrictions to transfer cash from the wholly owned subsidiaries in numbers of ways, including dividend distributions or loans subject to the limitations set forth in the terms of the debentures of the subsidiaries and the distribution tests set forth in the relevant law.

In addition, given the state of the capital and unsecured debt markets, in order to maintain its financial strength and to reduce the dependence on the capital and debt markets, the Company maintain binding credit facilities (some of which are not utilized) with financial institutions in significant amounts, which the Company and/or its wholly owned subsidiaries can utilize credit facilities for different periods, as required. As of March 31, 2024, the Company and its wholly subsidiaries have revolving credit facilities from several local and international banks and financial institutions, secured by an asset, in the amount of NIS 1.5 billion, out of which NIS 0.9 billion were utilized as of these dates. Immediately prior to the publication date of this report, the balance of credit facilities is NIS 1.6 billion, NIS 0.5 billion was used.

These credit facilities are with financial institution the Company has long term relationships and they are renewed from time to time for periods of 3-4 years, as of this date, their mature in 2024-2028. During the reporting period, the Company extended most of its long-term credit facilities, following conversations with another financing institution who has not yet extended the repayment date, the company expect it could extend the credit facilities in the near future.

The Company’s and its subsidiaries credit facilities contain financial covenants which include, inter alia, minimal equity, leverage rate, utilized debt ration to collateral value and more as detailed in note 20d to the annual financial statements, as of March 31,2024, and immediately prior to the publication date of this report, the Company and its subsidiaries are in compliance with all the financial covenants.

In October 25, 2022 the Company published a plan for the disposal of Group non-core assets, which is updated from time to time, to a total value of NIS 7.1 billion (the “Plan for Disposal of Properties”). Under the plan for disposal of properties, the Company intends to sell properties to a total value of NIS 7.1 billion in Europe, Brazil, USA and Israel. up until date of publication of this Report, Group companies engaged in binding agreements for the sale of properties to the total value of NIS 4.0 billion on its fair value (excluding Russia). In addition, as of the reporting date, properties in total value of NIS 1.4 billion are in

NOTE 1:- GENERAL (Cont.)

advanced negotiations additional and assets with a total value of NIS 1.7 billion are up for sale. NIS 1.4 billion out of the mentioned properties are presented as assets held for sale.

The pace of disposal of the properties and the Group's progress in executing them as aforesaid, including the pace of placing the properties up for sale according to the various countries in which the Group operates is dynamic and is carried out according to the market conditions in each country in which the Group operates, and at the discretion of the Company's management, by taking into account macro-economic and Company specific considerations and the balance between the needs of the Company and achieving the value of these properties.

In addition, the Company and wholly owned subsidiaries of the company are working to obtain financing secured by debt-free assets (mainly in Europe), in an amount of EUR 228 million.

Furthermore, during the reporting date, an initial public offering (IPO) of Gazit Malls, a subsidiary in Brazil, was completed, in the amount of BRL 301 million (NIS 226 million), by way of a tender offer. In addition, the company issue NIS 410 million per value debentures (series R) secured by shares of a wholly owned subsidiary that owns investment properties in the United States.

In addition, during the reporting date, CTY carried out several actions to strengthen its balance sheet which include issuance of shares in a total consideration of EUR 48 million (the company participated in the issuance in the amount of EUR 15 million), issuance of EUR 300 million per value debentures and announced a plan to sell properties in amount of EUR 950 million over the next two years, EUR 44 were classified held for sale to the reporting date.

In light of the above, the Company's management and the Board of Directors believe that the Company will be able to repay its current liabilities and expected liabilities when they are due.

NOTE 1:- GENERAL (Cont.)

d. Swords of Iron war

In October 2023, the Hamas terror organization launched a murderous terrorist attack on the State of Israel, which led to the start of the Swords of Iron War. Following the terror attack, the villages in the Gaza border area were evacuated, following which, due to the escalation along the Lebanon border, villages close to the northern border were also evacuated. At the same time, due to the rocket attacks on the State of Israel, restrictions were imposed on gatherings, workplaces and the education system, based on their prevailing security conditions and proximity to the combat zones. Since the beginning of 2024 through to the date of this report, hostilities are ongoing, including on the northern border. In April 2024, Iran attached the State of Israel by launching hundreds of rockets and UAVs, which were intercepted by Israel and its allies, without any significant damage being caused. Moreover, the War has led to an unprecedented global wave of anti-Semitism, including by leading academic institutions. Among other things, Turkey has imposed an embargo on exports to the State of Israel and there are concerns that other countries and/or business corporations (including international retail chains) will follow suit and impose restrictions on transactions with Israel.

Upon the outbreak of the war there was a significant decrease in economic activity in Israel, including with regard to the company’s properties in Israel, however it is evident that as time goes by there has been an increase in the number of visitors and in the revenues of the company’s properties, and during and subsequent to the reporting period, these have returned to the usual pre-war scope.

To date, the declaration of war is still in effect and there is uncertainty regarding the duration, nature and scope of the war. Therefore the company is unable to assess the impact of the war on its businesses, however it estimates that the continuation of the war at its current intensity is not expected to have a material effect on the company’s businesses and on its financial results in the coming quarters, based on the foregoing.

e. Definitions in these financial statements

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b. Initial adoption of amendments to existing financial reporting and accounting standards:

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

In January 2020, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" regarding the criteria for determining the classification of liabilities as current or non-current ("the Original Amendment"). In October 2022, the IASB issued a subsequent amendment ("the Subsequent Amendment").

According to the Subsequent Amendment:

- Only financial covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.

- In respect of a liability for which compliance with financial covenants is to be evaluated within twelve months from the reporting date, disclosure is required to enable users of the financial statements to assess the risks related to that liability. The Subsequent Amendment requires disclosure of the carrying amount of the liability, information about the financial covenants, and the facts and circumstances at the end of the reporting period that could result in the conclusion that the entity may have difficulty in complying with the financial covenants.

According to the Original Amendment, the conversion option of a liability affects the classification of the entire liability as current or non-current unless the conversion component is an equity instrument.

The Original Amendment and Subsequent Amendment are applied retrospectively for annual periods beginning on January 1, 2024.

The Amendments did not have a material impact on the Company's interim consolidated financial statements.

c. Disclosure of new IFRSs, interpretations and amendments in the period prior to their adoption

1. IFRS 18, "Presentation and Disclosure in Financial Statements":

In April 2024, the International Accounting Standards Board ("the IASB") issued IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18") which replaces IAS 1, "Presentation of Financial Statements".

IFRS 18 is aimed at improving comparability and transparency of communication in financial statements.

IFRS 18 retains certain existing requirements of IAS 1 and introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

IFRS 18 does not modify the recognition and measurement provisions of items in the financial statements. However, since items within the statement of profit or loss must be classified into one of five categories (operating, investing, financing, taxes on income and discontinued operations), it may change the entity's operating profit. Moreover, the publication of IFRS 18 resulted in consequential narrow scope amendments to other accounting standards, including IAS 7, "Statement of Cash Flows", and IAS 34, "Interim Financial Reporting".

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively. Early adoption is permitted but will need to be disclosed.

The Company is evaluating the effects of IFRS 18, including the effects of the consequential amendments to other accounting standards, on its consolidated financial statements.

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a. Debt raising and redemption by the group

1. In February 2024, the Company issued to the public NIS 410 million par value Debentures (Series R), for a net consideration of NIS 404 million at an effective interest rate of 5.18%. Debentures (Series R) are secured by a fixed first degree lien on all of the Company's holdings in GHI Alpha Portfolio LLC ("G Alpha"), which are held by the Company through Gazit Horizons Inc., a wholly-owned subsidiary of the Company (indirect) and related rights, as well as a single lien on the bank account established and held by G Alpha. Furthermore, G Alpha provided a guarantee for the Company's liabilities under the deed of trust of Debentures (Series R). G Alpha is the owner of six income producing properties in the United States, which at the present time are valued at USD 283 million. Debentures (series R) are redeemable in four unequal installments that will be paid between 2026 and 2031 (inclusive) as follows: The first installment will be paid on September 30, 2026 at a rate of 15% of the principal, the second installment on September 30, 2028 at a rate of 20% of the principal, the third installment on September 30, 2030 at a rate of 30% of the principal, and the fourth and final installment will be paid on September 30, 2031 at a rate of 35% of the principal. Furthermore, Debentures (Series R) are CPI-linked and bear an annual interest rate of 4.83%. The scope of the series was set at debt to value of collateral (LTV) ratio of 50% or 55% (the "LTV"), calculated according to the value of G Alpha's pledged capital, as set forth in the deed of trust of the debentures. The Company is required to comply with an LTV ratio of 55% in case of expansion of the series or sale of pledged assets or LTV ratio of 50% on other specific test dates set in the deed, including removal/addition of liens (including in the event of release of G Alpha properties by G Alpha), upon exchange of pledged assets, on the date of a distribution from G Alpha, upon occurrence of a "disturbing event" (as defined in the deed of trust) in respect of G Alpha, on the date of introduction of a partner to properties owned by G Alpha, and any other date set in the deed of trust in which the Company is required to comply with the LTV.
   If the credit rating falls below 'A' of S&P Maalot or below 'A2' on the Midroog scale or an equivalent rating of another rating agency, an interest rate increase of up to 1% will apply (and if the rating falls to a rating equivalent to or lower than BBB- of S&P Maalot or an equivalent rating, the interest rate will increase by 3%), according to the terms and levels set in the debentures. Furthermore, in the event of non-compliance with the financial covenants stipulated in sections A and C below, the annual interest rate will increase by 0.25% (and in case of a breach of two causes together, the interest rate will increase by a total of 0.5%). However, under no circumstances (except due to addition of default interest and interest in the event of a downgrade as specified above) will the interest rate increase exceed 1.25% (or 3.25% if the rating falls to 'BB-" of S&P Maalot or lower).

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

Furthermore, the Company undertook to refrain from creating a floating lien (negative pledge) on all of its assets and all of its rights, existing and future, in favor of any third party to secure any debt, unless the debenture holders are granted a floating lien of the same degree pari passu.

Also, as part of the Company's obligations in favor of the holders of Debentures (Series R), which are secured by a lien on G Alpha shares, G Alpha undertook several restrictions, including: (1) Undertaking to provide guarantees for all secured amounts under the deed of trust; (2) undertaking not to change its area of operations, which as of the date of this report is the income producing real estate sector in the United States, and to manage its business in the ordinary course of business, and subject to the restrictions specified in the deed of trust, G Alpha and/or companies that it controls ("Property Companies") will not pay the Company or companies that it controls any management fees, subject to the right for indemnification if the Company incurs current operating costs; (3) any distribution in respect of G Alpha shares (the "Distribution Proceeds") will be deposited directly into a trust account. The Company may instruct the Trustee to release all or part of the Distribution Proceeds, under several cumulative conditions, including if ratio of the par value of outstanding Debentures (Series R) plus interest, default interest and linkage differences accrued, if any, by that date, in accordance with the terms of the Debentures (Series R), and G Alpha's equity exceeds 55%, including if as a result of the distribution the ratio exceeds the above; (4) G Alpha and/or the Property Companies fail to provide and fail to undertake to provide financing and/or a loan and/or collateral and/or guarantees in any manner, to G-City Group companies, and if G Alpha fails to provide guarantees to any third parties; (5) on the issue date and any test date (as defined in the deed), the LTV (as defined in the deed) will not exceed 55% or 50%, based on the type of test event; (6) G Alpha and/or its subsidiaries will not undertake any debt, financing or loan, other than loans existing at the signature date of the deed of trust and will not enter into an agreement to receive such financing and/or loan, whether directly or indirectly. Notwithstanding the above, G Alpha and limited companies that it controls may undertake debt, financing or a loan (including refinancing) in a total amount not exceeding the amount of the existing debt of G Alpha and the limited companies that it controls as of the signature date of the deed of trust (which was NIS 90 million), and may use the said funds to distribute dividends, subject to compliance with the provisions of the deed of trust; (7) G Alpha and the Property Companies will not create or undertake to create a floating lien on all their assets; (8) G Alpha, on its behalf and on behalf of the Property Companies, undertook that other than the Maison and Edge properties, which as of the date of the deed were pledged in favor of other lenders, the other properties controlled by G Alpha will not be pledged to any third party, and no debt will be undertaken in respect of those properties; (9) there will be no change to the holding structure of the properties held by G Alpha, other than the sale of properties of G Alpha or the Property Companies according to the provisions of the deed of trust; (10) restrictions on restructuring, including the holding structure of properties held by G Alpha and a merger of G Alpha and/or the Property Company with other companies, all subject to the conditions and exceptions specified in the deed of trust.

Furthermore, the provisions of the deed of trust of Debentures (Series R) contain other causes, which if realized, grants the debenture holders the right to call for immediate repayment of the debentures, including a change of control of the Company, a call for immediate repayment of another series marketable debentures of the Company or a call for immediate repayment of non-marketable debentures or a loan/s from a financial institution (for specific causes only) in the amount of 10% or more of the Company's total gross financial liabilities based on its reviewed consolidated financial statements (following elapse of a remedy period), causes related to insolvency of the Company, change of operations and sale of most of the Company's assets, recording of a going concern caveat in the Company's financial statements for two consecutive quarters, causes related to events connected with G Alpha and breach of its obligations under the deed of trust. The Company also undertook to refrain from a distribution if, among other things, its equity falls below the shekel equivalent of USD 1 billion under its audited or reviewed consolidated financial statements.

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

2. During the reporting period, the Company purchased NIS 43.1 million par value debentures (Series K, L, M, N, P) for a consideration of NIS 42.6 million. Following the purchases, the company recognized gain from early redemption of NIS 5 million. The debentures were cancelled and delisted.

3. In March 2024, CTY issued EUR 300 million par value debentures, which bear an annual interest rate of 6.5% and are redeemable in March 2029.

4. In March 2024, CTY bought back EUR 213.2 million (NIS 848 million) par value debentures under a tender offer, for a consideration of EUR 213.7 million (NIS 850 million).

5. During the reporting period, the Group purchased EUR 50 million (NIS 195 million) par value G Europe's debentures Series 2025 and 2027 for a consideration of NIS 46.2 million (NIS 180 million). Following the purchases, the Group recognized gain from early redemption of EUR 3.8 million (NIS 15 million).

6. During the reporting period, the Group purchased EUR 7.6 million (NIS 30 million) par value G Europe's hybrid debentures for a consideration of NIS 3.7 million (NIS 15 million). Following the purchases, the Group recognized gain from early redemption of EUR 3.8 million (NIS 15 million) Which was recognized in the capital reserves.

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

b. Other events

1. In February 2024, Gazit Malls, a real estate investment fund owned and controlled by the Company (indirectly), completed an IPO of its participating units on the Sao Paulo Stock Exchange in Brazil ('BOVESPA'), by way of a tender offer to classified investors (below in this section: the "Tender Offer"), for an amount of BRL 301 million (NIS 226 million). After the issue, Gazit Malls purchased 223,000 shares through regular trading for BRL 16 million (NIS 12 million), all under a time-limited market making plan that ended 30 days after the IPO was completed. As a result, to date, Gazit Brazil holds 81.9% of the share capital of Gazit Malls.
   Prior to completing the Tender Offer, the Gazit Malls classified its capital according to two classes of participating units - preferred participating units that confer surplus dividend for a period of 24 months from the date on which the offering is completed (Class A; 49% of the issued capital and voting rights) and ordinary participating units (Class B; 51% of the issued capital and voting rights). Under the Tender Offer, the Company sold part of the Class A participating units. Apart from the surplus dividend, the participating units of both Classes will have the same issued capital rights and voting rights. After 24 months as aforesaid, the Class B participating units will be converted into Class A participating units.

   The participating units sold under the Tender Offer constitute 18.13% of the issued share capital and voting rights of Gazit Malls. After completing the IPO, the Company holds (indirectly) 63% of the participating units (Class A) and all the participating units (Class B) from the IPO.
   The Class A participating units were issued a price of BRL 72 per unit, reflected a 16% discount with regard to their carrying value in the Company's books (which as of the date of the IPO was BFL 86 per share, and as of reporting date is BRL 96 per share), and reflecting a 9% discount with regard to the value of the assets held by Gazit Malls, as is generally accepted for this type of transaction in Brazil. Following the transaction, the Company recognized a decrease in the capital attributed to the shareholders of NIS 82 million that was recorded to the capital reserves.

2. On February 2024, CTY issued 11.9 million ordinary shares for a total consideration of EUR 48.2 million (EUR 4.05 per share). As part of the offering, the company purchased 3.7 million shares for a total consideration of EUR 15 million. As a result of the offering, the company's holding rate in CTY decreased from 50.9% to 49.6% and the company will recognize a decrease in the equity attributed to equity holders of NIS 35.7 million which will be recorded to the capital reserves. The Company continues consolidating CTY in its reports according to its policy on the basis of effective control.

3. On February 29, CTY completed the purchase of the remaining 50% in a joint venture in Sweden Consequently, CTY now owns 100% of the joint venture, which will be consolidated in the company's reports. The consideration for the purchase is EUR 2.5 million in cash. The joint venture has a debt to third party in amount of SEK 2.4 billion which CTY will assume. Including the partner's share in amount of SEK 1.2 billion (NIS 423 million). Following the transaction, CTY recognized capital gain of EUR 46.2 million (NIS 180 million) presented in other income.

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

4. During the reporting period, G Europe, which is the owner of a subsidiary that owns real estate in Turkey (the "Subsidiary" and "the Property"), filed a lawsuit to cancel an unlawful change in registration by a third party of the subsidiary's ownership of the Property. The Company and its legal advisors believe that the chances are greater that a ruling in this matter will be in favor of G Europe. Therefore, as of date of publication of this report, this issue is not expected to have a material impact on the Company's reports.
5. On February 2024, the S&P Maalot rating agency reaffirmed the credit rating of Debentures (Series R) of the Company, at a rating level of 'ilA', with a negative outlook.
6. On February 2024, the Midroog rating agency reaffirmed the credit rating of Debentures (Series R) of the Company, at a rating level of 'A2.il', with a negative outlook.
7. On March 2024, the Standard & Poor’s rating agency approved the credit rating of CTY’s Debentures at a rating level of 'BBB-', with a negative outlook.
8. On March 2024, the Moody’s rating agency decreases the credit rating of G Europe’s Debentures from 'Ba2' to 'B1', with a stable outlook.
9. On March 2024, the S&P Maalot rating agency reaffirmed the credit rating of Debentures (Series S) of the Company, at a rating level of 'ilA', with a negative outlook.
10. On March 2024, the Midroog rating agency reaffirmed the credit rating of Debentures (Series S) of the Company, at a rating level of 'A3.il', with a negative 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, 2024		March 31, 2023		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	NIS in million					
Debentures	15,848	15,001	17,326	14,157	15,585	14,358
Interest bearing loans from banks and others	7,693	7,542	6,118	5,479	7,177	6,919
	23,541	22,543	23,444	19,636	22,762	21,277

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, 2023. 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. After the reporting date, the Group purchased NIS 8.7 million par value debentures (Series L, M, N, P) for a consideration of NIS 8.9 million. The impact of the early redemption on the Group's Profit and loss is immaterial.

b. After the reporting date, the Group purchased EUR 35.8 million par value G Europe's debentures for a consideration of EUR 35.4 million (NIS 140.8 million). The impact of the early redemption on the Group's Profit and loss is immaterial.

c. After the reporting date, the group purchased EUR 11 million per value G Europe's hybrid bond in a consideration of EUR 6.4 million. Which will be recognized as an increase in the capital reserves.

d. In April 2024 the Company issued to the public NIS 495.2 million par value debentures (Series S), secured by a second degree lien on real estate, for net proceeds of NIS 489 million and at effective interest of 4.39%.
The principal and interest for debentures (Series S) are linked to the CPI and are subject to the mechanism described in section 5 overleaf of the deed of trust. Furthermore, the principal will be repaid in 15 semi-annual installments, as follows: 14 installments in amounts equivalent to 0.75% each of the principal, to be paid from 2024 through 2031 (inclusive) (commencing September 30, 2024 through March 31, 2031), and the final installment of 89.5% of the principal will be paid on September 30, 2031.
The debentures bear interest of 4.15%. A downgrade of S&P Maalot's credit rating to below A-, or Midroog's credit rating to below A3 or a corresponding rating of another rating agency will result in an increase in the interest rate of up to 1% (downgrading of the rating to a rating equivalent to or lower than BB- of S&P Maalot, or a corresponding rating, will result in increasing the interest rate to 3%), in accordance with the terms and increments set out in the debenture. However, under no circumstances (except due to addition of default interest and interest in the event of a downgrade as specified above) will the interest rate increase exceed the base interest plus 1%.
Under the issue of Debentures (Series S), the Company undertook to comply, among other things, with the following primary covenants, and breach thereof grants the debenture holders the right to call for immediate repayment of the debentures: (a) consolidated equity (less non-controlling interests) will not fall below USD 850 million for three consecutive quarters; (b) consolidated equity (less non-controlling interests) will not fall below USD 450 million for one quarter; (c) net interest-bearing debt to the Company's consolidated balance sheet ratio will not exceed 75% for three consecutive quarters; (d) the rating of the debentures in the last of the above quarters will not fall below BBB- by S&P Maalot and below Baa3 by Midroog.
The Company also undertook to refrain from a distribution if, among other things, its equity falls below the shekel equivalent of USD 1 billion under its audited or reviewed consolidated financial statements.
Furthermore, the provisions of the deed of trust of Debentures (Series S) contain other causes which, if realized, grants the debenture holders the right to call for immediate repayment of the debentures, including: A change of control of the Company, a call for immediate repayment of another series of marketable debentures of the Company or a call for immediate repayment of non-marketable debentures or a loan from a financial institution (for specific causes only) in the amount of 10% or more of the Company's total gross financial liabilities based on its reviewed consolidated financial statements (following elapse of a remedy period), causes related to insolvency of the Company, a change of operations and the sale of most of the Company's assets, recording of a "going concern" caveat in the Company's financial statements for two consecutive quarters, and others.
Furthermore, the Company undertook to refrain from creating a floating lien (negative pledge) on all of its assets and all of its rights, existing and future, in favor of any third party to secure any debt, unless the debenture holders are granted a floating lien of the same degree' pari passu.

e. In May 2024, the Company issued to the public, by way of expanding a traded series of debentures, NIS 350.2 million par value Debentures (Series P), which are secured by a lien on G Europe shares owned by subsidiaries wholly-owned by the company, for a consideration of NIS 336 million including effective interest at a rate of 5.7% (linked to the CPI).
As of the reporting date, 232 million G Europe's shares are deposited in a pledged account for the benefit of the holders of the bonds Debentures (Series P) (more than required in order to meet the LTV

NOTE 5:- EVENTS AFTER THE REPORTING DATE (Cont.)

requirement in accordance with the terms of the debenture, the Company is working with the trustee to create and register (as long as it is required by law) a new pledge on the shares, while releasing the extra shares from pledge.

f. On April 30, 2024, the S&P Maalot rating agency reaffirmed the credit rating of Debentures (Series P) of the Company, at a rating level of 'ilA', with a negative outlook.

g. On April 30, 2024, the Midroog rating agency reaffirmed the credit rating of Debentures (Series P) of the Company, at a rating level of 'A3.il', with a negative outlook.

h. In May 2024, CTY announced on an early repayment of their 2024 bond series. The early repayment will take place on June 17, 2024. As of the reporting date, the 2024 bond series is presented in the amount of EUR 97 million (NIS 388 million).

NOTE 6:- OPERATING SEGMENTS

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

	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, 2024								
Segment revenues	315	146	84	44	37	9	(14)	621
Segment net operating income	203	102	57	37	23	4	(8)	418
Segment operating profit	339	5	40	35	(22)	6	(19)	384
Finance expenses, net								(254)
Loss before taxes on income								130

	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, 2023								
Segment revenues	293	188	71	46	34	8	(36)	604
Segment net operating income	188	127	53	38	23	4	(23)	410
Segment operating profit	150	(405)	49	33	19	3	65	(86)
Finance expenses, net								(348)
Loss before taxes on income								(434)

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, 2023								
Segment revenues	1,206	662	305	192	150	38	(115)	2,438
Segment net operating income	807	450	197	162	97	21	(67)	1,667
Segment operating profit	681	(282)	181	140	71	16	(939)	(132)
Finance expenses, net								(1,068)
Income before taxes on income								(1,200)

Segment assets

	Northern Europe	Central-Eastern Europe	Israel	Brazil	United States	Other segments	Consolidation adjustments	Total
	Unaudited							
	NIS in millions							
March 31, 2024	17,176	8,361	4,849	2,504	3,195	360	2,067	38,512
March 31, 2023	17,281	9,677	4,825	2,771	3,349	375	1,402	39,680
December 31, 2023 (Audited)	17,102	9,454	4,820	2,530	3,706	365	896	38,873

NOTE 7:- CONDENSED FINANCIAL INFORMATION OF G ALPHA

In February 2024, the company issued to the public NIS 410 million per value debentures (series R) secured by a first-class permanent lien on the company's holdings in GHI Alpha Portfolio LLC ("G Alpha"), which is held by the company through Gazit Horizons Inc, a wholly (indirectly) owned subsidiary of the company and with the associated rights, as well a single lien on the bank account established and held by G Alpha.

Below is a summary of G Alpha’s Proforma financial information and main notes:

Summarized statements of financial position

	March 31,		December 31,
	2024	2023	2023
	USD in thousands		
ASSETS			
Cash and cash equivalents	3,440	3,158	1,682
Trade receivables	323	173	258
Other accounts receivable	164	146	333
	3,927	3,477	2,273
Deposits	879	964	899
Investment property	283,862	282,785	282,939
Fixed assets, net	354	18	272
	285,095	283,767	284,110
	289,022	287,244	286,383
LIABILITIES AND EQUITY			
Trade payables	1,749	736	564
Other accounts receivable	227	228	373
	1,976	964	937
Interest-bearing loans from banks and others	89,386	89,279	89,359
Fixed assets, net	1,112	1,198	1,132
	90,498	90,477	90,491
Equity Attributable to Equity Holders of The Company	196,548	195,803	194,955
	289,022	287,244	286,383

NOTE 7:- SUMMARIZED FINANCIAL INFORMATION OF G ALPHA (Cont.)

Summarized statements of profit or loss

	Three months ended March 31, 2024	Three months ended March 31, 2023	Year ended December 31, 2023
	USD in thousands (except for per share data)		
Rental Revenues- commercial	1,666	1,499	6,296
Operating expenses for rental properties - commercial	276	176	1,162
Net operating income - commercial	1,390	1,323	5,134
Rental Revenues- residential	2,463	2,378	9,654
Operating expenses for rental properties - residential	1,019	850	4,097
Net operating income - residential	1,444	1,528	5,557
Net operating income interests	2,834	2,851	10,691
General and administrative expenses	(16)	-	(10)
Fair value gain (loss) from investment property	-	-	(713)
Operating profit (loss)	2,818	2,851	9,968
Financing expenses, net	(696)	(697)	(2,783)
Net profit (loss)	2,122	2,154	7,185

NOTE 7:- SUMMARIZED FINANCIAL INFORMATION OF G ALPHA (Cont.)

Summarized statements of cash flow

	Three months ended March 31,		Year ended December 31,
	2024	2023	2023
	USD in thousands		
Cash flows from operating activities:			
Net income (loss)	2,122	2,154	7,185
Adjustments required to present cash flows from operating activities:			
Adjustments to the profit or loss items:			
Finance expenses, net	696	696	2,783
Fair value gain (losses) from investment property	-	-	713
Depreciation and amortization	14	-	10
	710	696	3,506
Changes in assets and liabilities items:			
Increase in trade receivables and other accounts receivable	21	55	(450)
Increase (decrease) in trade and other accounts payable	1,019	562	468
	1,040	617	18
Net cash provided by operating activities before interest, dividend and taxes	3,872	3,467	10,709
Cash received and paid during the year for:			
Interest paid	(669)	(706)	(2,714)
Net cash provided by operating activities	3,203	2,761	7,995
Cash flows from investing activities:			
Acquisition, construction, and development of investment property	(820)	(665)	(1,234)
Investments in fixed assets and other assets	(94)	(12)	(275)
Net cash provided by (used in) investing activities	(914)	(677)	(1,509)
Cash flows from financing activities:			
Owner's investment	14	510	2,072
Dividend paid to equity holders of the Company	(545)	(1,000)	(8,440)
Net cash used in financing activities	(531)	(490)	(6,368)
Increase (decrease) in cash and cash equivalents	1,758	1,594	118
Cash and cash equivalents at the beginning of the year	1,682	1,564	1,564
Cash and cash equivalents at the end of the year	3,440	3,158	1,682

NOTE 7:- SUMMARIZED FINANCIAL INFORMATION OF G ALPHA (Cont.)

1. General
   a. G Alpha is a limited liability company established In the State of Delaware, USA, on October 23, 2023.
   b. G Alpha engages, through the companies under its control, in the management of income-generating mixed-use real estate properties, including for commercial and residential rental uses, in densely populated urban areas in large cities in the US, mainly in New York, Boston, and Miami, and as of reporting date, it owns 6 income-generating properties
   c. On February 4, 2024, Gazit Horizons inc., which owns all of G Alpha's capital, transferred to G Alpha all its entire holdings in 6 private companies wholly owned by it, each of which holds an income-generating property.
   d. In view of the incorporation of G Alpha on October 23, 2023 and the transfer of private companies, as aforesaid, G Alpha has prepared pro forma financial statements, pursuant to the provisions of Regulation 9A and 38B of the Securities Regulations (Periodic and Immediate Reports), 1970, which reflect the results of G Alpha’s consolidated operations, as if its consolidated companies at that date were consolidated in its financial statements throughout the foregoing periods. All the comparable data and financial data presented above, which refers to the periods before the transfer of the private companies to G Alpha, constitute proforma information.

2. Significant Accounting Policies
   The accounting policies applied in the proforma financial data attributed to G Alpha are consistent with those applied in the preparation of these consolidated financial statements.

3. Proforma assumption
   a. The comparison data and the financial data referring to the period before the transfer of the private corporations to G Alpha, are on a proforma basis.
   b. The financial data have been presented to reflect the financial position, profit or loss and cash flow attributable to G Alpha if it existed, and if its consolidated companies were consolidated in its reports during the periods shown.
   c. The proforma financial data in these reports were consolidated in the consolidated financial statements of G City Ltd. for the relevant periods.
   d. The acquisitions of the properties and/or the consolidated companies are reflected in these reports as if they had been acquired by G Alpha at the time of the original acquisition of the companies and/or properties by Gazit Horizons Inc. when the financing of the acquisitions was carried out by capital investments of Gazit Horizons Inc. in G Alpha.
   e. G Alpha and Gazit Horizons Inc. consolidated for US income tax with their parent company MGN USA Inc. ("MGN"), the tax liability applies on MGN, therefore there are no income tax effects in the company's books.

G CITY LTD.

Financial Data from the Condensed Consolidated Interim Financial Statements

Attributable to the Company

As of March 31, 2024

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To
The Shareholders of G CITY Ltd.

Dear Sirs/Mmes.,

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

Introduction

We have reviewed the separate interim financial information disclosed in accordance with Regulation 38d to the Securities Regulations (Periodic and Immediate Reports), 1970 of G City Ltd. ("the Company") as of March 31, 2024 for the three months period then ended. The Company's board of directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion on the separate interim financial information based on our review.

We did not review the separate interim financial information taken from the interim financial information of investees, whose assets less attributable liabilities net amounted to approximately NIS 2,860 million as of March 31, 2024 and the Company's share of their earnings amounted to approximately NIS 115 million for the three months period then ended. The separate interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

Scope of review

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

Conclusion

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

Tel-Aviv, Israel
May 27, 2024

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

G CITY 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, 2024, 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,		December 31,
	2024	2023	2023
	Unaudited		Audited
	NIS in millions		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	144	213	152
Short term loans and current maturities of long-term loans to subsidiaries	5	-	-
Financial assets	1	42	14
Financial derivatives	52	48	34
Other accounts receivable	119	93	113
Trade receivables	21	34	26
Income taxes receivable	2	2	2
	344	432	341
NON-CURRENT ASSETS			
Financial assets	52	34	48
Financial derivatives	46	-	99
Investment property	3,642	3,483	3,637
Investment property under development	1,140	1,261	1,117
Other investments, loans and receivables	24	108	24
Loans to subsidiaries	2,273	2,505	2,411
Investments in subsidiaries	9,033	10,569	9,169
Fixed assets and other assets, net	36	39	37
	16,246	17,999	16,542
Total assets	16,590	18,431	16,883

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, 2024	March 31, 2023	December 31, 2023
	Unaudited	Unaudited	Audited
	NIS in millions		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current maturities of non-current liabilities	2,044	1,877	2,580
Short-term loans from subsidiaries	125	402	168
Financial derivatives	18	4	163
Trade payables	30	38	19
Other accounts payable	119	67	89
	2,336	2,388	3,019
NON-CURRENT LIABILITIES			
Loans from banks and others	2,222	2,531	1,896
Long-term loans from subsidiaries	435	1,231	430
Debentures	6,781	6,941	6,460
Financial derivatives	206	221	202
Other liabilities	6	53	8
Deferred taxes	35	-	31
	9,685	10,977	9,027
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	239	231	239
Share premium	4,755	4,669	4,754
Retained earnings	2,353	3,131	2,430
Foreign currency translation reserve	(4,073)	(4,314)	(3,998)
Other reserves	1,296	1,350	1,413
Treasury shares	(1)	(1)	(1)
	4,569	5,066	4,837
Total liabilities and equity	16,590	18,431	16,883

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

May 27, 2024			
Date of approval of the financial statements	Ehud Arnon Chairman of the Board	Chaim Katzman CEO and Vice Chairman of the Board	Gil Kotler CFO

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

	Three months ended March 31,		Year ended December 31,
	2024	2023	2023
	Unaudited		Audited
	NIS in millions		
Rental and other income	84	71	304
Property operating and other expenses	27	18	106
Total gross profit	57	53	198
Fair value gain from investment property and investment property under development, net	(7)	(8)	(137)
General and administrative expenses	(14)	(15)	(56)
Other income, net	-	-	(1)
Management fees from related companies	1	1	2
Income from subsidiaries, net	6	(284)	(360)
Operation income	43	(253)	(354)
Finance expenses	(149)	(253)	(824)
Finance income	9	15	43
Finance expenses from subsidiaries, net	25	(3)	11
Income (loss) before taxes on income	(72)	(494)	(1,124)
Taxes on income (tax benefit)	5	15	79
Net income (loss) attributed to the Company	(77)	(509)	(1,203)

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,
	2024	2023	2023
	Unaudited		Audited
	NIS in millions		
Net income (loss) attributable to the Company	(77)	(509)	(1,203)
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	(9)	61	38
Other comprehensive income (loss) attributed to the Company	(9)	61	38
Other comprehensive income (loss) attributed to subsidiaries (net of tax effect)	(80)	315	500
Total other comprehensive income (loss) attributed to the Company	(89)	376	538
Total comprehensive income (loss) attributed to the Company	(166)	(133)	(665)

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,
	2024	2023	2023
	Unaudited		Audited
	NIS in millions		
Cash flows from operating activities of the Company			
Net income (loss) attributed to the Company	(77)	(509)	(1,203)
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	3
Finance expense (income), net	115	241	770
Fair value gain from investment property and investment property under development, net	7	8	137
Income from subsidiaries, net	(6)	284	360
Cost of share-based payment	1	-	1
Taxes on income (Tax benefit)	5	15	79
	123	549	1,350
Changes in assets and liabilities of the Company:			
Decrease (increase) in other accounts receivable	6	(9)	(43)
Increase (decrease) in trade payables and other accounts payable	42	145	(1)
	48	136	(44)
Cash paid and received during the year by the Company for:			
Interest paid	(56)	(60)	(472)
Interest received from subsidiaries, net	97	28	58
Taxes refund received	(58)	-	-
Dividend received from subsidiaries	16	27	102
	(1)	(5)	(312)
Net cash provided by (used in) operating activities of the Company	93	171	(209)

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,
	2024	2023	2023
	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	(37)	(363)	(502)
Proceeds from sale of investment property	-	152	154
Merger of G Israel into the Company	(54)	495	901
Loans repaid by (granted to) subsidiaries, net	22	(360)	25
Proceeds from sale (investment) of marketable securities, net	14	16	51
Net cash provided by (used in) investment activities of the Company	(55)	(60)	628
Cash flows from financing activities of the Company:			
Issue of capital, net of issue expenses	-	150	150
Exercise of stock options into shares	(* -	(* -	(* -
Dividend paid to equity holders of the Company	-	(53)	(53)
Issue of debentures less issuance expenses	404	-	611
Repayment and early redemption of debentures	(200)	(77)	(1,171)
Receipt (repayment) of long-term credit facilities from banks, net	(238)	(580)	(397)
Repayment of long-term loans	(12)	(7)	(115)
Receipt of long-term loans	-	369	444
Net cash provided by (used in) financing activities of the Company	(46)	(198)	(531)
Exchange differences on balance of cash and cash equivalents	-	4	(32)
Increase (decrease) in cash and cash equivalents	(8)	(83)	(144)
Cash and cash equivalents at the beginning of period	152	296	296
Cash and cash equivalents at the end of period	144	213	152
Significant non-cash activities of the Company:			
Dividend received from a subsidiary against repayment of loans from a subsidiary	-	-	1,169
Purchase of hybrid debentures of a subsidiary against issuing shares	-	-	91

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

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

ADITIONAL INFORMATION TO THE SEPERATE FINANCIAL STATEMENTS

a. General

1. This separate financial information as of March 31, 2024 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, 2023 and for the year then ended and the accompanying notes thereto, that were authorized by the Board of Directors on March 28, 2024 and with the financial information in the interim condensed consolidated financial statements as of as of March 31, 2024.

2. As of March 31, 2024 (the "Reporting Date"), the Company has a working capital deficiency of NIS 2.0 billion. The Company and its wholly-owned subsidiaries have approved unutilized credit facilities amounting to NIS 0.6 billion available for immediate drawdown and assets held for sale in a wholly-owned subsidiaries of the company amounting to NIS 1.4 billion. The Company's management believes that these sources, in addition to the consideration from issuance of debentures after the reporting date in a total amount of approximately NIS 0.8 billion, as describe in Note d1, the positive cash flow from operation activities of the company and its wholly-owned subsidiaries, will allow the Company to repay its current liabilities when due.
3. For information regarding Swords of Iron war, see Note 1d to the consolidated financial statements.

b. Material events during the period

1. In February 2024, the Company issued to the public NIS 410 million par value Debentures (Series R), for a net consideration of NIS 404 million at an effective interest rate of 5.18%. Debentures (Series R) are secured by a fixed first degree lien on all of the Company’s holdings in GHI Alpha Portfolio LLC (“G Alpha”), which are held by the Company through Gazit Horizons Inc., a wholly-owned subsidiary of the Company (indirect) and related rights, as well as a single lien on the bank account established and held by G Alpha. Furthermore, G Alpha provided a guarantee for the Company’s liabilities under the deed of trust of Debentures (Series R). G Alpha is the owner of six income producing properties in the United States, which at the present time are valued at USD 283 million. For further information, see Note 3a1 to the consolidated financial statements.

2. During the reporting period, the Company purchased NIS 37.8 million par value debentures (Series K, L, M, N, P) for a consideration of NIS 36.8 million. Following the purchases, the company recognized gain from early redemption of NIS 5 million. The debentures were cancelled and delisted.

3. On February 2024, the S&P Maalot rating agency reaffirmed the credit rating of Debentures (Series R) of the Company, at a rating level of 'ilA', with a negative outlook.

4. On February 2024, the Midroog rating agency reaffirmed the credit rating of Debentures (Series R) of the Company, at a rating level of 'A2.il', with a negative outlook.

5. On March 2024, the S&P Maalot rating agency reaffirmed the credit rating of Debentures (Series S) of the Company, at a rating level of 'ilA', with a negative outlook.

6. On March 2024, the Midroog rating agency reaffirmed the credit rating of Debentures (Series S) of the Company, at a rating level of 'A3.il', with a negative outlook.

ADITIONAL INFORMATION TO THE SEPERATE FINANCIAL STATEMENTS

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, 2024		March 31, 2023		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	NIS in million					
Debentures (level 1)	7,900	7,394	8,094	6,383	7,681	7,099
Loans from banks and others (level 2)	3,147	3,114	3,255	2,896	3,255	3,126
	11,047	10,508	11,349	9,279	10,936	10,225

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, 2023. 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. Events after the reporting date:

1. After the reporting date, the Company purchased NIS 7.7 million par value debentures (Series L, M, N, P) for a consideration of NIS 7.8 million. The impact of the early redemption on the Group's Profit and loss is immaterial.

2. In April 2024, the Company issued to the public NIS 495.2 million par value Debentures (Series S), which are secured by a second lien on a real estate asset, for a consideration of NIS 489 million including effective interest at a rate of 4.39%. For further information, see Note 5e to the consolidated financial statements.

3. In May 2024, the Company issued to the public, by way of expanding a traded series of debentures, NIS 350.2 million par value Debentures (Series P), which are secured by a lien on G Europe shares owned by subsidiaries wholly-owned by the company, for a consideration of NIS 336 million including effective interest at a rate of 5.7% (linked to the CPI).
As of the reporting date, 232 million G Europe's shares are deposited in a pledged account for the benefit of the holders of the bonds Debentures (Series P) (more than required in order to meet the LTV requirement in accordance with the terms of the debenture, the Company is working with the trustee to create and register (as long as it is required by law) a new pledge on the shares, while releasing the extra shares from pledge.

4. On April 30, 2024, the S&P Maalot rating agency reaffirmed the credit rating of Debentures (Series P) of the Company, at a rating level of 'ilA', with a negative outlook.

5. On April 30, 2024, the Midroog rating agency reaffirmed the credit rating of Debentures (Series P) of the Company, at a rating level of 'A3.il', with a negative outlook.

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

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. Gil Kotler, CFO;
3. Revital Kahlon, Vice President and Legal Counsel;
4. Eli Mualem, 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, 2023 (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, 2023, 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.

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

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 2024 (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 27, 2024

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

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

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, Gil Kotler, 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 2024 (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 27, 2024

Gil Kotler, CFO