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Dear Shareholders,

2024 was a challenging year for our country, and we all hope for better and more peaceful days ahead. 59 hostages are still being held in Gaza, and we all want them here now.

We are concluding a very successful year for the group. We experienced a year full of activity, and the achievements can be seen in this year's results and will continue to be seen throughout 2025 and beyond.

Our operational results are strong across all territories throughout the year. Same property NOI grew by 9.2%, and occupancy remains high at 96%. Rent continues to grow consistently, tenants are increasing their sales turnover year after year, and a growing number of visitors prove the quality of our asset portfolio, location, mixed-use properties, and the right mix in our super-urban fortress assets.

In total, from the beginning of 2024 until today, we have reduced the group's total debt by more than three billion NIS, a reduction of 20% in the group's total debt, while continuing to invest in the development of new assets and increase the yield of existing assets. At the beginning of 2024, we realized part of our investment in Brazil when we issued through a sale offer most of the activity.

Global markets experienced moderation in inflation rates and interest rate cuts. During 2024, the European Central Bank lowered interest rates to 3%, and as of today, has lowered rates twice more to 2.5%. Meanwhile, in the US, interest rates fell to 4.5%. Growth forecasts mostly indicate continued stability in the inflation environment, and expectations for interest rate cuts give room for optimism regarding the direction of capitalization rates, which, together with the expectation for continued real growth in revenues, will positively contribute to the increase in our asset values, strengthening the balance sheet, and continuing to reduce the company's leverage.

In G City Europe, we saw continued double-digit growth. We sold the last two assets in Prague, thus completing our exit from the Czech Republic. Additionally, at the beginning of 2025, we completed the sale of land in Turkey, which was a risk focus for us due to the geopolitical situation and the deterioration of relations with Turkey resulting from the Iron Swords war. We focused our activities as part of our long-term strategy mainly in Warsaw and in very large assets where there is high economic scarcity, a significant increase in demand, and expected significant growth in rent, as well as opportunities for expansion and addition of areas for construction for rent or sale.

We completed the construction of apartments in the Ostrobamska project in the Promenada complex and rented most of the apartments out of 183 housing units in the first two towers. We also completed the additional residential building with 259 apartments, and we are renting the apartments at a high rate and at a rent that exceeds the budget. We continue building the additional parts in Promenada that are intended for residential rental and sale and expanding the commercial area, including introducing the international chain Primark, which announced the opening of two new giant stores in G City Europe's properties in Poland.

In Israel, we completed the sale of 50% of the rights in four of the company's properties in Israel - G Tsameret, G Mikado, G Kochav HaTzafon, and G Savyon. This transaction represents a strategic partnership between us and the insurance company Menora Mivtachim. The entry of a leading financial institution like Menora for direct investment in the company's assets represents for us an additional expression of confidence in the company's capabilities and the business strategy we are leading. This move is also part of our long-standing strategy to bring partners into assets that have reached full stabilization and to direct freed resources to the development and initiation of new assets with more significant upside.

In the US, we completed the construction of the luxury residential tower in Tampa and began occupying the apartments. So far, in about six months, we have occupied about half of the apartments at a rent 40% higher than the rent we anticipated. The tower, with 334 luxury apartments, is located in the center of Tampa's arts district, a vibrant area in the city, on Tyler Street in the heart of the district and on the riverbank, close to art museums and the University of Tampa. The prestigious tower includes a variety of unique services in the city, including a luxury business lounge with private executive rooms for rent, roof lounges, a health center and spa, a gym, a swimming pool, and more.

We are opening 2025 with a portfolio of assets that continues to generate a growing cash flow, with a consistently growing visitor movement and anchor tenants who are looking to expand their business scope. Our business focus strategy on fortress assets in super-urban areas connected to transportation infrastructure is proving itself. We are constantly working to improve the portfolio and enhance the daily operations across all assets, and these steps are reflected in the good operational results. We continue to implement the plan to focus the activities of the subsidiary Citycon, through the sale of non-core assets and increasing its operational efficiency. Citycon has an excellent quality fortress asset portfolio in the centers of the main cities in Sweden, Finland, Norway, Estonia, and Denmark with a very low OCR of 9.4%, and we believe that the yield of the assets there can be significantly increased, which will also lead to an increase in their value and accordingly to an increase in the company's value and our stake in it.

Thank you to all investors for your trust.

We hope for the swift return of all hostages and the safe return of all our soldiers. Our hearts are with the families of the fallen; we share in their grief and strengthen them, and pray for the speedy recovery of all the wounded.

Sincerely,

Chaim Katzman

City

Periodic Report for 2024

Chapter A – Description of the Company's Business

G City Ltd. (the “Company”)[1]

Periodic Report on the Description of the Company's Business

The Company's operations are described on a consolidated basis, unless explicitly stated otherwise.

A. **Description of the general development of the Company's business and brief description of the Company's areas of operation**

.1. **Company Operations and Description of the Development of its Business**

.1.1. G City Group - General

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

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

The Group operates in Israel directly through the Company and in other territories through its subsidiaries, in which the Company exclusively plans strategy and oversees their management: G City Europe Limited (formerly Atrium European Real Estate Limited) ("G Europe"), (100%), that operates in Central Europe (mainly in Poland), Gazit Horizons Inc., (100%), that operates in the USA (“Gazit Horizons”) and Gazit Malls Fll (81.9%), a real estate investment fund[2] controlled by the Company (indirectly), that operates in Brazil and that was listed in an IPO for trading in February 2024 on the stock exchange in Brazil (“Gazit Malls”) (as set out in section 9C below), and through other subsidiaries wholly owned by the Company (jointly: “Gazit Brazil”). The Group also operates in Northern Europe through Citycon Oyj ("CTY"), a public company controlled by the Company (49.5%), that has a similar strategy to that of the Company.

The operations of the Company in Israel, as well as G Europe, Gazit Brazil, Gazit Horizons and CTY are consolidated in the Company's financial statements and constitute separate operating segments of the Company.

In September 2024, the Company adopted a strategic plan for 2028 (“2028 Strategic Plan”), which refers to Multi-pronged growth:

(a) Organic growth - with the correct tenant mix, increase in number of visitors to the properties and increased proceeds in the Group’s existing properties.

(b) Enhancement of the Group's property rights - through expansion and development of existing properties, and adding uses such as residential, offices and others.

(c) Selective acquisition of properties with the potential to improve the Group's core business goals and their betterment, and developing and building properties for sale.

(d) Continuing to sell properties/entering into partnerships in properties that have been improved, and properties which the Company is building or will build for sale.

1 The Company was incorporated in May 1982, and is listed for trading on the Tel Aviv Stock Exchange Ltd. since 1983 under the symbol “GCT”.

2 ‘FII’ – Fundo De Investimento Imobiliario.

The aforesaid acquisitions and sales will be carried out, while maintaining adequate liquidity and balance sheet ratios and with the aim of strengthening the Company’s equity and decreasing its debt to balance sheet ratio (“LTV”) to 50%.

According to the 2028 Strategic Plan, in terms of geographical distribution of the Group’s properties (in terms of expanded separate value of assets), the Company intends to work to increase its share in North America (from 16% to 36%) and Israel (from 24% to 28%), together with decreasing the volume of assets in Europe (from 51% to 34%) and Brazil (from 9% to 2%). The Company also intends to increase the rental housing portion of its asset portfolio (from 5% to 12%). The said change is due to the plan for disposal of properties together with investments that the Company plans to make in its core goals, while such investments will be made depending on the Company’s progress in executing the plan for disposal of properties and attention to potential disposal of properties after their improvement.

The scope of disposal of the properties and the Group's progress in their disposal, including the pace at which the properties have been put up for sale according to the various territories in which the Group operates is dynamic and is carried out according to the market conditions in the various territories in which the Group operates, while taking macroeconomic and Company specific considerations into account, and may change due to macroeconomic changes as well as emergence of absence of business opportunities to advance certain parts of the strategic plan.

The 2028 Strategic Plan is further to the disposal plan declared by the Company in October 2022 for disposal of non-core properties or properties that Company has accomplished their improvement ("Plan for Disposal of Properties").

As at date of publication of the Report, in October 2022 the Group has completed disposal of properties amounting to NIS 5.3 billion as follows: G Europe - NIS 3.6 billion; G Israel - NIS 0.6 billion; Gazit Horizons - NIS 0.6 billion; and Gazit Brazil - NIS 0.5 billion.

In addition to the foregoing sale of properties, the Group also issued an initial public offering (IPO) of Gazit Malls in the amount of BRL 301 million (NIS 226 million) by way of a tender offer of part of the Company’s holdings, that was completed on February 1, 2024.

Furthermore, in February 2024, CTY announced a streamlining and property disposal plan in the amount of EUR 950 million, of which non-core properties amounting to EUR 475 million have been disposed of as at the reporting date. CTY expects to dispose of more properties in the amount of EUR 250 million by the end of 2025 and the remainder of the disposal plan by the end of 2026 (for information, see section 6.1 below).

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

.1.2. The Group's assets as at December 31, 2024:

	Country of operation	Holding interest	Income-producing property	Properties under development	Land	GLA (sq.ms in thousands)
CTY	Finland, Norway, Sweden, Estonia and Denmark	49.5%	31	-	-	999
G Europe	Poland and Czech Republic	100.0%	14	1	3	387
Gazit Brazil	Brazil (Sao Paulo)	81.9%	7	-	1	165
G Israel	Israel	100.0%	10	1	2	144
Gazit Horizons	USA	100.0%	11	2	1	55
Total carrying amount			**73**	**4**	**7**	**1,750**
Jointly controlled properties			4	-	1	75
Total			**77**	**4**	**8**	**1,825**

		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	14,081	-	-	14,081
G Europe	Poland, Czech Republic	7,178	349	458	7,985
Gazit Brazil	Brazil (Sao Paulo)	1,859	-	29	1,888
G Israel	Israel	3,435	417	740	4,592
Gazit Horizons	USA	1,585	383	275	2,243
Total carrying amount		**28,138** [2]	**1,149**	**1,502**	**30,789**
Jointly controlled properties		1,528	-	6	1,534
Total		**29,666**	**1,149**	**1,508**	**32,323**

[1] Including expansion of income-producing properties.

* Additionally, the Company and its subsidiaries own land for future development as well as unutilized construction rights for different uses (including residential) in existing income-producing properties.

Projects in planning, construction and development*

Projects under construction	Plan	Expected additional space (sq.m.)	Company share	Expected completion date	Actual investment as at December 31, 2024 (100%, NIS millions)	Fair value at December 31, 2024 (100%, NIS millions)	Estimated cost for completion (100%, NIS millions)	Annual NOI Expected[1] (100%, NIS millions)	Expected yield on investment cost
G City Rishon Lezion	Office tower under construction[(2)]	65,100	100%	2026	258	417	555	74	9.2%
Ostrobramska, Warsaw[(3)]	The Ostrobramska rental housing project contains 442 apartments and 1,500 sq.m commercial space on the ground floor adjoining the existing Promenada mall. It will be built on a plot of land owned by the Company	16,000	100%	Q1/2025	168	241	33	15	7.7%
		Total			**426**	**658**	**588**	**89**	

(1) Expected NOI in a stable year assuming full occupancy.

(2) The Company intends to sell part of the tower. Assuming all offices and shopping areas are sold, the Company expects a development profit of NIS 155 million.

(3) As at December 31, 2024, the Company completed the construction of two buildings (B+C out of three in the project, 183 units out of 442) and leased 172 units as at the publication date of the Report.

Land for future development	Plan	Expected additional space (sq.m.)	Company's share	Expected completion date	Fair value at December 31, 2024 (100%, NIS millions)
Tel Hashomer apartments for rent	Construction of 4 residential buildings with 243 rental apartments (Before additional rights/betterment exemptions) for long-term rental of 20 years	30,700	100%	TBD	279
Beit Cal	Construction of mixed-use towers, 70,000 sq.m. offices, 11,000 sq.m. residential and 6,300 sq.m. commercial.(1)	90,100	100%	TBD	399
Brickell, Miami,	Construction of a 61-floor mixed-use tower, an application to increase the number of residential units in the project to 504 has been approved.	42,000	100%	TBD	275
Promenada Village, Warsaw	Promenada Village housing for sale project, which includes 372 apartments for sale (15,800 sq.m.) and 2,400 sq.m. commercial space on the ground floor (the Company will retain ownership of the commercial part), adjacent to the Promenada mall. Built on land owned by the Company that is currently used as a parking lot.	18,200	100%	Q4/2027	85
Promenada Retail Extension 2, Warsaw	Project to extend the Promenada Mall, which includes the Primark brand, 35-50 additional shops (additional 25,000 sq.m.) and 318 additional parking spaces.	25,000	100%	Q4/2028	91
Wolska, Warsaw	Wolska residential rental project containing 570 apartments (16,700 sq.m.). A 105 meter high PRS building is scheduled to be developed in the heart of Warsaw's business district. The acquisition of a plot on a total area of 3,175 sq.m was completed in the fourth quarter of 2024.	16,700	100%	Q1/2029	58
		Total			1,187

(1) The Company will in the future examine the economic feasibility of partial ownership of the building either by bringing in partners or the sale of space.

* The foregoing data includes information about projects in planning and under construction (including expected additional space, completion schedules, completion costs, expected development profit and expected annual NOI) which constitute forward-looking information as defined by the Securities Law, 1968. The above assessments are based on the Company's estimates at this time, they are uncertain, may not materialize and mostly are not withing the control of the Company, and are dependent, among other things and as set out above, on the state of the economy and real estate market in the various countries in which the properties are located and in which the Company operates, as well as materialization of the risk factors relevant to the Company's operations (as specified in section 28 of the Report). If the foregoing market conditions change or any of the risk factors materialize, it is possible that changes may apply in the estimated schedules, costs and NOI, respectively.

.1.3. As at December 31, 2024, the Company does not have a principal tenant[3] and as at that date, the tenants that generate the highest revenue for the Company and its subsidiaries, out of all of CTY's tenants are Kesko, a leading supermarket chain in the Nordic countries, the income from which represented 2.6% of the Company's rental income (consolidated) in 2024; and S-Group, a Finish chain that engages, among other things, in the travel, supermarket and hospitality sectors, the income from which represented 2.8% of the Company's rental income (consolidated) in 2024.

.1.4. Description of the Company's business and business development in the different territories in which it operates:

Israel – As at the reporting date, the Company owns 10 G Malls, a property under construction and 2 plots of land in Israel worth NIS 4.6 billion, with focus on the Gush Dan area. The Company has development projects for offices, residential rental and retail spaces in existing properties of the Company, which are in the planning and execution stages, including the Tel Hashomer project for the construction of a residential rental building and the project for construction of a high-rise office tower in Rishon Lezion in the Company's G City complex that is expected to be completed in 2026. At the same time, under the Plan for Disposal of Properties and the 2028 Strategic Plan, in the reporting period the Company finalized a transaction with Menora Mivtachim Insurance Ltd. and Menora Mivtachim Pension and Provident Ltd. (jointly: ("Menora Group") for the sale of 50% of the Company's rights and liabilities in four of its properties in Israel: G Tzameret, G Mikado, G Kohav Hatzafon and G Savyon. For further information, see section 8 of the Report.

Central Europe - In Central Europe the Group operates through G Europe[4], which, as at the reporting date, owns 18 properties worth NIS 8 billion[5]. In the reporting period, G Europe operated mainly in Warsaw in Poland and Prague in the Czech Republic. As part of the Group's Plan for Disposal of Properties, during and subsequent to the reporting period G Europe finalized transactions for the sale of properties amounting to NIS 3.6 billion. In this context, subsequent to the reporting period, it completed the sale of the last property that it owned in the Czech Republic, and in 2023 it sold its property portfolio in Russia. Subsequent to the Reporting Period, it also sold land in Turkey and completed its exit from this country, due to Turkey's policy towards Israel. At the same time, G Europe continued to implement its strategy to increase its residential rental operations, and presently it owns 862 rental residential units and 259 units in development as specified above. For further information, see section 7 of the Report.

USA - Gazit Horizons, the Group's private real-estate branch in the United States, operates in densely populated urban areas in large cities in the US, mainly in Miami, Tampa, New York, Boston and Philadelphia and as at reporting date, it owns (including with partners) 13 income-producing properties worth USD 541 million. In July 2024, Gazit Horizons started the occupancy of a luxury residential tower that it constructed in Tampa, Florida (together with a local partner). At the same time, under the Plan for Disposal of Properties, in January 2024 Gazit Horizons completed the sale of a property in the USA for USD 153 million. For further information, see section 10 of the Report.

Brazil - as at the reporting date, the Group owns 5 properties in Brazil worth NIS 1,584 through Gazit Malls FII, a real estate investment fund controlled by the Company (indirectly) and incorporated in Brazil, which was listed for trading in an IPO in February 2024 by way of a tender offer, and the Company currently owns 81.9 (% (indirectly). The Group also has 3 properties in Brazil worth NIS 304 million that are owned through a subsidiary wholly owned by the Company (indirectly).

3 As this term is defined in the Draft Securities Regulations (Details, Structure and Form of a Prospectus), 1969, published in December 2013, which anchor the disclosure guideline on investment property activity (as published by the Israel Securities Authority in January 2011) in the foregoing Securities Regulations ("Investment Property Regulations").

4 In February 2022, the Company completed the deal for acquiring the minority interests of G City Europe (formerly: Atrium European Real Estate Limited), which was a public company controlled by the Company, and for delisting its shares from trading on the stock exchange Since February 2022, the Company holds 100% of G Europe.

5 These assets also include the G Targowek property in Warsaw, which is owned by a wholly-owned subsidiary of the Company (indirectly) and managed by G Europe. For the purpose of this Report, G Targowek will be considered part of G Europe's properties.

Northern Europe - in Northern Europe, the Group operates through CTY, a public company whose shares are traded on the Helsinki Stock Exchange (OMX) in Finland. CTY operates in Finland, Norway, Sweden, Estonia and Denmark. As at the reporting date, CTY owns 31 properties to a value of NIS 14.1 billion. In the reporting period, CTY enhanced its property portfolio and strengthened its balance sheet. In this context, in November 2022 CTY announced its intention to sell of non-core properties to a total value of EUR 500 million, and in February 2024, it decided to increase the property sale target to a total amount of EUR 950 million, which are expected to be sold in the coming years. In 2024 through to the date of publication of this Report, CTY sold non-core properties to a total value of EUR 354 million, the proceeds of which it used for repayment of debt, and it also took several significant streamlining measures. For further information, see section 6 of the Report.

Canada - the Company operates in Canada, mainly in Toronto, through Gazit Canada, including through the Partnership "Gazit Tripllle" (60%). In the reporting period, the Company completed the sale of properties of the Partnership to a partner for an amount of CAD 13 million, and as at the reporting date, the Partnership owns 33% of a property of which another 33% is held by a wholly-owned subsidiary of the Company, and the balance is held by a third party, as specified in section 11.1 of the Report.

.1.5. <u>Group structure</u>

For a description of the structure of the principal companies in the Group as of December 31, 2024, see to section 1.5 of the Directors Report.

The Group description will be presented below, divided according to the areas of operation set forth below, except for with regarding to information that is relevant to all areas of operation, which will be presented together, and except for information on specific topics related to a description of the Company itself, which will be presented separately. The information included in the descriptions of each of the areas of operation of real estate for investment will be presented according to the primary geographic regions where the operations in that area are concentrated.

.2. **Investments in the Company's capital and transactions in its shares in the last two years**

2.1. On January 29, 2023, the Company's board of directors approved a private placement of 7.5 million ordinary shares of the Company at a price of NIS 12.615 per share, to four classified investors and for a total consideration of NIS 93.5 million. At the same time, the Company's board of directors also approved a private placement of 3.62 million ordinary shares to the controlling shareholder of the Company, Norstar Holdings Inc. ("Norstar")[6], for a consideration of NIS 45.6 million, as well as a private placement of 0.79 million ordinary shares in return for NIS 10 million to Aurora Capital Holdings Ltd., a private company under the control of Mr. Katzman, the controlling shareholder of Norstar and the Company, under the same terms as the allotment to the classified investors. The total proceeds for these placements is NIS 150 million[7]

2.2. In January 2023, the Norstar's board of directors approved an issue of ordinary shares of Norstar together with 10,188,800 purchase options that award the right to purchase from Norstar up to 10,188,800 issued and fully paid-up ordinary shares of the subsidiary, of NIS 1 par value that form part of the company's equity, which is owned by Norstar Israel, for NIS 14 per share. In and subsequent to the reporting period, Norstar purchased and eliminated 6,699,428 options. In July 2024, the remaining options expired in accordance with their terms.

2.3. On December 11, 2023, the Company's board of directors approved a private placement of approximately 7.6 million ordinary shares to classified entities and another entity not affiliated with the Company. The consideration paid to the Company was EUR 45.9 million par value of debentures of G Europe, at an exchange ratio of EUR 6.037 par value of debentures of G Europe per share of the Company[8].

2.4. On December 9, 2024, the Company's board of directors approved the issue of 18 million ordinary shares of the Company and 6 million Options (Series 11) for NIS 275 million under a public offering. The Company's board of directors also approved Norstar's participation in the said issuance, as part of which it acquired 1,899,500 shares and 1,400,000 options[9].

2.5. For information about the vesting of the convertible securities allotted to employees and officers of the Company and its subsidiaries, see Note 26 to the financial statements.

6 Through Norstar Israel Ltd., a wholly-owned subsidiary of Norstar ("Norstar Israel").

7 For further information see immediate reports dated January 29 and 31, 2023 and March 9, 2023 (Ref. Nos.: 2023-01-012396, 2023-01-012903, 2023-01-011356, and 2023-01-025437, respectively), noted herein by way of reference.

8 For further information see the immediate report and supplementary report dated December 12, 2023 (Ref. Nos.: 2023-01-112522 and 2023-01-112813, respectively), noted herein by way of reference.

9 For further information, see the immediate reports of January 11, 2024 (Ref. No.: 2024-01-623772 and 2024-01-623770), included in this Report by way of reference.

.3. Dividend distribution in the last two years

.3.1. The Company has a long-term policy to share its profits with its shareholders by means of ongoing quarterly dividend distributions, subject to the Company's cash flows, business plans, legal restrictions and liabilities. However, under the Company's policy to work to strengthen equity and lower leverage, the Company's board of directors decided not to distribute dividends for 2023 and the first quarter of 2024. On August 14, 2024, the Company's board of directors decided to reinstate the Company's foregoing dividend distribution policy, and accordingly, it decided to distribute dividends for the third and fourth quarters of 2024 at NIS 0.10 per share (total of NIS 18.2 million) and at NIS 0.10 per share (total of NIS 18.1 million), respectively. This distribution was made after the Company's board of directors reviewed its financial position, including its projected cash flows, and according to the progress of the Plan for Disposal of Properties and the distribution tests set out in the Companies Law, 1999 (the "Companies Law").

.3.2. On March 19, 2025, the Company's board of directors approved a quarterly dividend distribution policy for 2025 at NIS 0.125 per share (reflecting an annual rate of NIS 0.5 per share). The actual distribution of dividends is subject to the provisions of the relevant laws and decision which the Company may make, including regarding re-purposing its profits and revising this policy.

.3.2. For further information regarding the dividends distributed by the Company to its shareholders from January 1, 2023 through a month prior to the publication date of this Report, see the statements of the changes in equity and Note 25F to the financial statements, where the provisions therein are included below by way of reference.

.3.4. The outstanding distributable profits (in accordance with the profit test as defined in the Companies Law) as at December 31, 2024, amounted to NIS 2,446 million.

.3.5. The Company has no restrictions to distribute dividends within the framework of its undertakings to financial institutions and to its debenture holders, except for statutory restrictions and except the restrictions of the trust deeds all debentures series (except Series L), as follows:

Under the provisions of the deeds of trust for the above debentures, the Company undertook not to distribute a dividend (according to its definition in the Companies Law), in each of the following instances, including if one of the following instances should occur as a result of such distribution: if the Company's equity[10] falls below the shekel equivalent of USD 850 million (with regard to Series M) or under an amount in NIS equivalent to USD 1 billion (with regard to the other series); if there are grounds for demanding immediate repayment of these Debentures; if the Company is in breach of any of its material undertakings towards the holders of these Debentures, of if Company does not meet the distribution criteria set forth in the Companies Law, including the solvency test.

10 In this regard: "the Company's equity" means - the Company's equity under its consolidated financial statements (net of minority interests). All the parameters in this section will be determined in accordance with the Company's consolidated financial statements (based on the US dollar representative exchange rate as published by the Bank of Israel, on the date of the relevant financial statements), audited or reviewed as applicable, as they are known on the date of making the decision.

B. Other information

.4. Financial information concerning the Company's operating segments

Below is a summary of the financial data for each of the Company's fields of operation (in NIS millions), based on Note 36 to the financial statements on the Company's operating segments.

For the year ended December 31, 2024

	Northern Europe	Central-Eastern Europe	Israel	Brazil	USA	Other segments	Adjustments in consolidated report (*)	Consolidated
	NIS millions							
Operating segment revenues from external sources	1,286	593	355	178	157	34	(70)	2,533
Percentage operating segment revenues	51%	23%	14%	7%	6%	1%	(2%)	100%
Operating segment costs	552	225	136	49	84	21	228	1,295
Segment results attributable to the owners of the Company	364	368	219	111	68	13	12	1,155
Segment results attributable to non-controlling interests	370	-	-	18	5	-	(310)	83
Total assets attributable to the operating segment	14,620	8,205	4,617	1,951	3,546	259	2,823	36,021
Total consolidated liabilities attributable to the operating sector	286	328	62	19	29	7	25,192	25,923

(*) For details regarding adjustments made to the amounts in the consolidated financial statements, refer to Note 36 to the financial statements.

For the year ended December 31, 2023

	Northern Europe	Central-Eastern Europe	Israel	Brazil	USA	Other segments	Adjustments in consolidated report (*)	Consolidated
	NIS millions							
Operating segment revenues from external sources	1,206	662	305	192	150	38	(115)	2,438
Percentage operating segment revenues	49%	27%	13%	8%	6%	2%	(5%)	100%
Operating segment costs	503	267	119	52	92	22	1,515	2,570
Segment results attributable to the owners of the Company	366	395	186	140	52	16	(1,137)	18
Segment results attributable to non-controlling interests	337	-	-	-	6	-	(493)	(150)
Total assets attributable to the operating segment	17,102	9,454	4,820	2,530	3,706	365	896	38,873
Total consolidated liabilities attributable to the operating segment	395	476	66	31	81	7	26,487	27,543

(*) For details regarding adjustments made to the amounts in the consolidated financial statements, refer to Note 36 to the financial statements.

For the year ended December 31, 2022

	Northern Europe	Central-Eastern Europe	Israel	Brazil	USA	Other segments	Adjustments in consolidated report (*)	Consolidated
	NIS millions							
Operating segment revenues from external sources	1,113	731	263	174	127	33	(138)	2,303
Percentage operating segment revenues	48%	32%	11%	8%	6%	1%	(6%)	100%
Operating segment costs	475	363	96	43	71	21	642	1,711
Segment results attributable to the owners of the Company	333	356	167	131	51	12	(575)	475
Segment results attributable to non-controlling interests	305	12	-	-	5	-	(205)	117

(*) For information about adjustments made to the amounts in the consolidated financial statements, see Note 36 to the financial statements.

.5. Financial environment and the effects of external factors on the Company's operations

.5.1. General - the income-producing real estate sector is inherently exposed to developments in the business-economic environment and to changes in the income-producing real estate sector. Accordingly, factors such as demographic changes, changes in consumer preferences, changes in consumer spending power and habits, including the strengthening of alternative consumer platforms, such as e-trade platforms, decline in the volume of economic activity, whether in general or in a specific region, changes in interest rates, changes in currency exchange rates, fluctuating inflation rates, construction of new properties competing with the Group's properties, as well as other factors, can affect the ability of property tenants to meet their commitments to the Group and, consequently, the Group's ability to continue renting out its properties at the same rent levels and occupancy rates. Other than as set out in section 28 below, the Company has not assessed the impact of the events and developments as described above. The key trends in the economic environment that impact the Group's operations are set out below.

In addition, as the Group operates in geographical regions having different market characteristics and different macro-economic environments and in view of the differences in the description of the market characteristics and the macro-economic environment that may be relevant to the Group's operations in each of the key countries in which it operates, will be specified as part of the description of each area of operation (see sections 6.3, 7.3, 8.3, 9.2 and 10.3).

.5.2. Fluctuations in inflation rates, interest rates and currencies - Due to the war, the Bank of Israel focusing on stabilizing markets and reducing uncertainty, together with price stability and support for economic activity, in January 2024 the Monetary Committee announced a reduction in the Bank of Israel interest rate by 0.25%. The Bank of Israel took a cautious approach due to the great uncertainty surrounding the war and its impact, the rise in risk premium, and fear of inflationary pressures, and it left the Bank of Israel interest rate unchanged at 4.5%[11]. Clearly, the ongoing geopolitical uncertainty is continuing to complicate economic activity and delaying the economy's return to the pre-war level of activity. The economy is continuing to recover at a moderate rate, but the negative difference in relation to the trend has been maintained. In the financial markets, there has been a decrease in the risk premium of the economy, although the level is still high.

In 2024, the CPI increased by 3.2%[12]. According to current macroeconomic forecasts published by the Bank of Israel, inflation is expected to drop to 2.6% in 2025, and the monetary interest rate is expected to decline to 4.0%-4.25% in the fourth quarter of 2025[13]. Although many capital market analysts indicate that macro factors support a moderate inflation environment, according to the Bank of Israel, the increase in the government budget deficit is contributing to the rise in inflation expectations.

In 2024, the capital market faced challenges in the face of security developments in the different combat zones which the country is dealing with. Continuation of the fighting and its economic consequences led to a downgrading of Israel's credit rating, for the first time in history, by the three international agencies that rate it. However, the capital market this year has shown Israel's civil and business resilience more than anything else. The Israeli bond market ended 2024 with excellent performance, as opposed to the bond markets in the USA, when the most significant increases were recorded in the corporate bond market. The Tel Bond 20 Index increased by 5.5%, Tel Bond 60 by 5.9% and Tel Bond 100 climbed by 6.2%.

At the same time, in 2024 the European Central Bank decreased the interest rate to 3%, and as at the publication date of the Report, it decreased the interest rate twice more to a rate of 2.5%. Simultaneously, the interest rate in the USA dropped to 4.5%, as at the publication date of the Report[14]. The growth forecasts published by the International Monetary Fund up to the date of publication of this report, mostly indicate continued slowdown in growth throughout 2025, at the same time as inflation moderation.

Inflation and interest rates affect consumer buying power, the rent that the Company charges, the value of properties (based, among other things, on the income of the tenants) and the cost of the Company's credit and financing expenses.

The Group's rental revenue in most of the countries (81%) in which the Group operates, other than the United States, are linked to the relevant CPI and contributed to the increase in its revenues and the value of its assets.

11 https://www.boi.org.il/

12 Central Bureau of Statistics https://www.cbs.gov.il/he/mediarelease/Madad/DocLib/2024/019/10_24_019b.pdf

13 https://www.boi.org.il/publications/regularpublications/staff-forecast/%D7%94%D7%AA%D7%97%D7%96%D7%99%D7%AA-%D7%94%D7%9E%D7%A7%D7%A8%D7%95-%D7%9B%D7%9C%D7%9B%D7%9C%D7%99%D7%AA-%D7%A9%D7%9C-%D7%97%D7%98%D7%99%D7%91%D7%AA-%D7%94%D7%9E%D7%97%D7%A7%D7%A8-%D7%99%D7%A0%D7%95%D7%90%D7%A8-2025/

14 https://il.investing.com/economic-calendar/interest-rate-decision-168

At the same time, in 2024 43% of the Group's total debt net of minority share is CPI linked (including the effect of swap transactions). The rental linkage mechanisms constitute long-term financial hedging against the increase in the Company's financing expenses due to the CPI linkage, and with regard to the CPI linked debt (against which there is no CPI linked income in Israel), the Company executes hedging through cross-currency swaps that also include CPI hedging.

.5.3. Swords of Iron War - in October 2023, the Hamas terror organization launched a murderous terrorist attack on residents of the State of Israel, which led to the start of the Swords of Iron War. Since then, Israel has been waging war on seven different fronts, including in the north of the country, against Iran, the Houthis and Yemin. In November 2024, a ceasefire agreement between Israel, Hezbollah and Lebanon came into effect, and in January 2025, Israel signed a temporary ceasefire and hostage release agreement with Hamas. Immediately prior to the publication date of the Report, the ceasefire with Hamas collapsed and there is no certainty regarding continuation of the fighting, and the nature and intensity thereof.

The fighting led to evacuation of communities in the Gaza Envelope and the north, as well as massive reserve recruitment, and it has left its mark on all sectors of the Israeli economy.

At the same time, the fighting led to ignition of an unprecedented wave of anti-Semitism worldwide, and among other things, Turkey imposed an export boycott on Israel.

The outbreak of the war led to a revision of forecasts by the Bank of Israel, with a high level of uncertainty, among other things, due to uncertainty regarding the duration, scope and nature of the war. According to the Bank of Israel, in 2024 the GDP increased by 0.6%[15]. Furthermore, according to Bank of Israel forecasts, the GDP will grow by 4% in 2025.

Moreover, with the outbreak of the war, the Euro and US dollar strengthened significantly against the NIS, although this trend weakened by the publication date of the Report. For further information concerning the effect of the changes in these currencies on the Company's equity, see section 4.4 of the Directors' report.

On February 9, 2024, Moody's announced that it was downgrading the State of Israel credit rating from A1 to A2 with negative outlook. The rating agency's decision was, among others, due to the uncertainty concerning when and how the Swords of Iron war will end and the development of fighting on the northern border.[16] In August 2024, S&P downgraded Israel's credit rating from AA- to A+. In September 2024, Moody's downgraded Israel's credit rating from A2 to BAA1. In October 2024, S&P downgraded Israel's credit rating from A+ to A- with a negative outlook.

For information about the effect of the war on the Company's assets in Israel, see section 8.3 of the Report.

As the value of the Company's assets in Israel constitutes only 14.2% of the value of the Group's assets (consolidated), when the rest of the operations are concentrated mainly in Europe, North America and Brazil, the Company estimates that the Swords of Iron War did not have a material effect on its business and financial results. For further information, see sections 8 and 28.1.5 of this Report.

As at reporting date, the declared war is still ongoing and there is much uncertainty regarding how long it will continue and the nature and scope of the conflict' and therefore the company is unable to assess the impact of the war on its businesses, however it estimates that the continuation of the war in its current format 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.

.5.4. Changes in the legal system - in 2023, the Israeli government promoted legislative proceedings to reform the legal system. Numerous institutions, businesspeople and private individuals in Israel and abroad raised concerns regarding the adverse impact of such proceedings on the business environment in Israel, regarding the scope of foreign investment in Israel, the Israeli currency exchange rates, credit rating, interest rates and the stability of the Israeli stock exchange. With the outbreak of the Swords of Iron war in Israel, the legislative proceedings were suspended, but as at this time, certain legislative proceedings have returned to the agenda and there is fear that if the reforms are promoted, they will lead to a negative effect on the business and social environment in the country. As at the reporting date, the Company is unable to assess whether the legislative proceedings will be promoted and their impact on the Israeli economy and on the Company's operations and financial results.

.5.5. The Company believes, due to the profile of properties in which it invests, and with attention to its investment strategy, in focusing mainly on properties in densely populated urban-growth areas that mainly provide daily

15 https://www.boi.org.il/publications/pressreleases/6-1-25/.

16 https://www.boi.org.il/publications/pressreleases/73985/

goods and services. The results of the Company's operations have relatively moderate exposure to the macroeconomic environment in those countries and greater exposure to various developments in the environment closer to the Group's properties. It is hereby clarified that the Company is unable to estimate the future effects of the macroeconomic changes on its operations and if the foregoing changes lead to a global recession, or a recession in one or more of the Group's operating regions, it could adversely affect the Group's operations and results. For further information see the chapter on risk factors in this report.

The Company's evaluations on the impact of macroeconomic events including rate of inflation and increase in interest rates in the various countries, and of the impact of the Swords of Iron war or any other specific crisis in a certain country and/or certain countries in which the Company operates; on its revenues; on its profits and on its financial condition, are forward-looking information as defined in the Securities Law, 1968. These estimates are based on assumptions and assessments of the Company and Group companies as at reporting date, but are uncertain, may not materialize and are largely beyond the Company's control. Further increase in the inflation and interest rates in Israel, continuation or deterioration of the global economic crisis, including due to the Swords of Iron war or due to any other crisis in the countries in which the Group operates, could have a significant adverse impact on the Group's business and financial results.

.5.6. Entry barriers

The Company believes that the entry barriers in its operating segments are as specified below:

- The Company's operations focus mainly on densely populated areas in main cities in which the supply of properties and space for rent is naturally limited and the supply of vacant land for new construction is limited as well, thus placing the owners of existing properties in the area at an advantage.
- Commencing operations in urban areas, either by development and construction of income-producing properties and acquiring existing properties or by the acquisition of existing operations in urban areas, requires financial robustness and financing capability which, for the most part, necessitate having sizeable equity and the ability to bear general and administrative expenses without a foreseeable source of income for several years.
- Entry into these operating segments demands expertise and experience, primarily in income-producing real estate sector, including commerce, offices and residential, and also in the realm of financing. Additionally, property management and operating costs are influenced by the quantity of the properties managed. The management and operation of single properties constitutes a relative drawback when compared with asset management on the scale of the Group's operations.
- The Group's operating segments are also characterized by its lease agreements with large tenants that has an 'investment' international credit rating (Investment Grade), such as major retail chains or supermarket chains, pharma, banks, coffee shops, health clinics, clothing stores, libraries and municipal or state agencies. Usually, the owner of a large number of properties in desirable locations has an advantage when it comes to entering into leases and in relationships with such tenants.

.5.7. Exit barriers

Considering the nature of the Group's properties and operations, exiting its operating segments would not be immediate and would depend on the sale of properties, which could take a substantial amount of time, and is a function of the requested consideration against the backdrop of the macroeconomic condition of the relevant market and the changes in the consumption habits of the consumers in different areas. Nonetheless, the Company's holdings in CTY and Gazit Malls, which are traded companies, are inherently more liquid and can be disposed more quickly, albeit dependent on the state of the markets in general, on the specific capital market in which its shares are traded and on the scope of the investment that to be realized.

.5.8. Property acquisition criteria

The principal criteria guiding the Company and its consolidated companies when assessing the investment opportunities facing it are as follows:

- Location of the property in key growth areas with strong demographic characteristics and high entry barriers, including the population density, per capita income and dominance of the property in the area ("catchment area"), as well as the economic characteristics of the population, including the projected population growth and/or increase in the number of work places in the area, the urban infrastructure, such as transport infrastructure, schools, universities, hospitals, government institutions, as well as the physical location of the property, including access roads, its visibility and the availability of parking spaces on and around the property (if there are any), as well as proximity to main roads and public transportation, such as bus stops or train stations, walkability index).

- Economic, demographic, and regulatory aspects, together with other conditions, at both a local and a regional level;
- The rare economic condition of the property, i.e. aspects of competition from similar properties, including the likelihood of future competition and/or entry barriers for competitors, as well as the expectation that the demand in the area of the property will increase or decrease
- The extent of the chances of obtaining the approval of the authorities for constructing additions to an existing property or, alternatively, the demolition of the property and construction of another property under it;
- Projected cash flow from the property and the potential for its growth, expansion or redevelopment over time, including the terms of the lease contracts and the present rental income compared with market conditions and the potential to increase rental income through re-leasing;
- The tenant mix in the property and in the area, their financial soundness and their position as market leaders;
- The level of demand and supply of properties of a similar class in the area as well as an assessment of the existing and anticipated supply of income-producing real estate in the region of operation, in relation to growth of the local population and its purchasing power.
- Proximity of the property to other properties owned by the Group, in a way that is expected to reduce or streamline management costs for a group of properties as against a single property.
- The ratio of the expected yield from the property to the cost of capital, and an assessment of the risks that are likely to be encountered in achieving this yield and the potential for increasing the yield
- Whether the property is a mixed-use property, combining shops with areas designated as office and/or residential space as well as the possibility of enlarging / renovating the property to achieve such extended use.
- Value of the land, environmental conditions and the existing potential to increase their value as well as the possibility of expanding/renovating the property or bringing in new tenants in a way that increases the potential earning capacity of the property.
- The Company’s decision to change the composition of its asset portfolio, from a geographic perspective and regarding the types of property uses.

.5.9. Criteria for disposing of properties

The principal criteria guiding the Group when assessing the disposal of properties are as follows:

- Failure to meet the Group's criteria for the acquisition of properties, as specified in section 5.9 above, including incompatibility of these properties with the Company's core activity, in terms of their character and location ("non-core assets”), as well as in terms of their location in cities with limited growth potential;
- Properties located outside densely populated urban areas or outside cities in which the Company’s operations are centered.
- Exhaustion of the betterment potential of the property or of the activity;
- Realization of real estate opportunities in a specific region;
- Level of exposure to a specific market;
- Sale of all or part of the holdings in public companies mature for sale, all or some of them.

.5.10. Legislative restrictions and structure of competition

For information concerning legislative restrictions applicable to the Group, see section 22 below; for information concerning the structure of competition in the operating segments, see section 14 below.

C. Description of the Company's operating segments

.6. Acquisition, development and operation of shopping centers in Northern Europe

.6.1. General

In Northern Europe the Company operates through CTY, which is traded on the Helsinki Stock Exchange (OMX) in Finland. CTY is the owner, developer and operator of supermarket-anchored urban shopping centers in large cities in Finland, Norway, Sweden, Denmark and Estonia.

As at December 31, 2024, it owns 31 income-producing property on a total GLA of 1 million square meters, as well as residential rental buildings (adjacent to the Lippulavia shopping center).

CTY's strategy is to invest in mixed-use urban real estate, while adding value to the community by development of urban residential, employment, shopping and community centers. In this context, CTY is acting to create value for its investors by focusing on the two leading cities in each country where it operates which have clear urban characteristics, and on properties adjacent or connected to public transportation which have a mix of lessees based on everyday needs and anchored by supermarkets, while increasing municipal services including health services.

In the reporting period, CTY focused on implementing its strategy to develop its existing properties and essential retail-based centers, and to turn them into mixed-use properties and urban centers. In this context, in 2022-2023 it completed the development of the Lippulavia project in Helsinki, Finland, an urban mixed-use project of commerce and rental housing connected to a subway station.

At the same time, in November 2022 CTY announced a plan for the sale of non-core properties to a total value of EUR 500 million over 24 months, and in February 2024, increased it to a total value of EUR 950 million in the coming years. Out of the plan, non-core properties amounting to EUR 475 million have been sold so far, while properties to a total value of EUR 354 million were sold in 2024. CTY expects to sell more properties to the value of EUR 250 million by the end of 2025 and the remainder of the disposal plan by the end of 2026.

As part of the plan for the sale of properties adopted by CTY in May 2024, it sold a property in Norway for EUR 30 million gross, in September 2024, it completed the sale of another property in Norway for a gross consideration of EUR 112 million, and in December 2024, it completed the sale of a property in Estonia for gross proceeds of EUR 129 million.

Simultaneously, CTY announced a series of operational streamlining measures, and it also took various measures to strengthen its equity, including suspending the distribution of dividends and repayment of short-term debt, reduction of expenses and strengthening its balance sheet, and decreasing CAPEX costs.

CTY's assets are anchored mainly in urban services, everyday and essential consumer services, and supermarkets that are connected to public transport and located in the strongest Nordic countries. CTY has a diverse tenant mix, and its main customers are supermarkets, retail stores (local and international), and local authorities that constitute anchor tenants in its properties. CTY's tenants include the Finnish chain, S-Group, which has more than 1,800 branches throughout Finland and engages in, among other things, the travel, supermarket and hospitality sectors, and 5.5% of CTY's rental revenues in 2024 are due to its contracts with S-Group (6.3% in 2023), and Kesko, a leading Nordic supermarket chain with stores across Finland, Sweden, Norway, Estonia and Denmark, and 5.1% of CTY's rental income in 2024 is from its engagements with various chains owned by Kesko (compared to 5.2% in 2023).

In 88% of the agreements between CTY and its tenants, the tenants undertake to pay the operating costs incurred by CTY for maintaining the property in addition to rent (which is usually linked to the cost of living index in the various countries accordingly, or are updated annually by a minimum rate). Furthermore, as at December 31, 2024, 62% of CTY's rental contracts also contain a rental fee component that is based on a certain percentage of the tenants' proceeds in addition to the fixed rent (this component does not constitute a material part of CTY's total revenue from rent). The lease agreements with key tenants are usually long term, ranging from 10 to 15 years, and sometimes even 20 years, while the lease agreements with minor tenants are usually for periods of 3 to 5 years.

In and subsequent to the reporting period, CTY continued to work to enhance its balance sheet, and as part of this various measures were adopted to reduce future interest expenses, increase liquidity, and improve its balance sheet and debt. Most of CTY's debt (95%) is at fixed interest and most of its assets are not pledged. Moreover, CTY does not have any significant debt that is due for repayment by September 2026.

As at December 31, 2024 and the reporting date, the Company owns 49.5% of CTY's issued share capital and voting rights (including through a wholly-owned subsidiary).

.6.2. Results of operation

Following are a breakdown of results in the field of operation for the years ended December 31, 2024, 2023 and 2022 (in NIS thousands and in EUR thousands):

	Year ended December 31,					
	2024	2023	2022	2024	2023	2022
	NIS thousand			EUR thousands		
Total income from the operation	1,285,542	1,156,487	1,065,896	321,338	290,027	301,489
Gains (losses) from revaluations (consolidated)	(471,181)	(837,634)	(201,676)	(121,778)	(200,257)	(56,536)
Gains (losses) from revaluations (Company's share)	(233,578)	(436,566)	(105,223)	(60,369)	(104,372)	(29,497)
Operating results (*)	734,369	525,152	539,881	183,592	130,999	152,757
Same property NOI (consolidated)	601,658	573,714	-	150,402	143,851	-
Same property NOI (Company's share)	298,260	284,407	-	74,558	71,311	-
Total NOI (consolidated)	858,664	781,068	720,160	214,691	195,676	203,647
Total NOI (Company's share)	425,665	407,084	375,736	106,429	101,984	106,251

(*) Operating profit refers to the accounting operating profit in accordance with IFRS, excluding revaluation gains, depreciation, and other income and expenses.

.6.3. Economic data regarding geographic regions

The table below provides the macro-economic characteristics of CTY's main operating regions:

	Finland			Sweden			Norway		
	Year ended December 31,								
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Gross domestic product (PPP) (USD billion)	361	354	345	764	739	715	576	554	532
GDP per capita (PPP) (USD)	56,899	57,268	58,107	63,123	63,114	63,402	91,033	90,241	90,767
GDP per capita growth rate (PPP)	(0.18%)	(0.95%)	0.83%	0.95%	0.15%	1.55%	0.73%	1.00%	4.28%
Inflation rate	0.98%	4.39%	7.16%	2.86%	8.63%	8.34%	3.16%	5.53%	5.74%
Yield on long-term government debt	2.83%	2.58%	3.15%	2.43%	2.05%	2.45%	3.88%	3.29%	3.23%
Rating of long-term government debt	AA+ / Aa1	AA+ / Aa1	AA+ / Aa1	AAAu / Aaa	AAAu / Aaa	AAAu / Aaa	AAAu / Aaa	AAAu / Aaa	AAA / Aaa
Unemployment	8.38%	7.22%	6.77%	8.35%	7.67%	7.48%	3.97%	3.62%	3.23%
Local currency to USD exchange rate at December 31	USD - Euro 1.0354	USD - Euro 1.1039	USD - Euro 1.0705	USD - SEK 11.0713	USD - SEK 10.0734	USD - SEK 10.4283	USD - NOK 11.3865	USD - NOK 10.1724	USD - NOK 9.8038

(*) According to Bloomberg data.

Additional macro-economic data:

In the reporting period, the Nordic economies, like the rest of the world economies, were affected by economic environment uncertainty due to political and structural changes that challenge the economy. The common denominator of the Nordic economies is their financial robustness due to high individual savings, public funding and the creation of stable jobs. All these provide the Nordic economies with a certain degree of resilience during this period. Furthermore, the Nordic countries are not significantly affected by the Russian Ukraine conflict, among other things, because these countries are almost completely independent on natural gas from Russia. CTY's tenant mix, which is based on supermarket-anchored urban shopping centers and the fact that 95% of its leases are CPI-linked, prove CTY's strength and resilience.

.6.4. Aggregate data about the operating segment

The tables below provide data about CTY's income-producing properties.

The data in section 6.4 below with regard to 2023 and 2022 do not include data for Kista Galeria, which was jointly-controlled and presented in the past according to the equity method during those periods. In February 2024, CTY acquired the remaining holdings in this property and as at the reporting date, the property is wholly owned by it and it is included in the 2024 data.

The data in section 6.4 below regarding Sweden are presented in Swedish krona (SEK), the commercial currency for the majority of the properties in this region. The data regarding Norway are presented in Norwegian krona (NOK), the commercial currency in Norway. These data also include properties in this region with a different commercial currency, which are presented in Euro. The data were converted at the known exchange rate at the end of the period with respect to balance sheet data, and at the average exchange rate with respect to results data.

.6.4.1. GLA of income-producing properties

The following table provides details regarding the GLA of CTY's income-producing properties as of December 31, 2024 and 2023 (in square meter thousands):

Region		At December 31, 2024	As % of total income producing property GLA	At December 31, 2023	As % of total income producing property GLA
Finland	Consolidated	338	33.9%	339	33.6%
	Company's share	167		173	
Sweden	Consolidated	265	26.5%	173	17.1%
	Company's share	131		88	
Norway	Consolidated	300	30.0%	357	35.3%
	Company's share	149		182	
Estonia and Denmark	Consolidated	96	9.6%	142	14.0%
	Company's share	48		72	
Total	Consolidated	999	100.0%	1,011	100%
	Company's share	495		515	

.6.4.2. Segmentation of the fair value of income-producing properties

The table below provides data about the value of CTY's income-producing properties as of December 31, 2024 and 2023:

Region		At December 31, 2024	As % of total value of producing property GLA	At December 31, 2023	As % of total value of producing property GLA
Finland (in EUR thousands)	Consolidated	1,651,951	44.5%	1,693,079	44.0%
	Company's share	818,294		861,915	
Sweden (in SEK thousands)	Consolidated	10,440,113	24.6%	6,876,879	16.1%
	Company's share	5,171,512		3,500,890	
Norway (NOK thousands)	Consolidated	10,024,124	22.9%	12,408,186	28.7%
	Company's share	4,965,452		6,316,774	
Estonia and Denmark (in EUR thousands)	Consolidated	296,011	8.0%	434,776	11.2%
	Company's share	146,629		221,336	
Total (in NIS thousands)	Consolidated	14,080,500	100%	15,450,672	100%
	Company's share	6,974,779		7,865,647	

.6.4.3. NOI

The table below provides data about CTY's NOI for 2022-2024:

Region		for 2024	% of total property NOI	for 2023	% of total property NOI	for 2022	% of total property NOI
Finland (in EUR thousands)	Consolidated	80,928	37.7%	76,442	39.1%	68,637	33.7%
	Company's share	40,118		39,841		35,811	
Sweden (in SEK thousands)	Consolidated	485,493	19.8%	319,260	14.2%	323,087	14.9%
	Company's share	240,677		166,397		176,370	
Norway (in NOK thousands)	Consolidated	702,717	28.1%	713,913	31.9%	797,014	38.6%
	Company's share	348,358		372,083		415,833	
Estonia and Denmark (in EUR thousands)	Consolidated	30,869	14.4%	28,933	14.8%	26,018	12.8%
	Company's share	15,303		15,080		13,575	
Total (in NIS thousands)	Consolidated	858,664	100%	781,068	100%	720,160	100%
	Company's share	425,665		407,084		375,736	

.6.4.4. Valuation gains (losses)

The table below provides a breakdown of CTY's revaluation gains (losses) for the years 2022-2024:

Region		for 2024	% of total property NOI	for 2023	% of total property NOI	for 2022	% of total property NOI
Finland (in EUR thousands)	Consolidated	(59,353)	48.6%	(69,416)	34.6%	(16,339)	28.9%
	Company's share	(29,423)		(36,179)		(8,525)	
Sweden (in SEK thousands)	Consolidated	(330,841)	23.8%	(419,818)	18.3%	(67,179)	11.2%
	Company's share	(164,007)		(218,804)		(35,050)	
Norway (NOK thousands)	Consolidated	(323,111)	22.8%	(785,949)	34.4%	(312,195)	54.7%
	Company's share	(160,176)		(409,628)		(162,885)	
Estonia and Denmark (in EUR thousands)	Consolidated	(5,702)	4.8%	(25,475)	12.7%	(2,974)	5.2%
	Company's share	(2,827)		(13,277)		(1,552)	
Total (in NIS thousands)	Consolidated	(471,181)	100%	(837,634)	100%	(201,676)	100%
	Company's share	(233,578)		(436,566)		(105,223)	

.6.4.5. Average rent per square meter

The table below provides a breakdown of CTY's average monthly rent per sq.m for 2024 and 2023:

Region	Year ended December 31, 2024	Year ended December 31, 2023
Finland (in EUR)	28.6	27.9
Sweden (in SEK)	286.7	274.8
Norway (NOK)	249.6	238.9
Estonia and Denmark (in EUR)	23.1	23.1

.6.4.6. Average occupancy rates

The table below provides data about the occupancy rates of CTY's properties as of December 31, 2024, and average occupancy rates for the years 2024 and 2023 (*):

Region	At December 31, 2024	Year ended December 31, 2024	Year ended December 31, 2023
Finland	94.8%	94.4%	95.0%
Sweden	91.1%	90.9%	92.7%
Norway	95.0%	94.9%	94.3%
Estonia and Denmark	97.3%	97.0%	95.9%

(*) The average occupancy rate for a specific year was calculated as the average of all occupancy rates at the end of every calendar quarter in the relevant year.

.6.4.7. Number of income-producing properties

The table below provides data about the number of CTY's income-producing properties as at December 31, 2024 and 2023:

Region	At	
	December 31, 2024	December 31, 2023
Finland	10	10
Sweden	6	6
Norway	11	14
Estonia and Denmark	4	4
Total	31	34

.6.4.8. Average yields

The table below provides data about CTY's actual average yields as of December 31, 2024 and 2023 (based on property value at the end of the year):

	December 31, 2024	December 31, 2023
Finland	5.9%	5.5%
Sweden	6.0%	5.9%
Norway	6.7%	6.2%
Estonia and Denmark	7.1%	7.2%

.6.5. Expected rental income from signed lease agreements signed (*)

Period of recognition of income		Income from fixed components (in NIS thousands)	Income from variable components (in NIS thousands)	Number of terminating lease agreements	Area in the terminating agreements (in sq.m thousands)
2025	Quarter 1	112,661	1,441	1,360	114
	Quarter 2	59,932	1,353	393	58
	Quarter 3	66,089	3,427	243	64
	Quarter 4	41,206	2,247	175	36
2026		160,558	8,844	525	143
2027		162,283	2,042	450	131
2028		120,596	1,442	308	104
2029 and thereafter		261,480	8,755	377	240
Total		**984,805**	**29,551**	**3,831**	**890**

(*) The Company management does not regularly review the expected rental income assuming exercise of the extension options given to the tenants. Therefore, the above data assume non-exercise of tenant option periods.

The foregoing information contained in this section is forward-looking information as defined in Section 32A of the Securities Law, based on CTY estimates, which are based on the information it has to date, and there is no certainty that it will materialize due to factors beyond the Company's control, including as a result of macro-economic effects (as described in sections 5.1-5.5 and 6.3 above), and as a result of the materialization of risk factors applicable to the Company's operations as set out in section 28 of the chapter on the description of the company's business.

.6.6. Aggregate data concerning properties under construction in the operating segment

The table below provides aggregate data about CTY's properties that were classified as investment properties under construction in the Company's financial statements:

		Year ended		
		2024	2023	2022
Finland	Number of properties under construction at the end of the period	-	-	1
	Total area under construction (planned) at the end of the period (in sq.m thousands)	-	-	62.3
	Total costs invested in the current period (consolidated) (in EUR thousands)	-	-	66,369
	The amount at which the properties are stated in the financial statements at the end of the period (consolidated) (in EUR thousands)	-	-	451,762
	Construction budget during the subsequent period (estimate) (consolidated) (in EUR thousands)	-	-	4,259
	Total balance of estimated construction budget for completion of the construction works (estimate for the end of the period) (consolidated) (EUR thousands)	-	-	33,285
	Percentage of the GLA for which lease agreements have been signed	-	-	91%
	Expected annual revenue (estimate) (consolidated) (EUR thousands)(*)	-	-	12,372
Sweden	Number of properties under construction at the end of the period	-	1	1
	Total area under construction (planned) at the end of the period (in sq.m thousands)	-	12,950	12,950
	Total costs invested in the current period (consolidated) (SEK thousands)	-	5,467	69,159
	The amount at which the properties are stated in the financial statements at the end of the period (consolidated) (SEK thousands)	-	74,627	69,159
	Construction budget in the subsequent period (estimate) (consolidated) (SEK thousands)	-	648,373	671,500
	Total estimated construction budget for completion of construction work (estimate to end of the period) (consolidated) (SEK thousands)	-	648,373	671,500
	Expected annual revenue (estimate) (consolidated) (SEK thousands)(*)	-	19,753.11	-

(*) The figure refers to the estimated total annual revenue expected from projects that are scheduled for construction to end in the following year, and for which lease agreements have been signed with respect to 50% or more of their total GLA.

.6.7. Aggregate data concerning and for investment in the operating segment

As at December 31, 2024 and 2023, CTY owned plots of land in a negligible amount.

.6.8. Acquisition and sale of properties (aggregate)

Below is information concerning properties sold and acquired by CTY in 2022 through 2024:

			Year ended December 31, 2024	Year ended December 31, 2023	Year ended December 31, 2022
Sweden	Properties sold	Number of properties sold during the period	1	-	-
		Proceeds from the realization of properties sold during the period (consolidated) (in SEK thousands)	673,980	-	-
		Area of properties sold during the period (consolidated) (in sq.m thousands)	13	-	-
		Profit (loss) recorded from the sale of properties (consolidated) (SEK thousands)	(115,087)	-	-
	Properties acquired	Number of properties acquired during the period	1	-	1
		Cost of properties acquired during the period (consolidated) (SEK thousands)	679,022	-	69,159
		Area of properties acquired during the period (consolidated) (sq.m thousands)	13.0	-	13
Norway	Properties sold	Number of properties sold during the period	3	-	4
		Proceeds from the properties sold during the period (consolidated) (NOK thousands)	1,918,250	-	2,689,312
		Area of properties sold during the period (consolidated) (in sq.m thousands)	55.2	-	95.0
		NOI of properties sold (consolidated) (NOK thousands)	10,058	-	86,335
		Profit (loss) recorded from the sale of properties (consolidated) (NOK thousands)	(592,351)	-	(95,421)
Estonia and Denmark	Properties sold	Number of properties sold during the period	1	-	-
		Proceeds from the properties sold during the period (consolidated) (in EUR thousands)	128,650	-	-
		Area of properties sold during the period (consolidated) (in sq.m thousands)	45	-	-
		NOI of properties sold (consolidated) (in EUR thousands)	117,945	-	-
		Profit (loss) recorded from the sale of properties (consolidated) (in EUR thousands)	(19,746)	-	-

In February 2024, CTY purchased the rest of the holdings (50%) from its partner in the Krista Galeria property in Sweden. For additional information, see Note 8A to the financial statements.

.6.9. Material Assets

6.9.1 Below is a breakdown of data regarding Iso Omena, which is defined as a "substantial income producing asset" (*) of the Group, as at December 31, 2024:

Iso Omena	General data
Region	Espoo, Finland
Functional currency	EUR
Primary use	Retail (shopping center)
Construction costs (EUR million)	670.2
Company's share in property (%) (capital rights/voting rights)	Wholly owned through a 49.5% held subsidiary
Gross area (sq.m)	102,036
Retail GLA (sq. m)	84,620

* As defined in the Investment Property Regulations.

Operational data	**2024**	**2023**	**2022**
	EUR million, unless stated otherwise		
Carrying value at end of period (NIS million)	2,993	3,230	2,950
Fair value at end of period (EUR million)	788.6	805.6	785.2
Rental revenue in the period	37.6	37.1	34.9
Actual NOI in the period	36.9	36.2	33.5
Actual yield rate (%)	4.7%	4.5%	4.3%
Adjusted yield rate (%)	4.8%	4.5%	4.4%
Yield rate over cost (%)	5.5%	5.4%	5.0%
Valuation gains (losses)	(20.6)	17.6	28.1
Occupancy rate at end of the period (%)	96.7%	96.9%	98.8%
Average rent per sq.m / month (EUR)	39.3	37.8	35.3
Average income per sq.m / year (EUR) (*)	4,130.5	3,905.8	3,900.0
Additional information required under Regulation 8B(9), in the event that a material valuation or very material valuation was used to determine the value of the data			
Valuation date	December 31, 2024	December 31, 2023	December 31, 2022
Name and experience of valuator	The JLL valuator has over 10 years' experience		
Valuation model used by the Valuator	DCF	DCF	DCF
Additional underlying assumptions Capitalization rate (%)	5.6%	5.1%	4.6%

(*) The data is to the best of the Company's knowledge and provided on the basis of information received from the tenants. The Company is therefore unable to confirm the accuracy of this information.

.6.10. Human capital

.6.10.1. As at December 31, 2024, CTY had 164 employees (234 in 2023), as per the following distribution: In Norway - 45; Finland - 36; Estonia and Denmark - 5; Sweden - 30; and 48 in various headquarters positions. The significant decrease in the number of employees is due to the streamlining measures carried out by CTY, as well as the switch to outsourcing. These employees are employed under personal contracts according to which they receive a basic monthly salary and various benefits and annual bonuses, according to their seniority. Additionally, CTY's key employees and executives are entitled to long-term compensation in the form of CTY securities, as set out below.

.6.10.2. In March 2024, Ms. Henrica Ginström was appointed as CEO of CTY, replacing Mr. Scott Ball, effective as of April 1, 2024. Prior to her appointment, Ms. Ginström served as COO of CTY. In October 2024, CTY announced the termination of Ms. Ginström's service as CEO of CTY and appointment of Mr. Scott Ball (who serves as a director of CTY) as acting CEO. In November 2024, CTY announced the appointment of Mr. Oleg Zaslavsky as CEO of CTY, who took up office in March 2025. For details regarding the terms of employment of Mr. Ball and Ms. Ginström, see Regulation 21 to Chapter D of the Periodic Report.

.6.10.3. CTY has several compensations plans for employees and managers, by virtue of which convertible stock options or Restricted Share Units (RSUs) of CTY can be allotted. Some of the compensation plans are designated for the CEO of CTY and other specific senior officers. For additional information about CTY's compensation plans, see Note 8D3 to the financial statements.

.6.11. Credit and financing

.6.11.1. Credit rating - in the reporting period, CTY was rated with a BBB- rating (negative outlook). In March 2025, S&P updated CTY's rating as an issuer to BB+ (stable outlook) and left the rating of its debenture series at BBB-. In the reporting period, CTY terminated its contract with the rating agency, Moody's, and therefore is no longer rated by it.

.6.11.2. Capital raising - In February 2024, CTY completed a public offering of 11.9 million ordinary shares for a total consideration of EUR 48.2 million. As part of the offering, the Company acquired 3.7 million CTY shares for a total consideration of EUR 15 million, considering the requirements of the Securities Authority in Finland, which conditioned the Company's participation on the fact that after the capital issuance, the Company's holdings of CTY's share capital would be less than 50%, otherwise the Company would be required to issue a full tender offer of CTY shares.

.6.11.3. Financing from financial institutions – During the reporting period, CTY exercised the option to extend a financing agreement of EUR 650 million (NIS 2.6 billion), consisting of a revolving credit line in the amount of EUR 400 million and a long-term loan of EUR 250 million. The new financing agreement is fully secured by a mortgage on properties and is valid until 2027. As at reporting date, CTY has not utilized the credit line.

In the reporting period, CTY acquired the partner's share (50%) of the Kista Galeria property, as part of which it undertook the entire debt in respect of the property of SEK 2.4 billion (NIS 850 million), and pledged other properties in favor thereof. In May 2024, the Company extended the loan in respect of the Kista Galeria property to mature in May 2029.

.6.11.4. Debentures – As of December 31, 2024, CTY has unsecured debentures amounting to EUR 1,577 million. The debentures bear fixed interest at an annual rate averaging 3.4%, and are redeemable between 2025 and 2030. In the reporting period, CTY bought back EUR 405 million par value of its debentures on the market and under a tender offer published for the acquisition of its debentures and marketable securities. In 2024, CTY completed the buyback of the remaining debentures that were due in October 2024, in an amount of EUR 97 million par value. Subsequent to the reporting date, CTY bought back NIS 100 million par value of its debentures for EUR 97 million, under a tender offer.

Furthermore, in February CTY completed an issuance of unsecured green bonds ("Green Bonds") amounting to EUR 300 million, the proceeds of which were earmarked mainly for financing of the buyback of CTY debentures as part of its tender offer, while integrating sustainability goals in its operations. The debentures bear fixed interest at an annual rate of 6.5%, and are redeemable in 2029.

In December 2024, CTY completed an issuance of unsecured Green Bonds in an amount of EUR 350 million, the proceeds of which were earmarked, among other things, for the acquisition of short-term debentures in NOK under a tender offer. The debentures bear fixed interest at an annual rate of 5%, and are redeemable in 2030.

For the debenture ratings, see section 6.11.1 above. For further information regarding CTY's debentures, see Note 19C to the financial statements.

.6.11.5. Hybrid debentures - As at December 31, 2024, CTY has three series of hybrid debentures in an amount of EUR 613 million, which are subordinate to any other debt and unsubordinated with regard to CTY's ordinary shares, and are considered to be part of CTY's equity. In the second quarter of 2024, CTY completed an exchange of hybrid debentures that were redeemable in November 2024 for the new hybrid debenture series with an average duration of 5.25 years, which bear annual interest of 7.875%, in an amount of EUR 266 million.

.6.11.6. Credit balances

The table below presents long-term credit and loans (including current maturities), which are not intended for specific use, which were received by CTY from financial institutions to finance its operations, as at December 31, 2024:

	Balance (EUR millions)	Weighted interest rate (*)	Average repayment period (years)(**)
Loans at fixed interest - SEK	86.7	5.57%	5.9
Loans at variable interest - SEK	175.4	5.55%	4.1
Loans at variable interest - EUR	247.4	5.35%	2.3
Debentures at fixed interest – EUR	1,573.1	3.32%	0.7
Debentures at fixed interest - NOK	3.6	2.88%	3.3
	2,086.2		

(*) The effective interest rate is not materially different from the weighted interest rate.

(**) Calculated only according to the repayment dates of the credit.

.6.11.7. Financial covenants

Some of the unsecured loans, debentures and credit facilities granted to CTY and its wholly-owned subsidiaries in the ordinary course of business require compliance with financial and other covenants, as set out below:

Covenants	Required minimal ratio	Covenant calculation as at December 31, 2024
Interest coverage ratio (ICR)	Will not fall below 1.8	2.70
Net debt to total assets ratio	Will not exceed 60%	41%
Solvency ratio	Will not exceed 65%	42%
Secured solvency ratio	Will not exceed 25%	12%

As of December 31, 2024 and immediately prior to the approval date of this Report, CTY and its wholly-owned subsidiaries are in compliance with all the prescribed covenants.

.7. Acquisition, development and operation of shopping centers in Central Europe[17]

.7.1. General

In Central Europe, the Group operates through G Europe (100%), which is incorporated in Jersey Island[18]. G Europe has debentures that are listed for traded on the Luxembourg Stock Exchange.

G Europe is the owner and manager of retail shopping centers and rental residential buildings in Central Europe, that were concentrated mainly on Warsaw in Poland and Prague in the Czech Republic during the reporting period. As at December 31, 2024, it owns 14 income-producing properties on a total GLA of 387 million square meters and plots of land.

As part of G Europe’s disposal plan, as at the publication date of the report, G Europe sold properties in the amount to EUR 3.6 billion, while focusing on quality mixed-use properties mainly in Warsaw, as follows:

- In January 2024, G Europe completed the sale of the Arkady Pankrac property in Prague, Czech Republic for a gross consideration of EUR 259 million.
- In November 2024, G Europe completed the sale of the Raclawicka residential property in Krakow, Poland for a gross consideration of EUR 20.1 million.
- In February 2025, G Europe completed the sale of the Flora shopping center in Prague, Czech Republic in return for EUR 201 million (following price adjustments), including in respect of capital investments and amendments, as well as rentals. The property sold is G Europe’s last property in the Czech Republic.
- In January 2025, G Europe sold plots of land that it owned in Turkey in return for EUR 53 million. These plots of land were purchased even before G Europe was acquired by the Company and constituted the company’s sole holding, which was sold as part of its strategic business focus plan and due to Turkey's policy towards Israel.

Upon completion of these transactions, all of G Europe’s properties are located in major cities in Poland, mainly in Warsaw (70% of the portfolio).

17 These assets also include the G Targowek property in Warsaw, which was purchased from G Europe by a wholly-owned subsidiary of the Company (indirectly) during the reporting period, and is managed by G Europe. For the purpose of this Report, G Targowek will be considered part of G Europe’s properties.

18 Until February 18, 2022, G Europe’s shares were listed on the Vienna Stock Exchange (VSE) in Austria and on the NYSE Euronext in Amsterdam in the Netherlands. On February 18, 2022, a merger between G Europe and its wholly owned subsidiary was completed and as of that date, G Europe’s shares were delisted from trading on the VSE and G Europe became a wholly owned subsidiary of the Company.

At the beginning of 2020, G Europe announced its strategic plan until 2025, under which it intends to focus its operations on diversifying the asset portfolio by investing in income-producing residential real estate for rent, primarily in Warsaw. In addition, the strategy includes improvement and development of the asset portfolio by building real estate for residence or in specific cases, offices, above or close to G Europe's existing properties. In the reporting period G Europe continued to implement this strategy. As part of this, in 2022 G Europe completed the acquisition of residential buildings containing 541 units in Warsaw (Rubikon project) and in 2023, it purchased another residential building in this project and completed the development of all residential units in this project. Furthermore, in 2023, G Europe continued to develop several rental residential buildings that include 442 residential units adjoining its Promenada Atrium center in Warsaw. The project is expected to be completed in 2025. As at the reporting date, G Europe has 862 income-producing residential units and 259 units that will start producing income in the second quarter of 2025. Moreover, in the reporting period, G Europe purchased land in Warsaw, Poland at a cost of EUR 13.5 million, for the development of rental housing.

Furthermore, due to the war that erupted between Russia and Ukraine, that created exposure to the Russian economy and regulation, which suffer from uncertainty, and as part of its property disposal plan, in April 2023 G Europe sold its entire asset portfolio in Russia for EUR 131 million (NIS 524 million)[19]. Following the sale of the asset portfolio in Russia, G Europe significantly reduced the exposure of its operations to the Russia-Ukraine war.

Almost all of G Europe's assets are anchored by supermarkets and retail lessees that provide daily needs. A key component in G Europe's property management strategy is the integration of anchor tenants, with a financial strength, specializing in food, dining, fashion, leisure and entertainment, which correspond with the character and needs of consumers in the property's environment. Accordingly, a significant part of G Europe's rental agreements are with retailers and/or parties with an investment rating, including reputable supermarkets. In the reporting period, G Europe's largest tenants are CCC, a Polish public company that has several shops and various fashion brands, the revenue from which is 4% of all G Europe's rental revenues, and LPP, which has several fashion brands, the revenue from which is 4% of all G Europe's rental revenues.

G Europe manages almost all of its properties.

.7.2. Results of operation

	Year ended December 31,					
	2024	2023	2022	2024	2023	2022
	NIS thousand			EUR thousands		
Total income from the operation	593,303	648,781	685,893	148,359	163,040	193,919
Gains (losses) from revaluations (consolidated)	433,413	188,128	(75,397)	108,987	46,733	(21,540)
Gains (losses) from revaluations (Company's share)	433,413	188,128	(70,654)	108,987	46,733	(20,185)
Operating results (*)	367,774	390,225	363,889	92,007	98,339	103,058
Same property NOI (consolidated)	324,260	282,286	-	81,058	70,779	-
Same property NOI (Company's share)	324,260	282,286	-	81,058	70,779	-
Total NOI (consolidated)	410,956	440,191	448,491	102,744	110,593	126,819
Total NOI (Company's share)	410,956	440,191	420,277	102,744	110,593	118,841

(*) Operating profit refers to the accounting operating profit in accordance with IFRS, excluding revaluation gains.

19 For further information, see immediate report dated April 27, 2023 (Ref. No: 2023-01-045084), presented here by way of reference.

.7.3. Economic data regarding geographic regions

Below is a breakdown of the macro-economic characteristics of G Europe's main operating regions:

	Poland			Czech Republic		
	Year ended December 31,					
	2024	2023	2022	2024	2023	2022
Gross domestic product (PPP) (USD billion)	1,891	1,794	1,728	620	599	579
GDP per capita (PPP) (USD)	45,433	43,970	43,737	49,884	49,743	49,891
GDP per capita growth rate (PPP)	2.90%	0.10%	5.30%	1.13%	(0.30%)	2.88%
Inflation rate	3.65%	11.57%	14.30%	2.45%	10.80%	15.08%
Yield on long-term government debt	5.89%	5.20%	6.86%	4.22%	3.82%	5.10%
Rating of long-term government debt	A- / A2	A- / A2	A- / A2	AA- / Aa3	AA- / Aa3	AA- / Aa3
Unemployment	5.10%	5.20%	5.40%	3.80%	3.60%	3.40%
Local currency to USD exchange rate at December 31	PLN - USD 0.2421	PLN - USD 0.2541	PLN - USD 0.2285	CZK - USD 0.041077	CZK - USD 0.044716	CZK - USD 0.044291

(*) According to Bloomberg data.

Additional macro-economic data

Poland - in 2024, the Polish economy reflected growth, including an increase in the real GDP of 2.9% compared to 2023. This trend is expected to continue in 2025 and 2026, and accordingly, the real GDP for those years is expected to increase to 3.4% and 3.3%, respectively. Furthermore, the inflation rate in Poland dropped to 3.4% in 2024 compared to 2023, in which inflation was 11.6%. According to macroeconomic forecasts, the annual inflation rate in the European Union in 2024 was 2.5% compared to 6.2% in 2023. The inflation rate is expected to decrease in 2025 and 2026 to 2.3% and 2.1%, respectively.

Czech Republic - The Czech economy in 2024 reflected an increase in the real GDP, which is 1.1% compared to 2023 (in which the real GDP did not change). Based on macroeconomic forecasts, this trend is expected to continue in 2025 and 2026, and the real GDP is expected to grow at a rate of 2.1% and 2.4%, respectively. Furthermore, inflation in the Czech Republic reached 2.5% in 2024 and a record high of 2.6% in the first quarter of 2025. In 2025, the inflation rate is expected to be 2.4%.

.7.4. Aggregate data about the operating segment

Below is a breakdown of information concerning G Europe's income-producing buildings: -

The data presented in sections 7.4 and 7.5 below do not include jointly controlled properties.

The reference to "other" in section 7.4 below for 2022 includes G Europe's properties in Slovakia.

.7.4.1. GLA of income-producing properties

The following table provides details regarding the GLA of G Europe's income-producing properties as of December 31, 2024 and 2023 (in square meter thousands):

Region	At December 31, 2024	As % of total income producing property GLA	At December 31, 2023	As % of total income producing property GLA
Poland	323	89.0%	320	80.0%
Czech Republic	40	11.0%	80	20.0%
Total	363	100.0%	400	100.0%

.7.4.2. Segmentation of the fair value of income-producing properties

The table below provides data about the value of G Europe's income-producing properties as at December 31, 2024 and 2023:

Region	At December 31, 2024	As % of total value of producing property GLA	At December 31, 2023	As % of total value of producing property GLA
Poland (EUR thousands)	1,689,742	89.4%	1,547,173	75.9%
Czech Republic (EUR thousands)	200,988	10.6%	491,508	24.1%
Total (NIS thousands)	7,177,971	100%	8,178,369	100%

.7.4.3. NOI

Below is a breakdown of G Europe's NOI for 2022-2024:

Region		for 2024	% of total property NOI	for 2023	% of total property NOI	for 2022	% of total property NOI
Poland (EUR thousands)	Consolidated	87,782	85.4%	76,298	69.0%	73,923	58.3%
	Company's share	87,782		76,298		69,272	
Czech Republic (EUR thousands)	Consolidated	14,962	14.6%	24,549	22.2%	17,409	13.7%
	Company's share	14,962		24,549		16,314	
Russia (*) (EUR thousands)	Consolidated	-	-	9,746	8.8%	31,343	24.7%
	Company's share	-		9,746		29,371	
Other (EUR thousands)	Consolidated	-	-	-	-	4,145	3.3%
	Company's share	-		-		3,884	
Total (NIS thousands)	Consolidated	410,956	100%	440,191	100%	448,491	100%
	Company's share	410,956		440,191		420,277	

(*) In April 2023, G Europe sold its entire portfolio of properties in Russia. For further information, see section 7.1 above.

.7.4.4. Valuation gains (losses)

The table below provides a breakdown of G Europe's revaluation gains (losses) for the years 2022-2024:

Region		for 2024	% of total property NOI	for 2023	% of total property NOI	for 2022	% of total property NOI
Poland (EUR thousands)	Consolidated	123,017	100.0%	19,402	43.8%	(17,162)	84.8%
	Company's share	123,017		19,402		(16,083)	
Czech Republic (EUR thousands)	Consolidated	-	-	14,771	33.4%	(4,993)	24.6%
	Company's share	-		14,771		(4,679)	
Russia (**) (EUR thousands)	Consolidated	-	-	10,107	22.8%	199	(1.0%)
	Company's share	-		10,107		186	
Other (EUR thousands)	Consolidated	-	-	-	-	1,692	(8.4%)
	Company's share	-		-		1,586	
Total (NIS thousands)	Consolidated	492,109	100%	176,600	100%	(71,689)	100%
	Company's share	492,109		176,600		(67,179)	

(*) Including adjustments resulting from the consolidation of G Europe reports.

(**) in April 2023, G Europe sold its entire portfolio of properties in Russia. For further information, see section 7.1 above.

.7.4.5. Average rent per square meter

The table below provides a breakdown of G Europe's average monthly rent in 2022 through 2024:

Region	Year ended December 31, 2024	December 31, 2023
Poland (in EUR)	24.7	21.8
Czech Republic (in EUR)	28.3	31.3

.7.4.6. Average occupancy rates

The table below provides data about G Europe's occupancy rates as of December 31, 2024, and average occupancy rates for 2024 and 2023:

Region	At	Year ended (*)	
	December 31, 2024	December 31, 2024	December 31, 2023
Poland	95.7%	94.8%	94.6%
Czech Republic	91.1%	92.0%	91.6%
Russia (*)	-	-	92.9%

(*) In April 2023, G Europe sold its entire portfolio of properties in Russia. For further information, see section 7.1 above.

(**) The average occupancy rate for a specific year was calculated as the average of all occupancy rates at the end of every calendar quarter in the relevant year.

.7.4.7. Number of income-producing properties

The table below provides data about the number of g Europe's income-producing properties as of December 31, 2024 and 2023:

Region	At December 31 2024	2023
Poland	13	13
Czech Republic	1	2
Total	14	15

.7.4.8. Average rate of return

The table below provides data about G Europe's actual average yields as at December 31, 2024 and 2023 (based on property value at the end of the year):

Region	Year ended December 31 2024	2023
Poland	6.3%	6.2%
Czech Republic	-	6.3%

.7.5. Expected rental income from signed lease agreements signed (*)

Period of recognition of income		Income from fixed components (in NIS thousands)	Income from variable components (in NIS thousands)	Number of terminating lease agreements	Area in the terminating agreements (in sq.m thousands)
2025	Quarter 1	72,239	3,497	55	14
	Quarter 2	71,923	3,015	26	5
	Quarter 3	71,617	2,905	38	7
	Quarter 4	71,349	2,849	36	17
2026		234,873	9,353	178	46
2027		191,383	8,394	249	58
2028		140,328	7,810	178	39
2029 and thereafter		489,718	60,274	161	41
Total		**1,343,430**	**98,097**	**921**	**227**

(*) The Company management does not regularly review the expected rental income assuming exercise of the extension options given to the tenants. The data therefore assume non-exercise of tenant option periods.

The information contained in this section is forward-looking information as defined in Section 32A of the Securities Law, based on G Europe estimates, which are based on the information it has to date, and there is no certainty that it will materialize due to factors beyond the G Europe's control, including as a result of macroeconomic effects (as described in sections 5.1-5.6 and 7.3 above), and as a result of the materialization of risk factors applicable to the G Europe's operations as set out in section 28 of the chapter on the description of the company's business.

.7.6. Aggregate data concerning buildings under construction in the operating segment 2023- 2024

The table below provides aggregate data about G Europe's investment properties that were classified as income-producing properties under construction in the Company's financial statements:

		Year ended	
		2024	2023
Poland	Number of properties under construction at the end of the period	1	1
	Total area under construction (planned) at the end of the period (in sq.m thousands)	9.0	15.6
	Total costs invested in the current period (consolidated) (in EUR thousands)	16,819	17,328
	Amount at which the properties are stated in the financial statements at the end of the period (consolidated) (in EUR thousands) (*)	84,614	74,114
	Construction budget during the subsequent period (estimate) (consolidated) (in EUR thousands)	16,820	13,221
	Total balance of estimated construction budget for completion of the construction works (estimate for the end of the period) (consolidated) (EUR thousands)	22,159	38,979
	Percentage of the GLA with respect to which lease agreements have been signed	29%	-
	Building rights	28	-
	Expected annual revenue from projects that will be completed in the subsequent year and have signed contracts for fifty percent or more of their area (consolidated) (estimated) (EUR thousands)	3,240	-

(*) Excluding expansions of existing properties which as at December 31, 2024 and 2023 were worth NIS 349 million and NIS 326 million, respectively.

.7.7. Aggregate data concerning and for investment in the operating segment

Below are aggregate data concerning G Europe's lands (that are classified in the Company's financial statements as investment property under development) in the years 2023-2024 (*):

		Year ended	
		December 31, 2024	December 31, 2023
Poland	The amount at which the plots of land are stated in the financial statements at the end of the period (consolidated) (in EUR thousands)	60,712	55,541
	The total area of land at the end of the period (in sq.m thousands)	237	212
	Total construction rights on land according to approved plans (in sq.m thousands)	30	30
Other**	Amount at which the plots of land are stated in the financial statements at the end of the period (consolidated) (in EUR thousands)	60,000	111,261
	The total area of land at the end of the period (in sq.m thousands)	155	155

(*) The construction rights for the land, specified in this section, reflect construction rights in respect of which actual permits were obtained, in line with customary practice in countries in which G Europe operates.

(**) In this section, "other" also includes lands in Turkey and Romania.

.7.8. Below are data on a material valuation conducted for land in Warsaw, Poland:

Additional information required under Regulation 8B(9), in the event that a material valuation or very material valuation was used to determine the value of the data	
Subject of the valuation	PL Promenada, Warszawa, Poland
Value of the subject of the valuation that was determined according to the valuation (EUR millions)	375
Valuation date	December 31, 2024
Name and experience of valuator	Savills - more than 10 years' experience
Dependence on the persons requesting the valuation	No
Is there an indemnification agreement	Yes
Valuation model used by the Valuator	DCF
Additional underlying assumptions	Discount rate: 6.9% Discount rate of representative year: 6.1% Growth rate: 2% Vacancy rate: 7.6%

Additional information required under Regulation 8B(9), in the event that a material valuation or very material valuation was used to determine the value of the data	
Subject of the valuation	PL Wars Sawa Junior, Warszawa, Poland
Value of the subject of the valuation that was determined according to the valuation (EUR millions)	357
Valuation date	December 31, 2024
Name and experience of valuator	Savills - more than 10 years' experience
Dependence on the persons requesting the valuation	No
Is there an indemnification agreement	Yes
Valuation model used by the Valuator	DCF
Additional underlying assumptions	Discount rate: 6.3% Discount rate of representative year: 5.45% Growth rate: 2% Vacancy rate: 7.5%

.7.9. Acquisition and sale of properties

Below is a breakdown of data concerning properties sold and acquired by G Europe in 2022 through 2024:

			Year ended December 31, 2024	December 31, 2023	December 31, 2022
Poland	Properties sold	Number of properties sold during the period	1	2	4
		Proceeds from the realization of properties sold during the period (consolidated) (in EUR thousands)	20,100	43,500	154,000
		Area of properties sold during the period (consolidated) (in sq.m thousands)	5	71	83
		NOI of properties sold (consolidated) (in EUR thousands)	700	586	10,063
		Profit (loss) recorded from the sale of properties (consolidated) (in EUR thousands)	5,500	(2,138)	(4,788)
	Properties Properties acquired	Number of properties acquired during the period	1	-	3
		Cost of properties acquired in the period (EUR thousands)	12,936	-	48,000
		NOI of properties acquired (consolidated) (in EUR thousands)	-	-	93
		Area of properties acquired during the period (consolidated) (sq.m thousands)	25	-	19
Czech Republic	Properties sold	Number of properties sold during the period	1	1	-
		Proceeds from the realization of properties sold during the period (consolidated) (in EUR thousands)	120,700	107,700	-
		Area of properties sold during the period (consolidated) (in sq.m thousands)	40	26	-
		NOI of properties sold (consolidated) (in EUR thousands)	1,391	3,146	-
		Profit (loss) recorded from the sale of properties (consolidated) (in EUR thousands)	(23,084)	(11,785)	-
	Properties Properties acquired	Number of properties acquired during the period	-	1	-
		Cost of properties acquired in the period (EUR thousands)	-	241,987	-
		NOI of properties acquired (consolidated) (in EUR thousands)	-	9,800	-
		Total area of properties acquired during the period (consolidated) (in sq.m thousands)	-	40	-
Russia	Properties sold	Number of properties sold during the period	-	10	-
		Proceeds from the realization of properties sold during the period (consolidated) (in EUR thousands)	-	115,600	-
		Area of properties sold during the period (consolidated) (in sq.m thousands)	-	833	-
		Profit (loss) recorded from the sale of properties (consolidated) (in EUR thousands)	-	(193,471)	-
Other	Properties sold	Number of properties sold during the period	-	-	2
		Proceeds from the realization of properties sold during the period (consolidated) (in EUR thousands)	-	-	120,000
		Area of properties sold during the period (consolidated) (in sq.m thousands)	-	-	276
		NOI of properties sold (consolidated) (in EUR thousands)	-	-	4,145
		Profit (loss) recorded from the sale of properties (consolidated) (in EUR thousands)	-	-	(1,534)

.7.10. Human capital

After the merger with the Company was completed and due to the decrease in G Europe's property base and their geographical location, as from 2023 and during the reporting period, G Europe carried out streamlining processes as part of which it appointed new management for G Europe and there has been a significant decrease in its workforce.

As at December 31, 2024, G Europe (and its wholly-owned subsidiaries) have 138 employees (compared to 158 employees in 2023 and 350 employees in 2022). These employees are employed under personal contracts and are entitled to a base salary, various benefits and annual bonuses, according to seniority.

.7.11. Credit and financing

.7.11.1. Credit rating - In January 2024, Moody's downgraded the debenture series of G Europe from 'B1' (with a stable outlook) to 'B2' (with a negative outlook). In the third quarter of 2024, Moody's downgraded the rating from B2 to B3 (with a stable outlook).

.7.11.2. Financing from financial institutions – As at December 31, 2024, G Europe and its wholly-owned subsidiaries have long-term loans amounting to (including current maturities) EUR 434 million.

.7.11.3. Debentures - as at December 31, 2024, G Europe had two unsecured debentures series totaling EUR 305 million. The debentures bear fixed interest at an annual rate of 4.25% and 2.625%, and will be redeemed in 2025 and 2027, respectively. For the debenture ratings, see section 7.11.1 above. In and subsequent to the reporting period, the Group companies acquired G Europe debentures in a total amount of EUR 245 million par value, and EUR 18 million par value, of the debentures of 2025 and 2027, respectively. Furthermore, in February 2025, G Europe's board of directors approved a buyback plan of its debentures in the amount of EUR 100 million. Subsequent to the reporting period, G Europe redeemed all debentures that were redeemable in 2025.

.7.11.4. Hybrid debentures - in April 2021, G Europe issued green hybrid debentures in an amount of EUR 350 million, bearing fixed annual interest of 3.625% (revisable once every five years; the next revision date is November 2026). The debentures are perpetual without redemption date, but G Europe has the right to redeem the debentures at the end of five years from date of issue (November 2026) and thereafter at any date of payment of the annual interest. These debentures are considered part of G Europe shareholders' equity (and accordingly, any principal repayment is deducted from G Europe's equity), and are subordinate to any other debt of G Europe. Holders of such hybrid debentures do not have similar rights to the rights of shareholders. In and subsequent to the reporting period, the Company acquired hybrid debentures of G Europe in a total amount of EUR 68 million par value, and the Company currently holds hybrid debentures amounting to EUR 148 million par value.

.7.11.5. Intercompany financing - there is a series of intercompany financing agreements between the Company (including through its wholly owned subsidiary) and G Europe under which the Company undertook to provide G Europe with a revolving credit line for an amount of up to EUR 350 million against which G Europe undertook to provide the Company with a revolving credit line of up to EUR 200 million (from which counter withdrawals at the same time cannot be made). The Company is also a party to a financing agreement with a bank that is secured by a lien on a property owned by G Europe.

.7.11.6. Properties of G Europe to a value of EUR 660 million are unpledged.

.7.11.7. The following table presents long-term credit and loans received by G Europe to finance its operations, as at December 31, 2024:

	Balance (EUR in thousands)	Weighted interest rate (*)	Average repayment period (years)(**)
Secured variable interest loans	434	3.75%	2.9
Unsecured fixed interest debentures	305	3.50%	2.1
Total	**739**		

(*) The effective interest rate is not materially different from the weighted interest rate. The variable interest rate on the loan is backed financially by interest rate swap transactions.

(**) Calculated only according to the repayment dates of the credit.

.7.11.8. Financial covenants

Some of the debentures, credit facilities and mortgages granted to G Europe and its subsidiaries in the ordinary course of business, require compliance with financial and other covenants, as follows:

Covenants	Required minimal ratio	Covenant calculation as at December 31, 2024
Solvency ratio	Will not exceed 60%	41.3%
Secured solvency ratio	Will not exceed 40%	25.5%
Interest coverage ratio (ICR)	Will not fall below 1.5	2.15

As at December 31, 2024 and immediately prior to the approval date of this report, G Europe is in compliance with all the covenants set.

.8. G Israel

.8.1. General

The Company's real estate operations in Israel are performed directly through its real estate division, which will be called below: "G Israel".

In Israel, the Company engages in the rental, management, development, and betterment of commercial centers, which include, among others, shopping malls and open strip malls. The shopping centers owned by the Company in Israel serve as centers for shopping, leisure, and entertainment for their customers.

As at December 31, 2024, the Company owns 10 income-producing properties, one property under construction and 2 plots of land in Israel, mainly concentrated in the Gush Dan area. Most of the properties in Israel are neighborhood shopping centers in major cities, in areas with high entry barriers, high socioeconomic status and high accessibility based on existing and expected public transport as well as multiple parking spaces. The property mix is adapted to the needs of the population in each area and includes service centers such as supermarkets, pharmacies, fashion chains, home and leisure, fitness, electronics, food, coffee shops, restaurants, health care centers, banks, and others. Among the properties are two properties that serve as large-scale commercial centers providing services to a wide circle of the residents in the area and its surrounding areas, and include supermarkets, pharmacies, movie theaters and entertainment and leisure complexes.

As part of the Company's operations in Israel, the Company has several projects in the planning, construction and development stages, including the land on which Beit Cal is located in the Korazin compound in Givatayim, a rental housing project in Tel Hashomer and an office tower under construction in the Company's complex in Rishon Lezion, as set out below.

As part of the Company's strategy, it acts to obtain and maximize its building rights in the properties it owns, as well as developing, expanding and improving the properties in accordance with the existing rights, inter alia, planning and construction of office towers for mixed-use on part of the Company's active properties in Israel, and all considering needs of the market. As at the reporting date, the remaining approved gross construction rights in existing properties are for a total GLA of 207,000 sq.m (the Company's share), for commercial, residential and office use. In the reporting period, the local committee of Rishon Lezion approved a city building plan to increase the building rights and recommended submitting it to the district committee, with the aim of constructing 3 additional 25-story towers next to the office tower under construction.

As part of the Group's intention to increase its residential rental property segment in all of its properties, the Company purchased land in Ramat Gan under an Apartment for Rent tender (south of the Tel Hashomer Sheba Medical Center), on which it plans to build a residential complex for long-term rental of 20 years, that will contain 243 residential units covering a total area of 23.3 thousand sq.m, with 7.3 thousand sq.m of service areas (before additional rights/betterment exemptions). Half of the apartments will be designated for rent controlled housing for eligible tenants, under the terms of the ILA, and the Company will rent the other half on the open market. As at the reporting date, the Company received possession of the land and is preparing to start construction during the year.

According to the Company's strategy, in December 2024, it completed a transaction with Menora Group to sell 50% of its rights and obligations in four of its properties in Israel - G Tzameret, G Mikado, G Kohav Hatzafon and G Savyon, for NIS 487 million[20]. As part of this, the parties entered into a sharing agreement as specified in section 6 of the Directors Report. Furthermore, in accordance with the Company's strategy, it intends to sell part of the office tower it is constructing in Rishon Lezion.

The Company also intends to work to sell part of the office tower in Rishon Lezion.

.8.2. Results of operation

Below is a breakdown of operating results for the operating segment for the years ended December 31, 2024, 2023 and 2022 (in NIS thousands):

	Year ended		
	December 31, 2024	**December 31, 2023**	**December 31, 2022**
	NIS thousand		
Total income from the operation	355,387	304,154	263,605
Gains (losses) from revaluations	86,091	(137,031)	35,578
Operating results (*)	219,539	185,948	166,773
Same property NOI	184,460	165,747	-
Total NOI	239,832	197,567	195,723

(*) Operating profit refers to the accounting operating profit in accordance with IFRS, excluding revaluation gains.

.8.3. Economic data regarding geographic regions

The first nine months of 2024, there was high growth of 9%-12% in the proceeds of tenants in the shopping centers in Israel, compared to a moderate growth of 2% in 2023[21]. However, the macroeconomic conditions and security situation continue to pose a challenge to the shopping centers, and may affect the tenants' proceeds and the Company's operating results in the segment in the coming quarters, mainly in the properties located near the combat zones.

With the outbreak of the war in October 2023, there was an immediate and significant impact on the tenants' proceeds and the number of visitors to malls and shopping centers, inter alia, due to temporary closure or limited operating hours of many businesses, significant recruitment of reserves and evacuation of residents from the affected areas. This significant effect has weakened over the months since the war broke out, and from mid-November 2023, the economy opened and activity was gradually restored, and with it also the visitor traffic and the volume of proceeds at the shopping centers.

Later, there was a considerable increase in proceeds in the Company's properties and this trend continued in 2024 as well, in which the Company reported an increase in proceeds in it properties of 6% compared to the same period last year (net of October-November 2023, in which the effect of the war was felt, as stated above). This, the Company estimates, is due to the desire of citizens to return to normalcy alongside the war, a certain improvement in the personal sense of security, low availability of products in online orders from abroad, and a significant decline in the number of Israelis traveling abroad. It should be noted that at the end of the third quarter of 2024, due to intensification of the combat on the northern front, a slowdown in visitor traffic was evident at the Company's northern centers (G Yokneam, and Horev Center in Haifa). However, due to the Company's limited exposure in those areas, this slowdown did not materially affect its results in Israel.

20 G Kohav Hatzafon and G Savyon are pledged in favor of the holders of Debentures (Series O) of the Company, and prior to entering into the transaction, the lien on 50% of the Company's rights in these properties was lifted in return for providing alternative collateral (for information, see section 6 of the Directors Report).

21 Industry Survey: Cross-sector View - Trends and Forecasts, December 2024, Maalot S&P Global www.maalot.co.il

The Company estimates that there is not expected to be any decrease in demand or rents in the coming year in Israel, based on the assumption that private consumption will continue to grow. This assumption is based on the continuing growth of the Israeli population in recent years, at a rate of 1% per year, and the population growth is expected to continue[22]; on the Bank of Israel's assessments regarding the expected increase in GDP by a rate of 4% in 2025 and 4.5% in 2026; Bank of Israel forecasts regarding a decrease in the inflation rate in 2025 and 2026, and the assessment that the interest rate will continue to decrease to 4%-4.25% in the fourth quarter of 2025[23].

It should be noted that Bank of Israel's forecast was formulated under the assumption that the direct economic effect of the war will continue until the end of the first quarter of 2025.

For further information concerning the effects of macro-economic events on the Company's operations in Israel and the effects of the Swords of Iron war and progress in legislation to overhaul the judicial system in Israel, see sections 5.1-5.7 of the report.

Below is a breakdown of the macro-economic factors* with regard to Israel, where G Israel's main operations are located.

	Year ended December 31		
	2024	2023	2022
Gross domestic product (PPP) (USD billion)	541	525	497
GDP per capita (PPP) (USD)	47,913	48,485	48,539
GDP per capita growth rate (PPP)	0%	2%	6%
Inflation rate	3%	4%	4%
Yield on long-term government debt	5%	5%	3%
Rating of long-term government debt	A / Aa3	AA- / Aaa	AA- / Aaa
Unemployment	3%	4%	4%
NIS-USD exchange rate as at December 31	0.275	0.276	0.284

(*) According to Bloomberg data.

.8.4. Principal aggregate data G Israel's properties

The table below provides key data concerning G Israel's income-producing properties:

	At	
	December 31, 2024	December 31, 2023
Total GLA of income-producing properties (consolidated) (sq.m thousands)	144.0	156.0
Fair value of income-producing properties (consolidated) (in NIS thousands)	3,414,479	3,635,904
Average monthly rent per sq.m (in NIS)	124.3	124.2
Actual average occupancy rate (*)	for 2024: 98.0%	for 2023: 97.9%
	December 31, 2024 98.0%	December 31, 2023 97.7%
Actual average occupancy rate(***)	10	10
Average yields according to the actual end-of-year value	5.7%	5.4%

(*) The average occupancy rate for a specific year was calculated as the average of all occupancy rates at the end of every calendar quarter in the relevant year.

22 The Israeli Population at the Beginning of 2024, The Central Bureau of Statistics, https://www.cbs.gov.il/he/mediarelease/DocLib/2024/424/01_24_424b.pdf

23 Macroeconomic Forecast of the Research Division, January 2025, Bank of Israel www.boi.org.il

.8.5. Expected rental income from signed lease agreements signed (*)

Period of recognition of income		Income from fixed components (in NIS thousands)	Number of terminating lease agreements	Area in the terminating agreements (in sq.m thousands)
2025	Quarter 1	59,868	90	10
	Quarter 2	54,900	57	6
	Quarter 3	52,019	39	2
	Quarter 4	49,887	53	5
2026		169,034	182	25
2027		114,512	154	32
2028		77,176	58	9
2029 and thereafter		108,518	84	44
Total		**685,914**	**717**	**133**

(*) Assuming exercise of the lease agreement extension options by the tenants.

(**) Revenue from variable components is negligible.

The information contained in this section is forward-looking information as defined in Section 32A of the Securities Law, based on the Company's estimates, which are based on the information it has to date, and there is no certainty that it will materialize due to factors beyond the Company's control, including as a result of macro-economic effects (as described in sections 5.1-5.5 and 8.3 above), and as a result of the materialization of risk factors applicable to the Company's operations as set out in section 28 of the chapter on the description of the company's business.

.8.6. Aggregate data regarding G Israel investment properties under construction

The table below provides aggregate data about G Israel's investment properties in Israel that were classified as investment properties under construction in the Company's financial statements:

	Year ended		
	2024	**2023**	**2022**
Number of properties under construction at the end of the period	1	1	2
Total area under construction (planned) at the end of the period (in sq.m thousands)	65.1	65.1	70.2
Total costs invested in the current period (consolidated) (in NIS thousands)	82,789	112,003	63,453
Amount at which the properties are stated in the financial statements at the end of the period (consolidated) (NIS thousands) (*)	416,600	364,200	279,810
Construction budget during the subsequent period (estimate) (consolidated) (in NIS thousands)	292,871	179,737	132,477
Total balance of estimated construction budget for completion of the construction works (estimate as of the end of the period) (consolidated) (in NIS thousands)	548,000	630,000	757,000
Percentage of the GLA under construction with respect to which lease agreements have been signed	0%	0%	4%
Expected annual revenue from projects that will be completed in the subsequent year and have signed contracts for fifty percent or more of their area (consolidated) (estimated) (NIS thousands)	-	-	2,027

(*) In 2022 and 2023, including a property under construction that constitutes real estate in an expansion process and is included in the balance of investment property in the consolidated report.

.8.7. Aggregate data regarding G Israel investment real estate

The table below provides aggregate data concerning G Israel's investment real estate (that are classified in the Company's financial statements as investment property under development):

	December 31, 2024	December 31, 2023
The amount at which the plots of land are stated in the financial statements at the end of the period (consolidated) (in NIS thousands)	739,629	753,240
The total area of land at the end of the period (in sq.m thousands)	49	49
Total construction rights on land according to approved plans (in sq.m thousands)	126	126

*) Includes 1.5 thousand sq.m of land, the value of which is included under the income producing real estate item.

.8.8. Acquisition and sale of properties

The table below provides data relating to properties sold and acquired as part of G Israel's operations in each of the years 2024, 2023 and 2022:

		December 31, 2024	December 31, 2023	December 31, 2022
Properties sold	Number of properties sold during the period	4 (*)	1	1
	Proceeds from the realization of properties sold during the period (consolidated) (in NIS thousands)	487,000	154,000	74,090
	Area of properties sold during the period (consolidated) (in sq.m thousands)	12,345	10,673	-
	NOI of properties sold (consolidated) (in NIS thousands)	26,110	2,467	2,245
	Profit (loss) recorded from the sale of properties (consolidated) (in NIS thousands)	10,879	2,800	(16,672)

(*) In the reporting period, 50% of four of the Group's assets were sold to Menora Group, as specified in section 6 of the Directors Report.

.8.9. For information about G Rishon Lezion, which is a material income-producing property* of the Company, see Appendix B to the Directors Report.

* As defined in the Investment Property Regulations.

.9. Gazit Brazil

The Company operates in Brazil through Gazit Malls, a real estate investment fund owned and controlled by the Company (indirectly), incorporated in Brazil 81.9%, and through real estate investment funds and other subsidiaries in Brazil wholly owned by the Company (100%). Gazit Brazil is engaged in the development, management and operation of commercial real estate in Sao Paulo, the business capital and metropolis of Latin America.

As at December 31, 2024, Gazit Brazil concentrates its operations in the Sao Paulo metropolis, where it owns and manages seven dominant shopping centers, one commercial tower and a residential rental building, and it also owns land for future development (of which five shopping centers and adjoining plots of land worth a total of BRL 3,159 million (NIS 1,854 million) are owned by Gazit Malls, as specified below).

In February 2024, Gazit Malls completed an IPO of its participating units on the Sao Paulo Stock Exchange in Brazil (“B3”) by way of a tender offer to classified investors (below in this section: the “Tender Offer”), in the amount of BRL 301 million (NIS 226 million). 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 that were sold under the Tender Offer constitute 18.13% of Gazit Malls’ issued share capital and voting rights. Following completion of the offering, the Company owned (indirectly) 63% of the Class A participating units (and as at the publication date of the Report - 63.8% and all of the Issuer’s Class B participating units).

The Class A participating units were issued at a price of BRL 72 per unit, which reflects a 16% discount compared to their price in the Company’s books, which as at the issuance date was BRL 86 per share and which reflected a 9% discount compared to the value of the assets owned by Gazit Malls, as is usual for such type of transactions in Brazil.

In and subsequent to the reporting period, Gazit Malls acquired 309 thousand shares during trading for a total of BRL 20 million, including as part of a market-making plan. As a result, as at the publication date of the report, Gazit Brazil holds 82.3% of Gazit Malls’ share capital.

As part of the Company’s plan for disposal of properties, in July 2023 Gazit Brazil completed the sale of its share (33%) of the Cidade Jardim shopping center in Sao Paulo, Brazil for BRL 562 million, and in September 2023, it completed the sale of its holdings (4.3%) in the Eldorado property in the city of Sao Paulo, Brazil for a consideration of BRL 93 million (NIS 73 million).

The data in the tables below are based on full consolidation of Gazit Malls.

.9.1. Results of operation

Below is a breakdown of operating results for the operating segment for the years ended December 31, 2024, 2023 and 2022 (in NIS thousands and in BRL thousands):

	Year ended December 31,					
	2024	2023	2022	2024	2023	2022
	NIS thousand			BRL thousand		
Total income from the operation	177,597	192,219	174,052	258,886	260,960	266,887
Gains (losses) from revaluations	(57,096)	36,004	(246,506)	(92,530)	43,911	(367,745)
Operating results (*)	129,547	140,078	130,897	188,479	191,113	200,996
Same property NOI	133,067	145,781	-	194,074	181,389	-
Total NOI	147,316	161,585	147,532	214,856	219,357	226,253

(*) Operating profit refers to the accounting operating profit in accordance with IFRS, excluding revaluation gains, depreciation and other income and expenses.

.9.2. Macro-economic Factors*:

	December 31		
	2024	2023	2022
Gross domestic product (PPP) (USD billion)	4,702	4,456	4,180
GDP per capita (PPP) (USD)	19,468	18,968	18,505
GDP per capita growth rate (PPP)	3.4%	3.3%	3.0%
Inflation rate	4.4%	4.6%	9.3%
Yield on long-term government debt	15.2%	10.4%	12.7%
Rating of long-term government debt	BB / Ba1	BB / Ba2	BB- / Ba2
Unemployment	6.8%	8.0%	9.5%
BRL-USD exchange rate at December 31	0.162	0.206	0.189

(*) According to Bloomberg data.

Additional macro-economic factors:

In 2024, the Brazilian economy experienced strong growth, when the GDP rose to 3.5% compared to 2.9% in 2023. These results were due to strong local consumption and low unemployment rates. Inflation, as measured by the ICPA, was 4.83%, beyond the upper target limit set by the Central Bank. This increase was attributed mainly to an increase in food and fuel prices. In response to inflationary pressure, the Central Bank increased the SELIC interest rate to 13.25% per year, in order to curb the ongoing inflation and restore the credibility of the monetary policy, while further interest rate increases are expected. On the fiscal front, the government met its main deficit goal and recorded a deficit of BRL 43 billion, equivalent to 0.36% of the GDP. This result was supported by exceptional revenues and dividends from government-owned companies. It should be noted that analysts warn of future fiscal challenges due to the increase in Brazil's cost of debt. The employment market continued to strengthen, while the unemployment rate dropped to 6.6% in 2024, the lowest average annual rate since start of the historical arrangement in 2012. Despite the challenging scenarios in the inflation and interest environment, real estate prices in Brazil vary from region to region and compared to neighboring countries, although cities such as Sao Paulo, in which Gazit Brazil's property portfolio is located, continue to remain key investment centers.

.9.3. Principal aggregate data about Gazit Brazil's properties

The table below provides a breakdown of key data about Gazit Brazil's income-producing properties –

	At	
	December 31, 2024	**December 31, 2023**
Total GLA of income-producing properties (consolidated) (sq.m thousands)	165	150
Fair value of income-producing properties (consolidated) (in BRL thousand)	3,158,630	3,207,682
Average monthly rent per sq.m (in BRL thousands)	70	78
Actual average occupancy rate (*)(**)	for 2024: 97.1%	for 2023: 95.0%
	at December 31, 2024 97.4%	at December 31, 2023 96.5%
Actual average occupancy rate(***)	7	6
Average yields according to the actual end-of-year value	6.6%	5.9%

(*) The average occupancy rate for a specific year was calculated as the average of all occupancy rates at the end of every calendar quarter in the relevant year.

(**) Shopping centers only.

.9.4. Expected rental income from signed lease agreements

Period of recognition of income		**Income from fixed components (in NIS thousands)**	**Income from variable components (in NIS thousands)**	**Number of terminating lease agreements**	**Area in the terminating agreements (in sq.m thousands)**
2025	Quarter 1	32,783	1,975	68	37
	Quarter 2	32,783	2,673	43	137
	Quarter 3	32,783	2,451	39	338
	Quarter 4	32,783	3,576	62	338
2026		114,638	11,048	143	2,145
2027		96,847	11,407	120	2,009
2028		85,873	11,777	136	2,192
2029 and thereafter		305,074	12,160	220	6,215
Total		**733,564**	**57,067**	**831**	**13,411**

The foregoing information contained in this section is forward-looking information as defined in Section 32A of the Securities Law, based on the Company's estimates, which are based on the information it has to date, and there is no certainty that it will materialize due to factors beyond the Company's control, including as a result of macro-economic effects (as described in sections 5.1, 5.5 and 9.3 above), and as a result of the materialization of risk factors applicable to the Company's operations as set out in section 28 of the chapter on the description of the company's business.

.9.5. Aggregate data concerning investment properties under construction in the operating segment

In 2022 through 2024, Gazit Brazil did not have any income-producing properties under construction.

.9.6. Aggregate data concerning and for investment in the operating segment

As at December 31, 2024 and 2023, Gazit Brazil had investment land amounting to BRL 50 million (NIS 29 million) on a total area of 5,887 square meters.

.9.7. Acquisition and sale of properties (aggregate)

The table below provides data relating to properties sold and acquired by Gazit Brazil in each of the years 2024, 2023 and 2022

		Year ended December 31,		
		2024	2023	2022
Properties sold	Number of properties sold during the period	1	1	-
	Proceeds from properties sold during the period (consolidated) (in BRL thousands)	19,172	562,000	-
	NOI of properties sold (consolidated) (in BRL thousands)	-	22,043	-
	Loss recorded from the sale of properties (consolidated) (in BRL thousands)	1,736	(78,528)	-
Properties Properties acquired	Number of properties acquired during the period	-	-	1
	Cost of properties acquired during the period (consolidated) (in BRL thousands)	-	-	33,662
	Area of properties acquired during the period (consolidated) (sq.m thousands)(**)	-	-	18

.9.8. Human capital

As at December 31, 2024, Gazit Brazil has 52 full-time employees (compared to 56 employees in 2023), as per following division: Management and Administration - 8; Accounting and Finance Department - 19; Operations and Properties Department - 9; Legal Department - 7 ; Information Systems - 2 and Human Resources - 7.

The foregoing employees are employed by Gazit Brazil under individual contracts, and are entitled thereunder to a base salary, various benefits and bonuses, at the discretion of management.

For further information concerning Gazit Brazil CEO's employment agreement, see Regulation 21 in Chapter D to the periodic report.

.9.9. Financing

Gazit Brazil finances its investments in properties through working capital, sources provided to it by the Company, and through issuance of real estate receivables certificates (CRIs) and capital to entities in Brazil.

The CRIs were first issued in 2021 in the amount of BRL 650 million (NIS 393 million) by way of a private placement to institutional investors through a securitization company, and they are secured by a lien on the cash flows from the properties it owns. The debt has average duration of 6.2 years, linked to the Brazilian consumer price index (IPCA) and bears a fixed annual interest of 5.89%. The debt is secured by a lien on Gazit Malls rights in rental proceeds and other receivables, dividends and other receivables arising from all its properties. In 2023, Gazit Malls carried out an early redemption of the CRIs in the amount of BRL 120 million (NIS 90 million). Under these CRIs, Gazit Malls undertook customary financial covenants, including maintaining a debt-to-value ratio for its properties that will not exceed 50% and also undertook that in the event of acquisition of an additional property, the debt in respect thereof will not exceed 40% of the value of the acquired property. As at December 31, 2024, the outstanding CRI amounted to BRL 781 million (NIS 460 million).

.10. Gazit Horizons

.10.1. Gazit Horizons was founded in 2017 as part of the Company's strategic plan to increase its holdings in its private real estate portfolio, while focusing on the USA, after the Company sold its public real estate platform, Equity One Inc. Gazit Horizons engages in the acquisition of income-producing properties with potential for development or redevelopment, focusing on densely populated and central urban areas in major cities across the United States, particularly in Florida, New York, Boston and Philadelphia. As at December 31, 2024, Gazit Horizons owns 17 properties (of which 6 are co-owned with third parties).

The assets acquired by Gazit Horizons[24] are high quality properties in urban and central areas, that are usually rented to individual or multiple tenants. Gazit Horizons intends to continue to invest primarily in properties in areas with strong demographics, where it will identify opportunities to add value, through proactive management of the properties, through diversification of uses as well as through expansion, renovation and redevelopment.

In April 2022, Gazit Horizons started the construction of a luxury rental residential building in downtown Tampa Bay in Florida, USA (which is co-owned with a local partner) at a total investment of USD 175 million. The project includes the construction of a building of 334 apartments located on the riverfront in the area of the city's developing artists quarter, opposite the Tampa Cultural Center and adjacent Museum of Art. The project, which includes 130 sq.m commercial space, has been completed and the building received the final occupancy permits in September 2024. As at December 31, 2024, 130 residential units are leased (39%).

As part of the Group's plan for disposal of non-material properties, in January 2024 Gazit Horizons finalized a transaction for the sale of a property in New York for USD 153 million, gross. The entire property is leased to Home Depot and Starbucks. The property and the rental agreement with Home Depot served as collateral for a USD 134 million loan agreement in which Gazit Horizons engaged. The loan agreement was assigned to the buyer in accordance with the sale agreement[25].

In February 2024, the Company issued debentures from a new series (Series R) in the amount of NIS 410 million par value secured, among other things, by a lien on Gazit Horizons' entire interests in GHI Alpha Portfolio LLC ("G Alpha"), a subsidiary (100%) of Gazit Horizons that owns six real estate properties in the United States. For further information about G Alpha, see Appendix A to this Report. For further information about issuance of the debentures, see Note 19C4 to the Consolidated Financial Statements. The figures in this section 10 below also include G Alpha's operations.

The data in the tables below are on a consolidated basis.

.10.2. Results of operation

Below is a breakdown of operating results for the operating segment for the years ended December 31, 2024, 2023 and 2022 (in NIS thousands) (*):

	Year ended December 31,					
	2024	2023	2022	2024	2023	2022
	NIS thousand			USD thousands		
Total income from the operation	111,014	114,716	94,692	30,010	31,055	28,163
Gains (losses) from revaluations	46,861	(3,046)	63,594	12,706	(1,119)	20,292
Operating results (**)	87,110	59,384	63,843	23,634	16,132	18,898
Same property NOI (***)	65,926	62,283	-	17,823	16,861	-
Total NOI	71,948	74,104	64,684	19,451	20,094	19,227

(*) The figures do not refer to investments in associates, which are presented in the financial statements according to the equity method.

(**) Operating profit refers to the accounting operating profit in accordance with IFRS, excluding revaluation gains, depreciation and other income and expenses.

(***) Same property NOI includes properties jointly controlled by Gazit Horizons, which in 2024 and 2023 was USD 30,041 thousand (NIS 109,561 thousand) and USD 28,257 thousand (NIS 102,487 thousand), respectively.

24 Including co-ownership with a wholly-owned subsidiary of the Company.

25 For further information, see the immediate report of January 11, 2024 (Ref. No.: 2024-01-005601), presented here by way of reference).

.10.3. Macro-economic parameters*:

	Year ended December 31		
	2024	2023	2022
Gross domestic product (PPP) (USD billion)	29,167	27,720	26,006
GDP per capita (PPP) (USD)	76,209	74,528	72,790
GDP per capita growth rate (PPP)	2.80%	2.90%	2.50%
Inflation rate	2.96%	4.13%	8.02%
Yield on long-term government debt	4.78%	4.03%	3.97%
Rating of long-term government debt	AA+u / Aaa	AA+u / Aaa	AA+u / Aaa
Unemployment	4.03%	3.60%	3.60%
NIS-USD exchange rate as at December 31	3.647	3.627	3.519

(*) According to Bloomberg data.

Additional macro-economic data:

The USA entered 2025 with a positive momentum in terms of economic growth and easing inflation, while the GDP growth in 2025 is estimated at 2%-2.5% Consumers, who are the cornerstone of the US economy, remain in good shape with strong increases in wealth and income. Despite the recent slowdown in the increase of jobs, strong corporate profits and falling interest rates are expected to increase hiring in 2025. Households and businesses remain relatively protected from the effects of high interest rates due to mortgages at low fixed-interest rates and corporate debt assumed during the Covid-19 pandemic.

In the real estate sector, the availability of trade notes is expected to remain limited in 2025. Despite the falling interest rates, the high cost of capital may make it difficult to finance new projects and expansions, particularly in markets in which the rental rates may not justify financing them. The retail space availability is expected to remain low due to limited space expected in 2025, which may lead to an increase in the requested rent.

President Trump's second term of office presents both opportunities and risks for the commercial real estate sector. The industrial and retail sectors may be affected by the trade policy and changes in consumer spending patterns. The fiscal policy will also have a certain impact on the cost of capital. Although the government spending forecast is uncertain, there is still evidence of support for the economy at the beginning of 2025. The potential for easing of government regulations in certain sectors could contribute to the economy. A positive momentum will help the economy adjust to higher import prices due to customs duties, but reduced labor supply may cause the FED to slow the pace of interest rate cuts to prevent rising inflation[26].

.10.4. Principal aggregate data relating to Gazit Horizon properties:

The table below provides a breakdown of key data about Gazit Horizon's income-producing properties:

	At	
	December 31, 2024	December 31, 2023
Total GLA of income-producing properties (consolidated) (sq.m thousands)	55.0	67.0
Fair value of income-producing properties (consolidated) (USD thousands)(***)	434,521	433,645
Monthly average rent per sq.ms (USD) (**)	60.2	59.4
Actual average occupancy rate (*)	at December 31, 2024: 92.7%	at December 31, 2023: 92.5%
	for 2024 92.6%	for 2023 92.5%
Actual average occupancy rate(***)	11	11
Average yields according to the actual end-of-year value	4.07%	3.87%

*) The data also refer to the investment in equity-accounted associates under its financial statements.
**) The figure for rental fees does not include rent from rental housing
***) Excluding two properties under development at a value of USD 105,126 thousand.

26 CBRE 2025 Real Estate Market Outlook.

.10.5. Expected rental income from signed lease agreements signed (*)

Period of recognition of income		Income from fixed components (in NIS thousands)	Number of terminating lease agreements	Area in the terminating agreements (in sq.m thousands)
2025	Quarter 1	22,214	56	5
	Quarter 2	19,928	62	5
	Quarter 3	17,879	67	5
	Quarter 4	15,709	48	4
2026		51,889	23	7
2027		39,166	8	3
2028		29,935	5	1
2029 and thereafter		201,484	23	14
Total		**398,204**	**292**	**44**

*) The expected income does not relate to income from equity gains in respect of investments in associates.

**) Revenue from variable components is negligible.

The foregoing information contained in this section is forward-looking information as defined in Section 32A of the Securities Law, based on the Company's estimates, which are based on the information it has to date, and there is no certainty that it will materialize due to factors beyond the Company's control, including as a result of macro-economic effects (as described in sections 5.1- 5.5 and 10.3 above), and as a result of the materialization of risk factors applicable to the Company's operations as set out in section 28 of the chapter on the description of the company's business.

.10.6. In 2022 through 2024, Gazit Horizons had no buildings under construction.

.10.7. Aggregate data concerning and for investment in the operating segment

	Year ended December 31	
	2024	**2023**
The amount at which the plots of land are stated in the financial statements at the end of the period (consolidated) (USD thousands)	75,300	56,254
The total area of land at the end of the period (in sq.m thousands)	2	2
Total construction rights on land according to approved plans (in sq.m thousands)	41	41

.10.8. Below is a breakdown of data concerning properties sold and acquired by Gazit Horizons in 2022 through 2024:

		Year ended December 31		
		2024	2023	2022
Properties sold	Number of properties sold during the period	1	-	-
	Proceeds from the realization of properties sold during the period (consolidated) (in USD thousands)(*)	15,025	-	-
	Area of properties sold during the period (consolidated) (in sq.m thousands)	121	-	-
	NOI of properties sold (consolidated) (USD thousands)	2	-	-
	Profit (loss) recorded from the sale of properties (consolidated) (in USD thousands)	(10,633)	-	-
Properties Properties acquired	Number of properties acquired during the period	-	-	1
	Cost of properties acquired during the period (USD thousands)	-	-	20,166
	NOI of properties acquired (consolidated) (USD thousands)	-	-	758
	Area of properties acquired during the period (consolidated) (sq.m thousands)	-	-	1

(*) Proceeds net of mortgage on the property that was transferred to the buyer in the amount of USD 127,127 thousand.

.10.9. Human capital

As at December 31, 2024, Gazit Horizons employs 15 full-time employees (compared to 17 employees in 2023). Furthermore, Gazit Horizons receives services from several employees of an associate, Gazit Group USA.

These employees are employed by the Company and by Gazit Group USA, and are primarily entitled to a base salary, various benefits and annual bonuses or performance-based bonuses subject to management’s discretion.

For further information about the terms of tenure of Gazit Horizons CEO, see Regulation 21 in Chapter D to the periodic report.

.10.10. Financing

10.10.1 Gazit Horizons finances its investments in properties through working capital, funding provided by the Company, as well as loans from financial institutions.

10.10.2 Mortgages and credit lines - the total liabilities of Gazit Horizons, that are secured by liens as at December 31, 2024, amounted to USD 124 million at a fixed weighted interest rate of 3% and with average repayment period of 2 years, as well as a loan of USD 20 million at a weighted variable interest rate of 6.7%.

10.10.3 Financial covenants

For some of the loans and mortgages taken by Gazit Horizons in the ordinary course of business, it undertook to meet financial and other covenants (including with regard to specific properties). As at December 31, 2024 and immediately prior to the approval date of this Report, Gazit Horizons is in compliance with all the covenants set.

For information about the financial covenants in respect of G Alpha, see Appendix A to the chapter on the Description of the Company's Business

.11. Supplementary activities of the Company that do not comprise a separate segment

.11.1. Gazit Canada

In November 2019, the Company established a new partnership to engage in identifying, purchasing and management of mixed-use properties in densely populated cities in Canada, focusing, at this stage, on Toronto (in this section below: the "Partnership"). The Partnership is owned by the Company (60%), that invested CAD 21 million in the Partnership, and Dor J. Segal (40%), former director and CEO of the Company, who invested CAD 14 million in the Partnership, at this stage, through a company under his control, and who is the CEO of the Partnership. The Company also provided (through a Canadian subsidiary) the Partnership with a loan of CAD 50 million at the standard market interest rate.

As part of the Company's disposal plan, in the reporting period the Company completed a transaction for the sale of 8 of the Partnership's properties to Mr. Segal. As part of the transaction, the Partnership repaid part of the loan provided by the Company so that the current balance is CAD 13 million, and it was also agreed it cannot be increased. Furthermore, as part of the transaction, mortgage guarantees for the properties were assigned to the partner.

Subsequent to completion of the transaction and as at the publication date of this Report, the Partnership owns 33% of a property in Toronto that is worth CAD 191 million, of which another 33% is held by a wholly-owned subsidiary of the Company, and the balance is held by a third party.

.11.2. Securities portfolio and investment fund holdings

As part of the management of the Company's liquid balances, the Company manages an securities investment portfolio of publicly listed companies and investment funds, in an immaterial volume, diversifying its investments in many public companies that are publicly traded and operate in the income-producing real estate sector, primarily companies operating in the regions in which Group operates, with the aim of utilizing the Company's vast knowledge and many years of experience regarding their operations, the nature of their assets, and the conduct of the companies in which the Company considers investing, and with the aim of generating excess return on such investments, while constantly examining and monitoring the pool of companies in which the Company may invest. For further information regarding the investment in securities, see Note 10 to the financial statements.

12 Required adjustments at the Group level

Reconciliation of Consolidated Statements of Financial Position

		As at December 31	
		2024	2023
		(consolidated) (in NIS thousands)	
Presentation in the description of the Company's business	Total value of investment properties whose development was completed in Northern Europe	13,772,576	15,452,110
	Total value of investment properties whose development was completed in Central Europe	6,414,941	6,206,635
	Total value of investment properties whose development was completed in Israel	3,414,479	3,635,904
	Total value of investment properties whose development was completed in Gazit Brazil	1,853,800	2,032,506
	Total value of investment properties whose development was completed in Gazit Canada	-	182,881
	Total value of investment properties whose development was completed in Gazit Horizons	1,584,698	1,572,830
	Total investment properties classified as property held for sale in Central Europe	763,031	1,971,733
	Total investment properties classified as held for sale in Northern Europe	307,922	-
	Total investment properties classified as property held for sale in Brazil	-	347,594
	Total investment properties classified as property held for sale in Gazit Horizons	-	9,068
	Total investment properties under development in Northern Europe	-	26,950
	Total investment properties under development in Israel	416,600	364,204
	Total investment properties under development in Gazit Horizons	383,395	377,117
	Total investment properties under development in Central Europe	349,223	325,606
	Total plots of land classified as investment properties under development in Central Europe	230,487	641,030
	Total plots of land classified as investment properties under development in Israel	739,629	753,240
	Total plots of land classified as investment properties under development in Gazit Brazil	29,345	66,775
	Total plots of land classified as investment properties under development in Gazit Horizons	274,619	204,033
	Total plots of land classified as property held for sale in Gazit Horizons	-	545,864
	Total plots of land classified as property held for sale in Central Europe	227,780	28,081
	Total (consolidated)	**30,762,525**	**34,744,161**
Presentation in the statement of financial position	The investment property item in the statement of financial position	27,040,494	29,082,866
	Investment property classified as property held for sale	1,070,953	2,328,395
	The investment property under development item in the statement of financial position	1,149,218	1,093,877
	Land	1,274,080	1,665,078
	Plots of land classified as property held for sale	227,780	573,945
	Total	**30,762,525**	**34,744,161**

Reconciliation to FFO

For information regarding FFO for the years ended on December 31, 2024, 2023 and 2022, see section 2.3 of the board of directors report.

D. Issues relevant to all operating segments of the Group

.13. Marketing and Distribution

The Company and its subsidiaries make use of various marketing, sales promotion and advertising channels, from time to time, as is usual in the sectors and regions in which they operate. The Group operates through internal marketing staff, performing activities in its complexes, including community and commercial activities. Such activities are supported by local advertising using the Company’s digital assets and social media, with the aim of maintaining and promoting the complexes as an attraction to local consumers. Commercial units are usually marketed through internal marketing and ongoing activity with realty brokers.

.14. Competition

.14.1. In the Company’s opinion, its operating segments have a particularly high level of competition, due to the large number of firms active in these fields. The Group companies are exposed to competition from all types of commercial real estate owners and developers, real estate companies (including public companies in the regions in which the Company operates), funds, private equity funds, and retail chains, as well as other owners and developers of all types of commercial real estate in areas where the Group’s properties are located or which the Group is trying to enter. The Company management estimates that its main competition is at the local level, in terms of the environment of each of its properties, based on the nature of the property and the attributes of it environment, and therefore, it is unable to point to specific significant competitors.

Furthermore, in recent years, the Group is exposed to competition from online retailers (retailers who offer online trading platforms and manage their business online), whose share of sales has increased considerably in recent years, although there is a clear trend of stabilization of the sales rates of these players, as well as a trend of combining online sales with sales at physical properties.

.14.2. Some of these competitors have considerably greater economic resources at their disposal than those available to the Group. The competitive advantage of such competitors reduces the Group’s bargaining power and could result in a reduction in the Group’s profitability. The Company and its subsidiaries have several competitive advantages that assist in dealing with their competitors, which they believe are critical success factors in their operating segments, including attractive location in key cities in high-density urban-growth areas with high population growth rate and per capita income, characterized by high entry barriers; proactive management of the properties with emphasis on creating a tenant mix (including renters with low exposure to online-sales competition) and on ensuring that properties are maintained to a high standard over time; experienced senior management with proven achievements; local management that is experienced, knowledgeable and familiar with the Company's operating segments in all regions; tenant mix that includes retail chains and others that provide merchandise and daily services to the population, focusing on food products, pharma and banking that operate in emergencies or when movement is restricted. Such chains, by their very nature, have a high customer flow and are more resilient to fluctuations in the economy or in emergencies; establishing and maintaining strong relationships with tenants and a wide tenant base (as at the reporting date, the Company and its subsidiaries have more than 6,500 lease agreements, and the rental income from the largest tenant represents 2.8% of the total rental income in the reporting year (3% in 2023)); a sound reputation, a wealth of experience, a thorough familiarity with the sector and a proven performance record over almost three decades; geographic deployment mainly in key cities, with an advantage to open centers, regional dominance that facilitates a variety of investment opportunities and enhances the ability to contend with cyclical changes in the economic conditions in the different markets; substantial financial capabilities and access to various capital markets, including a high credit rating; holding an inventory of land adjacent to some of the Group's properties and the capacity to form further mix-use building rights in existing properties in urban areas where there such properties are in high demand, and experience in the improvement, development and redevelopment of properties.

.15. Fixed assets

For information about the fixed assets of the Company and its subsidiaries, see Note 13 of the financial statements.

.16. Intangible assets

The Company owns several registered trademarks in Israel, the United States, Europe and Brazil, including G-City, G, AAA, LOCATION LOCATION LOCATION in various designs.

As at the reporting date, intangible properties have not been recognized as an asset in the Company's financial statements.

.17. Human capital

.17.1. Organizational structure

As at December 31, 2024, the Company and its wholly-owned subsidiaries (which are not described separately in this Report) employ 98 full-time permanent employees, as follows: 89 employees are employed in Israel, of which 22 employees in the Headquarters Division and 67 employees in the Real Estate Operations Division (total of 91 employees in 2023), who are employed mainly in the Accounting, Finance, Legal, Analysis and Business Development, Administration and HQ Departments, and 9 employees are employed in the United States (8 employees in 2023).

The Company management consists of the CEO (the controlling shareholder of the Company and vice chairman of the board), Executive Vice President and COO,CEO of Israel Real Estate Division, CFO, VP Legal Counsel and Company Secretary, VP Economics and Capital Market, and 6 other division-level VPs.

.17.2. Compensation policy and employment terms

Company employees are engaged under personal contracts, and are usually entitled to a base salary, standard social benefits and bonuses, at the Company management's discretion. Some of the above employees are entitled to various benefits based on the seniority of their position, including through long-term compensation in Company share-based mechanisms.

.17.3. In August 2023, the Company adopted an officers' compensation policy (in lieu of the previous compensation policy). The compensation policy applies to the Company's CEO and directors, including those who serve in another position in the Company (with the exception of the Company's controlling shareholder). Under the compensation policy, the compensation package for the Company's officers will include three main components: (a) Current salary and related components; (b) annual bonuses; and (c) long-term equity-based compensation, while calculating the ratio between them, as set out in the compensation policy. The compensation policy also sets compensation package ceilings. For further information about the Company's compensation policy, see the report for convening of a general meeting dated June 29, 2023 (Ref. No.: 2023-01-060697).

.17.4. For information about compensation to directors and senior officers of the Group, see Regulation 21 in chapter D of the periodic report.

.17.5. Company directors and officers are also eligible for insurance, indemnification and exemption (for information, see Regulation 29A in chapter D of the periodic report).

.17.6. The Company is dependent on the vice chairman of the board and CEO of the Company and its controlling shareholder, Chaim Katzman.

.17.7. Company's share-based compensation - From time to time, the Company grants shares and securities that are convertible into shares to Company officers and employees and those of its wholly-owned subsidiaries, as specified below.

(a) 2011 Plan

In December 2011, the Company adopted a share-based compensation plan (as amended from time to time), according to which the Company may allot up to 13.2 million shares or securities that are convertible into shares of the Company to managers, employees, directors, consultants and service providers of the Company and related companies, which is valid until the end of 2025. The plan is managed by the compensation committee that will set the terms and conditions of the securities allotted under the plan. According to the plan, eligible parties may be allotted share options, restricted shares, restricted share units or any other share-based compensation, at the discretion of the compensation committee and the board of directors. Share options allotted by virtue of the 2011 plan may be exercised in different ways, as decided by the Committee, including by way of net exercise, namely receiving the number of shares that reflects the value of the financial benefit embodied in the share options ("cashless exercise"). Share options allotted under the 2011 plan will be subject to the different customary adjustments. In addition, provisions were set for different cases involving termination of the allottee's employment in the Company, where for some of the officers a mechanism is in place for accelerated vesting of the instruments they will be granted under the plan, in the event that the Company decides to terminate their employment other than in circumstances in which they will not be entitled to severance pay and under certain circumstances of change of control in the Company. For information about the allotment of securities to officers and employees of the Company under the 2011 plan, see Note 26 to the financial statements and Regulation 21 in chapter D of the report.

(b) Allotment of share options and restricted shares with a cash benefit (phantom)

From time to time, wholly-owned subsidiaries of the Company enter into compensation agreements with their officers and employees (who are not officers of the Company), imitating the allotment of share options or restricted shares (a phantom agreement) with a cash benefit. For information regarding the allotment of cashless exercise options, see Note 26G to the financial statements.

(c) Obligation of the officers to hold Company shares

According to the Company's compensation policy, directors adopted binding guidelines to hold Company shares in a minimum quantity set by the compensation committee and board of directors, for the duration of their employment in the Company. In this context, on the grant date of restricted share units that are not contingent on performance, the officers undertook to hold all the restricted share units granted to them for a minimum holding period and on the allotment date (and/or to continue holding Company shares which they own), to purchase company Shares in a quantity equal to 25% of the quantity of shares under the restricted share units allotted to them on the allotment date, in case of an allotment to the Company CEO, or a quantity equal to 15% of the quantity of shares under the restricted share units allotted to them on the allotment date, in case of allotment to officers who report to the CEO, and to hold such shares for three years from the relevant allotment date.

.17.8. Employee training

The Company and its subsidiaries have an annual training program on various topics, including ethics, prevention of sexual harassment, bribery and corruption, securities, information security, antitrust and safety.

.18. Working capital

.18.1. The Company and the private subsidiaries that its controls usually finance their operations by dividends received from their investees, granting and receiving interest-bearing intercompany loans, lines of credit, loans and debentures from outside sources, as well as cash flow from ongoing operations of those companies. For further information see section 2.2 of the Board of Directors Report. For further information about the Company's policy regarding working capital as well as the current assets and current liabilities of the Company and its subsidiaries, see section 3.5 of the Directors' Report. For details regarding the credit policy of the Company and its subsidiaries, see section 3.7 of the Board of Directors' Report.

.18.2. Breakdown of the composition of working capital - as at December 31, 2024, the working capital of the Company and its subsidiaries with regard to assets consists mainly of cash and cash equivalents, deposits, short-term loans, including marketable collateral in the amount of NIS 2.6 billion, trade and other receivables in the amount of NIS 0.5 billion, and properties held for sale in the amount of NIS 1.3 billion. With regard to liabilities, including working capital of the Company and its subsidiaries, it consists mainly of short-term credit and current maturities of liabilities amounting to NIS 1.9 billion, trade and other payables in the amount of NIS 0.7 billion and liabilities attributable to properties held for sale in the amount of NIS 0.5 billion.

As at December 31, 2024, the Company have access to unused approved long-term credit facilities available for immediate withdrawal and liquid balances of NIS 5.0 billion (of which NIS 2.1 billion in the Company and its wholly owned subsidiaries (as at the reporting date and immediately prior to publication of the report, including cash and cash equivalents, deposits and short-term investments in an amount of NIS 2.6 billion, as at December 31, 2024).

In and subsequent to the reporting period, the Company took measures to extend its existing credit facilities, as set out in section 19.3 below.

.19. Financing

.19.1. The Company usually finances it operations mainly from its operating activities, its equity, issuance of debentures, bank credit and capital issuance. The Company customarily assumes loans at various average duration and currencies depending on its investments (presently mainly NIS, EUR and USD), which bear variable or fixed interest rates. In cases where the Company takes loans in a different currency to the investment currency, it sometimes hedges the currency and/or interest rate. For further information, see section 19.11 below.

Presented below are summary data about financing activity at the level of the Company and its subsidiaries, as well as data about the Company and its wholly-owned subsidiaries. For figures on the financing activities at the Company's subsidiaries level, in the different operating segments. See sections 6.11, 7.11, 9.9 and 10.10 above.

For information about the macroeconomic effects, including the inflation rates, changes in interest rates and fluctuations in foreign currency exchange rates, see section 5.2 of the report.

.19.2. In the reporting period, the Company issued a public offering of shares and share options for a net consideration of NIS 268 million. For information, see Note 9I to the financial statements.

.19.3. Summary of overall liabilities and credit facilities of the Company and its subsidiaries

As at December 31, 2024, the interest-bearing liabilities of the Company and its subsidiaries to banks and other corporations amounted to NIS 23.5 billion (as at December 31, 2023 to NIS 24.3 billion).

As of December 31, 2024, the Company and its subsidiaries had revolving credit facilities amounting to NIS 2.6 billion, of which a total of NIS 0.2 billion was utilized at that date.

.19.4. Credit facilities of the Company and its wholly-owned subsidiaries:

As at December 31, 2024, the Company and its wholly-owned subsidiaries have revolving credit facilities from several local and international banks and financial institutions in a total amount of NIS 1.1 billion, of which NIS 0.2 billion have been utilized at the said date. As at the publication date of the report, the credit facilities of the Company and its wholly-owned subsidiaries are secured by marketable shares (CTY) and non-marketable shares of companies (mainly G Europe), and a lien on real estate assets. These credit facilities are from financing entities with which the Company has engaged in long-term agreements and are renewed, from time to time, for periods of three to four years, and as at the reporting date, they end in 2025 through 2027, of which lines of credit of the Company amounting to NIS 73 million will be rescheduled in 2025 and the balance in 2027. In 2024, the Company extended and revised several credit agreements and secured loans in the amount of NIS 1.7 billion to 2027 through 2029. In December 2024, the Company repaid secured loans in the amount of NIS 0.2 billion at its initiative.

The credit facilities bear an annual margin at a weighted rate as of December 31, 2024 of 2.3% and a total average interest rate of 6.9%. As at December 31, 2024, the Company pledged in favor of those credit facilities, among other things, 39.0 million CTY shares (which constitute 21% of CTY's share capital) and 68 million G Europe shares (which constitute 23% of its share capital). For further information, see Note 20 to the financial statements. As at the publication date of the report, 34.5 million CTY shares (which constitute 19% of its share capital) and 26.6 million G Europe shares (which constitute 9% of its share capital) have been pledged in favor of those credit facilities. Furthermore, 166 million G Europe shares are pledged in favor of the holders of Debentures (Series P) issued by the Company (55% of G Europe's share capital) and 19.7 CTY shares are pledged in favor of the holders of Debentures (Series U) (11% of CTY's share capital).

G Europe has several means to raise funds for the Company, including by distribution of dividends and intercompany loans. Distribution of dividends from G Europe is subject to limits as set out in the terms of its debentures, including restriction on distribution in the event that G Europe's gross leverage ratio exceeds 60% (as at December 31, 2024, G Europe's gross leverage ratio was 39.7%), as well as distribution tests as set out in the relevant laws. For information about the credit agreements between the Company and G Europe, see section 7.11.5 of the report.

.19.5. Debentures of the Company and its wholly-owned subsidiaries: As at December 31, 2024, the Company has unsecured debentures and convertible debentures amounting to NIS 6.8 billion as well as debentures in the amount of NIS 3.8 billion that are secured by a lien. The average duration of these debentures is 3.1 years and the average interest rate for them is 3.25%.

In the reporting period, the Company issued debentures in the amount of NIS 3.4 billion par value (for a gross consideration of NIS 3.4 million) by expansion of debenture series, and also issued a new series of debentures.

The Company's debentures are secured by a lien on real estate in Israel (Series O is secured by a loan on several real estate assets and Series S is secured by a lien on two real estate assets), a lien on G Europe shares (Series P), a lien on the shares of a subsidiary that owns real estate properties in the USA (Series R), a lien on a real estate asset in Poland and a lien on the share capital of the company that owns this asset, and a lien on CTY shares (Series U), including the rights related to these assets. For further information, see section19C of the Report. Under the rating report of November 2024, S&P Maalot ratified the ratings for the company's debenture series (Series L, M, N, P, Q, S and U) as ilA-, with a stable outlook. It also ratified the rating for the debenture series secured by properties and shares of a property company (Series O, R and T) at ilA with a stable outlook.

Under the rating report dated November 2024, Midroog ratified the ratings for the Company's Debentures (Series L, M, N, P, Q, S and U) at A3.il, with a stable outlook, as well as the rating of Debentures (Series O, R and T) at A2.il with a stable outlook.

For information about the rating history of the Company's debentures, see section 6C of the Directors Report.

For information about the Company's debentures, including the financial covenants of the debentures and details about the assets pledged in favor of some of the debenture series, see Appendix B to the Directors Report and Note 19 to the financial statements.

The Company has a debenture buyback plan under which it bought back its debentures as set out in section 3.9 of the Directors Report.

Debentures (Series L, M, N, P and T) constitute material series* of the Company. For information about these series, see Note 19 to the financial statements and section 6 of the Directors Report.

.19.6. Mortgages against pledged real estate in Israel:

The Company's total mortgages in the G Israel operating segment that are secured by liens on the Company's assets in Israel, as at December 31, 2024, amounted to NIS 2.0 billion (as at December 31, 2023, NIS 2.2 billion). The foregoing debt bears fixed interest at a weighted rate of 3.6% and average duration of 3.8 years.

For further information regarding Debentures (Series O and S) of the Company that are secured by a lien on real estate assets in Israel, see section 7 and Appendix B to the Directors Report.

.19.7. Restrictions on obtaining credit and cross default mechanisms in the Company's credit agreements and/or debentures:

The credit documents of the Company and its subsidiaries contain financial covenants that include, among other things, Company specific covenants, such as - minimum equity and leverage ratio, as well as credit level specific covenants, such as leveraged debt to value of collateral ratio, as set out in Note 20D to the financial statements. Furthermore the financing agreements contain additional terms and conditions for calling loans for immediate repayment, including: Default on repayment, breach of undertaking or representation under the relevant agreement, change in control of the Company or subsidiaries, structural changes, certain material legal proceedings (including with regard to liquidation, receivership and asset sale and execution), discontinuation of operations, suspension of trading of securities that are pledged to secure credit or securities of the Company, termination or downgrading of a rating, among others.

Furthermore, some of the Company's financing agreements (which are not 'material credit') include covenants and other terms and conditions (such as causes connected to shares used as collateral, causes relating to the real estate properties used as collateral, and rating), the occurrence of which require the Company to repay the loan within the time period specified in the agreement (mandatory prepayment events), and if it fails to do so, the financial institution will have the right to call for immediate payment of the financing. In some of the foregoing agreements, if the Company regains compliance with the criteria as set out in the agreement, it will be entitled to once again utilize the credit available thereunder.

In addition, as part of the Company's commitments in favor of the debenture holders, it undertook various obligations. For further information, see Note 19 to the financial statements.

The Company's credit agreements include cross default mechanisms which do not link specific loans, but state that the minimum amount for activation thereof is a call for the immediate repayment of another credit agreement in an amount of USD 40-50 million. Furthermore, with respect to several entities that provide credit to the Company under several separate agreements, there are cross default mechanisms regarding various loans provided to the Company by that entity, in a way that calling for immediate repayment of a credit facility or loan provided by a specific entity will lead to calling for immediate repayment of other credit provided by the same entity. Some of the said agreements also include cross collateral mechanisms and calling for immediate

* According to the provisions of section 10B13 of the Securities Regulations (Periodic and Immediate Reports) 1970.

repayment of a specific financing agreement allows a lender to be repaid also from collateral provided in favor of another financing agreement of the Company with them. Moreover, some of the Company's marketable debentures series include a cross default mechanism with respect to calling for immediate redemption of another debenture series and in most of the debenture series also with respect to calling for immediate repayment of material bank financing (as defined in the relevant deeds of trust).

As at reporting date, all cross-credit agreements and mortgages of the Company (and its wholly-owned subsidiaries, except G Europe) are subject to the foregoing cross default conditions amounting to NIS 4.1 billion. In addition, as aforesaid, the Company's marketable debentures that include a cross default mechanism (with regard to other debenture series and/or substantial bank financing) amount to NIS 9.5 billion.

.19.8. As at December 31, 2024 and immediately prior to the approval date of this Report, the Company and its wholly-owned subsidiaries are in compliance with all covenants prescribed with respect to them. In addition, as of December 31, 2024, all of the Company's subsidiaries are in compliance with all covenants prescribed with respect to them, and to the best of the Company's knowledge, there has been no change in this status as of the date of this Report.

.19.9. Below is a breakdown of the material financial covenants included in the Company's credit agreements and its compliance with them as at reporting date:

Covenants	Required minimal ratio	Covenant calculation as at December 31, 2024
Minimum shareholders' equity	NIS 4 billion *	NIS 4.18 billion
Average EPRA direct result in the last two consecutive quarters	More than NIS 60 million	NIS 133 million
Net interest bearing liabilities to total balance sheet (consolidated)	Will not exceed 75%	62.4%
Net interest bearing liabilities to total balance sheet (expanded separate information)	Will not exceed 77.5%	68.9% **
Value of non-pledged assets (expanded separate information)	Will not fall below USD 200 million	USD 1,081 million
Minimum rating	BBB rating by S&P Maalot or Baa2 rating by Midroog	A A3

* As at the publication date of the Report, the required minimum threshold in the credit agreements was revised to NIS 3.2-3.5 billion and USD 950 million.

** Calculated as a debt less cash, deposits and derivatives to total expanded separate balance sheet.

For further information concerning the total amount of loans called for immediate repayment in the event of breach of any of the causes as set out above, see section 19.6 above.

.19.10. Summary of the outstanding loans of the Company and its wholly-owned subsidiaries:

The following table presents the credit and long-term loans (including current maturities) received by the Company and wholly-owned subsidiaries to finance their operations, that are not intended for specific use, as of December 31, 2024:

	Balance (NIS in millions)	Weighted interest rate	Effective Interest rate	Average repayment period (years)(*)
Secured loans from financial institutions at variable interest	2,187	4.76%	4.76%	2.89
Secured loans from financial institutions at fixed interest	2,433	3.06%	3.06%	5.57
Unsecured loan from financial institutions at fixed interest	292	6.00%	6.00%	2.75
Secured debentures at fixed interest	3,823	2.95%	3.61%	4.61
Unsecured debentures at fixed interest	6,766	3.42%	4.08%	2.59
Total	**15,501**	**3.49%**	**3.94%**	**3.60**

* The average repayment period refers to the repayment of the principal and interest payments.

.19.11. Summary of the outstanding credit of the Company and its wholly-owned subsidiaries:

Outstanding credit of the Company[(1)] and its wholly-owned subsidiaries (in NIS millions), as at December 31, 2024:

	The Company [(1)]	CTY	Total
Outstanding debentures (marketable and non-marketable)	10,589	5,984	**16,573**
Balances regarding credit from banks and financial institutions [(2)]	4,912	1,975	**6,887**
Total liabilities	15,501	7,959	**23,460**
Approved revolving credit facilities	1,056	1,576	**2,632**
Utilized credit facilities [(3)]	185	-	**185**
Balance for utilization	871	1,576	**2,447**
Guarantees to third parties during the ordinary course of business	359	-	**359**

(1) The Company and its wholly-owned subsidiaries

(2) Including the utilization of approved credit facilities.

(3) Includes utilization with respect to the issuing a guarantee.

.19.12. Swaps:

From time to time, the Company explores the possibility of raising additional sources when necessary, including the need to exercise its business strategy and improve working capital and for debt restructuring, at market terms and conditions.

Most of the Company's debt issuances on the local capital market (95%) are CPI-linked. At the same time, the Company has CPI-linked NIS-denominated liabilities, while most of its properties are foreign currency denominated according to the Group's active currencies. To mitigate the currency exposure of the equity to exchange rate fluctuations, among other things, the Company enters into short-term and long-term swap transactions, as necessary, in most of which it replaces the shekel liability with foreign currency liability, under ISDA (International Swap and Derivatives Association) agreements between the Company and various banking institutions. The long-term swap transactions are mainly fully reconciled with the debenture repayment schedules (principal and interest), including CPI-linked debt swaps (consolidated), which is 38%. In addition, in relation to most of the swaps, the Company has entered into CSA (credit support annex) agreements that provide for mechanisms for the current settling of accounts between the Company and the bank that is the counterparty to the swap, in connection with the fair values of such transactions. For information about swap transactions, see Note 34C to the financial statements and section 4 of the board of directors report.

.20. Taxation

For details regarding the tax laws applying to the Group in Israel, the Company's tax assessments, assessments in dispute, and the implications of tax laws for Group companies abroad, refer to Note 23 to the financial statements.

.21. Environmental protection

.21.1. The Group strives to manage its operation according to sustainability principles, in an environment-friendly way, and believes that combining sustainability principles with the Group's business strategy ensures long-term success and sustainable growth. Social responsibility was and will continue to be an issue that reflects the Group's positive and active approach to environmental and community issues. Therefore, the Group invests numerous resources in protecting the environment, while setting future goals that express its commitment and builds environment-friendly shopping centers. The Group believes that the consumers, retailers and Group companies will benefit from this course of action in the long term. For example, the use of green energy and the recycling of various materials will benefit the community, preserve the environment, and reduce costs for the Company in the long term. In addition, in the Group's opinion, the growing awareness of maintaining aspects of sustainability will cause the population to prefer visiting "green" shopping centers over regular shopping centers, thereby increasing the value of the Group companies' properties.

.21.2. Due to recent trends in the sector and out of a desire to move forward steadily, in the reporting period, the Company re-examined, regulated and focused on its corporate responsibility activities. As part of this, in the reporting period, the Company conducted a gap analysis to review and revise material issues for the Company in this area, in order to guide the Company's conduct with emphasis on issues that have the most significant impact on the Company's operations Furthermore, the Company is working to formulate ESG policy that sets out the key principles in line with its values and vision, and defines the rules of operation that guide the Company with regard to adoption and implementation of responsible and beneficial practices in the area of environmental, social and corporate governance. As part of this, the Company appointed an ESG officer with the rank of VP as well as a corporate governance manager, and the Company also has a corporate responsibility committee at the Company board level.

.21.3. The Company has been participating in the Ma'aleh rating since 2006 and as at the reporting date, it has the highest rating - Platinum Plus. Since 2011, the Company publishes a corporate responsibility (ESG) report according to GRI principles, that also reflects the operations of the subsidiaries G Europe and CTY.

.21.4. The Company is promoting several environmental projects in Israel, primarily an office tower in Rishon Le-Zion that is constructed according to the LEED Gold standard. The Company has also completed several measures in its properties to reduce its energy consumption, including the installation of photovoltaic systems on the roofs of its properties, installation of electric car charging stations, switching to LED light bulbs, installation of movement sensors for lighting, and switching to energy efficient air-conditioning systems. The Company also assesses various possible solutions to reduce its carbon footprint and for green operation of its properties, including in connection with waste treatment, and has launched an organic waste treatment pilot that turns it into water at one of its properties.

.21.5. In Europe, the subsidiaries G Europe and CTY operate according to long-term target-based programs and have gained recognition and high ratings for their activities in that area from leading organization. Among Nordic companies, CTY is considered a pioneer in the implementation of sustainability principles in its shopping centers and has even gained recognition and awards for this reason. CTY has a quantitative goal-oriented program aimed at promoting and controlling parameters such as waste management, recycling, construction materials, efficient use of resources (energy and water) and air quality. According to CTY's sustainability policy and to best reflect its priorities and its impact on the surrounding community, challenging goals and targets have been set for the coming years, including a program for zero-carbon by 2030. CTY's sustainability report for 2023 was declared one of the best in the industry, and it has won the EPRA Gold Award for Sustainability Best Practices for the eleventh consecutive year, as well as other awards and ratings. In 2016, CTY adopted the application of the BREEAM certificate, which is awarded for the achievement of an external benchmark of environmental standards that are designated to improve the environmental performance of existing buildings.

G Europe strives to reorganize its operations and properties to operate in the spirit of the sustainability principles. In 2021, G Europe received a gold medal of EPRA Sustainability Best Practices Recommendations for the third consecutive year. In May 2021, G Europe became a company in the Polish Green Building Council (PLGBC) and was awarded a 5 Green Star rating from the Global Real Estate Sustainability Benchmark (GRESB).

.21.6. Due to their real estate holdings, the Company and its subsidiaries are subject to federal, state and local environmental legislation and regulation. In this regard, they could be held responsible for and be required to bear the costs involved in clearance and reclamation with respect to various environmental hazards, pollution, and toxic materials that are found at, or are emitted from, their properties (and could also have to pay fines and compensation with respect to such hazards). Such costs could be high and could even exceed the value of the relevant properties. Failure to remove these hazards could have a detrimental effect on the ability of the Company and its subsidiaries to sell, rent or pledge the properties at which such hazards are found, and could even result in legal action. As at December 31, 2024, the Company and its subsidiaries are acting to correct environmental defects or hazards that they have identified, but there is no certainty that additional environmental defects or hazards won't be discovered in the future, including such that were created during the period when the properties were owned by the third parties from whom the properties were acquired and which have not yet been discovered. Furthermore, future changes in environmental laws (that have become more stringent over the past few years) could have a material effect on the Company's status, from the operational and the financial aspects. As at December 31, 2024, the Company believes that the expected costs in connection with its liability for environment-related damages are not material to the Company and its subsidiaries.

.22. Restrictions and Supervision of the Corporation's Operations

.22.1. The Group's operations are subject to various laws and regulations in the different regions where it operates, from various aspects as is customary in the development and operation of commercial real estate properties in those regions including the following aspects: planning and construction laws, regulation on the establishment and development of real estate properties, municipal regulations concerning licensing for the use of the properties and their operation, laws concerning accessibility, laws pertaining to environmental protection, privacy protection, Safety at work and antitrust laws. Moreover, as part of their ongoing operations, the Group companies are subject to regulation in additional areas such as labor laws, laws pertaining to privacy protection, taxation, intellectual property and others.

.22.2. The Company, CTY, G Europe[27] and Gazit Malls being reporting companies, are subject to regulations pertaining to the securities laws and the stock exchange rules (including corporate governance rules) applying to each of these companies according to the country where they are incorporated and where their securities are traded. Compliance with these requirements entails substantial costs for the Company as well as for the aforesaid Group companies, and, their breach could lead to the companies being fined and even to the perception of an administrative breach or a criminal offense.

.22.3. Pursuant to the Efficiency of Enforcement Procedures in the Securities Authority (Legislation Amendments) Law, 2011, and with the aim of identifying and preventing breach of securities laws, the Company has adopted an internal securities law enforcement plan. The Company also has a code of ethics, anti-bribery and corruption policy and a set of internal procedures aimed at setting a standard of behavior in the internal and external relationships of the Company with the different interested parties, investors, suppliers, tenants and others.

.22.4. The Company is subject to the Law to Promote Competition and Reduce Concentration, 2013 (the "Concentration Law") which aims to reduce the concentration level in the Israeli economy through the imposition of structural limitations and corporate governance rules on interests held in the form of a pyramid structure and prohibiting holding of more than two tiers of a reporting corporation in Israel, separation between interests in a significant non-financial corporation and interest in a significant financial corporation, while the Company is defined as a "significant non-financial corporation"[28] and a 'concentrated entity". Accordingly, the limitations on interests in significant financial corporations above a specific threshold apply to it and its interested parties, and there is also a limit on the scope of investment of significant financial entities in the Company. Moreover, since the controlling shareholder of the Company is a reporting company, the Company is a second-tier company, in a way that prevents it from controlling another reporting company in Israel.

.22.5. The provisions of the Concentration Law require the legally competent regulator[29] to assign a right to a concentrated entity in one of the industries listed in the Law before assigning such rights to entities on the list of concentrated entities.

27 In February 2022, G Europe delisted from trading following its merger into a wholly owned subsidiary of the Company. G Europe has bonds that are traded on the Luxembourg Stock Exchange.

28 In this regard, see the amendment of the list of significant non-financial corporations and list of concentrated entities published by the Concentration Reduction Committee in February 2025.

29 The regulator authorized to assign rights in specific resources.

The Supervisor of Banks in Israel set limits on the volume of loans that may be provided by a bank in Israel to a "single borrower", a "group of borrowers" and the bank's largest "groups of borrowers", as defined in the said directive, as well as restrictions the liability of a borrower and of a group of borrowers. The Company and the its controlling shareholder obtain loans and credit from Israeli banks, and therefore, such restrictions could affect the volumes of credit that may be attained by the Company. For further information, see also the chapter on risk factors.

.23. Material agreements and strategic collaboration agreements

Reorganization agreement with Norstar Group

The Company, Norstar Holdings and Norstar Israel Ltd. (a wholly-owned company of Norstar Holdings: "Norstar Israel", Norstar Holdings and Norstar Israel are the Company's controlling shareholders and will be collectively called below: "Norstar Group"), are party to an agreement that includes the following arrangement ("G-City-Norstar Agreement"): (a) A service agreement under which the Company provided Norstar Group with the following services: and (b) a non-competition undertaking on behalf of Norstar Group to the Company as set out below. The G-City-Norstar Agreement replaced and amended the previous agreement between the parties from 1998, and pursuant to section 275(A1) of the Companies Law, it is renewed every three years, the last renewal being in December 2023, after being approved in the general meeting of the Company on December 3, 2023.

Below are the main points of the G-City-Norstar Agreement as are valid on the reporting date:

A. Amendment of the non-competition provisions

According to the amended version of the G-City-Norstar Agreement, Norstar has undertaken that, so long as Norstar Group continues to be the Company's sole controlling shareholder (as defined in section 1 of the Israel Securities Law, 1968) and so long as the Company is principally an owner, developer, and operator of shopping centers and retail-based, mixed-use properties (hereinafter in this section: "Shopping Centers") and/or controls and holds companies that are engaged primarily in said fields as a principal activity, Norstar Group will not engage in the ownership, development and operation of Shopping Centers and will not own shares in companies that are engaged in such fields as its principal activity (other than holding a company), and any proposals it receives to engage in and/or to hold the aforementioned will be passed on by it to the Company. The aforesaid will not apply to financial investments in the shares of companies listed on a stock exchange in Israel or abroad, which are engaged in the field of owning, operating and developing Shopping Centers as their principal activity, provided that Norstar Group does not own 5% or more of the issued share capital of any such company. For removal of doubt, it is clarified that Norstar may own, develop and operate real estate other than Shopping Centers, as defined above, and may hold the shares of companies that own, develop and operate real estate other than Shopping Centers as their primary activity.

B. Service agreement

Under the current service agreement between the parties, the Company provides Norstar Group with various services in return for a monthly payment of NIS 178,500 linked to the increase in the CPI in Israel plus VAT (the "Management Fees"). Under the agreement, the Company provides the following services to Norstar: Secretarial services, bookkeeping services (including reporting to authorities), treasury services, IT and information systems services, communications, legal services, and dealing with bank financing, the capital markets and investments of Norstar Israel and companies from the Group (including Norstar and companies controlled by it). As at the reporting date, the Service Agreement is in effect for a period of three years starting on November 16, 2023 (after being extended several times since its initial approval), at the end of which it will be automatically renewed, and will continue to be renewed, from time to time, for three-year periods, where each of the parties may refrain from renewal by informing the other party by written notice no later than 90 days before the end of the agreement period (all subject to the provisions of the Companies Law).

.24. Legal proceedings

For information about legal proceedings to which the Company and its subsidiaries are party, see 24D to the financial statements.

.25. Goals, business strategy and forecast for developments in the coming year

.25.1. The Company and its subsidiaries usually review their business strategy and goals, from time to time, due to the developments in its business and the macro-economic environment. Core points in the strategy of the Company and its subsidiaries, both as regarding real estate operations and as regarding the structure and financial operations of the Company, are summarized below:

- To focus investment on a relatively small number of income-producing properties, but at a very high value and as far as possible on mixed-use properties in key cities, in densely populated areas, that are, if possible, connected to or close to public transportation (such as: train stations, and buses) and with high walkability index, through directly or indirectly held properties.
- The sale of properties with a limited growth potential and/or low operational effectiveness, including based on an examination of type of the property and its geographic location, and while designating the consideration to enhancing its growth in urban areas and improving its operational efficiency and capital costs, as well as lowering leverage in the Group.
- Selective and rational activity in the rental sector, development and redevelopment of income-producing properties, in the commercial sector, office and residential or mixed-use sectors, with the aim of expanding the property portfolio and spreading risks to increase the yield and mainly to upgrade the existing property portfolio. The Company and its subsidiaries endeavor to ensure that their development activities will not exceed a substantial proportion of their total assets.
- Self and pro-active management – operations in the various countries are conducted through experienced local management. Expertise, knowledge, experience, contacts and familiarity with the business environment enable the Company to pursue a pro-active strategy that is intended to advance internal growth, inter alia, by adapting the Company's properties to developments in the market, hedging and high positioning of the existing properties portfolio, and pursuit of opportunities to acquire and develop properties that are in densely populated areas. Such capabilities also enable the Company to manage properties and real estate companies for partners in return for appropriate management fees.
- Assessing M&A opportunities with respect to real estate companies (including public companies), while making focused acquisitions, entering into agreements for strategic relations with other companies.
- Using the Company's existing management and financing infrastructure to assess entering other investment areas that invest in the Company's area of operation and/or that have similar attributes in terms of the nature of investment, by joining an expert in the field or establishment of independent management infrastructure.
- Continuing the creation of cooperation with institutions in Israel and worldwide, and managing the properties owned by such partnerships in a manner that reflects the Group's experience and expertise.
- Maintaining a high level of liquidity that enables the pursuit of business opportunities in the areas of operation in which the Company and its subsidiaries operate, and the management of its debts, which are spread over many years. Maintaining as close an economic correlation as possible between the currency in which its assets are acquired and the currency in which the liabilities to finance the acquisition of those assets are taken out, in order to maintain its equity in the currencies of the various markets it operates in, and in similar proportions to the proportion of the assets in the various currencies to the total assets, and while entering, from time to time, into hedging transactions to reduce exposure to fluctuations in the exchange rates of foreign currencies. For details regarding the Company's credit policy and deviation thereof, see section 4 of the board of directors' report.
- Utilizing international capital markets to increase financial flexibility and to gain greater exposure to local and international institutional investors, including the improvement of the credit rating of the Company, with an eye to reducing the debt costs of the Company.
- Attributing significant importance to transparency and reliability vis-à-vis investors (shareholders and debenture holders) and acting accordingly.
- The Company and its subsidiaries believe that the human capital they employ is one of their most important resources. Retaining human capital over time provides a stable basis for growth of the operations of the Company and its subsidiaries and for the creation of value for its shareholders.

.25.2. In September 2024, the Company approved a strategic plan for 2028 ("2028 Strategic Plan"), which refers to Multi-pronged growth: (a) Organic growth - with the correct tenant mix, increase in number of visitors to the properties and increased proceeds in the Group's existing properties; (b) Enhancement of the Group's property rights - through expansion and development of existing properties, and adding uses, such as residential, office and others; (c) Selective acquisition of properties with the potential to improve the Group's core business goals and their betterment, developing and building properties for sale, and (d) continuing to sell assets/enter into partnerships in properties that have been improved.

As part of presenting its Strategic Plan, the Company presented goals for 2028, as follows: (a) Equity of NIS 8.5 billion; (b) leverage rate below 50% and (c) IRR of 17%.

These goals are based on continuing to enhance the Company's existing property portfolio, acquiring and developing new properties in its core business goals and their betterment, sale of NIS 10 billion other properties (including participation in development properties and constructing properties for sale).

In terms of geographical distribution of the Group's properties (in terms of expanded separate value of assets), the Company expects an increase in the volume of properties in North America (from 16% to 36%) and Israel (from 24% to 28%), together with a decrease in the volume of properties in Europe (from 51% to 34%) and Brazil (from 9% to 2%). The Company also intends to increase the rental housing percentage in its asset portfolio (from 5% to 12%). The change in geographical distribution is due to the plan for disposal of properties together with investments that the Company plans to make in its core goals and their betterment, while such investments will be made depending on the Company's progress in the execution of its property disposal plan.

.25.3. The 2028 Strategic Plan follows the disposal plan declared by the Company in October 2022 for disposal of non-core properties or properties that Company has accomplished their improvement. For further information regarding disposal, see section 1.1 of the Report.

.25.4. Simultaneously, pursuant to the Company's above strategy, the Company believes it is expected to continue investing in some of its existing platforms, focusing on expanding operations in its private branches. For information about projects under development in the different territories, see the description of operations of each of the segments in which the Company operates under sections 6-10 of the report.

.25.5. Furthermore, the Company considers renewable energy a segment that coincides with its operations and it will therefore assess the possibility of entering this segment, both as part of its properties and as a separate business, including as part of streamlining and cost reduction efforts.

.25.6. The Company intends to finance its expected investment, if any, from its equity, operating activities, public and private capital raising and bank credit, as well as realizing other of its investments, according to its above strategy. The provisions of this section above are subject to economic and other developments in the relevant regions, including continuation of the inflation rate and interest rates on the market, as well as the Iron Swords War and its effects on the Group's operations, as set forth in sections 5.1-5.5 of the report.

The Company's estimates regarding the manifestation of the foregoing strategy and achieving the above goals constitute forward-looking information as defined in the Securities Law – 1968. These estimates are based on the Company's plans and its assumptions as at this date, whereas they constitute a vision and goal, which are based to a significant extent on expectations and assessments with respect to economic and other (industry-related and general) developments, and their interrelationships. Furthermore, the Company's investment plans above are subject to its free cash flow and financial capabilities, as well as the investment opportunities in the relevant markets, and the economic and financial conditions in these markets and worldwide, including the impact of inflation and interest rates, as well as special situations such as the Swords of Iron War. The Company's expectations and assessments, including regarding its ability to realize its vision and achieve the goals that it has set for itself, are uncertain and may not materialize or may materialize in part, and the Company management may deviate from or change them, depending on various factors, including macroeconomic conditions beyond the Company's control, such continuing inflation, rising interest rates, the effects of territorial events (including the Iron Swords War and legislative changes in Israel), and the outcome of materialization of the risk factors applicable to the Company's operations as set out in sections 5 and 28 of the chapter on the Description of the Company's Business. At the same time, it is clarified that the Company management will from time to time assess its plans and revise them according to such changes and others.

.26. Material events subsequent to the reporting period

For information about material events that occurred subsequent to the date of the statement of financial position, see Note 37 to the financial statements.

.27. Financial information regarding geographic segments

See Note 36 to the financial statements.

.28. The Company's risk factors

.28.1. Macro risks

.28.1.1. Change of financing conditions – The operations of the Company and its subsidiaries are financed by capital issuances and debt issuances in the various capital markets, as well as financing from financial institutions. Should the financing ability of the Company and its subsidiaries be impaired, operations could be significantly limited.

The business results of the Company and its subsidiaries are dependent on their ability to raise loans or capital in the future and on the terms thereof, in order to repay loans and attain the cash flows required for their operation. The financing ability of the Company and its consolidated subsidiaries could be affected by various reasons, including an unavailability or a shortage of external financing sources, changes in existing financing terms, changes in the results of their operations, legislative changes (including regulatory limitations on the Group's credit balances, as set out in sections 22.4 and 22.5 above) and deterioration of the economic situation in their operating regions. Furthermore, the operating results of the subsidiaries could be affected by changes in interest rates (including as specified in section 5.2 of the report), although in light of the fact that most of the liabilities of the Company and its subsidiaries are at fixed interest rates, changes in the rates of interest have only a limited effect. The debt balances of the Company and its subsidiaries could have a material impact on them, including where the allocation of a material part of the cash flow to the repayment of loans is concerned, and it could also impair the ability to allocate resources to the operation, development and acquisition of properties, and the ability to distribute dividends and raise capital. In addition, the Company has CPI-linked NIS-denominated liabilities and thus has an exposure to CPI changes. The Company routinely conducts swap transactions for part of the CPI-linked liabilities, replacing the CPI linkage with fixed interest. In addition, breach of the obligations of the Company and/or its subsidiaries under financing agreements, including undertakings to maintain financial ratios, which are also affected by extraneous market factors, and restrictions with respect to change of control (including the possibility that calling for immediate repayment pursuant to another financing agreement could lead to calling for immediate repayment of other credit, as set out in section 19.7 of the report), could have material implications, such as a demand for prepayment of loans, disposal of properties and refinancing under less favorable terms. In addition, a change (or expected change) in the debt rating of any of the subsidiaries could affect their access to financial markets and increase their credit costs, and may also affect the market price of their debentures as well as their tradability, and could have an effect on their raising debt or capital on stock exchanges and/or from financial institutions.

Furthermore, market conditions or other factors could affect the ability of the Company and its subsidiaries to effectively diversify their financing sources by obtaining finance from other sources.

.28.1.2. Exchange rate fluctuations – the Company's equity has a currency exposure mainly in the Euro, U.S. Dollar, Brazilian Real and Canadian Dollar, in such a manner that strengthening of the foreign currencies against the NIS increases its equity and weakening of their exchange rates decreases its equity. Such effects are offset against linkage basis and interest rate swap and forward transactions undertaken by the Company and partially against call options, all in accordance with the Company's risk management policy (as set out in section 4 of the directors report). In addition, changes in the exchange rates affect the fair value of derivative financial instruments (mainly the SWAP and forward type), that provide economic hedging. The Company's profitability could be adversely affected to a material degree by the absence of hedging or at least partial hedging against changes in the exchange rates. For information about deviation from the Company's risk management policy, see section 4.2 of the directors report.

Furthermore, the Company has currency and interest swap transactions, with respect to some of which the Company has entered into agreements that provide for mechanisms for the current settling of accounts in connection with the fair value of the swap transactions. Consequently, the Company could be required, from time to time, to transfer material amounts to the banking institution based on the fair value of the aforesaid transactions.

.28.1.3. Changes in capital markets – Some of the Company's assets consist of shares of CTY, a public company held by the Company, most of which are used as collateral for the Company's credit facilities, and of shares of Gazit Brazil, some of whose shares are listed for trading on the stock exchange of Sao Paulo. Furthermore, the Company has a securities portfolio (as set forth in section 11.2 of the report). Therefore, changes in the capital markets and volatility in share prices in the wake of changes in market conditions and other factors which the Company cannot control, could affect the value of the Company's and Group companies' shares, and the Company's performance and operating results, which might, among other things, decrease the amount of credit of the Company that is secured by those shares, limit the Group companies' ability to raise additional finance and expose the Company to the possibility of non-compliance with the financial covenants stipulated in its credit agreements.

.28.1.4. Macroeconomic conditions that affect geographical regions – The properties of the Group are widely distributed in different cities across the globe and by nature are exposed to different macro and macroeconomic conditions that affect the operation and value of the properties. A material proportion of the Group's leasable premises are located mainly in Helsinki, Stockholm, Warsaw, Sao Paulo, Boston, Miami, New York and the Gush Dan area, thereby presenting an increased risk that the Group could be adversely affected, to a significant degree, by a downturn in the economic conditions in one or all of these regions, such as the Swords of Iron war and its impact, as set out in section 5.5 of the Report.

.28.1.5. Risk of natural disasters, pandemics, war and terror attacks and uninsured risks – Terror attacks and war could negatively affect the Group's properties. Among other things, as stated above, the Israeli economy, particularly the operations of the shopping centers, are affected by their security and political situation. The political instability in the Middle east, which exacerbated with the outbreak of the Iron Swords War (as well as terror events and war that may develop in other regions where the Group operates) may have a material negative effect on the state of the economy, leading to impairment of the Company's business results in Israel and other relevant territories, both in terms of performance of the properties and in terms of the activity of Company headquarters, which is carried out mainly in Israel (for further information, see section 5.3 of the report).

In addition, some of the Group's properties are located in areas exposed to natural disasters, climate change and other risks that may adversely affect the Group's tenants or visitors to its malls, and which are not insurable or are not fully covered by the Group's insurance policies. The availability of insurance coverage for these and other risks could decrease and its premium cost could increase, in a way that could lead to limited insurance coverage of Group companies.

Furthermore, a widespread pandemic that leads to high morbidity rates, such as the Covid-19 pandemic, adversely affects demand and consumption of some merchants in the Shopping Centers and may adversely affect the Group's revenues, current cash flows and the Company's ability to finance and reschedule its debt.

.28.1.6. Investment in developing countries – Some of the Group's investments are in emerging markets, mainly in Brazil. The Group's investments in emerging markets are exposed to higher risks than its investments in markets in North America and Europe; this also includes legal, economic and political risks to which the Company's investments in these countries are exposed.

.28.2. <u>Sector-specific risks</u>

.28.2.1. Changes in consumer buying habits – Most of the Group's properties are shopping centers, which are based on food, pharma and clothing stores, and services, mainly medical services, gyms and cinemas. Changes in the buying habits in the regions surrounding those shopping centers, such as a move toward buying in different types of centers or platforms or a move toward buying over the internet (online trading), have a material effect on the tenant mix, the commercial space allocated to the consumer and entertainment sectors, and the Company's revenue from different tenants. These trends also affect the rent calculation mechanisms in future lease agreements and all their effects may have a negative impact on the Company's operations and financial results. Within the main consumption trends in recent years, the Group companies are witnessing an increasing growth in the volumes of online purchases, to an extent that could reduce the sale volumes of certain tenants and affect the demand for commercial space by these tenants. In addition, such changes could reduce proceeds received by Group companies, which are based on the sales volume in the property. This trend strengthened significantly during the Covid-19 pandemic, but weakened thereafter.

.28.2.2. Financial strength of tenants, including anchor tenants – Among the factors affecting the Group's revenues is the financial strength of the tenants of its properties, and particularly tenants that are major tenants, including anchor tenants. Various factors such as deterioration in the economic conditions in the Group's operating regions, changes in consumer buying habits, increased competition in the Group's operating regions and return of the financial recession in the Group's markets of activity, wars (including the Iron Swords War) and supply chain disruptions could impact the business activity and financial strength of anchor tenants and other tenants in the Group's properties, which could in turn lead to non-renewal of lease agreements, delays in the occupation of the Group's properties, and default on payment of rent, and as a result could have an adverse effect on the Group's revenues. The departure of an anchor tenant has implications for the whole of the shopping center where the anchor tenant had rented premises and on the drawing power of the shopping center, and thus also on the Group's income from that shopping center. This is true even if the anchor tenant continues to pay the rent with respect to the closed premises. In addition, if an anchor tenant leaves, there are concerns that reoccupying the property at attractive terms could be difficult, and the number of visitors in the property will decline, which could adversely affect other tenants of the property.

.28.2.3. Changes in the rental policy of retail chains and major tenants – A large proportion of the major tenants of the Group are retail chains. The Group's business results could be adversely affected by a change in the retail chains' policy regarding the operating framework for their stores (such as the size of their stores) and the regions where they operate, or expansion of the online trading platforms of the retail chains and material tenants on account of physical stores.

.28.2.4. Demographic changes – The Group focuses on densely populated urban areas in major cities, and its properties are designed to serve the needs of the population in the area of the property. Demographic changes in the area in which the property is located, in terms of the socio-economic characteristics of the relevant population as well as the density of the population in the vicinity of the property may affect the degree of attractiveness of the property, with regard to tenants as well as visitors to the property, and accordingly may harm the Company's revenue from the property.

.28.2.5. Regulatory requirements with regard to the Companies Law, Securities Law and Market Concentration Law – The Company and some Group companies (G Europe, CTY and Gazit Malls) are traded on different stock exchanges worldwide and are subject to the relevant securities laws governing each stock exchange (including corporate governance rules). Compliance with these requirements entails substantial costs for the Company as well as for the aforesaid Group companies, and, in addition, their breach could lead to the companies being fined and even expose them to criminal offences, and could therefore adversely affect the Group. The Company has a plan for the enforcement of the securities laws, aimed at identifying and preventing breach of such laws.

The Market Concentration Law also includes reference to control issues in a pyramid holdings structure and separation between significant non-financial corporations and significant financial corporations. For further information, see section 22 of the Report. Furthermore, the Market Concentration Law sets out provisions for limitations on credit extended to a corporation or a business group by financial bodies, in accumulate, taking into consideration, inter alia, the liability of each corporation or all companies of the business group. Such limitation could impede the ability of the Group to obtain credit to repay loans and for the cash flow required for its activity, and harm its operating results. Moreover, the Company is controlled by Norstar Holdings Inc., which is a public company and as such, is considered a second tier company under the Concentration Law. Therefore, the Company may not control other public companies listed for trading in Israel, which prevents it from pursuing business opportunities.

.28.2.6. Legal and regulatory requirements with regard to environmental protection and business licensing – The Group companies, including those involved in construction, development and redevelopment activity, are subject to statutory and regulatory requirements on environmental issues (environmental hazards, underground and above-ground pollution, toxic waste, and others), business licensing provisions, and provisions requiring the adaptation of buildings to provide convenient access for people with disabilities, and are responsible for bearing the costs involved in complying with such requirements, to the extent that this could affect their results. The Company's liability and its exposure to damages and costs (e.g., with regard to tax, environmental and regulatory aspects) could also result from actions or oversights related to the time in which the relevant property was owned by previous owners and held by other holders, including activity that is not in line with the provisions of the law, as well as those resulting from tests that were conducted by the Company in preparation for the purchase of a property being incomplete or insufficient. For a description of the main risks involving breaches of the laws relating to environmental protection, see also section 21 above.

.28.2.7. Property renovation and development activities – The Group operates, inter alia, in the property development field, by initiating development projects, purchasing properties for development, and expanding and developing existing properties. There is no certainty that the Group's forecasts with regard to the development of one or more of its properties will materialize. The Group's liabilities with regard to the development of its properties are subject to the risks that are generally involved in such activity and include, inter alia: construction delays, exceeding budgets and time overruns (or failure to complete construction) and the ensuing costs; exceeding planned costs, including for raw materials, labor, financing (including an increase in interest rates), delays and costs related to regulatory approvals and other costs; natural disasters and climatic hazards at the development sites; difficulties entailed in land conditions; technical risks related to the construction plans, the construction and environmental aspects; construction flaws (including as a result of the use of defective construction methods, raw materials or products that are acquired by the Company from third parties); failure to find suitable tenants or non-occupancy by planned tenants under lease agreements or finding tenants at rentals lower than planned; occupancy of the property for lower than planned rentals; and so on. The inability to complete the development or redevelopment of the properties, or failing to complete them on schedule, due to the reasons listed above or for other reasons, could have an adverse effect on the Company's business, its financial position and its operating results. Furthermore, at certain times there is a shortage of labor and raw materials, which may affect development costs, including in Israel due to the effects of the Swords of Iron War.

.28.2.8. Risks inherent in the management of the Company's properties – The Group is exposed to risks entailed in the provision of management services by the Group to its tenants, including third party liability. Should the Company fail to efficiently manage a property or properties, increased costs could result with respect to the said maintenance and betterment of the properties, loss of opportunities to improve income and yield and a decline in the value of the properties. In addition, with respect to management services for the Group's properties, provided by third parties, the quality of services rendered by the said third parties (as well as the Group's ability to locate and enter into agreements with qualified third parties) could have a significant effect on the Group's relations with its tenants, as well as on the Group's yields from its investments.

.28.2.9. Competitive environment – The Group is exposed to substantial competition in the acquisition of properties or construction of new properties by competitors. Increased competition with respect to the acquisition of properties and attracting new tenants could reduce the number of properties available for acquisition, increase the acquisition prices of properties designated for acquisition, reduce the ability to attract tenants and decrease rental fees, decrease occupancy rates, increase operating costs and impair the yield obtained from the Group's properties. In addition, the Group's competitors could hold an advantageous position compared with the Company derived, inter alia, from lower cost of credit, more efficient operations and higher risk robustness (see section 14 above for a description of the competition in the Company's operating segments).

.28.2.10. Increase in operating expenses and other expenses – Increase in operating expenses and other expenses without an offsetting increase in revenues or payments made by tenants, could result, inter alia, from an increase in the costs of external service providers, an increase in the burden of real estate taxes and other levies, an unanticipated increase in maintenance costs (including due to unanticipated malfunctions and an increase in energy costs), changes in legislation, regulation or governing policy, and an increase in insurance costs.

.28.2.11. Risks inherent in the impact of external factors on the value of the Group's properties and its operations – The Company is exposed to risks derived from the fact that the valuation of real estate properties is subjective and uncertain by nature, as well as risks derived from the fact that the value of the properties might be affected by external factors that are outside the Group's control, including overall market conditions – including in the real estate markets, commercial real estate in general and real estate in the Group's fields of operation in particular, the absence of liquidity in real estate investments, national, regional or local financial conditions, political conditions and events (including as specified in sections 5.1-5.5 of the report), surplus of areas for lease, demographic conditions, consumer behavior, unemployment rates, proximity and accessibility of competing properties, access to public transportation, changes in legislation, expropriation, property and transfer taxes and other taxes and payments, and an increase in operational expenses (including energy expenses). These and other risks could lead to leasing at lower than planned rental rates, lower occupancy rates, higher operating expenses than planned, low occupation rates, non-renewal of leases or their renewal at less advantageous terms from the lessor's point of view (including with regard to anchor tenants), negative side effects resulting from the departure of small tenants, the possibility of having to bear the costs with respect to properties that the Group fails to lease, and bearing unplanned costs with respect to realty brokering operations and finding new tenants.

.28.2.12. Absence of liquidity in real estate investments – Investment in real estate is usually an investment with no liquidity, compared with investment in securities. The absence of liquidity could lead to the Company selling real estate properties in response to changes in the economy, in the real estate market or due to other conditions, other than at the desired date or price. In addition, some of the anchor tenants in the Group's properties have the right of first refusal or right of first offer to acquire the properties, which could make it more difficult to sell the properties in reaction to a change in market conditions.

.28.3. <u>Company-specific risks</u>

.28.3.1. Change in the tax burden with respect to the operations of the Company's subsidiaries – the Group is exposed to possible changes in the tax burden with respect to the operations of the Company and the Group companies, including due to changes in the governing tax law in the regions where Group companies operate, or due to non-realization of the assumptions of the Company with respect to the tax applicable to the Group's income. Moreover, the Group is conducting several proceedings with the different tax authorities (as set out in Note 23).

.28.3.2. Dependence on management - The Company is dependent on the continued activities of the vice chairman of the board and CEO of the Company.

.28.3.3. Control of the Company - The controlling shareholder of the Company, Norstar has a high rate of holdings close to the 50% threshold in a way that under certain circumstances (depending of the percentage of shareholders that participate in the general meeting of shareholders of the Company) it would be easy for it to adopt certain resolutions at the Company's general meeting despite opposition from a significant proportion of minority shareholders, including the ability to appoint directors (who are not external directors) of the Company. Nevertheless, under the provisions of the Companies Law, Norstar's ability to act as controlling shareholders is limited, both in view of its duties to the Company and to the minority shareholders and in view of the need to obtain the consent of the minority shareholders on certain issues in which the controlling shareholders has personal interest, all as set out in the provisions of the law.

Furthermore, most of Norstar's holdings in the Company are pledged to entities that finance its operations, including in favor of marketable debentures issued by Norstar. Breach of the provisions of these financing agreements by Norstar in a manner that will entitle the lenders to exercise the pledges on the Company's shares, could adversely affect the Company's investors, including in the event that the lenders wish to sell the Company's shares. Moreover, in some of the Company's financing agreements, including its marketable debentures, a change in control (as defined in these agreements) may be cause for calling for immediate repayment of the relevant credit. Furthermore, in some of the employment agreements of Company managers, in the event that their employment is terminated due to a change in control of the Company, they will be eligible for favorable retirement conditions.

Therefore, the control of the Company, and the consequences of any change in control of the Company, may deter third parties from trying to take over the Company, in a way that may affect the Company's share price.

.28.3.4. Commencement of operations in new fields and regions - The Group's commencement of operations in new fields and regions where it does not have vast experience, entails costs and risks deriving, inter alia, from the need to learn and become familiar with the various aspects relating to operations in the said fields and regions, including regulatory aspects, the business and macroeconomic environment, a new currency exposure, as well as the establishment of new systems and administrative headquarters at substantial costs and their integration in the Group. Moreover, many years could elapse before the results desired in entering a new field and/or region of activity are attained, in light of the need to obtain regulatory approvals and construction permits, determining the correct mix of tenants, recruiting the appropriate management team, and purchasing a sufficient number of properties that will generate revenue that compensates for the construction and administrative expenses. Among other things, the Company's entry into the rental residential market, and if it elects to enter the renewable energy sector, entails the risks involved in development, operation and management of the properties.

.28.3.5. Failure to implement acquisition strategy – The Company and its subsidiaries has a strategy to acquire additional selective properties and companies. The implementation of this strategy may not be successful and might not generate the expected return; and is dependent upon the availability for purchase of suitable properties and the availability of convenient financing for the acquisition, development and redevelopment of the acquired properties. It also requires the assimilation of the businesses, systems and manpower, which could consume management resources and distract management from attending to current operations, as well as expose the Company and its subsidiaries to legal and regulatory risks with regard to the acquired properties.

.28.3.6. Holding structure of the Group and the Company's control of the Group companies – Among others, the Company operates through companies that are not wholly-owned by it. Among these, as at the publication date of the report, substantial parts of the issued share capital of CTY are owned by the public, as well as by other significant shareholders, and as from February 2024, Gazit Malls offered part of its shares to the public in Brazil. Until February 2022, a significant part of G City Europe's share capital was held by the public and at present, its debentures are held by the public and listed on the Luxembourg Stock Exchange. As a reporting company, these companies are subject to the customary legal and regulatory restrictions of public companies and reporting companies. Despite being the controlling shareholder of CTY and Gazit Malls, the Company may find itself unable to take specific courses of action without the required approval from other shareholders in such subsidiaries (whether by law or by virtue of incorporation documents). Furthermore, to date, according to the provisions of Finish law, the Company may not increase its holdings in CTY beyond the 50% threshold without issuing a tender offer for the rest of CTY shares. The existence of other shareholders in the said company could limit its ability to take certain courses of action, including to increase its percentage interests in such company, consolidate similar activities, leverage synergy that may exist between the various companies or reorganize the Group's structure. In addition, the Company may not be able to determine the date and scope of dividends paid by some of its subsidiaries, which could reduce the Company's cash flows and impede its ability to repay its debt. The Group is also exposed to risks inherent in shared ownership in properties with third parties, including the need to obtain the agreement of the Group's partners in the said properties in order to make decisions, and the possibility of disagreements between the Group and said partners, as well as risks derived from the said partners becoming insolvent, exposure to financing the partner's investment in the shared properties, and the implications of these risks on the operation of the shared properties. The properties are consolidated in the financial statements in accordance with IFRS, based on the effective or legal extent of control. Changes in the Company's control of the subsidiaries could lead to change in the presentation of the investment in the subsidiaries in the financial statements, and affect the way in which investors perceive the Company. In addition, to comply with the Company's reporting requirement as a public company, it relies on information which it receives from the subsidiaries. Although the Company believes it receives from the subsidiaries material information it requires, it does not have agreements with all of them with respect to receiving such information. The Company believes that it receives from its subsidiaries the material information that it requires. Furthermore, CTY, which is listed on the Helsinki Stock Exchange (OMX), in Finland, and Gazit Malls, which is listed on the Sao Paulo Stock Exchange, are subject to non-uniform reporting obligations. Therefore, the Company might not be able to present certain information as is presented by other real estate companies in other regions.

In addition, with the outbreak of the Swords of Iron War, a wave of anti-Semitism was ignited across the globe, which is expressed, among other things, by incidents of violence as well as imposition of a boycott on Israeli companies. Since the Company is an Israeli company, there is fear that the wave of anti-Semitism will also be directed toward the Group companies that operate abroad.

.28.3.7. Legal proceedings – The Group companies are involved in several legal proceedings, including proceedings vis-à-vis the tax authorities, as set forth in Note 24D to the financial statements. If such proceedings as specified in Note 24D to the financial statements (or any of the same) are decided against the Company, this could adversely affect the Company's operating results.

.28.3.8. Cyber and information security risks – A cyber attack is a malicious attack carried out in digital space aimed at disrupting, stealing, disabling or damaging IT infrastructure or the information it contains. Such attack on the Group's IT infrastructure may adversely affect the Company's operations and business, including leakage of business or private information, damage the Group's reputation, financial damage, and more. Due to the security situation in the country, there are increasing warnings of cyber attacks from foreign security forces, which are aimed at harming large companies in the Israeli economy. As a result, in the Group's estimation, its information systems were and are expected to be a target for cyber attacks by malicious parties, including terror groups, due to being an Israeli company. To the best of the Group's knowledge, as at the reporting date, the Group has not experienced any loss, disruption of information or other significant damage due to a cyber attack against its operations and systems. The Group companies regularly invest in securing systems and updating them, backup mechanisms, monitoring and recovery procedures, with the aim of reducing the risk they pose. The Group companies also take measures to backup their information, to reduce the possible harm from cyber attacks against their systems, and to increase their disaster recovery capability. Furthermore, from time to time, the Company assesses new and innovative means of protection required against these risks and works towards adjusting them to existing risks and increasing the awareness of its staff to the issue. However, the nature of cyber attacks and infiltration of information system by authorized parties is constantly changing and becoming more sophisticated, reducing the Company's ability to fully deal with a sophisticated cyber attack. Therefore, despite the protective measures taken by the Company, it may not be able to fully defend itself and prevent all damage that may be incurred due to infiltration of its systems or the economic effects of such damage. As aforesaid, the Company acts to improve its ability to respond to cyber attacks by constantly improving the defense system, increasing awareness among the Group's employees, allocating dedicated resources and strengthening its IT system in order to maintain the integrity, reliability and availability of the information, with minimum business damage. Among other things, the Company conducts periodic and continuous cyber risk assessments, in order to identify, map and minimize security exposure on the internet and in the procedures of the Group and the Company for 24/7 monitoring of the Company's operations and identification of suspicious security events. Moreover, the Company has a dedicated cyber board committee and the Company's board of directors receives a comprehensive review on the subject and discusses its recommendations.

.28.4. The following table presents the Group’s risk factors according to their nature and their effect (taking into account the measures taken by the Group to mitigate the exposure to them) on the Company’s business, in the opinion of the Company management:

Risk factor	Major effect	Moderate effect	Minor effect
Macro risks			
Financing	+		
Changes in exchange rates	+		
Changes in capital markets	+		
Economic conditions that affect geographical regions		+	
Risk of natural disasters, pandemics, terror attacks and uninsured risks	+		
Investment in developing countries		+	
Sector-specific risks			
Changes in consumer buying habits	+		
Financial strength of tenants, including anchor tenants	+		
Changes in the rental policy of retail chains and major tenants		+	
Legal and regulatory requirements with regard to the Companies Law and Securities Law		+	
Legal and regulatory requirements with regard to protection of the environment		+	
Property renovation and development activities		+	
Risks inherent in the management of the Company's properties			+
Competitive environment	+		
Increase in operating expenses and other expenses			+
Risks inherent in the impact of external factors on the value of the Group's properties and its operations	+		
Absence of liquidity in real estate investments		+	
Demographic changes in the area of the property	+		
Company-specific risks			
Change in the tax burden with respect to the operations of the Company's subsidiaries		+	
Dependence on management	+		
Control of the Company			+
Commencement of operations in new fields and regions		+	
Implementation of strategic acquisitions			+
Holdings structure of the Group and the Company's control of companies		+	
Legal proceedings			+
Cyber and information leak risks		+	

Appendix A

Description of the operations of GHI Alpha Portfolio LLC

"G Alpha".

The operations of G Alpha are described based on its consolidation, unless explicitly stated otherwise.

A. Description of the general development of the operations of G Alpha and a brief description of its area of operation

1. G Alpha's operations and a description of its business development

.1.1. General

G Alpha is a limited liability company established in the State of Delaware in the USA on October 23, 2023. G Alpha is a wholly owned company of Gazit Horizons Inc. ("Gazit Horizons"), a wholly owned (indirectly) subsidiary of G City Ltd. ("the Company").

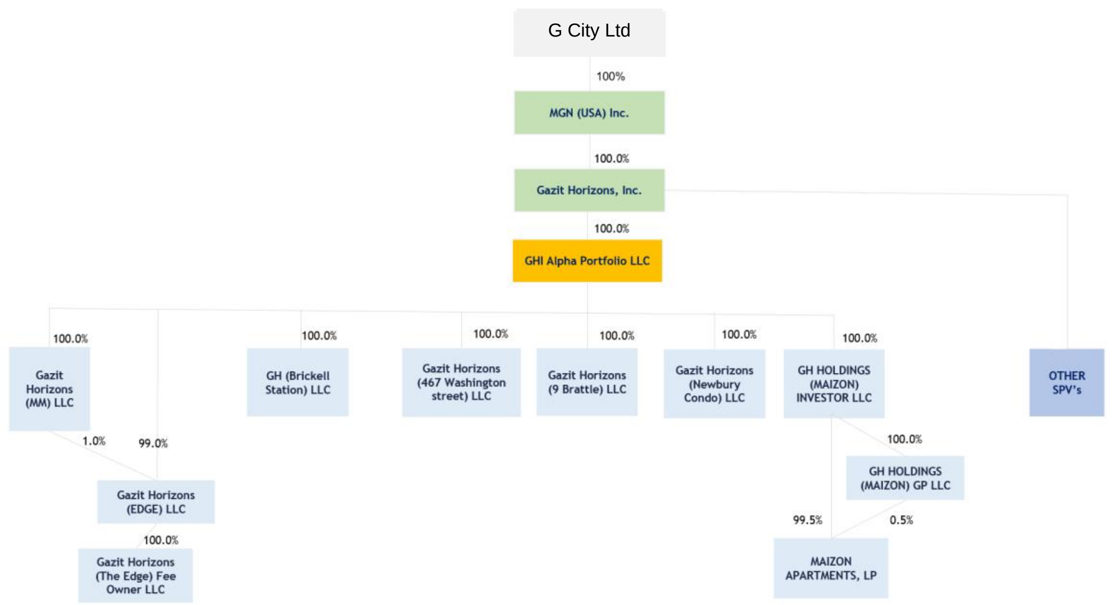
On February 4, 2024, G Alpha and Gazit Horizons engaged in an agreement under which Gazit Horizon transferred to G Alpha, against the allotment of capital, its entire holdings in 6 private companies wholly owned by it, each of which holds an income-generating property, as set out in the chart in section 1.3 below (the "Contribution Agreement").

To date, G Alpha holds (indirectly) six income-producing properties worth a total of USD 282.6 million. For information concerning G Alpha properties, see section 6 below.

.1.2. In view of the incorporation of G Alpha on October 23, 2023 and the transfer of consolidated companies under the control of Gazit Horizon, as aforesaid, G Alpha has prepared pro forma financial statements that include balance sheets as at December 31, 2024 and 2023, and statements of income and statements of cash flows for the years ended December 31, 2024, 2023 and 2022, pursuant to the provisions of Regulations 9A and 38B of the Securities Regulations (Periodic and Immediate Reports), 1970, which reflect the results of G Alpha's consolidated operations, as if its consolidated companies at that date were consolidated in its financial statements during the foregoing periods. The description of G Alpha's operations in this chapter, including all the comparable data and financial data therein, constitute pro forma data.

.1.3. <u>Structure of G Alpha.</u>

Below is the structure of G Alpha's holdings at the present time:



.1.4. Areas of Activity:

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 at reporting date, it owns 6 income-generating properties worth USD 282.6 million. For further information concerning G Alpha's areas of operations, see section 6.1 below.

2. Investments in the Company's capital and transactions in its shares in the last two years: Since the establishment of G Alpha, as set out above, no investments have been made in G Alpha's capital and no transactions have been carried out by interested parties in G Alpha, other than allotment of capital by Gazit Horizons under the contribution agreement upon transfer of the assets to G Alpha.

3. Distribution of dividends

.3.1. Since the incorporation of G Alpha, as set out above, G Alpha has not distributed any dividends.

.3.2. To date G Alpha has no dividend distribution policy.

.3.3. To date, G Alpha has not assumed any restrictions with regard to the distribution of dividends, other than the restrictions under the deed of trust for Debentures (Series R) of the Company (the "Deed of Trust"). For further information, see Note 19C4 to the financial statements.

B. Other information

4. Financial information concerning the Company's operating segments

Below is a breakdown of financial data relating the income and expenses of G Alpha's operations, based on its proforma financial statements as at December 31, 2024 (in USD thousands):

For the year ended December 31, 2024

	Commercial Segment	Residential and Rental Segment	Consolidated
Revenue from external sources	6,676	10,116	16,792
Costs	1,184	3,850	5,034
Operating income	5,492	6,266	11,758
Total assets attributable to the operating segment	142,047	150,827	292,874
Total liabilities attributable to the operating segment	26,967	64,248	91,215

For the year ended December 31, 2023

	Commercial Segment	Residential and Rental Segment	Consolidated
Revenue from external sources	6,296	9,654	15,950
Costs	1,162	4,097	5,259
Operating income	5,134	5,557	10,691
Total assets attributable to the operating segment	128,065	158,318	286,383
Total liabilities attributable to the operating segment	27,112	64,316	91,428

For the year ended December 31, 2022

	Commercial Segment	Residential and Rental Segment	Consolidated
Revenue from external sources	5,778	8,627	14,405
Costs	1,001	3,182	4,183
Operating income	4,777	5,445	10,222
Total assets attributable to the operating segment	122,836	162,192	285,028
Total liabilities attributable to the operating segment	26,795	64,094	90,889

.5. Financial environment and the effects of external factors on G Alpha's operations

For highlights regarding trends, events and developments in the US macroeconomic environment, including entry and exit barriers of the operating sectors, which the Company estimates have or are expected to have a material effect on G Alpha's business results or on developments in G Alpha, see sections 5.1, 5.2, 5.6 – 5.10 and section 10.3 of Part A of the Company's periodic report for 2024, while this appendix is attached to it (the "Periodic Report" and "Chapter on the Description of the Company's Business", as applicable).

C. Description of G Alpha's operating segments

.6. General

Through companies under its control, G Alpha engages in the management of income-producing properties with potential for redevelopment, focusing on densely populated and central urban areas in major cities across the United States, in New York, Boston and Miami. As at December 31, 2024, G Alpha owns 6 properties through wholly-owned companies.

.6.1. G Alpha operates in two operating segments:

- The commercial real estate segment - in this operating segment, G Alpha engages in the management and improvement of income-generating real estate for commercial space;
- Rental residential segment - in this operating segment, G Alpha engages in short term rental of residential apartments.

The rental residential segment focuses on the Maizon Apartments property located in the Brickell district of Miami (as set out in section 6.10 below) and G Alpha's other properties all operate in the commercial real estate segment.

The properties held by G Alpha are exclusive properties in central high-density urban areas, that are rented to individual tenants or to multiple tenants.

.6.2. Results of operation

For information about the establishment of G Alpha and the transfer of Gazit Horizon's consolidated companies to G Alpha, see section 1 above.

Below is a breakdown of operating results (pro forma) for the years ended December 31, 2024, 2023 and 2022 (USD thousands), by G Alpha's two operating segments:

Commercial Segment

	Year ended December 31,		
	2024	2023	2022
	USD thousands		
Total income from the operation	6,676	6,296	5,778
Gains (losses) from revaluations	6,041	3,187	(3,840)
Operating profit (*)	5,492	5,124	4,777
Same property NOI	5,492	4,737	-
Total NOI	5,492	5,134	4,777

(*) The operating profit refers to the accounting operating profit in accordance with IFRS, excluding revaluation gains.

Residential and Rental Segment

	Year ended December 31,		
	2024	2023	2022
	USD thousands		
Total income from the operation	10,116	9,654	8,627
Gains (losses) from revaluations	(7,824)	(3,900)	30,495
Operating profit (*)	6,266	5,557	5,445
Same property NOI	6,266	5,557	-
Total NOI	6,266	5,557	5,445

(*) The operating profit refers to the accounting operating profit in accordance with IFRS, excluding revaluation gains.

.6.3. Macro-economic parameters*:

For further information concerning macro-economic parameters in the United States for 2024 and 2023, see section 10.3 of the chapter on the description of the Company's business, and section 3.3 of the Board of Directors report as at December, 2024.

.6.4. Principal aggregate data relating to G Alpha's properties

The table below provides key data concerning G Alpha's income-producing properties

Commercial segment	At December 31		
	2024	2023	2022
Total GLA of income-producing properties (consolidated) (sq.m thousands)	10.4	10.4	10.4
Fair value of income-producing properties (consolidated) (USD thousands)	133,708	126,339	121,519
Monthly average rent per sq.ms (USD) (**)	49.07	44.66	44.19
Actual average occupancy rate (*)	at December 31, 2024: 95.7%	at December 31, 2023: 97.0%	at December 31, 2022: 89.0%
	for 2024: 96.4%	for 2023: 94.0%	for 2022: 90.0%
Actual average occupancy rate(***)	5	5	5
Average yields according to the actual end-of-year value	4.1%	4.1%	4.1%

Residential and Rental Segment	At December 31		
	2024	2023	2022
Total GLA of income-producing properties (consolidated) (sq.m thousands)	19.2	19.2	19.2
Fair value of income-producing properties (consolidated) (USD thousands)	148,906	156,600	160,500
Monthly average rent per sq.ms (USD) (**)	41.1	40.4	37.6
Actual average occupancy rate (*)	at December 31, 2024: 92.4%	at December 31, 2023: 92.8%	at December 31, 2022 : 96.0%
	for 2024: 92.7%	for 2023: 94.4%	for 2022: 95.0%
Actual average occupancy rate(***)	1	1	1
Average yields according to the actual end-of-year value	4.2%	3.5%	3.4%

* It is clarified that of the properties included in this table, a property worth USD 20 million is land leased to owner of the existing building on it by way of a ground lease, and an income-producing property worth USD 27 million whose fair value derives mainly from the land value, therefore, the current yield from those properties is lower than the other three properties included in the table.

.6.5. Expected rental income from signed lease agreements

Commercial Segment

Period of recognition of income		Income from fixed components (in NIS thousands)	Number of terminating lease agreements	Area in the terminating agreements (in sq.m thousands)
2025	Quarter 1	1,353	-	-
	Quarter 2	1,358	-	-
	Quarter 3	1,363	-	-
	Quarter 4	1,530	-	-
2026		5,902	1	-
2027		5,864	2	1
2028		4,805	1	-
2029 and thereafter		43,506	15	9
Total		**65,681**	**19**	**10**

(*) Revenue from variable components is negligible.

Residential and Rental Segment

Period of recognition of income		Income from fixed components (in NIS thousands)	Number of terminating lease agreements	Area in the terminating agreements (in sq.m thousands)
2025	Quarter 1	2,244	53	4
	Quarter 2	1,683	60	4
	Quarter 3	1,027	67	5
	Quarter 4	448	48	4
2026		82	14	1
Total		**5,484**	**242**	**18**

*) The rental agreements in the rental residential segment are for short term of approximately one year.

**) Revenue from variable components is negligible.

The foregoing information contained in this section is forward-looking information as defined in Section 32A of the Securities Law, based on the Company's estimates, which are based on the information it has to date, and there is no certainty that it will materialize due to factors beyond the Company's control, including as a result of macro-economic effects (as described in sections 5.1, 5.2, 5.4, 5.6 and 10.3 of the Chapter on the Description of the Company's Business), and as a result of the materialization of risk factors applicable to the Company's operations as set out in section 28 of the chapter on the description of the Company's business.

.6.6. In 2022 through 2024, G Alpha had no buildings under construction.

.6.7. As at December 31, 2024, G Alpha had no inventory of investment real estate.

.6.8. As at December 31, 2024, G Alpha did not have any principal tenants[1].

1 As this term is defined in the Draft Securities Regulations (Details, Structure and Form of a Prospectus), 1969, published in December 2013, which anchor the disclosure guideline on investment property activity (as published by the Israel Securities Authority in January 2011).

.6.9. Below is a breakdown of information concerning properties sold and acquired by Gazit Horizons in 2022 through 2024:

		Year ended December 31		
		2024	2023	2022
Properties Properties acquired	Number of properties acquired during the period	-	-	1
	Cost of properties acquired during the period (USD thousands)	-	-	20,166
	NOI of properties acquired (consolidated) (USD thousands)	-	-	758
	Area of properties acquired during the period (consolidated) (sq.m thousands)	-	-	1.1

*) The property that was acquired in 2022 is attributed to the commercial segment.

.6.10. Of the property portfolio, one property is a very material property and one property is a material property, and both together constitute 77% of the value of G Alpha's property portfolio, as set out below:

6.10.1. Maizon Apartments - presentation of the property

A. Presented below are details of the Company's property as at December 2024:

Name and location of property	Maizon Apartments, Brickell, Miami, Florida, USA
Area of the property - divided according to uses	Rental housing - 22,996 sq.m. (262 residential units); parking lot - 13,251 sq.m.; Commercial – 1,243 sq.m.[2]
The Company's share in the property	100%
Holding structure of property	The property is owned directly (100%) by Maizon Apartments LP (limited partnership, when 99.95% of its shares are held by GH Holdings (Maizon) Investor LLC and the rest by GH Holdings (Maizon) GP LLC). GH Holdings (Maizon) Investor LLC is wholly-owned by GHI Alpha Portfolio LLC, which is wholly-owned by Gazit Horizons Inc. Gazit Horizons Inc. is wholly-owned by MGN (USA) Inc, which is wholly-owned by G City.
Names of the partners in the property	Not relevant.
	Nevertheless, it should be noted that the property is registered as a condominium, while the commercial areas, which are located on the ground floor, are owned by a third party[3].
Details of legal title to the property	Free simple ownership
Legal title registration status	The title rights are registered in favor of the holders of the rights in the property.
Substantial unused building rights	Under the Max Gross Building Area Plan, there is a right to develop 11 thousand square meters, subject to payment of tax to the municipality. These rights are not included in the value of the building.
Special matters (exceptions, material construction, soil pollution and others)	--
Financial statement presentation method	IFRS (fair value)

[2] The commercial space is owned by a third party and not grossed up in the value of the property.

[3] For information about the restrictions applicable to use of the property under the agreement with the owners of the commercial part, see section D below.

B. Principal data

Data according to 100% (the company's share in the property - 100%)	2024	2023	2022
Fair value at the end of the period (in USD thousands)	148,906	156,600	160,500
Revaluation gains or losses (in USD thousands)	(7,824)	(3,900)	30,495
Average occupancy (%)	92%	91%	96%
Total revenue (in USD thousands)	10,116	9,654	8,627
Average rent per sq.m (monthly) (USD)	41.1	40.4	37.6
Average annual rental per sq.m in leases signed in the period (NIS)	44.4	43.1	39.29
NOI (in USD thousands)	6,266	5,557	5,445
Adjusted NOI (in USD thousands)	7,410	6,430	5,828
Actual yield rate (%)	4.21%	3.50%	3.40%
Adjusted rate of return (%)	4.98%	4.10%	3.60%
No. of tenants at end of reporting year	242	243	251
Exchange rates	3.647	3.627	3.519

C. Analysis of revenues and costs structure

revenues and costs in connection with the property as at December 31, 2024, according to the Company's share of the property (100%) in USD thousands:

	2024	2023	2022
From rentals – Fixed	9,270	8,871	7,842
From rentals – Variable	846	783	785
Total income	10,116	9,654	8,627
Management, maintenance and operation	3,850	4,097	3,182
Total Expenses	3,850	4,097	3,182
NOI:	6,266	5,557	5,445

Principal tenants of the property

The property does not have a principal tenant.

D. Expected income from signed lease agreements

Data according to 100% (the company's share in the property - 100%)	2025	2026*
Fixed components	5,402	82
Variable components (estimate)**		

* As the agreements with the apartment tenants are for a period of up to 15 months, to date binding agreements for these apartments have not yet been signed.

** Revenue from variable components is negligible.

E. Specific financing

Specific financing			Loan A
Balance in the statement of financial position	December 31, 2024	Presented as short-term loans	
		Presented as a long-term loan (USD million)	63.75
Fair value as at December 31, 2024 (USD millions)		52.3	
Date of receipt of original loan		June 8, 2021	
Amount of original loan (USD million)		63.75	
Effective interest rate as at December 31, 2024 (%):		Fixed interest of 2.71%	
Repayment dates of principal and interest		Monthly interest payments, principal will be repaid on January 7, 2028	
Key financial covenants		The minimum net value[4] of Gazit Horizons will not fall below USD 60 million.	
		Gazit Horizon liquidity will not fall below USD 2 million.	
Other key covenants (including value of land, progress of construction, progress of rental, location of key tenants and others).		None	
Note wither a key covenant or other criteria has been violated as at the end of the reporting period		No	
Is it no-course?:		Yes. Nonetheless, it is noted that in favor of the loan guarantees were given by the parent company Gazit Horizon with regard to certain events of violation of the loan agreement. (For information regarding guarantee, see section 6.16 below).	

[4] Net value is defined as total assets less total liabilities of Gazit Horizon.

F. Pledges and material legal restrictions on property

Below is information regarding liens and material restrictions in connection with the property as at December 31, 2024:

Class	Description	The amount is secured by a lien as at December 31, 2024 (in USD thousands)
Liens - first class	A first class mortgage is registered on the property dated June 8, 2021 in favor of a financing institution, as set out in section 1.1.1.6 above.	63,750
Liens - second class	Not relevant	
Restriction on the condominium building	There is a restriction under the local law prohibiting the registration of rental apartments as a condominium until June 2030.	
Restriction on the use of part of the parking areas*	The owners of the areas for commercial use in the property is the exclusive holder of rights of use of 74 parking spaces.	
Restriction on rezoning*	Rezoning of residential use to any other use requires the agreement of the owners of the commercial space in the property	
Restrictions on structural changes in the property	Restrictions concerning construction changes on the building that will materially affect the operating systems of the property, the operating costs, access, and more.	
Restrictions on transfer*	It is prohibited to transfer the property in parts	
Operational restrictions*	Restrictions concerning the use of the common areas of the property	

* The foregoing restrictions are according to the agreement with the owners of the commercial space in the building.

G. Details regarding the valuation

Below is information about the valuation of the property conducted by external appraisers and by the Company in the last three years:

	Nominal value (in USD thousands)	Identity of appraiser	Is the valuator independent	Is there an indemnification agreement	Effective date of valuation	Valuation model
2024	148,800	Newmark	Yes	No	June 30, 2024	Discounting of revenue
2023	156,600	Newmark	Yes	No	June 30, 2023	Discounting of revenue
2022	160,500	Internal valuator	No	No	December 31, 2022	Discounting of revenue and DCF

Main parameters taken into account for the valuation

(Discounted Cash Flow (DCF) approach):

item	2024	2023	2022
Gross leasable area (GLA) taking into account in the calculation (sq.m.)	19,209	19,209	19,209
Occupancy rate in year +1 (%)	N/A	N/A	96%
Occupancy rate in year +2 (%)	N/A	N/A	96%
Representative occupancy rate of the leasable area used for the valuation (%)	96%	95%	96%
Average monthly rentals per sq.m leased in year 1 for valuation purposes (USD)	N/A	N/A	48.27
Average monthly rentals per sq.m leased in year 2 for valuation purposes (USD)	N/A	N/A	49.72
Average representative monthly rentals per sq.m leased for valuation purposes (USD)	46.29	45.93	42.11
Representative cash flows/NOI for valuation purposes (NIS thousands)**	6,696	6,655	6,914
Discounting rate used for valuation purposes (%)	4.5	4.25	4.25
Sensitivity analysis for value	**Changes in value (in USD thousands)**		
Occupancy Rates			
Rise of 5%	11,191	11,130	
Fall of 5%	(11,165)	(12,382)	
Discounting rate			
Rise of 0.25%	(7,262)	(8,707)	
Fall of 0.25%	7,705	9,779	
Average rent per square meter			
Rise of 5%	11,838	11,811	
Fall of 5%	(10,636)	(11,825)	

** Generally accepted index in the income-producing real estate sector, reflecting operating profit after deducting operating expenses, but before deducting financing expenses.

.6.10.2. The Edge, a 5.5 thousand sq.m shopping center that is part of a mixed-use project located on the Williamsburg neighborhood beach front in Brooklyn, New York, which as at December 31, 2024, was valued at USD 61 million. 94.5% of the property is leased. Below is a breakdown of further information concerning The Edge:

The Edge	**General data**
Region	New York, USA
Functional currency	USD
Primary use	Retail (shopping center)
Construction costs (USD million)	47.3
Company's share in property (%) (capital rights/voting rights)	Wholly owned through a 100% held subsidiary
Gross area (sq.m)	5,516
Retail GLA (sq. m)	5,516

Operational data	**2024**	**2023**	**2022**
	USD million, unless stated otherwise		
Carrying value at end of period (NIS million)	222	221	201
Fair value at end of the period	63	61	57
Rental revenue in the period	3.3	3.4	3.4
Actual NOI for the period	2.9	2.9	3.1
Actual yield rate (%)	4.5%	5.2%	5.4%
Adjusted yield rate (%)	4.6%	5.3%	5.5%
Yield rate over cost (%)	6.0%	6.8%	6.5%
Loan to value ratio (LTV) (%)	41%	43%	46%
Valuation gains (losses)	1.9	3.4	(0.3)
Occupancy rate at end of the period (%)	94.2%	94.5%	100%
Average rent per sq. m. / month	46.48	46.06	46.62
Average income per sq. m. / year (*)	557.8	552.68	559.49
Additional information required under Regulation 8B(9), in the event that a material valuation or very material valuation was used to determine the value of the data			
Valuation date	September 30, 2024	September 30, 2023	September 30, 2022
Name and experience of valuator	Newmark Valuation & Advisory	Newmark Valuation & Advisory	CohnReznick
Valuation model used by the Valuator	Blended sales comparison and income capitalization	Blended sales comparison and income capitalization	Blended sales comparison and income capitalization
Additional underlying discounting rate assumptions (%)	Terminal Cap 6.0%	Terminal Cap 5.75%	Terminal Cap 5.5%
	DCF Discount Rate 7.0%	DCF Discount Rate 6.75%	DCF Discount Rate 6.5%

(*) The data is to the best of the Company's knowledge and provided on the basis of information received from the tenants. The Company is therefore unable to confirm that the information is in fact correct.

The property has 3 tenants the cumulative revenue from which (of the total revenue of the commercial center) is 59.5%. The rental agreements with these tenants are for periods ranging from 3 to 8 years, with the date of termination of the agreement with one of the tenants December 31, 2027. As a rule, the rental fees are made up of a base rental fee only that can be increased each period, and all as set out in the agreement.

.6.11. Human capital

As at December 31, 2024, G Alpha had no employees. G Alpha receives services from Gazit Horizon free of charge.

.6.12. Marketing and Distribution

For further information, see section 13 of the Description of the Company's Business.

.6.13. Competition

For further information, see section 14 of the Description of the Company's Business.

.6.14. Fixed assets

The fixed assets of G Alpha include, mainly, improvements of the rented space and office equipment of negligible value.

.6.15. Working capital

Breakdown of the composition of working capital - as at December 31, 2024, G Alpha's working capital with regard to the properties consists mainly of cash and cash equivalents, and trade and other receivables in the amount of USD 9,049 thousand. With regard to G Alpha's comprehensive liabilities, including working capital, it consists mainly of trade and other payables in an amount of USD 660 thousand.

.6.16. Financing

A. G Alpha finances its operations mainly from its ongoing operations, its equity and bank loans received by the companies under its control. G Alpha, through the companies under its control, customarily assumes loans at various average duration depending on its investments, which bear variable or fixed interest rates and is backed by mortgages on some of the properties that it owns.

Information concerning financing activities of G Alpha and its subsidiaries.

B. G Alpha's liabilities

As at December 31, 2024, the interest-bearing liabilities of G Alpha to banks and others amounted to USD 90 million (without any change in liabilities compared to December 31, 2023 and December 31, 2022). The total liabilities are with respect to mortgages against real estate, as set out below.

G Alpha and to its subsidiaries have two bank loans secured by liens on two of G Alpha's properties, as at December 31 2024 they amounted to USD 90 million (unchanged compared to December 31, 2023 ,and December 31, 2022). The foregoing debt bears fixed interest at a weighted rate of 2.98% and average duration of 2.72 years, as set out below:

- A loan agreement between Maizon Apartments LP (a wholly owned subsidiary of G Alpha that holds the rights to the Maizon property) and a US institutional investor from January 2021, for an amount of USD 63.75 million, secured with a mortgage on the Maizon property and with Gazit Horizon guarantees. The loan is until July 2028 and bears fixed interest[5]. For further information, see section 6.10.1(F) above

- A loan agreement between Gazit Horizons (Edge) Fee Owner LLC (DE) (a wholly owned subsidiary of G Alpha that holds the rights to The Edge property) and a US institutional investor from August 2014, for an amount of USD 26 million, secured by a mortgage on the Edge property, and guarantees provided by the Company. The loan is until May 2026 and bears fixed interest[6].

5 The guarantees of the Company and Gazit Horizons are expanded Bad Boy guarantees, meaning guarantees under which in certain cases (inter alia, breaches of the agreement in connection with insolvency of the relevant borrower, prohibited transfer of the property and others), the lender has the right of recourse against the guarantor.

See footnote 1 above.

C. Restrictions on obtaining credit and cross default mechanisms in G Alpha's credit agreements:

The credit documents of some of G Alpha's subsidiaries contain restrictions and financial criteria that include, among other things, criteria relating to a specific level of credit, such as Gazit Horizon's minimum equity, Gazit Horizon's minimum liquidity balance, provisions regarding the transfer of ownership in the specific companies (giving prior notice, restrictions on change of control, and more) and restrictions regarding the these companies being 'special purpose entities' (restrictions with regard to assuming obligations outside the normal course of business, restrictions on pledging assets, and others). Moreover, these agreements include restrictions on distribution of dividends in breach events.

The financing agreements contain additional conventional terms and conditions for calling loans for immediate repayment (subject to materiality and relief periods), including: Default on repayment, breach of undertaking or representation under the relevant agreement, certain material legal proceedings (including with regard to liquidation, receivership and asset sale and execution), among others. In the event of cause for calling for immediate repayment, the relevant lender may exercise any right available under the relevant loan agreement, including calling for immediate repayment of the debt, including early redemption fines, exercising procedures[7], including appointment of a receiver and other remedies as is customary in agreements of this type, that may lead to a breach of other financing agreements of G Alpha. Nonetheless, G Alpha's financing agreements do not include a cross default mechanism.

D. As at December 31, 2023 and immediately prior to the approval date of this Report, G Alpha and its wholly-owned subsidiaries are in compliance with all covenants prescribed with respect to them.

E. Below is a breakdown of the material financial covenants included in G Alpha's credit agreements and its compliance with them as at reporting date:

Covenant	Required minimal ratio	Covenant calculation At Dec 31, 2024
Minimum net value[8] of Gazit Horizon	USD 60 million	USD 516 million
Gazit Horizon liquid balances	USD 2 million	USD 18 million
Net value[9] of G City	USD 50 million	USD 1.1 million
G City liquid balances	USD 1 million	USD 705 million

From December 31, 2024 through to close to reporting date, G Alpha did not assume any new credit.

.6.17. Taxation

For further information regarding the tax laws applicable the Company's subsidiaries in the United States, see Note 23 to the Company's consolidated financial statements for 2024.

.6.18. Environmental protection

A. The environmental issue is managed by G City Group executive managers who also consult with external advisors who promote the issue. For further information, see section 21 of the Company's periodic report.

The Company has an ESG policy that also applies to G Alpha, which, among other things, presents the Company's policy on environmental and community issues. Environmental responsibility was and will continue to be an issue that reflects the Company's positive and active approach to environmental and community issues.

7 In the event of exercising procedures, the party that will step into the shoes of the borrower will be required to comply with the conditions set out in the loan for transfer, and will also be required to comply with all the borrower's obligations under the loan agreements.

8 Net value is defined as total assets less total liabilities of Gazit Horizon.

9 This value will be determined by the Company according to GAAP and will be reasonably approved by the lender.

B. Due to their real estate holdings, G Alpha and its subsidiaries are subject to federal, state and local environmental legislation and regulation. In this regard, they could be held responsible for and be required to bear the costs involved in clearance and reclamation with respect to various environmental hazards, pollution, and toxic materials that are found at, or are emitted from, their properties (and could also have to pay fines and compensation with respect to such hazards). Such costs could be high and could even exceed the value of the relevant properties. Failure to remove these hazards could have a detrimental effect on the ability of G Alpha and its subsidiaries to sell, rent or pledge the properties at which such hazards are found, and could even result in legal action. As at December 31, 2024, G Alpha and its subsidiaries are acting to correct environmental defects or hazards that they have identified, but there is no certainty that additional environmental defects or hazards won't be discovered in the future, including such that were created during the period when the properties were owned by the third parties from whom the properties were acquired and which have not yet been discovered. Furthermore, future changes in environmental laws (that have become more stringent over the past few years) could have a material effect on G Alpha’s status, from the operational and the financial aspects. As at December 31, 2024, G Alpha believes that the costs expected to be incurred with respect to its liability for environment-related damages are not material to it and its subsidiaries.

.6.19. Restrictions and Supervision of the Corporation’s Operations

G Alpha’s operations are subject to various laws and regulations in the United States concerning various issues as is customary with regard to the development and operation of commercial real estate properties in those regions and including the following issues: Planning and construction laws, regulation regarding the establishment and development of real estate properties, State and municipal regulations concerning licensing for the use of the properties and their operation, laws concerning accessibility, laws pertaining to the protection of the environment and antitrust laws. Moreover, as part of their ongoing operations, G Alpha and its subsidiaries are subject to regulation in additional areas such as laws pertaining to protection of privacy, taxation, intellectual property and others.

.6.20. Legal proceedings

As at reporting date, there are no legal proceedings to which G Alpha and/or its subsidiaries are party.

.6.21. Goals, business strategy and forecast for developments in the coming year

G Alpha is a special purpose company established for the purpose of securitization of several properties, and is wholly owned and controlled by Gazit Horizon. The business strategy presented below is Gazit Horizon's business strategy, which is also relevant for G Alpha.

Below is a summary of the core issues of the strategy of G Alpha and its subsidiaries: The strategy and objectives, as aforesaid, will be reviewed from time to time, against the developments in G Alpha's business and macroeconomic environment:

- To focus investment on a number of income-producing and rental residential properties on the US East Coast, aiming to improve them and generate value, and if possible on mixed-use strong properties in key cities, in densely populated areas, that are, if possible, connected to or close to public transportation (such as: train stations, and bus stops) and with high walkability index.
- Selective and rational activity in the rental sector, management and redevelopment of income-producing properties, in the commercial sector, office and residential or mixed-use sectors, with the aim of increasing the yield and upgrading the existing property portfolio.
- Active management – operations in the United States are conducted through experienced local management. Expertise, knowledge, experience, contacts and familiarity with the business environment enable G Alpha to pursue a pro-active strategy that is intended to advance internal growth, inter alia, by adapting G Alpha's properties to developments in the market, hedging and high positioning of the existing properties portfolio.

The Company's estimates regarding the manifestation of the foregoing strategy, constitute forward-looking information as defined in the Securities Law – 1968. These estimates are based on the Company's plans and its assumptions as at this date. These estimates are uncertain and may not materialize or may materialize in part, and the Company's management may deviate from them or change them, depending on various factors, including macroeconomic conditions beyond the Company's control, such as continuing inflation, rising interest rates, the effects of territorial events, and the outcome of materialization of the risk factors applicable to the Company's operations as set out in section 28 of the chapter on the Description of the Company's Business and their effects on the global economic situation.

The aforesaid goals are forward-looking. They constitute a vision and goals, which are based to a significant extent on expectations and assessments with respect to economic and other (industry-related and general) developments, and their interrelationships. G Alpha's foregoing investment plans of are subject to its free cash flow and financial capabilities, as well as the investment opportunities and the economic and financial conditions in these markets, as well as special situations (such as the global Covid pandemic and the war between Russia and Ukraine). The Company and G Alpha cannot be certain that their expectations and assessments will indeed be realized, including with respect to their ability to realize their vision and to achieve the goals that they have set for themselves, including G Alpha's investment plan, which, to a significant extent, are also based on factors that are inherently beyond their control. It is also hereby clarified that the management of the Company and G Alpha will from time to time review G Alpha's plans and will update them according to such and other changes. It is hereby clarified that G Alpha's operating results, including its investment goals, may differ materially from the plans and results estimated or implied by this information.

.6.22. G Alpha's risk factors

For further information concerning G Alpha risk factors see section 28 in the chapter on the description of the company's operations in the Period Report, noted here by way of reference. The risk factors set out in the foregoing Periodic Report refer to the risk factors for the Company and that also have direct and/or indirect consequences on the operations of G Alpha, excluding specific risk factors that are not relevant to the operations of G Alpha, as set out below: Section 28.1.2 (exchange rate fluctuations), section 28.1.3 (changes in capital markets), section 28.1.6 (investments in developing countries), section 28.2.5 (legislative and regulatory requirements with regard to the Companies Law, Securities Law and Market Concentration Law), section 28.3.4 (entering new sectors of operation and operating regions), section 28.3.5 (failure in implementing strategic acquisitions), section 28.3.6 (the Group's holdings structure).

CHAPTER B - DIRECTORS' REPORT ON THE STATE OF THE COMPANY'S AFFAIRS - CONTENTS

G City Ltd.

Directors' Report to the Shareholders

For the year ended December 31, 2024

The Board of Directors of G City Ltd. (the "Company") is pleased to present the Directors' Report of the Company for the year ended December 31, 2024 (the "Reporting Period"):

1. The Company and its Operations

.1.1. Introduction

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

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

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

The Group operates in Israel directly through the Company and in other territories through its subsidiaries, in which the Company exclusively plans strategy and oversees their management: G City Europe Limited (formerly Atrium European Real Estate Limited) ("G Europe") (100%) that operates in Central Europe (mainly in Poland); Gazit Horizons Inc. ("Gazit Horizon") (100%) that operates in the US, and Gazit Malls Fll (81.9%) a real estate investment fund[2] owned and controlled by the Company (indirectly), that operates in Brazil, was listed in an IPO in February 2024 for trading on the stock exchange in Brazil ("Gazit Malls") (as set out in section 9C of the chapter on the Description of the Corporation's Business), and through other wholly owned subsidiaries of the Company (jointly - "Gazit Brazil"). Furthermore, the Group operates in Northern Europe through Citycon Oyj ("CTY"), a public company controlled by the Company (49.5%), that has a similar strategy to that of the Company.

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

(a) Organic growth - by optimizing the tenant mix, increasing the number of visitors to the properties, and enhancing the revenues of the Group's existing properties.

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

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

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

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

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

2 'FII' – Fundo De Investimento Imobiliario.

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

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

The 2028 Strategic Plan is a continuation of the disposal plan announced by the Company in October 2022 for the disposal of non-core properties or those in which the Company has completed improvement ("Property Disposal Plan").

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

In addition to selling the properties as aforesaid, the Group executed an IPO of Gazit Malls for an amount of BRL 301 million (NIS 226 million) by way of a tender offer of part of the Company's holdings, that was completed on February 1, 2024.

Furthermore, in February 2024, CTY announce a streamlining and property disposal plan of EUR 950 million of which as at reporting date, non-core properties worth EUR 475 million were sold. CTY is expected to dispose of additional properties worth EUR 250 million by the end of 2025, and the rest of the sales plan by the end of 2026 (for further information see section 6.1 of the chapter Description of the Corporation's Business).

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

.1.3. Group's properties as of December 31, 2024

	Country of operation	Holding interest	Income-producing property	Properties under development	Land	GLA (sq.ms in thousands)
CTY	Finland, Norway, Sweden, Estonia and Denmark	49.5%	31	-	-	999
G Europe	Poland and Czech Republic	100.0%	14	1	3	387
Gazit Brasil	Brazil (Sao Paulo)	81.9%	7	-	1	165
G Israel	Israel	100.0%	10	1	2	144
Gazit Horizons	USA	100.0%	11	2	1	55
Total carrying amount			**73**	**4**	**7**	**1,750**
Jointly controlled properties (proportionate consolidation)			4	-	1	75
Total			**77**	**4**	**8**	**1,825**

		Investment property and investment property under development			
		Income-Producing property	Properties under development [1]	Land	Total
	Country of operation	NIS million			
CTY	Finland, Norway, Sweden, Estonia and Denmark	14,081	-	-	14,081
G Europe	Poland and Czech Republic	7,178	349	458	7,985
Gazit Brasil	Brazil (Sao Paulo)	1,859	-	29	1,888
G Israel	Israel	3,435	417	740	4,592
Gazit Horizons	USA	1,585	383	275	2,243
Total carrying amount		**28,138** [2]	**1,149**	**1,502**	**30,789**
Jointly controlled properties (proportionate consolidation)		1,528	-	6	1,534
Total		**29,666**	**1,149**	**1,508**	**32,323**

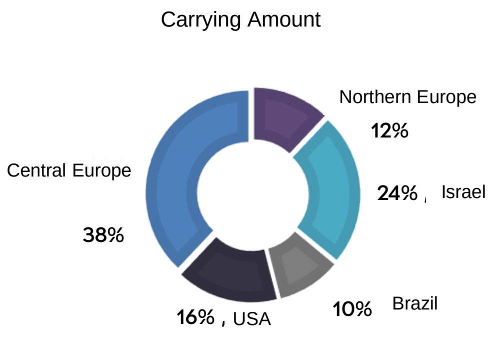
1 Including extensions to income-producing properties.
2 The balance of the income producing properties attributed to the expanded solo information (excluding CTY), an amount of NIS 0.9 billion is attributed to vacant space. For the purpose of calculating the value attributed to vacant spaces, vacant space was defined as space that did not generate rent during the reporting period. The value of the vacant spaces is calculated pro rata to the value of the relevant property (if it was not attributed a separate value in the evaluation of the property). The value of the vacant space is not reviewed or audited by the Company's accountants.

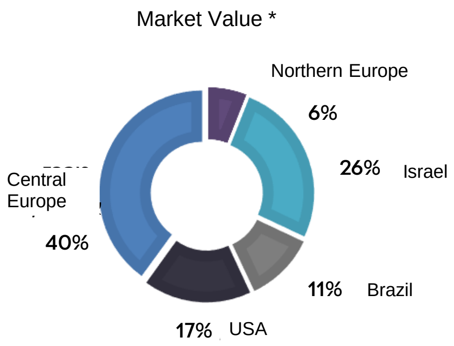
Breakdown of the properties classified as assets held for sale included in the Group's total assets as at December 31, 2024:

	Country	Number of properties	Carrying amount NIS million
G Europe	Czech Republic, Turkey and Romania	3	1,029[1]
CTY	Norway and Finland	2	308
Total carrying amount		5	1,337[2]

1 In Romania and Turkey the land is worth NIS 27 million and NIS 201 million, respectively
2 Of the balance, the sale of properties for a total amount of NIS 960 million was completed subsequent to reporting date.

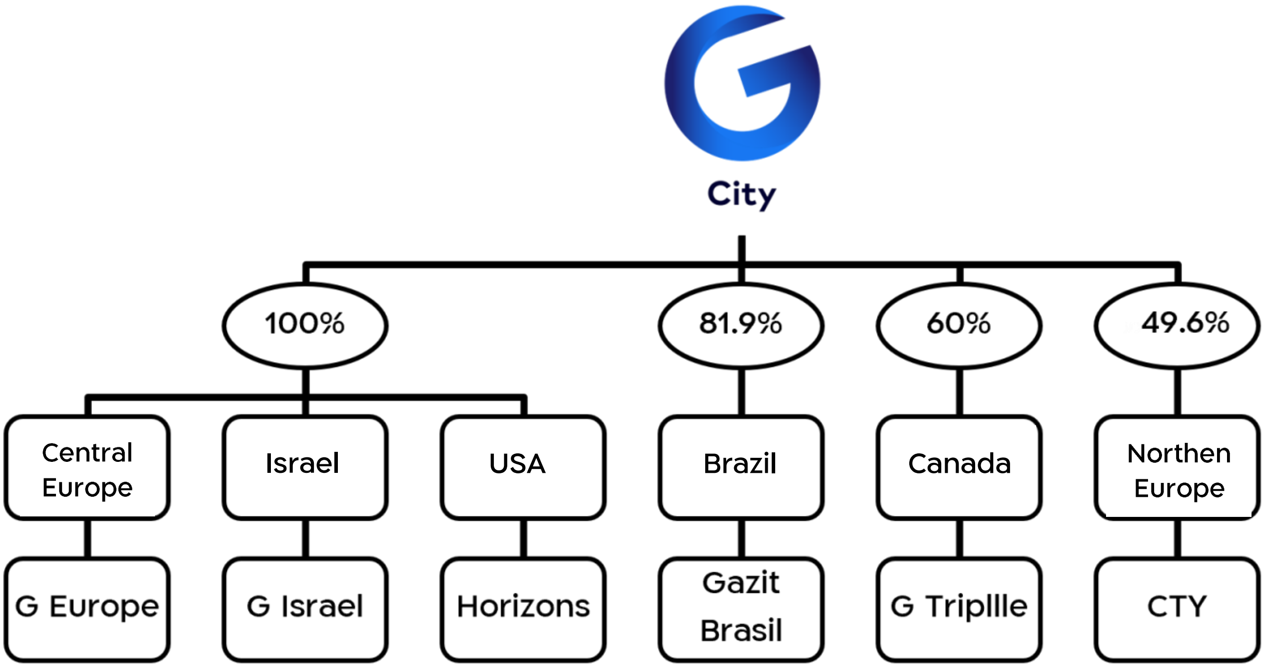
.1.4. Breakdown of the Company's investments in its operating segments (on an expanded solo basis) as of December 31, 2024:





[*] The investment in CTY is presented as market value.

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



.1.6. 2024 Highlights (“Reporting Period”)

(NIS millions, other than per share data)	December 31,		
	2024	2023	
Net debt to total assets ratio (expanded solo information) [1]	69.8%	66.6%	
Net debt to balance sheet ratio (consolidated) [2]	62.4%	62.0%	
Equity attributable to equity holders of the Company	4,180	4,837	
Equity per share attributable to shareholders of the Company (NIS)	21.0	26.0	
	Year ended December 31		
	2024	2023	Change
Rental and other income	2,533	2,438	3.9%
NOI [3]	1,734	1,667	4.0%
NOI net of operations in Russia and additional properties that were sold [4]	1,728	1,546	11.8%
Funds from operations (FFO) per share (expanded solo information) (in NIS) [5]	2.40	2.09	14.8%
FFO [6]	490	505	(3.0%)
FFO per share (in NIS) [6]	2.65	2.85	(7.0%)
FFO, excluding exchange rate changes	490	494	(0.8%)
FFO per share, excluding exchange rate changes	2.65	2.79	(5.0%)
FFO net of operations in Russia and additional properties that were sold [8]	488	420	16.2%
FFO per share (in NIS) net of operations in Russia and additional properties that were sold	2.64	2.37	11.4%
Number of shares used in calculating the FFO per share (thousands)	184,892	177,052	4.4%
Acquisition, construction and development of investment property [7]	779	1,491	-
Disposal of investment property [7]	1,791	1,386	-
Fair value gain (loss) from investment property and investment property	38	(767)	-
Issue of debentures	5,588	611	-
Early payment and redemption of debentures	(4,459)	(2,767)	-
Net income (loss) attributable to shareholders of the Company	52	(1,203)	-
Diluted net earnings (loss) per share (NIS)	0.28	(6.79)	-
Cash flows from operating activities	696	650	-

1 The effect of exchange rates contributed to an increase of 2.7% with respect to the net debt-to-total balance ratio (expanded solo information) compared to the previous year. Furthermore, the effect of changes in the exchange rates until close to the time of publication of the report causes a decrease of 0.6% in this ratio. It should be clarified that these figures are based on the net debt and balance sheet data as at December 31, 2024, which were converted according to the exchange rates close to the time of publication. This ratio, as may be at the end of the first quarter of 2025 (as at March 31, 2025), will be set based on the exchange rates on that date, as well as according to actual changes in the actual net debt and total balance sheet (extended solo information) in the first quarter of 2025.

2 Given that the proceeds from property sales completed after the reporting date, this ratio is 61.3%. For further information concerning the net debt to total (consolidated) balance sheet ratio, including accrued interest for this debt, see section 6 below.

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

4 Deducting the NOI from sold properties (see section 1.1 above)

5 See section 2.2 below.

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

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

8 Deducting the NOI from sold properties (see section 1.1 above) and decreasing interest expenses by taking into account the proceeds from the sale of properties.

- Net operating income from identical properties increased by 8.1% in 2024 compared with 2023 (9.2% based on proportionate consolidation). For further information, see section 3.2 below.
- In 2024, the number of visitors to the Group's properties increased by 2.3% and tenant sales increased by 5.3% compared with 2023.
- As at December 31, 2024, the Company and its subsidiaries have liquid balances and unutilized lines of credit available for immediate withdrawal amounting to NIS 5.0 billion (of which NIS 2.1 billion in the Company and its wholly owned subsidiaries, and includes cash and cash equivalents, marketable securities and short term deposits of NIS 1.2 billion).
- As a result of the exchange rate changes of the USD, CAD, EUR and BRL against the NIS, the equity attributable to Company shareholders decreased in 2024 by NIS 774 million (net of the effect of currency hedging transactions) (NIS 778 million in The fourth quarter of the year). The effect of exchange rates contributed to an increase of 2.7% with respect to the net debt to total balance ratio in expanded solo information.
- Generally, the exchange rate fluctuations of the US dollar, Canadian dollar, Euro and Brazilian real against the NIS have the following effect:
  - An increase in the exchange rates of these currencies against the NIS has a positive effect on the assets, equity of the Company, NOI and Economic FFO, arising from translation of the foreign currencies to NIS at higher rates. Conversely, a negative effect on the Company's net income is recorded due to a loss from revaluation of the hedging instruments (derivatives) as reflected in the financial statements or a loss by means of increasing of financing expenses.
  - A devaluation of these exchange rates against the NIS has a negative effect on the Company's assets, equity, NOI and FFO, and a positive effect on the Company's net income due to a positive revaluation of the hedging instruments reflected in the statement of income by reducing financing expenses.
- Exchange rate fluctuations of the NEK and SEK against the EUR have the following effects:
  - An appreciation (strengthening) of exchange rate of these currencies against the EUR has a positive effect on the Company's assets, equity, NOI, FFO and net profit, and devaluation (weakening) of these exchange rates against the EUR has a negative effect on these items.

.1.7. International debt rating of subsidiaries:

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

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

* CTY debentures are rated by S&P as BBB-.

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

2.1. Breakdown of the Company's holdings as at December 31, 2024:

Name of Investee	Type of security/property	Amount (millions)	Holding interest (%)	Carrying amount (NIS millions)	Market value at December 31, 2024 (NIS millions)
CTY	Shares (OMX)	91.3	49.5	2,335	1,115[1]
Israel	Income-producing property and land	-	-	4,586	-
Brazil	Income-producing property and land	-	-	1,888	-
United States[2]	Income-producing property and land	-	-	3,003	-
Canada[2]	Income-producing property	-	-	59	-
Europe[2]	Income-producing property and land	-	-	7,000	-
Total assets		**-**	**-**	**18,871**	**-**

Below is a breakdown of the Company's balances (including balances of the private subsidiaries as well as G Europe) (below: ("expanded solo information") as at December 31, 2024 (NIS millions):

Company's debentures	9,443
Debentures of G Europe	1,143
Liabilities to financial institutions	4,915
Total debentures and debts to financial institutions *)	**15,501**[3]
Other monetary liabilities [4]	815
Total monetary liabilities	**16,316**
Less monetary assets [5]	3,115
Less other investments [6]	33
Monetary liabilities, net [7]	**13,168**

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

Year	Company's debentures	Debentures of G Europe	Financial Institutions		Mortgages	Total	%
			Secured	Unsecured			
2025	1,297	320[8]	32	36	187	1,872	12.1%
2026	1,191	-	11	36	877	2,115	13.6%
2027[9]	1,484	823	21	218	793	3,339	21.5%
2028	1,729	-	26	-	1,121	2,876	18.6%
2029	1,799	-	31	-	310	2,140	13.8%
2030	733	-	38	-	863	1,634	10.5%
2031	1,210	-	43	-	-	1,253	8.1%
2032 onwards	-	-	272	-	-	272	1.8%
Total	**9,443**	**1,143**	**474**	**290**	**4,151**	**15,501**	**100%**

1 CTY share price at December 31, 2024 is EUR 3.22 per share.
2 Including investments in assets through joint transactions presented in the financial statements according to the equity method.
3 Since starting to implement the property disposal plan, the Company repaid debts amounting to NIS 2.75 billion by December 31, 2024, and a further NIS 0.8 billion subsequent to the reporting date.
4 Including mainly trade payables and other payables in an amount of NIS 0.6 million and derivative financial instruments of NIS 0.2 million.
5 Includes mainly cash and cash equivalents, marketable securities and short-term deposits in the amount of NIS 1.2 billion, assets held for sale in the amount of NIS 1.0 billion, loans and receivables in the amount of NIS 0.8 billion and derivative financial instruments in the amount of NIS 0.1 billion.
6 Includes primarily an investment in participation units in private equity funds and other investments.
7 Does not include G Europe hybrid debentures in an amount of NIS 751 million, a deferred taxes reserve in the amount of NIS 326 million with regard to investment real estate and other investments and NIS 446 million for non-controlling interests in some of the Company's assets.
8 The balance has been repaid as at the date of publication of this report.
9 Amounts repayable in 2027 include the mortgage attributable to a property held for sale in the amount of NIS 466 million, the sale of which was completed subsequent to reporting date.

2.2. Cash flow from operating activities - expanded solo information

	Year ended December 31		For the 3 months ended December 31	
	2024	2023	2024	2023
	(NIS millions, other than per share data)			
Available sources for distribution from a public company [1]	175	136	37	37
Available sources for distribution from private companies [2]	843	892	234	204
Total income	1,018	1,028	271	241
General and administrative expenses	(67)	(68)	(15)	(10)
Interest expenses, net	(492)	(576)	(125)	(158)
Taxes	(15)	(14)	(4)	(4)
Total expenses	(574)	(658)	(144)	(172)
FFO	444	370	127	69
FFO per share (in NIS)	2.40	2.09	0.70	0.38

[1] Calculated based on adjusted FFO net of current capex
In 2024 and 2023, a public subsidiary distributed dividends in the amount of NIS 111 million and NIS 179 million, respectively, and in the 3 months ended on December 31, 2024, it distributed dividends of NIS 29 million and NIS 46 million, respectively.

[2] Includes revenue from early redemption of interest bearing debentures (excluding hybrid debentures) and capex in properties in an amount of NIS 45 million and NIS 60 million in 2024 and 2023, respectively.

2.3. (Funds From Operations) FFO:

As is the practice in income-producing real estate companies, the Company customarily publishes information regarding the results of its operating activities in addition to, and without derogating from, the income statement prepared according to accounting principles. According to the draft Securities Regulations for Anchoring Disclosure Requirements for Investment Real Estate Activities, issued by the Israel Securities Authority in December 2013, the FFO index must be presented in the annual report under description of the corporation's affairs of investment real estate companies. In January 2025, the Securities Authority issued guidelines for the calculation and presentation of the FFO index, establishing rules for calculating FFO according to the Authority's method, and for calculating FFO according to management's method ("Adjusted FFO" or "AFFO")

The FFO is a customary index for providing additional information on the operating results of income producing real estate companies, providing an adequate basis for comparison between income producing real estate companies. FFO based on the Security Authority method is calculated as the net gain (loss) net of profit or loss from revaluation of properties to fair value, changes in the fair value of financial instruments measured through profit or loss, gains or losses on the sale of properties, and other types of gains or losses.

Adjusted FFO is calculated as FFO with adjustments considered necessary by the Company's management in order to present an economic index that reflects the operating profit from ongoing operations of the Company that is comparable with previous periods and with the results of similar companies.

The required adjustments against the accounting net income (loss) are presented in the table below. These indices are not based on customary financial measures.

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

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

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

	Year ended December 31			Three months ended December 31	
	2024	2023	2022	2024	2023
	(NIS millions, other than per share data)				
Net profit (loss)	96	(1,320)	(1,236)	(305)	(554)
Adjustments:					
Impairment (appreciation) in investment property and investment property under development, net	(38)	767	450	427	711
Capital loss on sale of investment property	330	681	116	218	5
Changes in the fair value of financial instruments, including measured derivatives presented at fair value through profit or loss	(15)	130	988	(92)	(22)
Acquisition costs recognized in profit or loss	-	-	1	-	-
Adjustments with respect to equity-accounted investees	(108)	(48)	47	8	17
Deferred taxes and current taxes with respect to disposal of properties	53	94	(340)	(92)	11
Nonrecurring or exceptional expenses/income [1]	39	18	43	12	7
FFO as per Securities Authority method	357	322	69	176	175
Non-controlling interests' share in above adjustments	(280)	(158)	(202)	(76)	(47)
Interest on hybrid debentures paid to non-controlling interests	(96)	(113)	(98)	(24)	(26)
FFO as per the Security Authority method attributed to the Company's shareholders	(19)	51	(231)	76	102
Additional adjustments (attributable to the Company's shareholders)					
CPI and exchange rate linkage differentials [2]	328	328	539	5	(21)
Depreciation and amortization	20	24	20	7	7
Earnings from early redemption of hybrid debentures	92	97	-	5	46
Other adjustments [3]	69	5	96	36	6
FFO according to management method (AFFO)	490	505	424	129	140
AFFO per share (in NIS)	2.65	2.85	2.59	0.71	0.78
AFFO, excluding exchange rate changes	490	494		129	125
AFFO per share, excluding exchange rate changes (NIS)	2.65	2.79		0.71	0.70
Number of shares used in calculating the FFO per share (thousands) [4]	184,892	177,052	164,362	182,298	179,659

* It is clarified that the gain/loss component from early repayment of interest-bearing debt is not deducted from the FFO calculation and the gain/loss component from the early redemption of hybrid debentures is added, reflecting the gain/loss from recurring cash flows of the Company's operations as part of its normal course of business. The total gain from early redemption of interest-bearing debt included in the FFO calculation as at December 31, 2024, 2023 and 2022 is NIS 47 million, NIS 160 million and NIS 38 million, respectively, and for the 3 months ended December 31, 2024 and 2023, it is NIS 3 million and NIS 33 million, respectively For further information, including future cash flow savings resulting from the buy backs, see below in section 2.5.

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

Below is a breakdown of FFO sources

	Year ended December 31		
	2024	2023	2022
	(NIS millions, other than per share data)		
FFO from the income producing properties activity			
Revenue			
NOI from investment property	844	886	863
The Group's share of CTY's FFO	192	174	192
The Group's share of the FFO of subsidiaries other than CTY	20	32	44
Total income	1,056	1,092	1,099
Expenses			
Real financing, net	(380)	(518)	(402)
General and administrative	(165)	(185)	(197)
Current taxes	(16)	(16)	(16)
Total expenses	(561)	(719)	(615)
FFO from the income producing properties segment	495	373	484
FFO per share from the income producing properties segment (NIS)	2.68	2.11	2.94
FFO from special financing activities			
Revenue			
Gains from buyback of debentures and hybrid debentures	139	257	38
Expenses			
Financing expenses from buyback of debentures and hybrid debentures [1]	(48)	(12)	-
Profits for hybrid debentures	(96)	(113)	(98)
Total expenses	(144)	(125)	(98)
FFO from special financing activities	(5)	132	(60)
FFO per share from special financing activities (NIS)	(0.03)	0.74	(0.35)
FFO as per management approach	490	505	424
FFO per share according to management approach (in NIS)	2.65	2.85	2.59

[1] Financing expenses for buyback of debentures and hybrid debentures are interest expenses paid for financing the buyback of debentures and hybrid debentures of the Group since the beginning of 2023. These expenses were calculated assuming financing based on the capital to debt ratio in the expanded solo information and based on the average interest on credit facilities. In 2022, these expenses were not material.

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

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

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

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

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

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

In 2025, the Company began engaging in such CPI swap transactions to create a higher correlation between CPI-linked revenue and CPI-linked debt, and as at date of publication of this report, the Company has engaged in swap transactions for an amount of NIS 1.7 billion.

2.5. Buyback of debentures and hybrid debentures

The Company uses a significant portion of the proceeds received from the sale of real estate properties, as part of its announced disposal plan, to buyback publicly traded debentures of the Company and of G City Europe.

The accounting of these acquisitions are presented as a decrease in the Company's liabilities at their liability value and the difference between the liability value and the purchase price is recognized as profit or loss from early redemption on the date of purchase.

As of January 1, 2024 through to reporting date, the Company and its wholly owned subsidiaries bought back debentures with moderate average useful life in a total amount of NIS 2.1 billion par value for consideration of NIS 1.9 billion.

In addition, the wholly owned subsidiary of the Company bought back hybrid debentures in a total amount of NIS 373 million par value for consideration of NIS 222 million.

As of Q1 2023, the gains from early redemption of the debentures, reflect a higher return at redemption compared to the issued return of the same debentures (i.e., The effective interest of those debentures) throughout the useful life of the debentures included in the FFO calculation.

The Company believes that, given the significant use of its financial resources, some of which are from the sale of properties, this approach reflects its FFO calculation more appropriately.

In addition, to complete the picture, the table below presents the future cash flow savings reflected in the return to redemption of the acquired debentures based on their purchase price until the original redemption data of these debentures that adds to decreasing the interest and principal payments that the Company was meant to pay on these debentures.

Period	Par value Acquired in the period	Total gains recognized in the period	Total cash flow savings over the useful life of the debentures
		NIS million	
Q1-23	109.4	19.2	1.4
Q2-23	308.4	86.4	7.6
Q3-23	241.7	40.7	10.5
Q4-23	298.8	73.8	16.6
Q1-24	272.6	33.2	19.7
Q2-24	387.2	56.5	25.0
Q3-24	670.8	48.2	30.4
Q4-24	190.7	2.9	30.8
2025			116.0
2026			75.4
2027			22.7
2028			4.7
Total	**2,479.6**	**360.9**	**360.9**

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

As is customary in the European countries in which the Group operates, and in line with the EPRA position paper, whose objective 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 property and investment property 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 for which the difference between the fair value and intrinsic value is excluded); the EPRA NTA data, which is another measure reflecting net asset value on the assumption that the Company buys and sells assets with certain adjustments to some of the reserves for deferred taxes with respect to the revaluation of investment property and investment property under development to their fair value and less the fair value of the foregoing type of financial derivatives; and the EPRA NDV data that is another measure reflecting the net fair value of assets adjusted to the fair value of the financial liabilities.

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

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

	December 31, 2024	December 31, 2023
	NIS million	
EPRA NRV		
Equity attributable to the shareholders of the Company, per the financial statements	4,180	4,837
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	671	841
Fair value asset adjustment for financial derivatives, net [2]	(21)	(33)
EPRA NRV	4,830	5,645
EPRA NRV per share (in NIS)	24.2	30.3
EPRA NTA		
Equity attributable to the shareholders of the Company, per the financial statements	4,180	4,837
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	378	484
Goodwill adjustment attributable to assets	(169)	(228)
Fair value asset adjustment for financial derivatives, net [2]	(21)	(33)
EPRA NTA	4,368	5,060
EPRA NTA per share (in NIS)	21.9	27.1
EPRA NDV		
Equity attributable to the shareholders of the Company, per the financial statements	4,180	4,837
Goodwill adjustment attributable to assets	(169)	(228)
Adjustment of financial liabilities to fair value	348	1,209
EPRA NDV	4,359	5,818
EPRA NDV per share (in NIS)	21.8	31.2
Number of issued shares of the Company used in the calculation (in thousands) [3]	199,554	186,378

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

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

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

3.1.1. Key investments and disposals of investment real estate

A. CTY

- During the year, CTY completed the sale of properties in Norway, Sweden and Estonia, worth EUR 354 million. These sales are part of the CTY property disposal plan for total volume of EUR 950 million, of which sales worth EUR 475 million have been completed as at reporting date.
- In February 2024, the acquisition of the partners' share (50%) in the Kista Galleria property located in Stockholm, Sweden, was completed for proceeds of EUR 2.5 million (NIS 10 million). Under this acquisition, CTY assumed the entire debt of the property in the amount of SEK 2.4 billion (NIS 850 million). See also Note 8A to the financial statements.

B. G Europe

- In January 2024, the sale of the Arkady Pankrac property located in Prague, the Czech Republic, was completed for gross proceeds of EUR 259 million.
- In November 2024, the sale of the Raclawicka property located in Krakow, Poland, was completed for gross proceeds of EUR 20.1 million.
- In February 2025, the sale of the Flora property was completed for proceeds of EUR 201 million after price adjustment, including for the capital investments and repairs and rentability.
- In January 2025, the sale of land in Turkey was completed for proceeds of EUR 53 million.

C. G Israel

- In December, the Company sold 50% of its interests and liabilities in four of the Company's properties in Tel Aviv and Savyon, for NIS 487 million.

D. Gazit Brazil

- In February 2024, Gazit Malls completed an IPO of its shares in an amount of BRL 301 million (NIS 226 million) by way of a tender offer on part of the Company's holdings. In and subsequent to the reporting period Gazit Brasil bought back 309 thousand shares, in routine trading, for BRL 20 million, including under a market making plan. See also Note 8F to the financial statements.

E. Gazit Horizons

- In January 2024, Gazit Horizons completed the sale of the Bridge Tower property located in New York City in the US, for proceeds of USD 153 million.

F. Canada

- In October 2024, Gazit Canada completed (through a 60% held partnership) the sale of the partnership's properties (other than one) to the partner in that partnership.

3.1.2. Financing activities and other significant events

A. For further information concerning the equity issue carried out by the Company for net proceeds of NIS 268 million, see Note 25I to the financial statements.

B. For further information regarding the equity issue by CTY in the amount of EUR 48 million and the Company's participation in the issue, see Note 8D5 to the financial statements.

C. For further information regarding the issue of new debentures and expansion of existing debenture series by Group companies, for a total amount of NIS 3.4 billion par value, among other things, under an exchange tender offer, under which the Company exchanged NIS 248 million par value Debentures (Series L), see Notes 19C and 19D to the financial statements.

D. For further information concerning the exchange of hybrid debentures by CTY in return for the issue of a new series of hybrid debentures and cash payment, see Note 8D4 to the financial statements.

E. For further information regarding the buyback of the Company's debentures for an amount of NIS 188 million par value, see Note 19C14 to the financial statements.

F. In the reporting period, the Company executed a buyback of 5.2 million shares of the Company for NIS 57 million.

G. For further information regarding the buyback of CTY debentures in the amount of EUR 405.2 million par value, see Note 19D3 to the financial statements.

H. In June 2024, CTY completed the proactive early redemption in full of Debentures (Series 2024) for an amount of EUR 97 million.

I. For further information regarding buyback of G Europe debentures and hybrid debentures for an amount of EUR 265 million par value (Including by way of a tender offer) and EUR 68 par value, respectively, see Notes 19E and 8G4 to the financial statements.

J. In May 2024, CTY extended the term of the financing agreement for the amount of EUR 650 million (consisting of a revolving credit line of EUR 400 million and a long term loan in an amount of EUR 250 million), by way of exercising options given to CTY under the agreement, for a further period of one year (until April 2027). Furthermore, CTY extended the loan agreement assigned to it as part of the acquisition of Kista, for a period of five years (until May 2029).

K. On June 30, 2024, the S&P Maalot rating agency ratified the credit rating for debentures (Series K, L, M, N, P, Q, S) of the Company at rating of ilA- and upgraded the outlook from negative to stable. S&P Maalot also ratified the credit rating for debentures (Series O, R) of the Company at rating of ilA and upgraded the outlook from negative to stable.

L. On July 1, 2024, the Midroog rating agency ratified the credit rating for debentures (Series K, L, M, N, P, Q and S) of the Company at a rating of A3.il, and ratified the credit rating for debentures (Series O and R) of the Company at A2.il, and upgraded the rating outlook from negative to stable.

M. In March 2024, Moody's rating agency downgraded the rating for G Europe's debenture series from Ba2 to B1, with stable outlook.

N. Subsequent to reporting date, in February 2025, CTY completed the proactive full early redemption of outstanding Debentures (Series 2025) for an amount of EUR 85 million.

O. Subsequent to reporting date, in March 2025, CTY bought back EUR 100 million par value Debentures (Series 2026) for an amount of EUR 97 million, by way of tender offer.

P. Subsequent to reporting date, the S&P Maalot rating agency ratified the rating for CTY's debentures as BBB- and downgraded CTY's issued rating to BB+ with stable outlook.

3.2. Real estate operations

Key operating information and projects under development

	Income-producing properties [1]	GLA (square meters in thousands)	Occupancy rates	
			December 31, 2024	December 31, 2023
G Israel	10	144	98.0%	97.7%
Gazit Brazil	7	165	97.4% [6]	96.8%
Gazit Horizons	13	69	92.7%	92.5%
CTY	31	999	95.3%	96.0%
G Europe	14	387	95.2% [4]	94.6%

	Average basic monthly rent		Change in same property NOI [2]	OCR [5]	Net property NOI (millions)	
	December 31, 2024	December 31, 2023	For reporting period	2024	Q4.2024	Q4.2023
G Israel	NIS 124.3	NIS 124.2	11.3% [3]	11.0%	NIS 62.3	NIS 43.0
Gazit Brazil	R$ 88.5	R$ 78	7.0%	10.8%	R$ 62.0	R$ 46.1
Gazit Horizons	60.2 $	59.4 $	6.0%	- [5]	4.5 $	5.3 $
CTY	€ 25	€ 24	4.6%	9.4%	€ 54.3	€ 50.5
G Europe	€ 24.8	€ 23.6	14.5%	12.8%	€ 26.1	€ 27.4

1 Includes jointly controlled properties.
2 Change in NOI of similar properties in 2024 compared with 2023.
3 Without excluding one-time property tax expenses during the reporting period, the change in net cash flow from similar properties of G Israel for the reporting period is 10.1%.
4 Without residential properties.
5 OCR (Occupancy Cost Ratio) is the rent and management to proceeds ratio. The Company does not receive proceeds data in the commercial properties of Horizons.
6 For the shopping centers only.

Projects in planning, construction and development*

Projects under construction	Plans	Expected Additional Space (sq.m)	Company's share	Estimated Date of Completion	Actual investment as at December 31, 2024 (100% in NIS million)	Fair value at December 31, 2024 (100% in NIS million)	Estimated Cost to Completion (100% in NIS million)	Expected annual NOI [1] (100% in NIS million)	Expected Rate of Return on Cost of Investment
G City Rishon LeZion	Office tower under construction [(2)]	65,100	100%	2026	258	417	555	74	9.2%
Ostrobramska, Warsaw [(3)]	Ostrobramska rental residential project includes 442 apartments and 1,500 sq.m of commercial space on the ground floor adjacent to the existing Promenade Shopping Mall. It will be built on a plot of land owned by the Company	16,000	100%	Q1/2025	168	241	33	15	7.7%
	Total				**426**	**658**	**588**	**89**	

(1) NOI is expected to remain stable during the year, assuming full occupancy.
(2) The Company intends selling part of the tower. Assuming sale of all the office and retail space, the Company expects development profit of NIS 155 million.
(3) As at December 31, 2024, the Company completed construction of two buildings (B + C of the three buildings in the project, 183 out of 442 units) and as at the date of publication of the report has rented 172 units.

Land for future development	Plans	Expected Additional Space (sq.m)	Company's share	Estimated Date of Completion	Fair value at December 31, 2024 (100% in NIS million)
Tel Hashomer Rental Apartments	Four residential buildings with 243 rental apartments (Before additional rights/betterment tax benefits) for long term rental of 20 years	30,700	100%	TBD	279
Beit Cal	Development of mixed-use towers with 70,000 sq.m of office space, 11,000 sq.m of residential space and 6,300 sq.m of commercial space [(1)].	90,100	100%	TBD	399
Brickel, Miami	Construction of a 61 storey mixed use tower, the application to increase the number of residential apartments to 504 units in the project was approved.	42,000	100%	TBD	275
Promenada Village, Warsaw	The Promenada Village housing apartments for sale project includes 372 apartments for sale (15,800 sq.m) and 2,400 sq.m commercial space on the ground floor (the commercial space will remain under the Company's ownership), close to the existing Promenada Shopping Mall. It is built on a plot of land owned by the Company that is currently used as a parking lot.	18,200	100%	Q4/2027	85
Promenada Retail Extension 2, Warsaw	The project for extending the Promenada Shopping Mall includes the Primark brand, 35-50 additional stores (addition of 25,000 sq.m) and 318 additional parking spaces.	25 000	100%	Q4/2028	91
Wolska, Warsaw	The Wolska residential rental project includes up to 570 apartments (16,700 sq.m), Is intended for the development of the 105 meter high PRS building in the heart of Warsaw's business district. The acquisition of the 3,175 sq.m plot was completed in the fourth quarter of 2024.	16,700	100%	Q1/2029	58
		Total			**1,187**

(1) In the future, the Company will review the economic feasibility of partial ownership of the building whether by bringing in partners or by selling space to potential buyers.

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

3.3. Effect of the economic and macro-economic environment on the Group's operations

For further information regarding the general economic environment and the effect of external factors on the Company's operations see section A5 of the chapter Description of the Corporation's Business.

3.4. Dividend Distribution Policy

The Company has a long-term policy to share its profits with the Company's shareholders by means of ongoing quarterly dividend distributions, subject to the Company's cash flows, business plans, legal restrictions and the Company's liabilities. Nonetheless, as part of the Company's policy to act to strengthen its equity and decrease leverage, with respect to 2023 and the first quarter of 2024, the Company's Board of Directors decided not to distribute dividends. On August 14, 2024, the Company's Board of Directors decided to renew the Company's foregoing policy regarding distribution of dividends and accordingly, the Company's Board of Directors decided to distribute dividends for Q3 and Q4 2024 and for Q1 2025, in the amount of NIS 0.10 per share (total amount of NIS 18.2 million) and NIS 0.10 per share (total amount of NIS 18.1 million), respectively. Furthermore, On March 19, 2025, the Company's Board of Directors approved a quarterly dividend distribution policy for 2025 at NIS 0.125 per share (reflecting annual rate of NIS 0.50 per share for 2025), after reviewing the Company's financial position, including its projected cash flow, and based on the progress of the property disposal plan as announced by the Company on October 25, 2022, and as revised from time to time, as well as additional considerations, and pursuant to the distribution tests set in the Companies Law, 1999 ("Companies Law").

3.5. Financial Position

	December 31,		
	2024	**2023**	
Item in the statement of financial position	**NIS million**		**Notes and explanations**
Cash and cash equivalents	1,991	638	For explanations regarding cash flows, see section 3.8 below.
Equity accounted investments	982	1,131	The change is mainly due to the strengthening of the NIS against the Group's functional currencies, offsetting the acquisition of the partner's share in the Kista joint venture in Sweden.
Investment property and investment property under development (including properties held for sale)	30,801	34,819	Most of the decrease is due to the disposal of properties for a total amount of NIS 3.9 billion during the reporting period and a decrease of NIS 2 billion resulted from the strengthening of the NIS against the Group's functional currencies, offsetting the investments in properties of NIS 1.9 billion.
Other assets	2,247	2,285	Significant movements in the period: An increase in restricted cash of NIS 480 million due to proceeds from the sale of properties that was deposited in escrow until the conditions for release are met. This increase was offset by the repayment of a seller's loan of NIS 240 million that was provided and the exercise of goodwill attributed to properties that were sold in the amount of NIS 100 million, and by the impairment of fair value of properties and financial derivatives in the amount of NIS 90 million.
Total assets	**36,021**	**38,873**	
Interest bearing liabilities and debentures	22,994	22,947	Significant movements in the period: Receive of loans and issue of debentures in an amount of NIS 6.5 billion Repayment of loans and debentures in an amount of NIS 6.9 billion Index differentials for linked debt in the amount of NIS 0.3 billion
Liabilities attributed to assets held for sale	494	1,652	Most of the decrease is due to the disposal of properties and related liabilities during the year
Other liabilities	2,435	2,944	The decrease is mainly due to the decrease in liabilities for fair value of financial derivatives in the amount of NIS 260 million and decrease in a provision for deferred taxes in the amount of NIS 200 million
Total liabilities	**25,923**	**27,543**	
Equity attributable to the Company's shareholders	4,180	4,837	The decrease is mainly due to other comprehensive loss of NIS 850 million (mainly due to the translation of financial statements), acquisition of treasury shares and payment of a dividend of NIS 100 million, offset by the proceeds from the issue of shares and options in an amount of NIS 270 million.
Non-controlling interests	5,918	6,493	The decrease is mainly due to the share of non-controlling interests in other comprehensive loss of NIS 420 million, the buyback of hybrid debentures in an amount of NIS 340 million, the payment of a dividend and interest to holders of hybrid debentures in a total amount of NIS 300 million, offset by a subsidiary's issue of non-controlling interests in the amount of NIS 450 million.
Equity	**10,098**	**11,330**	
Total liabilities and equity	**36,021**	**38,873**	

3.6. Operating results

A. Breakdown of the operating results for 2024-2022:

	For the year ended December 31		
	2024	2023	2022
	NIS million (Other than earnings (loss) per share)		
Rental and other income	2,533	2,438	2,303
Property operating and other expenses	799	771	720
Operating income, net	1,734	1,667	1,583
Appreciation (impairment) of investment property and investment property under development, net	38	(767)	(450)
General and administrative expenses	(321)	(349)	(374)
Other income	222	5	14
Other expenses	(549)	(686)	(130)
Company's share in profits (losses) of equity accounted investees, net	114	(2)	(51)
Operating profit (loss)	1,238	(132)	592
Financing expenses	(1,285)	(1,340)	(2,263)
Financing income	219	272	117
Income (loss) before taxes on income	172	(1,200)	(1,554)
Taxes on income (tax benefit)	76	120	(318)
Net profit (loss)	96	(1,320)	(1,236)
Attributable to:			
Equity holders of the Company	52	(1,203)	(1,340)
Non-controlling interests	44	(117)	104
	96	(1,320)	(1,236)
Net earnings (loss) per share attributable to equity holders of the Company (NIS)			
Total basic net earnings (loss)	0.28	(6.79)	(8.15)
Total diluted net earnings (loss)	0.28	(6.79)	(8.15)

Statement of Comprehensive Income for 2022-2024:

	For the year ended December 31		
	2024	2023	2022
	NIS million		
Net profit (loss)	96	(1,320)	(1,236)
Other comprehensive income (loss) (net of tax effect):			
Amounts not subsequently reclassified to profit or loss			
Profit (loss) for financial assets at fair value through other comprehensive income	(31)	(51)	2
Amounts classified or reclassified to profit or loss			
Adjustments for conversion of financial statements of foreign operations	(1,230)	1,048	1,008
Profit (loss) for cash flow hedges	(15)	(81)	146
Total other comprehensive income (loss)	(1,276)	916	1,156
Total comprehensive loss	(1,180)	(404)	(80)
Attributable to:			
Equity holders of the Company	(803)	(665)	(553)
Non-controlling interests	(377)	261	473
	(1,180)	(404)	(80)

B. Analysis of operating results for 2024

	December 31,		
	2024	2023	
Item in the consolidated	NIS million		Notes and explanations
Net operating income (NOI)	1,734	1,667	The increase of 4% compared with 2023 is mainly due to an increase of 8.1% in revenue from similar properties, offset by NOI from properties sold during the reporting year (NIS 121 million in 2023).
Rate of revenue	68.5%	68.4%	
Fair value gain (loss) from investment property and investment property under development	38	(767)	The fair value gain in the reporting period was mainly affected by an increase in net cash flows from properties, including the effect of the rise in the CPI, offsetting the effect of the increase in average discounting rates in the regions in which the Company operates *
General and administrative expenses	(321)	(349)	The decrease is mainly due to streamlining in G Europe
Other expenses, net	(327)	(681)	Mainly includes capital losses from property sale transactions, some of which in geographic regions in which the Group has discontinued operations and including Turkey, which also includes decrease in goodwill related to the properties that were sold, offset by capital gain of NIS 184 million from the acquisition of the Kista Galleria partner. In 2023, the loss mainly including a loss of NIS 518 million due to the sale of the Group's properties in Russia.
The Company's share in earnings (losses) of equity-accounted investees	114	(2)	The earnings in 2024 are mainly due to the revaluation of properties in equity-accounted joint ventures
Operating profit (loss)	**1,238**	**(132)**	
Financing expenses, net	(1,066)	(1,068)	
Income tax	(76)	(120)	The decrease in expenses is mainly due to a decrease in current tax expenses of NIS 72 million in 2024, compared with NIS 153 million in 2023.
Net profit (loss)	**96**	**(1,320)**	

* Below is a breakdown of the average Cap rates (%) inherent in the valuations of investment real estate in the main regions in which the Group operates:

	North Europe	Center Europe	Israel	Brazil	USA
December 31, 2024	6.2	6.3	6.7	7.7	5.1
December 31, 2023	6.0	6.2	6.6	7.6	4.9

C. Quarterly operating results for 2024

	Quarter 4 2023	Quarter 1 2024	Quarter 2 2024	Quarter 3 2024	Quarter 4 2024	Year 2024
	NIS million					
Rental and other income	**657**	621	632	643	**637**	2,533
Property operating and other expenses	**235**	203	194	200	**202**	799
Operating income, net	**422**	418	438	443	**435**	1,734
Appreciation (impairment) of investment property and investment property under development, net	**(711)**	(4)	344	125	**(427)**	38
General and administrative expenses	**(94)**	(97)	(71)	(65)	**(88)**	(321)
Other income	**-**	185	-	-	**37**	222
Other expenses	**(5)**	(121)	(3)	(179)	**(246)**	(549)
Company's share in earnings (losses) of equity-accounted investees, net	**(24)**	3	107	16	**(12)**	114
Operating profit (loss)	**(412)**	384	815	340	**(301)**	1,238
Financing expenses	**(261)**	(307)	(370)	(462)	**(259)**	(1,285)
Financing income	**138**	53	51	59	**169**	219
Income (loss) before taxes on income	**(535)**	130	496	(63)	**(391)**	172
Taxes on income (tax benefit)	**19**	44	78	40	**(86)**	76
Net profit (loss)	**(554)**	86	418	(103)	**(305)**	96
Attributable to:						
Equity holders of the Company	**(284)**	(77)	329	(131)	**(69)**	52
Non-controlling interests	**(270)**	163	89	28	**(236)**	44
	(554)	86	418	(103)	**(305)**	96

Breakdown of quarterly comprehensive income for 2024:

	Quarter 4 2023	Quarter 1 2024	Quarter 2 2024	Quarter 3 2024	Quarter 4 2024	Year 2024
	NIS million					
Net profit (loss)	**(554)**	86	418	(103)	**(305)**	96
Other comprehensive income (loss) (net of tax effect):						
Amounts not subsequently reclassified to profit or loss						
Loss with respect to financial assets at fair value through other comprehensive income	**(19)**	-	-	-	**(31)**	(31)
Amounts classified or reclassified to profit or loss						
Adjustments for conversion of financial statements of foreign operations	**(252)**	(241)	92	375	**(1,456)**	(1,230)
Profit (loss) for cash flow hedges	**(91)**	29	5	(46)	**(3)**	(15)
Total other comprehensive income (loss)	**(362)**	(212)	97	329	**(1,490)**	(1,276)
Total comprehensive income (loss)	**(916)**	(126)	515	226	**(1,795)**	(1,180)
Attributable to:						
Equity holders of the Company	**(605)**	(166)	333	22	**(992)**	(803)
Non-controlling interests	**(311)**	40	182	204	**(803)**	(377)
	(916)	(126)	515	226	**(1,795)**	(1,180)

3.7. Liquidity and Sources of Finance

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

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

As at December 31, 2024, the Company and its subsidiaries have unutilized approved credit facilities[41] available for immediate withdrawal and liquid balances of NIS 5.0 billion (of which NIS 2.1 billion for the Company and its wholly-owned subsidiaries) which includes cash and short-term deposits of NIS 2.6 billion and unutilized approved credit facilities available for immediate withdrawal in the amount of NIS 2.4 billion.

Moreover, as at December 31, 2024, the Company and its subsidiaries also have unencumbered investment property and investment property under development, which is carried in the books at its fair value of NIS 9.8 billion (31.7% of the total investment property and investment property under development).

Of these, regarding the expanded solo information, the Company has properties that are not encumbered worth NIS 3.9 billion (NIS 2.5 billion in G Europe, NIS 0.9 billion in the US, NIS 0.3 billion in Brazil and NIS 0.2 billion in Israel).

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

As at December 31, 2024, based on the Company's consolidated financial statements, the Company has positive working capital and based on its separate financial information, it has negative working capital of NIS 1.0 billion and positive FFO based on the Company's separate financial information. Moreover, the Company has (extended solo) positive FFO, see section 2.2 below. However, the Company has at its disposal, on a consolidated and expanded solo basis (including wholly-owned subsidiaries), approved long-term credit lines[1] available for immediate withdrawal amounting to NIS 2.4 billion and NIS 0.9 billion, respectively. According to Group policy, the Group usually finances its activities through revolving credit lines, and raises equity and long-term debt from time to time, in accordance with the market conditions. The Company's Board of Directors examined the existence of such negative working capital and tested whether this could indicate a liquidity problem in the Company, and this by reviewing the Company's cash flow projections, and determined that, in light of the scope of the foregoing sources available to the Company and its subsidiaries, including the scope of unencumbered properties, as set out above, the ability to refinance debts secured by land, and the positive FFO, consolidated and extended solo, including other cash flows, its existence does not indicate that the Company or its subsidiaries have a liquidity problem, and therefore it is unnecessary to attach cash flow projections.

3.8. Cash flows

Cash flows from operating activities in 2024 totaled NIS 696 million, compared with NIS 650 million in 2023.

In 2024, the Company and its subsidiaries financed their operations mainly by selling investment properties for net proceeds of NIS 1,012 million, and by capital raising and tender offer of the subsidiaries for proceeds of NIS 328 million, from the issue of debentures and hybrid debentures for an amount of NIS 888 million and issue of shares and options of the Company for a net amount from the acquisition of treasury shares of NIS 211 million. These cash flows were mainly used to repay loans and credit facilities in a net amount of NIS 1,558 million, for payment of dividends by Group companies in the amount of NIS 171 million, and payment of interest to holders of hybrid debentures in an amount of NIS 168 million.

3.9. Buyback plan

A. On March 28, 2024, the Company's Board of Directors resolved to adopt a new plan for the buyback of debentures of the Company (in lieu of the earlier plan) in an amount of up to NIS 300 million par value, with regard to all outstanding debenture series, which is valid until March 31, 2025. Acquisitions are to be made under the plan from time to time, at the discretion of the Company's management. Up to date of publication of the report, the Company bought back debentures in the amount of NIS 145 million par value under this plan. On March 19, 2025, the Board of Directors adopted a new buyback plan for up to NIS 300 million par value with regard to outstanding debentures, valid through to March 31, 2026.

B. On May 27, 2024, the Company's Board of Directors resolved to adopt a plan for the buyback of the Company shares in an amount of up to NIS 100 million, valid until May 31, 2025. Acquisitions are to be made under the plan from time to time, at the discretion of the Company's management, subject to compliance with the distribution tests. As at date of publication of the Report, the Company has bought back 5.2 million shares under this plan at a cost of NIS 57 million. On March 19, 2025, the Company's Board of Directors revised the plan, amending the volume for an additional NIS 100 million (excluding the amount purchased so far) and it was extended until March 31, 2026.

4. Report concerning exposure to and management of market risks

4.1. The individuals responsible for managing and reporting the Company's market risks are the Company's CEO and CFO (for related details, see Regulations 26 and 26a in the Additional Details about the Company chapter).

4.2. For further information regarding the market risks to which the Company is exposed, see Note 34A to the financial statements.

The Company defined the following risks material: liquidity risks, currency risks, interest and inflation risks, fair value risk, credit risks and price risk. For information and further explanations, see this section and Note 34A to the financial statements. The control and management of the financial and operational risks is based on a uniform methodology at the level of the Company and wholly-owned subsidiaries:

A. Liquidity risks: The Company has a policy of maintaining a high level of liquidity at all times and in accordance with the Company's needs, so as to ensure compliance with its liabilities and to enable it to take advantage of business opportunities in its operating segments, also at times of crisis in the equity and debt markets, both in Israel and worldwide. The Company engages in ongoing cash management and also prepares cash flow forecasts and conducts stress testing in order to identify possible liquidity risks and to test the Company's sensitivity to such risks. The Company has a policy of maintaining a significant volume of binding credit facilities with local and international financial institutions, while striving to diversify its sources of finance, including entering equity and debt markets across the globe.

B. Currency Risks: The Company maintains a high correlation between its property mix in the different functional currencies and the equity exposure to those currencies, by engaging in hedge transactions from time to time to manage the currency exposure. Furthermore, the Company's management regularly reviews the currency linkage balance and responds according to exchange rate developments. In recent years, in view of the recent relatively high volatility of the exchange rates with respect to the NIS, that significantly increase its liquidity risks, the Company has acted to temporarily eliminate the majority of its derivatives portfolio and as a result exposure of equity to the EUR, USD and BRL has increased. The Company's Board of Directors recently decided to gradually go back to increasing the scope of its hedging transactions.

For further information concerning the Company's currency exposure to its operating currencies (EUR, USD, CAD, NIS and BRL) as at December 31, 2024, see the table attached as Appendix A to the Directors' Report.

C. Interest and inflation risks: The Company has CPI-linked NIS-denominated liabilities and thus has an exposure to CPI changes. This exposure is usually more limited in markets in which the Company operates and where rent is usually linked to the CPI. In 2025, the Company began to execute index swap transactions as aforesaid, to create better economic synergy for higher correlation between CPI-linked income and CPI-linked debt. Furthermore, the Company usually elects to raise debt with a long-term maturity and manages a balanced spread of the repayments over the term of the debt.

D. Fair value risk: The Company has an exposure with respect to changes in the fair value of financial derivatives which affect the Company's profit or loss and equity. The Company's policy is to enter into financial derivatives solely for hedging purposes.

E. Credit Risks: As at December 31, 2024, the overall fair value of the Company's portfolio of financial derivatives is positive in favor of the Company. It is thus exposed to the risk that the counterparty might not meet its obligations to the Company. The Company's policy is to perform transactions in financial derivatives with financially-sound financial institutions in developed markets in Western Europe and North America (based on external credit ratings). In addition, the operations are carried out under ISDA and CSA (credit support annex) agreements involving weekly accounting above the predetermined financial need. The accounting involves one of the parties depositing cash as collateral against the value of the derivative financial instruments to reduce exposure to credit risks. As at December 31, 2024, the Company has bank deposits of NIS 543 million (in USD/EUR) that constitute cash collateral.

F. Price risk: As at December 31, 2024, as part of its risk management, the Company has investments in marketable financial instruments, in respect of which it is exposed to risk resulting from fluctuations in the security price, which is determined by market prices. As part of its risk management policy, the Company considers engaging in hedging transactions, from time to time, to reduce exposure to price risk.

In 2024, there were no changes to the Company's market risk management policy.

4.3. With regard to the derivatives portfolio, see Note 34 to the financial statements.

4.4. Changes in foreign currency exchange rates – from January 1, 2024 through December 31, 2024, the NIS depreciated against the USD by 0.6% and appreciated against the EUR, BRL and CAD by 5.4%, 20.9% and 7.4%, respectively. With regard to the effect of exchange rate changes on the Company's equity as at December 31, 2024, see Appendix A to the Directors' Report. In addition, since December 31, 2024 through to close to the date of approval of this report, the NIS has depreciated against the EUR, BRL, USD and CAD at rates of 5.5%, 9.6%, 0.7% and 1.1%, respectively.

Moreover, some of the Company's liabilities are linked to CPI changes in Israel (mainly for its operations in Israel). From January 1, 2024 through December 31, 2024, the CPI (known) rose by 3.4%. In addition, from December 31, 2024 through to immediately prior to the date of approval of this report, the (known) CPI rose by 0.3%.

4.5. Methods of supervision and policy implementation:

The persons responsible for risk management in the Company routinely review all exposures and risks to the Company, the Board of Directors approves major aspects of market risk management policy quarterly in the Directors' Report (and, in the same manner, future changes, if any, in the policy on this topic will require the approval of the Board of Directors). From time to time, the Board of Directors also holds separate meetings at which the Company's market risks as a whole and how to mitigate them are discussed.

4.6. In the period from January 1, 2024 through to the date of approval of the financial statements, the individuals responsible for reporting and managing the Company's market risks have held and continue to hold regular discussions concerning exposure to market risks, including changes in exchange rates and interest rates. In addition, during the foregoing period, the Company's Board of Directors discussed these risks and the Company's policy regarding them at meetings in which, among other things, they approved the financial statements, as well as at other meetings, specifically on this issue.

5. Aspects of Corporate Governance

5.1. Contributions

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

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

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

In 2024, the Group's donations amounted to NIS 3.3 million.

5.2. Disclosure regarding Internal Auditor

For further information regarding the internal auditor's activities in the Corporation, see Appendix C to the Directors' report.

5.3. Auditors' fees

Independent auditors of the Company: Kost Forer Gabbay & Kasierer (Ernst & Young)

The fees of the independent auditors that audit the financial statements of the Company and its subsidiaries in the reporting period are as follows:

A. Ernst & Young Israel (the Company and its wholly-owned subsidiaries):

	For the year ended December 31	
	2024	2023
	NIS thousands	
Fees for audit and related services	2,772	2,772
Other fees	654	654
Total	3,426	3,426

The data include the fees and hours for the Company's wholly-owned companies in Canada, USA and Germany.

B. Ernst & Young Finland and Deloitte Finland (CTY):

	For the year ended December 31	
	2024	2023
	NIS thousands	
Fees for audit and related services	5,484	3,988
Other fees	-	798
Total	5,484	4,786

From the 2024 audit, Ernst & Young Finland was replaced by Deloitte Finland as the auditors of CTY, due to required rotation under the local regulation.

C. Ernst & Young Canada (Gazit Canada Inc. and Gazit America):

	For the year ended December 31	
	2024	2023
	NIS thousands	
Other fees	93	201
Total	93	201

D. Ernst & Young Brazil:

	For the year ended December 31	
	2024	2023
	NIS thousands	
Fees for audit and related services	376	406
Other fees	165	183
Total	541	589

E. Ernst & Young Israel (G Europe):

	For the year ended December 31	
	2024	2023
	NIS thousands	
Fees for audit and related services	2,480	3,976
Other fees	-	554
Total	2,480	4,530

The fees paid for the Company's independent auditors are determined on an hourly basis, according to tariffs and time-frames approved by the Board of Directors, including the recommendation of the audit committee.

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

A. As at December 31, 2024, there were 10 outstanding series of listed debentures issued by the Company, as set out in the following table:

	Issue date	par value At issue date	Par value outstanding debentures as at December 31, 2012 (NIS)	Par value of debentures in circulation plus linkage differences as at December 31, 2024	Total accrued interest as at December 31, 2024	Balance in the financial as of December 31, 2024	Market value at December 31, 2024	Interest type and rate	Principal payment date	Interest payment date	Base linkage and linkage terms (Principal + interest)
		NIS thousands		NIS million							
Debentures (Series L) [1]	October 2013 [2]	2,957,801	1,825,171	2,098.8	-	2,111	2,104.4	Fixed 4.00%	5 installments with the first installment in June 2023 at the rate of 10%, the second and third installments in June 2024-2025 at the rate of 15% each, and the fourth and fifth installments in June of the years 2026-2027 at the rate of 30% each.	Paid twice a year on June 30 and December 31	The principal and the interest are linked to the increase in the consumer price index
Debentures (Series M) [1]	February 2018 [3]	2,166,260	1,715,993	2,003.1	-	2,002	1,975.1	Fixed 3.28% [12]	6 installments with the first installment in June 2021 at the rate of 5%, the second installment in June 2022 at a rate of 10%, the third installment in June 2023 at a rate of 5%, the fourth installment in June 2025 at a rate of 30%, the fifth payment in June 2026 at a rate of 10% and the sixth installment in June 2028 at a rate of 40%.	Paid twice a year on June 30 and December 31	The principal and the interest are linked to the increase in the consumer price index
Debentures (Series N) [1]	January 2020 [4]	1,777,800	980,630	1,123.2	5.1	1,023	975.6	Fixed 1.79% [12]	5 installments with the first installment in September 2022 at the rate of 17.5%, the second installment in September 2023 at a rate of 15%, the third installment in September 2024 at a rate of 15%, the fourth installment in September 2029 at a rate of 25%, and the fifth installment in September 2031 at a rate of 27.5%.	Paid twice a year on March 31 and September 30	The principal and the interest are linked to the increase in the consumer price index
of Debentures (Series O)	October 2020 [5]	401,800	369,656	426.4	1.4	420	413.1	Fixed 1.33% [12]	4 installments with the first installment in March 2024 at the rate of 8%, the second installment in March 2025 at the rate of 15%, the third installment in March 2027 at the rate of 30%, and the fourth installment in March 2028 at the rate of 47%.	Paid twice a year on March 31 and September 30	The principal and the interest are linked to the increase in the consumer price index
Debentures (Series P) [1]	August, 2008 [5]	1,602,732	1,417,399	1,602.8	7.1	1,537	1,476.8	Fixed 1.75% [12]	4 installments with the first installment in March 2024 at the rate of 12.5%, the second installment in March 2027 at the rate of 25%, the third installment in March 2028 at the rate of 20%, and the fourth installment in March 2029 at the rate of 42.5%.	Paid twice a year on March 31 and September 30	The principal and the interest are linked to the increase in the consumer price index
Debentures (Series Q)	July 2023 [7]	574,138	574,138	574.1	15.9	487	624.7	Fixed 5.5% [12]	2 installments with the first installment in June 2025 at rate of 10% and the second installment in June 2029 at rate of 90%.	Paid once a year on June 30	The principal and the interest are not linked to the increase in the consumer price index
Debentures (Series R)	February 2024 [8]	410,000	410,000	424.2	5.2	419	449.0	Fixed 4.83%	4 installments with the first installment in September 2026 at the rate of 15%, the second installment in September 2028 at the rate of 20%, the third installment in September 2030 at the rate of 30%, and the fourth installment in September 2031 at the rate of 35%.	Paid twice a year on March 31 and September 30	The principal and the interest are linked to the increase in the consumer price index
Debentures (Series S)	April 2024 [9]	495,266	491,552	506.9	5.3	501	518.9	Fixed 4.15%	15 semi-annual installments with 14 installments of 0.75% each to be paid from 2024 through 2031 (as of September 2024 through to March 2031), and the final installment of 89.5% to be paid in September 2031.	Paid twice a year on March 31 and September 30	The principal and the interest are linked to the increase in the consumer price index
Debentures (Series T) [1]	July 2024 [10]	645,000	645,000	654.6	7.0	641	688.0	Fixed 4.24%	10 semi-annual installments with 9 installments of 2% each to be paid from 2026 through 2030 (as of March 2026 through to March 2030), and the final installment of 82% to be paid in September 2030.	Paid twice a year on March 31 and September 30	The principal and the interest are linked to the increase in the consumer price index
Debentures (Series U)	November 2024 [11]	300,000	300,000	300.3	1.9	305	301.8	Fixed 4%	5 installments with the first installment in March 2027 at the rate of 10%, the second installment in March 2028 at the rate of 15%, the third installment in March 2029 at the rate of 15%, the fourth installment in March 2030 at the rate of 20%, and the final installment in March	Paid twice a year on March 31 and September 30	The principal and the interest are linked to the increase in the consumer price index

2031 at the rate of 41%.

(1) These debenture series constitute a material series pursuant to Regulation 10(B)(13)(a) of the Securities Law (Periodic and Immediate Reports), 1970

(2) Debentures (Series L) were first issued in October 2013, pursuant to a shelf prospectus, when 750 million par value were issued. In April 2014, January 2015, April 2015 and August 2015, the Company issued by means of expansion of the series, NIS 621 million par value, NIS 752 million par value, NIS 414 million par value and NIS 451 million par value of Debentures (Series L), respectively, pursuant to a shelf offering memorandum.

(3) Debentures (Series M) were first issued in February 2018, under a shelf prospectus, when NIS 860 million par value were issued. In September and October 2018, and September and October 2024, the Company issued, by means of expansion of the series, NIS 400 million par value, NIS 541 million par value, NIS 250 million par value and NIS 115 million par value, respectively, pursuant to a shelf offering memorandum.

(4) Debentures (Series N) were first issued in January 2020, under a shelf prospectus, when NIS 600 million par value were issued. In April 2020, October 2021, July 2024 and November 2024, the Company issued by way of a series expansion, NIS 400 million par value, NIS 273 million par value, NIS 200 million par value and NIS 305 million par value, respectively.

(5) Debentures (Series O) were first issued in January 2020, under a shelf prospectus, when NIS 328 million par value were issued. In November 2023, the Company issued by way of a series expansion, NIS 74 million par value Debentures (Series O) secured by a lien on properties in Israel. See section G below.

(6) Debentures (Series P) were first issued in August 2021, under a shelf prospectus, when NIS 453 million par value were issued. In October 2021, March 2022, May 2024 and November 2024, the Company issued by way of a series expansion, NIS 327 million par value, NIS 177 million par value, NIS 350 million par value and NIS 295 million par value, respectively. Debentures (Series P) secured by a lien on G Europe shares. See section G below.

(7) Debentures (Series Q) were first issued in July 2023, under a shelf prospectus, when NIS 444 million par value were issued. In November 2023, the Company issued by way of a series expansion, NIS 130 million par value Debentures (Series Q) are convertible for Company shares, for further information see Note 19C5 to the financial statements.

(8) Debentures (Series R) were first issued in February 2024, under a shelf prospectus, when NIS 410 million par value were issued. Debentures (Series R) are secured by a lien on properties in Israel. See section G below.

(9) Debentures (Series S) were first issued in April 2024, under a shelf prospectus, when NIS 495 million par value were issued. Debentures (Series S) are secured by a lien on properties in Israel. See section G below.

(10) Debentures (Series T) were first issued in July 2024, under a shelf prospectus, when NIS 645 million par value were issued. Debentures (Series T) are secured by a lien on properties in Poland and all the Company's holdings in the company that holds the property, see section G below.

(11) Debentures (Series U) were first issued in November 2024, under a shelf prospectus, when NIS 300 million par value were issued. Debentures (Series U) are secured by a lien on CTY shares. See section G below.

(12) See section I below.

B. Information concerning trustees for the Company's debentures (to the best of the Company's knowledge)

	Trustee	Contact person at the trustee	Trustee’s address	Fax	Email
Debentures (Series L)	Mishmeret Trust Services Company Ltd.	Rami Sebti	48 Menahem Begin Road, Tel-Aviv	03-6374344	ramis@mtrust.co.il
Debentures (Series M)	Resnik Paz Nevo Trusts Ltd.;	Yossi Resnik	14 Yad Haharutzim Street, Tel-Aviv	03-6389222	yossi@rpn.co.il
Debentures (Series N)	Strauss Lazar Trust Company (1992) Ltd.	Ori Lazar	94 Yigal Alon Road, Tel-Aviv	03-5613824	ori@slcpa.co.il
Debentures (Series O)	Resnik Paz Nevo Trusts Ltd.;	Yossi Resnik	14 Yad Haharutzim Street, Tel-Aviv	03-6389222	yossi@rpn.co.il
Debentures (Series P)	Resnik Paz Nevo Trusts Ltd.;	Yossi Resnik	14 Yad Haharutzim Street, Tel-Aviv	03-6389222	yossi@rpn.co.il
Debentures (Series Q)	Strauss Lazar Trust Company (1992) Ltd.	Ori Lazar	94 Yigal Alon Road, Tel-Aviv	03-5613824	ori@slcpa.co.il
Debentures (Series R)	Hermetic Trust Services (1975) Ltd.	Meirav Ofer Oren and Dan Avnon	30 Derech Sheshet HaYamim, Bnei Brak	03-5271451	hermetic@hermetic.co.il
Debentures (Series S)	Resnik Paz Nevo Trusts Ltd.;	Yossi Resnik	14 Yad Haharutzim Street, Tel-Aviv	03-6389222	yossi@rpn.co.il
Debentures (Series T)	Strauss Lazar Trust Company (1992) Ltd.	Ori Lazar	94 Yigal Alon Road, Tel-Aviv	03-5613824	ori@slcpa.co.il
Debentures (Series U)	Resnik Paz Nevo Trusts Ltd.;	Yossi Resnik	14 Yad Haharutzim Street, Tel-Aviv	03-6389222	yossi@rpn.co.il

C. Rating of the debentures in circulation:

	Issue date	S&P Maalot’s rating close to issue date	Midroog rating shortly before date of issue	S&P Maalot’s rating at the date of approval of the periodic report (1)	Midroog’s rating at the date of approval of the periodic report (1)	Date and reference of the immediate report about the latest S&P Maalot rating (2)	Date and reference of the immediate report about the latest Midroog rating (2)
Debentures (Series L)	October 2013	AA-/ Stable	Aa3	A-/ Stable	A3/Stable	November 24, 2024 Ref: 2024-15-618052	November 24, 2024 Ref: 2024-15-617992
Debentures (Series M)	February 2018	AA-/ Stable	Aa3/ Stable	A-/ Stable	A3/ Stable	November 24, 2024 Ref: 2024-15-618052	November 24, 2024 Ref: 2024-15-617992
Debentures (Series N)	January 2020	AA-/ Stable	Aa3/ Stable	A-/ Stable	A3/ Stable	November 24, 2024 Ref: 2024-15-618052	November 24, 2024 Ref: 2024-15-617992
Debentures (Series O) (3)	October 2020	AA/Negative	Aa2/ Negative	A/ Stable	A2/ Stable	November 24, 2024 Ref: 2024-15-618052	November 24, 2024 Ref: 2024-15-617992
Debentures (Series P) (4)	August 2021	AA-/ Watch Negative	Aa3/ Negative	A-/ Stable	A3/ Stable	November 24, 2024 Ref: 2024-15-618052	November 24, 2024 Ref: 2024-15-617992
Debentures (Series Q) (5)	July 2023	A-/ Negative	A3/ Negative	A-/ Stable	A3/ Stable	November 24, 2024 Ref: 2024-15-618052	November 24, 2024 Ref: 2024-15-617992
Debentures (Series R) (6)	February 2024	A/ Negative	A2/ Negative	A/ Stable	A2/ Stable	November 24, 2024 Ref: 2024-15-618052	November 24, 2024 Ref: 2024-15-617992
Debentures (Series S) (7)	April 2024	A-/ Negative	A3/ Negative	A-/ Stable	A3/ Stable	November 24, 2024 Ref: 2024-15-618052	November 24, 2024 Ref: 2024-15-617992
Debentures (Series T) (8)	July 2024	A/ Stable	A2/ Stable	A/ Stable	A2/ Stable	November 24, 2024 Ref: 2024-15-618052	November 24, 2024 Ref: 2024-15-617992
Debentures (Series U) (9)	November 2024	A-/ Negative	A3/ Negative	A-/ Stable	A3/ Stable	November 24, 2024 Ref: 2024-15-618052	November 24, 2024 Ref: 2024-15-617992

(1) As of the date of issue of the debentures through to close to the date of approval of the periodic report additional ratings were awarded to the foregoing series on the dates set out in the table in section D below.
(2) The information contained in the immediate reports listed in this column is hereby presented by means of this reference.
(3) Debentures (Series P) are secured by a lien on properties in Israel.
(4) Debentures (Series P) are secured by a lien on G Europe shares held by wholly owned subsidiaries of the Company.
(5) Debentures (Series Q) are convertible for Company shares.
(6) Debentures (Series R) are secured by a lien on shares of G Alpha, a wholly owned company of Gazit Horizon that holds six properties in the United States.
(7) Debentures (Series S) are secured by a lien on properties in Israel.
(8) Debentures (Series T) are secured by a lien on a property in Poland and the shares of the company that holds the property.
(9) Debentures (Series U) are secured by a lien on CTY shares held by a wholly owned subsidiary of the Company.

D. Information concerning the history of credit ratings of the outstanding debenture series

	S & P Maalot			Midroog	
Date	**Debenture**	**Rating**	**Date**	**Debenture**	**Rating**
October 24, 2013	L	AA-/ Stable	October 24, 2013	L	Aa3 Stable
December 24,	L	AA-/ Stable	December 24, 2013	L	Aa3 Stable
April 23, 2014	L	AA-/ Stable	April 24, 2014	L	Aa3 Stable
August 14, 2014	L	AA-/ Stable	October 19, 2014	L	Aa3 Stable
January 26, 2015	L	AA-/ Stable	January 26, 2015	L	Aa3 Stable
August 20, 2015	L	AA-/ Stable	August 25, 2015	L	Aa3 Stable
August 4, 2016	L	AA-/ Stable	November 22, 2016	L	Aa3 Stable
August 2, 2017	L	AA-/ Stable	November 21, 2017	L	Aa3 Stable
July 19, 2018	L, M	AA-/ Stable	November 25, 2018	L, M	Aa3 Stable
July 25, 2019	L, M	AA-/ Stable	December 29, 2019	L, M	Aa3 Stable
July 19, 2020	L, M, N	AA-/Negative	July 27, 2020	L, M, N	Aa3 Negative
August 8, 2021	L, M, N, P	AA-/ Watch	October 12, 2020	L, M, N	Aa3 Negative
	O	AA/ Watch Negative		O.	Aa2 Negative
January 20, 2022	L, M, N, P	A+/Stable	July 27, 2021	L, M, N	Aa3 Negative
	O	AA-/ Stable		O	Aa2 Negative
June 30, 2022	L, M, N, P	A+/Negative	March 24, 2022	L, M, N, P	A1 Stable
	O	AA-/Negative		O	Aa3 Stable
November 24,	L, M, N, P	A-/Negative	December 25, 2022	L, M, N, P	A3 Negative
	O	A/ Negative		O	A2 Negative
June 29, 2023	L, M, N, P	A-/Negative	December 7, 2023	L, M, N, P,	A3 Negative
	O	A/ Negative		O	A2 Negative
June 30, 2024	L, M, N, P, Q, S	A-/ Stable	February 4, 2024	L, M, N, P, Q	A3 Negative
	O, R, T	A/ Stable		O, R	A2 Negative
November 24, 2024	L, M, N, P, Q, S, U	A-/ Stable	July 1, 2024	L, M, N, P, Q, S	A3 Stable
	O, R, T	A/ Stable		O, R	A2 Stable
			November 24, 2024	L, M, N, P, Q, S, U	A3 Stable
				O, R, T	A2 Stable

E. During 2024 and as at December 31, 2024, the Company was in compliance with all of the terms and commitments under the deeds of trust for each of the debenture series of the Company. No conditions existed that required the Company to immediately redeem the above debenture series under the foregoing deeds of trust, and no notices were received from any of the trustees in this regard.

F. On September 30, 2024, Debentures (Series L) were fully redeemed.

G. **Collateral for debentures (Series O)**

The Company's commitments under the deed of trust for Debentures (Series O) are secured by a fixed first charge on the Company's rights relating to 4 land properties in Israel (the "Pledged Properties"), as set out in section 4.6 of the Company's shelf offering memorandum published on October 22, 2020 (Ref.No.: 2020-01-106162), where the information contained therein is hereby presented by way of reference. On December 1, 2024, the Company engaged in a binding agreement with Menora Mivtachim Insurance Co. and Menora Mivtachim Pension and Provident Funds Ltd. (below jointly: "Menora") for the sale of 50% of its interests and liabilities in four properties, of which two are the Pledged Properties in favor of Debentures (Series O), G Kohav Tzafon and G Savyon, and parts thereof were released from the lien recorded in favor of the debenture holders. The value of the Company's share in the properties pledged for Debentures (Series O) as at December 31, 2024, is NIS 461 million.

In addition to the foregoing lien, the sale transaction with Menora is not yet closed, pursuant to the Company's liabilities under the provisions of the deed of trust and the provisions of sections 5.6 and 5.7 of the deed of trust for Debentures (Series O), the Company provided an irrevocable and unconditional autonomous bank guarantee in the amount of NIS 85 million against the release of 50% of the Company's rights in two of the pledged properties from the lien, prior to closing of the sales transaction. In addition, pursuant to the provisions of section 5.4.11 of the deed of trust, the Company engaged with Menora in a joint agreement that includes restrictions on the transfer of rights with respect to the Pledged Properties, as follows: Mutual first refusal rights, tag-along rights that will be granted only to Menora and rights granted to Menora to activate a BMBY mechanism in the event of changes in the control of the Company[1].

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

Collateral for debentures (Series P)

The Company's obligations under the deed of trust for Debentures (Series P) were secured by a fixed first degree lien on two pledged share accounts (G Europe shares) and all the rights of the companies pledged in the pledged share accounts. Nonetheless, as G Europe shares were delisted from trading, in the reporting period the Company acted in collaboration with the trustee for the debentures to convert G Europe shares to certificate shares (instead of book entry shares issued through Euroclear) and to register a new lien on G Europe shares as certificate shares by releasing encumbered surplus shares (pursuant to the provisions of the deed of trust). Accordingly, as at the date of this report, 166 million G Europe shares are pledged in favor of the holders of Debentures (Series P) under a certificate and the pledged accounts were closed.

For further information concerning the terms of Debentures (Series P) see Note 19C6 to the Company's financial statements. For further information concerning G Europe, see section 7 of Chapter A to the periodic report and G Europe's financial statements as at December 31, 2024 as published in an immediate report issued by the Company on March 2, 2025 (Ref. No.: 2025-01-013697), whereby the information contained therein is hereby presented by way of reference. The EPRA NRV per G Europe share as at December 31, 2024 is EUR 3.42.

Collateral for debentures (Series R)

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

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

1 For further information, see the immediate reports issued by the Company on November 14, 2024 and December 12, 2024 (Ref. No.: 2024-01-616054 and 2024-01-621084, respectively).

Collateral for debentures (Series S)

The Company's commitments under the deed of trust for Debentures (Series S) are secured by a second degree mortgage on all the Company's rights in a real estate property owned by the Company (the G complex in Rishon LeZion), and a fixed second degree lien on the pledged revenue from the pledged properties (as defined in the deed of trust), as set out in section 5 of the deed of trust for Series S, attached as Appendix B to the shelf offering memorandum of the Company issued on April 9, 2024 (Ref. No.: 2024-01-041019) and amendment to the deed of trust issued on October 28, 2(Ref. No.: 2024-01-612201), where the information presented therein is noted here by way of reference. The value of the foregoing pledged property as of December 31, 2024 is NIS 2,045 million.

For further information concerning the Company's rights in the expanded series and the exchange, sale and release of the pledged properties, see Note 19C3 to the Company's financial statements.

For further information regarding the foregoing pledged property, as required pursuant to the regulations of the Israel Securities Authority regarding investment property operations, see Chapter A to the periodic report and the valuation attached to these reports.

Collateral for debentures (Series T)

The Company's obligations under the deed of trust for Debentures (Series T) are secured as follows: (1) a first degree mortgage, limited in an amount equivalent to 175% of the principal of the debentures, on the rights in land in Warsaw, Poland (G Targowek), that is wholly owned by a wholly owned (indirect) subsidiary of the Company (in this section: the "Property Company"); (2) a first degree lien, limited to an amount equivalent to 175% of the principal of the debentures on movable assets and other assets owned by the property company (other that the real estate property); (3) a first degree lien limited to an amount equivalent to 175% of the principal of the debentures on all the bank accounts of the property company; (4) endorsement of the property company's rights in pledged revenue (as defined in the deed of trust), and as per the terms set out in this deed; (5) a first degree lien, limited to an amount equivalent to 175% of the principal of the debentures on the entire share capital of the company that holds the property company (the "Parent Company"); and (6) endorsement of the rights of the parent company in the shareholders' loans it provided to the property company, all as set out in section 5 of the deed of trust for Debentures (Series T) attached as Appendix B to the shelf offering memorandum issued by the Company on July 14, 2024 (Ref. No.: 2024-01-073495) and the amended deed of trust issued on February 6, 2025 (Ref. No.: 2025-01-009257), where the information presented therein is noted here by way of reference. The value of the foregoing pledged property as of December 31, 2024 is EUR 239.7 million.

For further information concerning the Company's rights in the expanded series and the exchange, sale and release of the pledged properties, see Note 19C2 to the Company's financial statements.

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

Collateral for debentures (Series U)

The Company's obligations under the deed of trust for Debentures (Series U) are secured by a first degree fixed lien on a custodian account in which CTY shares held by a wholly owned subsidiary of the Company are deposited ("Pledged Company" and "Pledged Share Account", respectively) and all the Pledged Company's rights in the pledged share account with everything deposed therein (other than exceptions), and in which, to date, 19.7 million CTY shares are held. For further information, including with regard to the custodian agreement, see section 5 of the deed of trust, attached as Appendix B to the Company's shelf offering memorandum as amended on October 28, 2024 (Ref. No.: 2024-01-611780), where the information contained therein is presented here by way of reference. The Deed of Trust for Debentures (Series U) contain a mechanism for adding, removing, selling or exchanging liens and delisting of the pledged shares from trade, and a mechanism regarding the expansion of the debenture series, as set out in sections 5.6 through 5.11 of the foregoing deed of trust, where the information contained therein is noted here by way of reference.

For further information concerning the terms of Debentures (Series U) see Note 19C1 to the Company's financial statements. For further information concerning CTY, see section 6 of Chapter A to the periodic report and CTY's financial statements as at December 31, 2024 as published in an immediate report issued by the Company on February 27, 2025 (Ref. No.: 2025-01-013368), whereby the information contained therein is hereby presented by way of reference.

H. For further information regarding the issue of new debentures and expansion of existing debenture series by Group companies, for a total amount of NIS 3.4 billion par value, among other things, under an exchange tender offer, under which the Company exchanged NIS 248 million par value Debentures (Series L), see Note 19C to the financial statements.

I. Following the downgrade of the Company’s rating in 2022, an additional interest rate was applied to the Company's debenture series, pursuant to the provisions of the deeds of trust, as follows:

Debentures (Series L), as of January 1, 2023, an addition of 0.5% was added to the interest rate for the debentures. The revised annual interest after the additional interest was 3.28%

Debentures (Series M), as of April 1, 2023, an addition of 0.5% was added to the interest rate for the debentures. The revised annual interest after the additional interest was 1.79%

Debentures (Series O), as of April 1, 2023, an addition of 0.25% was added to the interest rate for the debentures. The revised annual interest after the additional interest was 1.33%

Debentures (Series P), as of April 1, 2023, an addition of 0.5% was added to the interest rate for the debentures. The revised annual interest after the additional interest was 1.75%

The interest rates for all the foregoing series remain valid until the full redemption of the outstanding principal of the debentures or until the start of the first interest period after the rating is raised back to A2 or corresponding rating of a corresponding agency, pursuant to the provisions of the deed of trust.

J. Below is a breakdown of the key financial covenants for Debentures (Series L, M, N, O, P, Q, R, S, T and U) of the Company:

Financial ratio	Financial covenants	As at December 31, 2024
Minimum equity (excluding non-controlling interests) (USD million)	L - higher than 650 for 4 consecutive quarters M, R - higher than 800 for 3 consecutive quarters N, O, P, Q, S, T, U - higher than 850 for 3 consecutive quarters	1,146
Minimum equity (excluding non-controlling interests) for one quarter (USD million)	M, N, O - higher than 400 P, Q, R, S, T, U - higher than 450	1,146
Net interest bearing debt to total consolidated assets ratio	L - lower than 80% for 4 consecutive quarters M - lower than 75% for 3 consecutive quarters	63.0% [1]
In combination with Minimum rating for debentures	K and M - ilBaa3- / ilBBB	ilA3 / ilA-
Net interest bearing debt to total consolidated assets ratio	N, Q, U - lower than 75% for 3 consecutive quarters	62.4%
	O, P, R, S, T - lower than 75% for 3 consecutive quarters	63.0% [1]
Minimum rating for debentures	N, Q, S and U O, R, and T ilBaa3 / ilBBB	ilA3 / ilA- ilA2 / ilA

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

As at December 31, 2024 and shortly prior to date of approval of the financial statements, the Company was in compliance with the covenants with respect to all of its debentures.

March 19, 2025		
Date of Approval of Directors’ Report	Ehud Arnon - Chairman of the Board of Directors	Chaim Katzman - Vice Chairman of the Board of Directors and CEO

Appendix A to the Directors' Report

Additional Information regarding Currency Exposure as at December 31, 2024

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

Data presented in millions	NIS	USD	EUR [3]	CAD	BRL Brazilian	Total in NIS
Assets in original currency	5,167	782	4,142	42	3,463	-
Assets in NIS	5,167	2,853	15,726	107	2,039	25,892
% of total assets	**20**	**11**	**61**	**-**	**8**	**100**
Liabilities in original currency	12,046	352	2,006	-	1,189	-
Cross-currency swap transactions in original currency	(2,500)	(8)	555	-	-	-
Liabilities in original currency	9,546	344	2,561	-	1,189	-
Liabilities in NIS adjusted for swaps	9,546	1,255	9,723	-	700	21,224
% of total liabilities	**45**	**6**	**46**	**-**	**3**	**100**
Total equity in original currency	(4,379)	438	1,581	42	2,274	-
Total financial equity in NIS [4.5]	(4,379)	1,598	6,003	107	1,339	4,668
% of total equity	**(94)**	**34**	**129**	**2**	**29**	**100**

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

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

3 The exposure to the EUR also includes the Group's exposure for its operations in Sweden whose currency is the Swedish krona (SEK), the operations in Norway whose currency is the Norwegian crown (NOK) and for the residential rental operations in Poland whose currency is the zloty (PLN). Furthermore, the data regarding CTY is based on CTY's EPRA NRV per share.

4 Represents the equity attributable to the shareholders of the Company, excluding goodwill and deferred taxes with regard to the revaluation of investment real estate, as it was known on December 31, 2024.

5 Subsequent to reporting date, the Company engaged in swap transactions under which it increased its net assets in NIS and decreased its net assets in EUR and USD, in order to better adapt the currency exposure to the pro rata asset base.

Appendix B to the Directors' Report - Information relating to the properties pledged for Debentures (Series O)
G Savyon

A. Presentation of the property

Data per 100% (the Company's share in the property - 50%)	As at December 31, 2024
Name of property	G Savyon
Location of property	On a parcel of land known as Block 6691, Lots 55 and 63 and Block 6722, part of Lot 147, located at 1 Hashikma Street, Savyon.
Area of the property - divided according to uses (sq.m)	A plot of 30,079 sq.m and another of 409.9 sq.m that include several buildings that serve as a shopping center, offices and clinics of total of 8,085 sq.m space for marketing.
Holding structure of property	50% by the Company [1]
Company's effective share in property	50%
Names of the partners in the property:	On December 31, 2024, the Company sold an non-specific half of its rights in the commercial plot and the commercial building to Menora Mivtachim Insurance Ltd. (holding 116/1000 non-specific parts) and Menora Mivtachim Pension and Provident Ltd. (holding 884/1000 non-specific parts) (jointly below: "Menora"), for proceeds of NIS 128.6 million. As noted, Menora holds half of the non-specific rights in the commercial plot and the commercial building.[2]
Details of legal title to the property	As set out below with regard to the registration of the statutory rights.
Substantial unused building rights:	A 13,000 sq.m plot without building rights for which a master urban building plan can be promoted for rezoning for residential use.
Financial statement presentation method	Fair value
Information about the sale of the property	On December 31, 2024, the Company completed the sale of the property Menora. For further information, see section 6G.

Legal title registration status	The title to Lots 55 and 63 in Block 6691 are registered entirely at the Lands Registration Office in the name of JNF. The title to Lot 147 is split between JNF, that is the registered owner of non-specific parts 278/679/279/279 of the Lot 147, and the State of Israel, which is the registered owner of 149/279/279, non-specific parts of the rights in Lot 147 and of 147/25,389, non-specific parts of the rights in Plot 147. Savyon Offices (as defined below) is registered at the Lands Registration Office as the owner of the capitalized leasing rights in Plots 55 and 63 (entirely) in Block 6691 and in 27,838/279/279 non-specific parts in the rights in Plot 147 in Block 6722, and that by virtue of a capitalized lease agreement dated July 15, 2012 signed between the Israel Lands Administration and Africa Israel Investments Ltd., for a lease until April 14, 2059. Savyon Offices purchase the entire rights of Africa Israel Investments Ltd. under the foregoing lease agreement prior to the date of registration of Savyon Offices as a lessee at the Lands Registration Office. A second degree mortgage unlimited in amount and a caveat pursuant to section 126 of the Lands Law, 1969, were registered in favor of G Israel on Savyon Offices rights in Plots 55 and 63 (entirely) in Block 6691 and 27,838/279/279 non-specific parts of the rights in Plot 147 in Block 6722, under the G Savyon sales agreement. Super Gadol (as defined below) is registered at the Lands Registration Office as the owner of the capitalized leasing rights of 410/279/279 non-specific parts of the rights in Plot 147, and this under a sales agreement dated February 17, 2015, signed between Super Gadol and Supermarket Ltd. Savyon Commercial Center.

1 Excluding an area of 600 sq.m that was leased from the State of Israel under an agreement dated June 25, 1968 signed between JNF and the State of Israel and is not part of the Savyon complex and the building on it is 149 sq.m. It should also be noted that on April 20, 2021, G Israel (which was a wholly owned subsidiary of the Company) merged into the Company by statutory merger. To date the registration of the rights into the name of the Company has not yet been completed at the Lands Registration Office.

2 It is clarified that a vacant plot of 13,000 sq.m that is not part of the commercial plot is not included in the rights that the Company sold to Menora, and therefore the leasing rights in it are owned by the Company only, subject to an option granted to Menora to purchase half of the rights in this plot under the provisions of the partnership agreement signed between the parties on December 1, 2024. It is also clarified that the rights that the Company sold to Menora are not included in the Post Office land as described in footnote 1 above.

A second degree mortgage unlimited in amount and a caveat pursuant to section 126 of the Lands Law 1969, were registered in favor of G Israel on the rights of Super Gadol in Plot 147, as set out above, and this under the G Savyon sales agreement.

The Company holds the entire title to the contractual rights, including the right to be registered as a lessee at the Lands Registration Office pursuant to the sales agreement dated August 21, 2018, signed between G Israel and Savyon - Offices and Commercial, Limited Partnership 550259816 ("Savyon Offices") and Super Gadol Savyon Limited Partnership 550259808 ("Super Gadol") under which G Israel purchase the full rights of Savyon Offices and Super Gadol in the G Savyon land (G Savyon sales agreement").

On December 31, 2024, the Company sold a non-specific half of its rights in the commercial plot and in the commercial building, to Menora. As noted, Menora holds half of the non-specific rights in the commercial plot and the commercial building as set out below: non-specific parts of Lots 55 and 63 in Block 6691 and 205/279,279, non-specific parts regarding the lease of Super Gadol on Lots 147 in Block 6722 and 7,419/279,279, non-specific parts with regard to the lease of Savyon Offices on Lot 147 in Block 6722.

Pursuant to the provisions of the agreement between the Company and Menora, the Company is working to register a caveat and additional first degree mortgage unlimited in amount, in favor of Menora, Furthermore, the Company is continuing to work on amending its first degree mortgage, unlimited in amount, that the Company gave in favor of the trustee, Reznik Paz Nevo Trusts Ltd.[1] ("(Reznik Trusts"), in a way that it will not apply to the non-specific half of the rights that the Company sold to Menora.

<u>Lots 55 and 63 in Block 6691:</u>

(1) A first degree mortgage, unlimited in amount, was registered on January 4, 2021 on the rights of Savyon Offices in the Lots, in favor of Reznik Trusts under deed 333/2021/2.
(2) A second degree mortgage, unlimited in amount, was registered on January 4, 2021, on Savyon Offices rights in the Lots in favor of G Israel under deed 333/2021/1 and a caveat in favor of G Israel dated December 23, 2018 under deed no. 52412/2018/2 at the terms of the original deed 37985/2018/6 (with respect to Lot 55) and dated August 6, 2019 under deed 38636/2019/1 at the terms of the original deed 37985/2018/12 (with respect to Lot 63), and this under the sale contract dated August 21, 2018.
(3) A caveat has been registered on Savyon Offices' rights in Lot 63 in favor of G City as of November 21, 2023, under deed no. 55813/2023/1 by virtue of the agreement dated December 26, 2018.
(4) There are transfer and inheritance restrictions on the leasing rights of the Lot.
(5) A caveat has been registered on the Lots since December 23, 2018 regarding non-compliance pursuant to Regulation 27 in favor of the local planning and building committee of Mitzpe Afek under deed 52412/2018/13.
(6) A caveat has been registered on the Lots since February 19, 2023 regarding the zoning of the land pursuant to Regulation 29 in favor of the local planning and building committee of Mitzpe Afek under deed 10603/2023/1 (with respect to Lot 55) and deed 10603/2023/2 (with respect to Lot 63).
(7) A caveat has been registered on Lot 63 since March 5, 2024 in favor of Israel Electric Corporation Ltd. Under deed 10963/2024/1, and this by virtue of an agreement dated July 20, 2023 regarding a transformer room.

<u>Lot 147:</u>

(1) There are various lessees and mortgages on their rights registered on Lot 147, that are irrelevant to this document.
(2) There are transfer and inheritance restrictions on the leasing rights of Savyon Offices with respect to Lot 147.
(3) A second degree mortgage, unlimited in amount, was registered on January 4, 2021, on Savyon Offices rights in Lot 147 in favor of G Israel under deed

1 Reznik Paz Nevo Trusts Ltd. Acts as the trustee for the Company's Debentures (Series O) that are secured by a lien on part of the Company's properties.

333/2021/1 and a caveat dated December 23, 2018 under deed no. 52412/2018/2 at the terms of the original deed 37985/2018/6 (with respect to Lot 55) and dated December 23, 2018 under deed 52412/2018/10 at the terms of the original deed 37985/2018/16, and this by virtue of the sale contract dated August 21, 2018.

(4) There are transfer restrictions on the leasing rights of Super Gadol with respect to Lot 147, without inheritance restrictions.

(5) A first degree mortgage, unlimited in amount, was registered on December 24, 2020 on the rights of Super Gadol in Lot 147, in favor of Reznik Trusts under deed 60251/2020/2.

(6) A first degree mortgage, unlimited in amount, was registered on January 4, 2021 on the rights of Savyon Offices in Lot 147, in favor of Reznik Trusts under deed 333/2021/2.

(7) A second degree mortgage, unlimited in amount, was registered on December 24, 2021, on Super Gadol rights in Lot 147 in favor of G Israel under deed 60251/2020/1 and a caveat in favor of G Israel dated December 10, 2020 under deed no. 57283/2020/1 at the terms of the original deed 50788/2020/4, and this by virtue of the sale contract dated August 21, 2018.

(8) A caveat has been registered regarding non-compliance pursuant to Regulation 29 in favor of the local planning and building committee of Mitzpe Afek.

(9) A caveat has been registered regarding zoning of the land pursuant to Regulation 27 in favor of the local planning and building committee of Mitzpe Afek.

Within the boundaries of the areas known as Lots 55 and/or 63 in Block 66391 and/or Lot 147 in Block 6722, are a branch of Israel Postal Services in a built area of 149 sq.m situated on an area of 600 sq.m that was leased to the State of Israel under a leasing agreement dated June 25, 1968 signed between JNF and the State of Israel, (jointly above and below: the "Post Office Land"). The Post Office land is not included within the boundaries of G Savyon and as such are not part of the property.

See further information below regarding the lien registered on the Company's rights in this property.

B. Principal data

Data per 100% (the Company's share in the property - 50%)	2024	2023	2022	At property acquisition date	
Fair value at end of period (NIS thousands) Income-producing portion	250,738	218,218	81,148		
Fair value of land reserves at end of period (NIS thousands)	16,100	15,700	118,306		
Total fair value (NIS thousand)	266,838	233,918	199,454	**Acquisition costs (NIS thousands) (including a plot adjacent to the building rights)**	117,150
Revaluation gains (loss) - net of amortization of paid-up purchase tax (NIS thousands)	27,709	18,719	34,307	**Acquisition date**	August 21, 2018
Average occupancy rates (%)*	92.3%	92.4%	99.3%		
Actual areas leased (sq.m)	7,063	7,442	3,227		
Total revenue (NIS thousands)	15,646	6,843	5,597		
Average rent per sq. m. (per month) (NIS)	162.2	154.5	145.8		
Average rent per sq.m. (monthly) in contracts signed in the period (NIS)	125	151	114		
NOI (NIS thousands)	11,580	5,202	4,306		
Adjusted NOI[1] (NIS thousands)	11,580	5,280	4,582		
Actual rate of return - income producing share (%)[2]	4.6%	5.8%	5.3%		
Actual rate of return - income producing share (%)	4.6%	5.9%	5.7%		
No. of tenants at end of reporting year	58	49	30		
Average revenue (monthly) per sq.m **	2,871	3,438	3,607		

* For commercial and office space only, without a building under construction

** The information concerning the tenants' revenue in the property is partial information relating to certain tenants that report to the Company on their monthly revenue and that constitute 54% of the commercial space.

1 Including, among other things, net of property tax expenses with respect to tenant liabilities since 2022.

2 In the period, the property expansion construction was completed, the return was calculated on NOI and the value of the property before the expansion.

C. Analysis of revenues and costs structure

Data based on 100%	2024	2023	2022
		NIS thousands	
Revenues:			
From rentals – Fixed	12,089	5,824	4,878
From management fees	2,278	900	674
From rentals – Variable	1,279	120	45
Total revenues	**15,646**	**6,843**	**5,597**
Costs:			
Management, maintenance and operating, including marketing and excluding downward allocations	4,066	1,641	1,290
Total costs:	**4,066**	**1,641**	**1,290**
NOI:	**11,580**	**5,202**	**4,306**

D. Principal tenants of the property

	% of property area attributed to tenant	Does tenant constitute an anchor tenant?	Does tenant account for 20% or more of property's revenue?	Sector to which tenant belongs	Original term of lease and remaining term (years)	Extension options (years)	Mechanism for revising or linking of rent	Description of guarantees (if any)	Special dependency
Tenant A	10%	Yes	No	Supermarket	4.2/5	19.9	CPI-linked	-	-

E. Expected revenue with respect to signed leases (assuming tenants' option period is not exercised)

Data based on 100% (Company's share in property - 100%)	Year 2025	Year 2026	Year 2027	Year 2028	2029 onwards
			NIS thousands		
Fixed components	13,864	11,092	7,412	4,192	690
Variable components (estimate)	-	-	-	-	-
Total	13,864	11,092	7,412	4,192	690

F. Pledges and material legal restrictions on property

Class	Description	Amount secured by lien as at December 31, 2024 (NIS million)
Transfer and inheritance restriction	There are transfer and inheritance restrictions on the leasing rights of Savyon Offices with respect to the land	
Transfer restriction	There are transfer restrictions on the leasing rights of Super Gadol with respect to the land	
A first degree mortgage unlimited in amount	A first degree mortgage, unlimited in amount, was registered on the rights of Savyon Offices in the Lots, in favor of Reznik Trusts on January 4, 2021 under deed 333/2021/2.	Unlimited in amount
A first degree mortgage unlimited in amount	was registered on the rights of Super Gadol in Lot 147, in favor of Reznik Trusts on December 24, 2021 under deed 60251/2020/2.	Unlimited in amount
A second degree mortgage unlimited in amount	A second degree mortgage unlimited in amount was registered on the rights of Savyon Offices in the land, in favor of G Israel on January 4, 2021 under deed 333/2021/1.	Unlimited in amount
A second degree mortgage unlimited in amount	A second degree mortgage unlimited in amount was registered on the rights of Super Gadol in Lot 147, in favor of G Israel on December 24, 2020 under deed 60251/2020/1.	Unlimited in amount
First degree mortgage	On April 20, 2021, fixed Lien No. 95 was registered at the Registrar of Companies according to the date of creation on November 19, 2020 in favor of Reznik Trusts (all as set out in Lien No. 95 and as revised on September 9, 2024).	Unlimited in amount
Caveat	A caveat was registered on Savyon Offices rights in Lot 55 in favor of G Israel dated December 23, 2018 under deed no. 52412/2018/2 under the terms of the original deed 37985/2018/6, by virtue of sales contract dated August 21, 2018.	
Caveat	A caveat was registered on Savyon Offices rights in Lot 63 in favor of G Israel dated August 6, 2019 under deed no. 38636/2019/1 under the terms of the original deed 37985/2019/12, by virtue of sales contract dated August 21, 2018.	
Caveat	A caveat was registered on Super Gadol rights in Lot 147 in favor of G Israel dated December 20, 2020 under deed no. 57283/2020/1 under the terms of the original deed 50788/2020/4, by virtue of sales contract dated August 21, 2018.	
Caveat	A caveat has been registered on Lot 63 since March 5, 2024 in favor of Israel Electric Corporation Ltd. Under deed 10963/2024/1, and this by virtue of an agreement dated July 20, 2023 regarding a transformer room.	
Caveat	A caveat has been registered on Lot 63 in favor of the Company on November 21, 2023, under deed no. 55813/2023/1 by virtue of the agreement dated December 26, 2018.	
Terms and conditions of the leasing agreement	The Company may transfer its rights to a third party under the conditions set out in sections B and C of Section 13 to the leasing agreement dated July 15, 2012. Transfer of rights not under the foregoing framework requires the consent of the lessor (Israel Lands Authority).	

First refusal right under the partnership agreement	Any transfer of rights that is not part of the permitted transfer of rights as defined in the section of the partnership agreement may be made subject to the first refusal right given to the other party, as set out in the section of the partnership agreement.
Tag-along right under the partnership agreement	In addition to the first refusal rights under the partnership agreement, Menora was granted a tag-along right in the event that G City will seek to sell its rights in the land, and this pursuant to the terms and conditions set out in section 13.5 of the partnership agreement.
Buy me by you (BMBY) mechanism under the partnership agreement	During a six month period from the date on which the Company will inform Menora of changes in control of the Company (as defined in the sale agreement), Menora will have the right to activate the BMBY mechanism for a period of 6 months. After sending such notice, the Company will have 30 days to give notice of whether it wants to sell or buy at the price offered.

1 As aforesaid, on December 31, 2024, the Company sold a non-specific half of its rights in the commercial plot and in the commercial building, to Menora. Registration of the rights in the name of Menora has not yet been completed. Moreover, the Company is working to register a caveat and additional first degree mortgage, unlimited in amount, in favor of Menora, and the Company is also working to amend the first degree lien, unlimited amount, given by the Company in favor of the trustee for Debentures (Series O), Reznik Trusts.

G. Details regarding the valuation

		December 31, 2024	December 31, 2023	December 31, 2022
The value fixed as at the end of the period (NIS thousands)[1]		**266,176**	**233,918**	**199,454**
Identity of appraiser		Sefi Raviv	Sefi Raviv	Sefi Raviv
Is the appraiser independent		Yes	Yes	Yes
Is there an indemnification agreement[2]		Yes	Yes	Yes
Effective date of valuation		June 30, 2024	September 30, 2023	December 31, 2022
Valuation model		Discounted cash flows	Discounted cash flows	Discounted cash flows
Main parameters taken into account for the valuation				
Valuation according to the DCF (income approach)	**Gross leasable areal (GLA) used for the calculation (sq.m) - all unit categories excluding foreign ownership**	7,999	7,991	7,876
	Occupancy rate in year +1 (%)	91%	73%	66.8%
	Occupancy rate in year 2 (%)	100%	100%	100%
	Representative occupancy rate of the GLA used for the valuation (%)	100%	100%	100%
	Average base monthly rent per leased sq.m used for valuation in year 1 + (NIS) - net of units without floor space	159.2	155.6	143.4
	Average base monthly rent per leased sq.m used for valuation in year +2 + (NIS) - net of units without floor space	162.1	157.2	143.6
	Average representative base monthly rent per leased sq.m used for valuation (NIS) - net of units without floor space	162.1	157.2	143.6
	Weighted rate of return for valuation purposes (%)	6.18%	6.3%	6.4%
	Representative NOI	16,239	15,005	13,470
Sensitivity analysis to value[3]		**Change of value in NIS thousands**		
Occupancy Rates		The property at 100%	The property at 100%	The property at 100%
Cap rates	Rise of 0.25%	(10,200)	(9,081)	(7,831)
	Decrease of 0.25%	11,070	9,832	8,464
Average rental per sq. meter	Rise of 5%	13,010	11,700	10,548
	Fall of 5%	(13,010)	(11,700)	(10,548)

1 The value includes the value of the remaining land, without building rights, of 13,000 sq.m, for future planning.

2 Indemnification for the Valuator is for any financial liability that may be imposed on him with respect to the valuations, including in the event of negligence and/or malice and/or bad faith. The Company estimates that the Valuator is independent of the Company, in view of the Valuator's statement that he has no interest in the appraised property, that there is no dependent relationship between him and the Company, and that there is no dependency between the results of his opinion and the terms of his engagement and the entity that commissioned the opinion, including that his fee is not contingent on the results of the opinion.

3 Sensitivity tests were not conducted for occupancy rates because the rents used in the valuation were calculated for the gross areas, so that in fact the other sensitivity tests inherently include the changes in occupancy rates.

G Rothschild

A. Presentation of the property

Data per 100% (the Company's share in the property - 51%)	Details as at December 31, 2023
Name of property	G Rothschild
Location of property	The land known as Block 3934 Lot 243 and specific plots of Lots 242 and 244 at 45 Rothschild Street, Rishon LeZion.
Area of the property - divided according to uses (sq.m)	Built-up area of 32,100 sq.m, includes 4 floors of commercial use above which are six parking space levels and four floors designated for office space.
Holding structure of property	Held 51% by the Company[1]
Company's effective share in	51%
Names of the partners in the property:	REIT 1 Ltd. (Public Company No.: 513821488) ("REIT 1").
Date of acquisition of the property	G Israel's rights in G Rothschild were acquired under a share allotment agreement dated June 1, 2005 and were transferred to the Company under the statutory merger dated April 20, 2021.
Details of legal title to the property	51/100 non-specific parts in co-ownership of Lot 243 in Block 3934. 51% (non-specific parts) under the G Rothschild leasing agreement in the specific plots 242 and 244 in Block 3934.
Substantial unused building rights:	Unused building rights for 1,560 sq.m, mainly for commercial and office use.
Financial statement	Fair value
Legal title registration status	Title rights in Lot 243 in Block 3934 are registered jointly in the name of G Israel (51/100 non-specified parts) and REIT 1 (49/100 non-specified parts). Title rights in Lots 242 and 244 in Block 3934 are registered entirely in the name of the Municipality of Rishon LeZion. On December 1, 2020, a first degree mortgage, unlimited in amount, was register on the title rights of G Israel in Lot 243 in favor of Reznik Trusts under deed 50868/2020/1. The Company is entitled to be registered as the owner of 51% of the leasing rights in parts of Lots 242 and 244 in Block 3934. To date, G Israel is registered as holder of leasing rights of 124/226 parts of the rights in Lot 242 in Block 3934 (62 sq.m on level -1) and 62 sq.m on level -2) and 120/127 parts of the rights in Lot 244 in Block 3934 (120 sq.m on level 01). G Israel's leasing rights in parts of Lots 242 and 244 in Block 3934 have transfer and inheritance restrictions and a caveat is registered on the zoning of the land pursuant to Regulation 27 in favor of the Local Planning and Building Committee, Rishon LeZion, under deed 11179/2020/2 dated March 5, 2020 as per application dated March 14, 2018, because use was permitted for underground parking for the shopping center at Block 3934 Lots 242 and 244 pursuant to provisions Rez./36/7/1 and the leasing agreement with the Municipality of Rishon LeZion dated January 25, 1998. In addition, with respect to G Israel's leasing rights in parts of Lots 242 and 244 in Block 3934, on July 2, 2023, an expiry caveat was registered pursuant to sections 5 and 7 in favor of the State of Israel/Ministry of Transport under deed 31409/2023/1 as per publication in Yalkut HaPirsumim No. 11452 dated June 27, 2023, and on July 8, 2024, an expiry caveat was registered pursuant to sections 5 and 7 in favor of the State of Israel/Ministry of Transport under deed 31811/2024/1 as per publication in Yalkut HaPirsumim No. 12512 dated July 1, 2024. On March 7, 2021, a first degree mortgage, unlimited in amount, was register on the leasing rights of G Israel in Lot 243 and 244 under deed 11931/2021/1. In section F below is a breakdown of mortgages and liens registered on the Company rights in this property.

1 It is noted that on April 20, 2021, G Israel merged with and into the Company under statutory merger. To date the registration of the rights into the name of the Company has not yet been completed at the Lands Registration Office.

B. Principal data

Data per 100% (the Company's share in the property - 51%)	2024	2023	2022	At property acquisition date	
Fair value at end of period (NIS thousands)	246,069	229,014	228,057		
Fair value of the building rights (NIS thousand)	7,500	9,346	9,112		
Total fair value (NIS thousand)	253,569	238,360	237,169	117,150	
Revaluation gains (losses) (NIS thousands) - Company's share	7,212	(1,266)	(2,224)	**Acquisition date**	June 01, 2005
Average occupancy rates (%)*	98.8%	96.4%	94.6%		
Actual areas leased (sq.m)	12,754	12,398	12,416		
Total revenue (NIS thousands)	24,934	22,606	20,738		
Actual average rent per sq. m. (per month) (NIS)	106.0	101.5	98.6		
Average rent per sq.m. (monthly) in contracts signed in the period (NIS)[1]	87	86	53		
NOI (NIS thousands)	14,870	13,493	11,552		
Adjusted NOI (NIS thousands)	14,870	13,903	11,967		
Actual rate of return (%)	6.0%	5.9%	5.07%		
Adjusted rate of return (%)[2]	6.0%	6.1%	5.25%		
No. of tenants at end of reporting year	84	86	85		
Average proceeds (monthly) per sq.m[3]	1,518	1,386	1,286		

* With respect to commercial and office space only.

1 New agreements were signed during the period for offices only.

2 In 2023, including net of rights granted due to Swords of Iron war and in 2022 including net of property tax expenses for tenants' liabilities.

3 The information concerning the tenants' revenue in the property is partial information relating to certain tenants that report to the Company on their monthly revenue and that constitute 92% of the commercial space.

C. Analysis of revenues and costs structure

Data based on 100%	2024	2023	2022
		NIS thousands	
Revenues:			
From rentals – Fixed	15,230	15,124	14,161
From management fees	6,696	6,444	5,993
From rentals – Variable	3,007	1,038	584
Total revenues	**24,934**	**22,606**	**20,738**
Costs:			
Management, maintenance and operating, including marketing and excluding downward allocations[1]	10,064	9,114	9,187
Total costs:	**10,064**	**9,114**	**9,187**
NOI:	**14,870**	**13,493**	**11,552**

D. Principal tenants of the property

	% of property area attributed to tenant	Does tenant constitute an anchor tenant?	Does tenant account for 20% or more of property's revenue?	Sector to which tenant belongs	Original term of lease and remaining term (years)	Extension options (years)	Mechanism for revising or linking of rent	Description of guarantees (if any)	Special dependency
Tenant A	4%	Yes	No	Super market	1.5/5	15	CPI-linked	Bank Guarantees	-
Tenant B	11%	Yes	No	Sports and fitness	5.8/12	5	CPI-linked	Bank Guarantees	-
Tenant C	5%	Yes	No	Pharm a	5/12.4	10	CPI-linked	-	-

E. Expected revenue with respect to signed leases (assuming tenants' option period is not exercised)

Data based on 100% (Company's share in property - 51%)	Year 2025	Year 2026	Year 2027	Year 2028	2029 onwards
			NIS thousands		
Fixed components	13,867	8,372	4,750	3,213	3,278
Variable components (estimate)	598	314	243	214	94
Total	14,465	8,686	4,992	3,428	3,372

1 Including, among other things, property tax expenses with respect to tenant liabilities since 2022.

F. Pledges and material legal restrictions on property

Class	Description	Amount secured by lien as at December 31, 2024 (NIS million)
A first degree mortgage unlimited in amount	On April 20, 2021, fixed Lien No. 70 was registered at the Registrar of Companies according to the date of creation on January 4, 2010 in favor of REIT 1 with regard to the acquisition of REIT 1 rights in G Rothschild (all as set out in Lien No. 70 and as revised on April 20, 2021).	Unlimited in amount
A first degree mortgage unlimited in amount	A first degree mortgage unlimited in amount was registered on G Israel's rights in Lot 243 in Block 3934 in favor of Reznik "Trusts under deed 50868/2020/1 dated December 1, 2020.	Unlimited in amount
A first degree mortgage unlimited in amount	A first degree mortgage unlimited in amount was registered on G Israel's rights in Lots 243 and 244 in Block 3934 in favor of Reznik "Trusts under deed 11931/2021/1 dated March 7, 2021.	Unlimited in amount
A first degree mortgage unlimited in amount	On April 20, 2021, fixed Lien No. 96 was registered at the Registrar of Companies according to the date of creation on December 1, 2020 in favor of Reznik Trusts (all as set out in Lien No. 96 and as revised on September 8, 2024).	Unlimited in amount
A first degree mortgage unlimited in amount	On April 20, 2021, fixed Lien No. 102 was registered at the Registrar of Companies according to the date of creation on March 7, 2021 in favor of Reznik Trusts (all as set out in Lien No. 102 and as revised on September 8, 2024).	Unlimited in amount
Transfer and inheritance restriction	There are transfer and inheritance restrictions on the leasing rights of G Israel with respect to Lots 242 and 244.	
Terms and conditions of the leasing agreement	According to the leasing agreement the Company may not transfer its rights to a third party. Therefore, the Municipality's consent (as the registered holder of the title to the land) must be obtained for registering the lien on the Company's rights in parts of Lot 242 and Lot 244 and that the lien will not be considered the transfer of rights. On February 28, 2021, the Municipality's consent was received for registering a lien in favor of Reznik Trusts.	
Post Office consent	The written prior consent of Israel Postal Services must be obtained, pursuant to the provisions of the contract for postal services between Israel Postal Services and the Company dated May 18, 2017. On November 15, 2020 the Postal Services consent was received for the lien.	
Restrictions under the partnership agreement with REIT 1.	For the purposes of the lien on the rights under the partnership agreement signed between the Company and REIT 1 dated December 4, 2009, written consent must be obtained from the mortgagor of REIT 1 according to which it consents that the lien will be subject to the provisions of the partnership agreement. On October 25, 2020, REIT 1 consent to the lien was received.	
Right of first refusal	The transfer of rights of either party in the partnership agreement is subject to first refusal rights of the second party for the acquisition of the rights.	
Tag-along rights	REIT 1 was granted tag-along rights in the event that the Company will seek to sell its rights in G Rothschild.	

Forced sale	The Company may force REIT 1 to sell its rights together with the Company (if REIT 1 fails to exercise its right of first refusal)
BMBY mechanism	The party wanting out of the partnership will inform the other party that it wishes to sell its rights or acquire the rights of the other party, and will include in such notice, the selling price. If the second party does not give notice of acceptance a competitive bidding process will take place (after 45 business days after receiving the notice), under which the second party may agree or make a counter offer, to acquire the first party's rights at a price higher that multiples of NIS 400,000 (however according to the pro rata share of the party selling the land 0 49% or 51%) of the price noted in the notice. The first party will be entitled to make a counteroffer and so on and so forth, until one of the parties gives notice of acceptance of the offer given to it.

G. Details regarding the valuation

Data based on 100% (Company's share in property - 51%)		December 31, 2024	December 31, 2023	December 31, 2022
The value fixed as at the end of the period (NIS thousands)		**253,569**	**238,360**	**237,169**
Identity of appraiser		Yehuda Zisser	Yehuda Zisser	Yehuda Zisser
Is the appraiser independent		Yes	Yes	Yes
Is there an indemnification agreement[1]		Yes	Yes	Yes
Effective date of valuation		September 30, 2024	September 30, 2023	December 31, 2022
Valuation model		Discounted cash flows	Discounted cash flows	Discounted cash flows
Main parameters taken into account for the valuation				
Valuation according to the DCF (income approach)	**Gross leasable areal (GLA) used for the calculation (sq.m) - all unit categories excluding foreign ownership**	13,136	13,120	13,121
	Occupancy rate in year +1 (%)	98%	96%	94%
	Occupancy rate in year 2 (%)	98%	98%	100%
	Representative occupancy rate of the GLA used for the valuation (%)	100%	100%	100%
	Average base monthly rent per leased sq.m used for valuation in year 1 + (NIS) - net of units without floor space	106.6	101.7	88.0
	Average base monthly rent per leased sq.m used for valuation in year +2 + (NIS) - net of units without floor space	106.6	101.7	90.8
	Average representative base monthly rent per leased sq.m used for valuation (NIS) - net of units without floor space	107.2	102.2	95.2
	Weighted rate of return for valuation purposes (%)	7.10%	7.25%	7.15%
	Representative NOI	17,587	16,842	16,548

Sensitivity analysis to value[2]		Change of value in NIS thousands		
Occupancy Rates		The property at 100%	The property at 100%	The property at 100%
Cap rates	Rise of 0.25%	(8,420)	(7,732)	(7,819)
	Decrease of 0.25%	9,030	8,285	8,385
Average rental per sq. meter	Rise of 5%	12,290	11,444	10,488
	Fall of 5%	(12,290)	(11,444)	(10,488)

1 Indemnification for the Valuator is for any financial liability that may be imposed on him with respect to the valuations, including in the event of negligence and/or malice and/or bad faith. The Company estimates that the Valuator is independent of the Company, in view of the Valuator's statement that he has no interest in the appraised property, that there is no dependent relationship between him and the Company, and that there is no dependency between the results of his opinion and the terms of his engagement and the entity that commissioned the opinion, including that his fee is not contingent on the results of the opinion.

2 Sensitivity tests were not conducted for occupancy rates because the rents used in the valuation were calculated for the gross areas, so that in fact the other sensitivity tests inherently include the changes in occupancy rates.

G Kochav Hatzafon

A. Presentation of the property

Data per 100% (the Company's share in the property - 50%)	Details as at December 31, 2023
Name of property	G Kochav Hatzafon
Location of property	The land known as Lot 28 in Block 7186 and located at 19-21 Meir Yaari Street, in the Kochav Hatzafon neighborhood, Tel Aviv Yafo.
Area of the property - divided according to uses (sq.m)	G Kochav Hatzafon includes built up area of 2,100 sq.m on the ground floor and built up area of 3,615 sq.m (of which 114 sq.m for storage) on the basement level, and includes a single story building above a basement level consisting of three divisions linked to one another by a surrounding pergola.
Holding structure of property	Held 50% by the Company[1]
Company's effective share in property	50%
Names of the partners in the property:	On December 31, 2024, the Company sold a non-specific half of its rights in the land to Menora for proceeds of NIS 55.3 million.
Date of acquisition of the property	G Israel acquired its rights in the property from Termosyntex Ltd. (the "Transferor"), under a sales agreement dated July 18, 2017. The Transferor's rights in the property are set under the development contract signed between the Municipality and the Transferor dated January 15, 2013. The Company's rights in the foregoing complex were transferred to it under the statutory merger dated April 20, 2021. On December 11, 2023, the leasing rights were registered in the name of the Company under deed 66924/2023/1.
Details of legal title to the property	The Company is registered as the lessee of Lot 28 in Block 7186, excluding the area of the electricity room and of 50 parking spaces that were allotted to the holder of rights in Lot 26, as defined below[2]
Substantial unused building rights:	The Tel Aviv urban building plan TA/5000 permits the addition of rights subject to preparation of a detailed plan under the authority of the Local Committee.
Financial statement presentation method	Fair value
Legal title registration status	Land title rights in Lot 28 in Block 7186 are registered at the Lands Registration Office in the name of the Tel Aviv Yafo Municipality under deed 22719/2002/37 dated July 2, 2002. On December 2, 2020, G Israel was registered at the Lands Registration Office as lessee of the property by virtue of the leasing agreement signed between it and the Municipality dated May 20, 2020, and at the same time, a first degree mortgage, unlimited in amount, in favor of the trustee and a caveat in favor of IEC were registered on G Israel's rights with respect to a leasing agreement dated March 11, 2019 signed between G Israel and IEC, under which G Israel leased the transformer room to IEC (above and below: the "Electricity Room"). On December 11, 2023, the Company was registered at the Lands Registration Office as the lessee of the property following the statutory merger dated April 20, 2021 under deed 66924/2023/1. As a result of the registration of the Company at the Lands Registration Office, the leasing of the property following the foregoing statutory merger, on December 17, 2023, the caveat registered in favor of IEC for the transformer room was revised under deed 67918/2023/1. On June 12, 2014, a sublease agreement was signed between Yesadah Ltd. (the "Sublease Agreement" and "Sub-Lessee", respectively) to which was attached a floor plan marking the foregoing parking spaces ("Lot 26 Parking Spaces") under which the Lessee transfers the parking spaces of Lot 26 to the Sub-Lessee, in accordance with the lease period noted in the

1 Other than the rights of the IEC under the sale agreement dated March 11, 2019, under which it purchased the rights to a basement level room on the land of 51.93 sq.m used as a transformer room, and other than a section of 50 parking spaces in the underground parking lot which are subleased to Yesadah Ltd.

2 As aforesaid, the Company sold non-specific 50% of its rights in the property to Menora. Registration of the rights in the name of Menora has not yet been completed.

	sublease agreement. The Transferor undertook to register the Sublessee's leasing rights at the Lands Registration Office. Access rights were registered in the land title in favor of the public, granting right of passage for the public through public passages and the pedestrian square covering an area of 1563.50 sq.m. Under deed 16877/2015/2 dated April 22, 2015. On December 31, 2024, the Company sold a non-specific half of its rights in the property, to Menora. Pursuant to the provisions of the agreement between the parties, on February 18, 2025, A caveat was registered on half of the Company's rights in favor of Menora under deed 10963/2025/1 and an additional first degree mortgage, unlimited in amount, was registered in favor of Menora under deed 10963/2025/2. Furthermore, On January 6, 2025, under deed 1110/2025/1 the first degree mortgage, unlimited in amount, that the Company gave in favor of the trustee, Reznik Trusts, was amended in a way that it will not apply to the non-specific half of the rights that the Company sold to Menora. In section F below is a breakdown of mortgages and liens registered on the Company rights in this property.

B. Principal data

Data per 100% (the Company's share in the property - 50%)	2024	2023	2022	At property acquisition date	
Fair value at end of period (NIS thousands)	110,663	108,411	105,090		
Revaluation gains (loss) - net of amortization of paid-up purchase tax (NIS thousands)	2,146	3,217	(922)		
Average occupancy (%)	90.8%	90.2%	90.2%	**Acquisition costs (NIS thousands) (including a plot adjacent to the building rights)**	105,000
Actual areas leased (sq.m)	2,112	2,098	2,097	**Acquisition date**	July 18, 2017
Total revenue (NIS thousands)	7,540	6,806	5,942		
Average rent per sq. m. (per month) (NIS)	285.6	277.5	267.7		
Average rent per sq.m. (monthly) in contracts signed in the period (NIS)		324	318		
NOI (NIS thousands)	5,629	5,474	4,537		
Adjusted NOI[1] (NIS thousands)	5,629	5,630	5,158		
Actual rate of return - income producing share (%)	5.1%	5.0%	4.3%		
Actual rate of return[2] - income producing share (%)	5.1%	5.2%	4.9%		
No. of tenants at end of reporting year	25	25	25		
Average revenue (monthly) per sq.m [2]	3,843	3,728	3,510		

1 In 2023, including net of rights granted due to Swords of Iron war and in 2022 including net of property tax expenses for tenants' liabilities.

2 The information concerning the tenants' revenue in the property is partial information relating to certain tenants that report to the Company on their monthly revenue and that constitute 29% of the commercial space.

C. Analysis of revenues and costs structure

Data based on 100%	2024	2023	2022
		NIS thousands	
Revenues:			
From rentals – Fixed	6,360	5,784	4,962
From management fees	1,059	1,022	977
From rentals – Variable	121	-	4
Total revenues	**7,540**	**6,806**	**5,942**
Costs:			
Management, maintenance and operating, including marketing and excluding downward allocations	1,911	1,332	1,406
Total costs:	1,911	**1,332**	**1,406**
NOI:	**5,629**	**5,474**	**4,537**

D. Principal tenants of the property

	% of property area attributed to tenant	Does tenant constitute an anchor tenant?	Does tenant account for 20% or more of property's revenue?	Sector to which tenant belongs	Original term of lease and remaining term (years)	Extension options (years)	Mechanism for revising or linking of rent	Description of guarantees (if any)	Special dependency
Tenant A	14%	Yes	No	Super market	4.6/5	14.9	CPI-linked	-	-
Tenant B	12%	Yes	No	Caterin g	4.8/5	5	CPI-linked	Bank Guarantees	-

E. Expected revenue with respect to signed leases (assuming tenants' option period is not exercised)

Data based on 100% (Company's share in property - 50%)	Year 2025	Year 2026	Year 2027	Year 2028	2029 onwards
			NIS thousands		
Fixed components	6,496	5,746	4,584	4,173	2,955
Variable components (estimate)	-	-	-	-	-
Total	6,496	5,746	4,584	4,173	2,955

F. Pledges and material, legal restrictions on property

Class	Description	Amount secured by lien as at December 31, 2024 (NIS million)
A first degree mortgage unlimited in amount	A first degree mortgage unlimited in amount in favor of Reznik Trusts under deed 1110/2025/1 dated January 6, 2025, on the Company's rights in Lot 28 Block 7186, excluding a non-specific party of the Company's rights, were sold to Menora.	Unlimited in amount
A first degree mortgage unlimited in amount	An additional first degree mortgage, unlimited in amount, in favor of Menora under deed 10963/2025/2 for a non-specific part of the rights in the property.	Unlimited in amount

A first degree mortgage unlimited in amount	On April 20, 2021, Lien No. 97 was registered at the Registrar of Companies according to the date of creation on December 2, 2020 in favor of Reznik Trusts (all as set out in Lien No. 97 and as revised on January 28, 2025).	Unlimited in amount
Caveat in favor of Israel Electric Corporation (IEC)	A caveat dated December 17, 2023, in favor of IEC was registered on the Company's rights in the land under deed 67918/2023/1 under the terms of the original deed 55286/2020/4 with respect to the electricity room leased by G Israel to IEC and that is known as the transformer room at 1-3 Yulia Maoz, which will serve as the transformer room for two transformers.	
Caveat in favor of Menora	A caveat dated February 18, 2025, in favor of Menora with respect to a non-specific half of the rights in the land under deed 10963/2025/1.	
The rights of Yasadah Ltd. In a cluster of 50 underground parking spaces	Yasadah Ltd. Is entitled to be registered as the title holder of subleasing rights in a cluster of 50 underground parking spaces and is in addition a non-exclusive right of passage is to be registered in its favor for the parking spaces allocated to it, via an access path that will be marked by the parties on a floor plan.	
Transfer and inheritance restriction	There are transfer and inheritance restrictions on the Company's leasing rights.	
Terms and conditions of the leasing agreement	The Company may transfer its rights to a third party subject to compliance with the terms set out in section 17 of the leasing agreement dated May 20, 2020, including giving written prior notice of obtaining the Tel Aviv Municipality's consent (as the holder of the title registered for the land). On January 28, 2025, the Company received the consent of the Municipality to register a first degree mortgage, unlimited in amount, in favor of Menora and the transfer of a non-specific half of its rights in the land to Menora.	
First refusal right under the partnership agreement	Any transfer of non-transferable rights, as defined in the partnership agreement, will be be carried out subject to first refusal rights given to the second party as set out in the partnership agreement (for further information see the Company's immediate report dated November 14, 2024, (Ref. No. 2024-01-616054) ("Report regarding the Menora Deal").	
Tag-along right under the partnership agreement	In addition to the first refusal rights under the partnership agreement, Menora was granted a tag-along right in the event that the Company will seek to sell its rights in the land, and this pursuant to the terms and conditions set out in the partnership agreement. For further information see the Report regarding the Menora Deal.	
Buy me by you (BMBY) mechanism under the partnership agreement	During a six month period from the date on which the Company will inform Menora of changes in control of the Company (as defined in the sale agreement), Menora will have the right to activate the BMBY mechanism for a period of 6 months. After sending such notice, the Company will have 30 days to give notice of whether it wants to sell or buy at the price offered.	

G. Details regarding the valuation

(Data based on 100%)		December 31, 2024	December 31, 2023	December 31, 2022
The value fixed as at the end of the period (NIS thousands)		**110,600**	**108,411**	**105,090**
Identity of appraiser		Sefi Raviv	Sefi Raviv	Sefi Raviv
Is the appraiser independent[1]		Yes	Yes	Yes
Is there an indemnification agreement		Yes	Yes	Yes
Effective date of valuation		September 30, 2024	September 30, 2023	December 31, 2022
Valuation model		Discounted cash flows	Discounted cash flows	Discounted cash flows
Main parameters taken into account for the valuation				
Valuation according to the DCF (income approach)	**Gross leasable areal (GLA) used for the calculation (sq.m) - all unit categories excluding foreign ownership**	2,307	2,307	2,325
	Occupancy rate in year +1 (%)	89%	91%	90%
	Occupancy rate in year 2 (%)	100%	100%	100%
	Representative occupancy rate of the GLA used for the valuation (%)	100%	100%	100%
	Average base monthly rent per leased sq.m used for valuation in year 1 + (NIS) - net of units without floor space	273.5	271.4	254.3
	Average base monthly rent per leased sq.m used for valuation in year +2 + (NIS) - net of units without floor space	284.3	274.4	253.8
	Average representative base monthly rent per leased sq.m used for valuation (NIS) - net of units without floor space	284.3	274.4	253.8
	Weighted rate of return for valuation purposes (%)	6.0%	6.0%	6.0%
	Representative NOI	7,033	6,787	6,575

Sensitivity analysis to value[2]		Change of value in NIS thousands		
		The property at 100%	The property at 100%	The property at 100%
Occupancy rates*	Decline of 5%	(4,686)	(4,523)	(4,384)
Cap rates	Rise of 0.25%	5,094	4,917	4,765
	Decline of 0.25%	5,811	4,640	5,900
Average rental per sq. meter	Rise of 5%	(5,811)	(4,640)	(5,900)
	Decline of 5%	(4,686)	(4,523)	(4,384)

1 Indemnification for the Valuator is for any financial liability that may be imposed on him with respect to the valuations, including in the event of negligence and/or malice and/or bad faith. The Company estimates that the Valuator is independent of the Company, in view of the Valuator's statement that he has no interest in the appraised property, that there is no dependent relationship between him and the Company, and that there is no dependency between the results of his opinion and the terms of his engagement and the entity that commissioned the opinion, including that his fee is not contingent on the results of the opinion.

2 Sensitivity tests were not conducted for occupancy rates because the rents used in the valuation were calculated for the gross areas, so that in fact the other sensitivity tests inherently include the changes in occupancy rates.

Horev Center

A. Presentation of the property

Data according to 100% (the company's share in the property - 50%)	Breakdown as at December 31, 2024
Name of property	Horev Center
Location of property	Land knows as Block 10782, Lots 134 (in part), 140 (in part), 67, 17, 74, 77, 83 (in part).
Area of the property - divided according to uses	Block 10782, Lot 134 - registered area of 4,235 sq.m and GLA of 28,870 sq.m containing 7 floors above 4 basement floors for parking and storerooms, 3 floors used as a shopping center (including a floor that includes mezzanine areas), one technical floor, and three floors of offices/medical center. Block 10782, Lot 140 - a registered area of 534 sq.m with a 4 basement floors that constitute 49.5 parking spaces on a total area of 1,898 sq.m and an 18 sq.m office on the first floor that is used as a taxi station. Block 10782, Lot 67 - registered area of 383 sq.m. Without any GLA. Block 10782, Lot 71 - registered area of 881 sq.m. Without any GLA. Block 10782, Lot 74 - registered area of 877 sq.m. The Lot contains a building of concrete Blocks partially covered by a tiled roof. The building contains 4 levels (two low floors below Pika Street level) on a total GLA of 550 sq.m. Block 10782, Lot 77 - registered area of 865 sq.m. Without any GLA. Block 10782, Lot 83 - registered area of 96 sq.m. Without any GLA.
Holding structure of property	50% owned by the Company[1]
Company's effective share in property	50%
Partners of the property:	NTM Transport Properties and Trade Ltd.
Details of legal title to the property	As specified below regarding the status of registration of legal rights.
Substantial unused building rights	2,500 sq.m mainly in the additional Lots. Furthermore, Haifa's master plan HP/2000 permits adding building rights subject to preparation of a detailed plan under the authority of the local committee.
Financial statement presentation method	Fair value

Legal title registration status	All of the Company's title in the property on land known as Block 10782, Lots 134[2] and 140 at 15 Horev Street, corner Pika street in Haifa's Ahuza neighborhood known as Horev Center Mall with a GLA of 26,996 sq.m, including 7 floors above 4 basement floors for parking and storerooms, 3 floors used as a shopping center (including a floor with mezzanine areas), one technical floor and 3 floors of offices/medical center, and all of the Company's rights in land known as part of Lots 67, 83, 71, 74 and 77 in Block 10782, adjacent to Horev Center Mall, part of which contains a 4-storey building on a total GLA of 550 sq.m, except for Haifa Municipality land as set out below[3].

1 On April 20, 2021, G Israel merged with and into the Company in a statutory merger. At this time, the transfer of rights into the Company's name at the Land Registration Office has not yet been completed.

2 Lot 74 in Block 10782 is registered as a condominium at the Land Registration Office.

3 A lease is registered in favor of Haifa Municipality on part of Lot 71 in Block 10782 under Note 4781/2015/1 dated October 13, 2015 for a 999-year term, in connection with a 40-sq.m area marked on the plan and used as a road, as well as part of Lots 71 and 77 in Block 10782 under Note 15/1962 dated January 1, 1962 for a 999-year term.

	The lease on land knowns as Lot 140 in Block 10782 refers to 4 underground basement floors that constitute 49.5 parking spaces, on a total GLA of 1,898 sq.m, and an office used as an 18-sq.m taxi station on the first floor below the Horev Center square on the ground floor level. The title registered at the Land Registration Office in G Israel's name in 2121/4235 non-specific parts of Plots 1 and 20 on Lot 134, Block 10782, and 303/605 non-specific parts of Plots 2 through 5, 7 and 8, 10 through 19, 22 through 97 and 99 on Lot 134 in Block 10782. The title registered at the Land Registration Office in G Israel's name in Plots 100 and 101 (in whole) on Lot 134, Block 10782. The capitalized lease rights for a lease term that is due to expire on May 9, 2055, registered at the Land Registration Office in G Israel's name on 1/2 non-specific parts of Lot 140 in Block 10782. The title registered at the Land Registration Office in G Israel's name in 1/2 non-specific parts of Lot 67 in Block 10782. The title registered at the Land Registration Office in G Israel's name 1/4 non-specific parts of Lot 83 in Block 10782. The title registered at the Land Registration Office in G Israel's name in 1/2 non-specific parts of Lot 71, Block [3] 10782. The title registered at the Land Registration Office in G Israel's name in 1/2 non-specific parts of Plots 1 and 2 of Lot 74 in Block 10782. The title registered at the Land Registration Office in G Israel's name 1/2 non-specific parts of Lot 77 in Block 10782. The plots in Lot 134 in Block 10782 are co-owned by G Israel and NTM, except for Plots 6, 9, 21 and 98 in Lot 134, which are not owned by G Israel and do not constitute part of the pledged property and except for Plots 100 and 101, which are wholly-owned by G Israel. Lots 67, 71, 74 and 77 in Block 10782 are co-owned by G Israel and NTM. Lot 83, Block 10782 is co-owned by G Israel, NTM and third parties. The title of 140 in Block 10782 is registered at the Land Registration Office in Haifa Municipality's name. G Israel is the holder of capitalized lease rights (for a period until May 9, 2055) on a non-specific 50% of Lot 140. An easement is registered on Lot 134 in favor of Haifa Municipality under Note 3267/2015/1012 in which a total area of 151.1 sq.m of Lot 134 is pledged for free pedestrian access and passage for the entire public. Land zoning caveats are registered on Plots 71, 74, 75 and 77 in Lot 134 pursuant to Regulation 27 under Note 21828/2018/1 in favor of Haifa Municipality, as per meeting no. 87 on December 18, 2017. An expropriation caveat is registered on Lots 67 and 83 in Block 10782 under Note 5362/1988 dated January 1, 1988, pursuant to sections 5 and 7 of the Land (Acquisition for Public Purposes) Ordinance, 1943. An easement is registered on Lot 67 in Block 10782 under Note 1985/1958/100 dated April 29, 1958 for the right of passage through Lot 83 of Block 10782. An easement is registered on Lot 83 under Note 1985/1958/100 dated April 29, 1958 for Lots 67 and 75 in Block 10782 to have the right of passage through Lot 83. A lease is registered on the leasing rights of all owners of Lots 71 and 77 in Block 10782 for part of the land under Note 15/1962 dated January 1, 1962 in favor of Haifa Municipality, for a 999-year term. Furthermore, a lease is also registered in favor of Haifa Municipality on part of Lot 71 in Block 10782 under Note 47801/2015/1 dated October 13, 2015 for a 999-year term, for 40 sq.m. marked in the plan and used as a road (above and below: "Haifa Municipality's Land") A caveat is registered on the title of all owners of Lot 71 for expropriation of part of the Lot in favor of Haifa Municipality under Note 6793/1997/3 dated February 11, 1997, as well as a land zoning caveat pursuant to Regulation 27 under Note 6707/2015/1 dated February 9, 2015 in favor of the Haifa Local Committee for Planning and Construction.

	A lease is registered on the joint property rights of the owners of Lot 74 for part of the land under Note 6973/1976/1 in favor of Haifa Municipality, for a 999-year term. A land zoning caveat is registered on Lot 77, under Note 6707/2015/1 dated February 9, 2015 in favor of the Haifa Local Committee for Planning and Construction, pursuant to Regulation 27. On July 14, 2010, NTM and G Israel signed a sharing agreements regarding Lots 134, 140, 67 and 83 on Horev Center land ("Horev Sharing Agreement") that anchors the relationship between these parties in G Horev (on Lots 134, 140, 67 and 82). Section F below presents a breakdown of mortgages and liens registered on the Company's title in the said property.

B. Principal data

Data according to 100% (the company's share in the property - 50%)	2024	2023	2022	At property acquisition date
Fair value of income-producing portion at end of period (NIS thousands)	244,873	236,281	236,432	
Fair value of adjacent Lots at end of period (NIS thousands)	25,500	25,500	25,500	
Total fair value (NIS thousands)	270,373	261,781	261,932	
Revaluation gains (losses) (NIS thousands) - Company's share	2640	(138)	9714	**Acquisition date** July 26, 2006
Average occupancy rates (%)*	93.7%	92.6%	94.7%	
Actual areas leased (sq.m)[1]	12,089	12,005	12,103	
Total revenues (NIS thousands)	22,616	21,051	17,184	
Average rent per sq.m (monthly) (USD)	126.8	122.2	116.7	
Average rent per sq.m (monthly) in leases signed in the period (NIS)[2]	114	82	127	
NOI (NIS thousands)	16163	14168	13984	
Adjusted NOI (NIS thousands)[3]	16,163	16,806	16,778	
Actual yield rate (%)	6.6%	6.0%	5.9%	
Adjusted rate of return (%)	6.6%	7.1%	7.1%	
No. of tenants at end of reporting year	55	53	53	
Average proceeds (per month) per sq.m[4]	2,337	2,121	2,044	

* For commercial and office areas only

1 Including areas owned by third parties amounting to 2,550 sq.m.

2 The above refers to leased areas, both commercial and office, in the property.

3 In 2022 including doubtful debt expenses in respect of tenants' debts from 2020 and 2023, including provision for expenses of previous years.

4 The information about the proceeds of the property's tenants is partial and relates to specific tenants that reported their monthly proceeds to the Company, and constitute 56% of the commercial areas.

C. Analysis of revenues and costs structure

Data according to 100% (the company's share in the property - 50%)	2024	2023	2022
	NIS thousands		
Revenues:			
From rent – Fixed	17,230	15,949	12,738
From management fees	5,386	5,103	4,446
From rent – Variable	-	-	-
Total revenues	22,616	21,051	17,184
Costs:			
Management, maintenance and operation, including marketing and excluding head office allocation[1]	6,453	6,884	3,200
Total costs:	**6,453**	**6,884**	**3,200**
NOI:	**16,163**	**14,168**	**13,984**

D. Principal tenants of the property

Data according to 100% (the company's share in the property – (50%)	% of GLA attributed to tenant (%)	Is tenant an anchor tenant?	Does tenant account for 20% or more of property's revenues?	Sector to which tenant belongs	Original lease period and period left (years)	Extension options (years)	Rent revision or linkage mechanism	List of guarantees (if any)	Special dependency
Tenant A	18%	Yes	No	Medical	1.7/5	9.9	CPI-linked	-	-
Tenant B	5%	Yes	No	Medical	1.7/5	9.9	CPI-linked	-	-
Tenant C	5%	Yes	Yes	Pharma	0.8/5	14.9	CPI-linked	-	-

E. Anticipated revenues with respect to signed leases (assuming non-exercise of tenants' option)

Data according to 100% (the company's share in the property - 50%)	2025	2026	2027	2028	2029 onwards
			NIS thousands		
Fixed components	11,956	6536	3,211	1,858	1,822
Variable components (estimate)	431	50	26	15	-
Total	12,387	6,586	3,237	1,873	1,822

1 Including doubtful debts of tenants for 2022.

F. Pledges and material legal restrictions on property

Class	Description	Amount secured by pledge as at December 31, 2024 (NIS millions)
Leases	In Lot 77, a lease is registered under Note 15/1962 dated January 1, 1962 on all owners in favor of Haifa Municipality for part of the land for a 999-year term, with restriction on transfer and on inheritance.	
Leases	In Lot 71, a lease is registered under Note 47801/2015/1 dated October 13, 2015 on all owners in favor of Haifa Municipality regarding paving a road in a 40 sq.m area for a 999-year term with restriction on transfer and on inheritance, and a lease under Note 15/1962 dated January 1, 1962 on all owners in favor of Haifa Municipality on part of the land for a 999-year term, with restriction on transfer and on inheritance.	
Leases	In Lot 74, a lease is registered on part of the Lot under Note 6973/1976/1 in favor of Haifa Municipality.	
Unlimited first degree mortgage	In Lot 71 of Block 10782, an unlimited first degree mortgage is registered on the Company's rights under Note 58760/2020/1 dated November 9, 2020, in favor of Reznik Paz Nevo Nominees Ltd.	Unlimited
Unlimited first degree mortgage	In Lot 71 of Block 10782, an unlimited first degree mortgage is registered on the Company's rights under Note 58760/2020/1 dated November 9, 2020, in favor of Reznik Paz Nevo Nominees Ltd.	Unlimited
Unlimited first degree mortgage	In Plot 1 in Lot 74 of Block 10782, an unlimited first degree mortgage is registered on the Company's rights under Note 58760/2020/1 dated November 9, 2020, in favor of Reznik Paz Nevo Nominees Ltd.	Unlimited
Unlimited first degree mortgage	In Plot 2 in Lot 74 of Block 10782, an unlimited first degree mortgage is registered on the Company's rights under Note 58760/2020/1 dated November 9, 2020, in favor of Reznik Paz Nevo Nominees Ltd.	Unlimited
Unlimited first degree mortgage	In Lot 77 of Block 10782, an unlimited first degree mortgage is registered on the Company's rights under Note 58760/2020/1 dated November 9, 2020, in favor of Reznik Paz Nevo Nominees Ltd.	Unlimited
Unlimited first degree mortgage	In Plot 1-5, 7-8, 10-20, 22-97, 99-101 in Lot 134 of Block 10782, an unlimited first degree mortgage is registered on the Company's rights under Note 58729/2020/1 dated November 9, 2020, in favor of Reznik Paz Nevo Nominees Ltd.	Unlimited
Unlimited first degree mortgage	In Lot 67 of Block 10782, an unlimited first degree mortgage is registered on the Company's rights under Note 58729/2020/1 dated November 9, 2020, in favor of Reznik Paz Nevo Nominees Ltd.	Unlimited
Unlimited first degree mortgage	In Lot 83 of Block 10782, an unlimited first degree mortgage is registered on the Company's rights under Note 58729/2020/1 dated November 9, 2020, in favor of Reznik Paz Nevo Nominees Ltd.	Unlimited
Unlimited first degree mortgage	In Lot 140 of Block 10782, an unlimited first degree mortgage is registered on the Company's rights under Note 58729/2020/1 dated November 9, 2020, in favor of Reznik Paz Nevo Nominees Ltd.	Unlimited
Unlimited first degree lien	On April 20, 2021, lien no. 93 was registered at the Registrar of Companies at creation date of November 9, 2020 in favor of Reznik Paz Nevo Trusts Ltd. (all as specified in lien no. 93 and amendment dated September 10, 2024).	Unlimited

Unlimited first degree lien	On April 20, 2021, lien no. 94 was registered at the Registrar of Companies at creation date November 9, 2020 in favor of Reznik Paz Nevo Trusts Ltd. (All as specified in lien no. 94 and amendment dated September 18, 2024).	Unlimited
Restriction under the Sharing Agreement	As a condition for registration of the lien, a letter of consent is required from the mortgagor to NTM Transport and Trade Ltd., confirming that the lien will be subject to the provisions of the Sharing Agreement. On October 19, 2020, NTM's consent to the lien was received.	
First refusal right	The right of transfer of any party to the Sharing Agreement is subject to a right of first refusal to the counterparty.	

G. Details regarding the valuation

Data according to 100% (the company's share in the property - 50%)		December 31, 2024	December 31, 2023	December 31, 2022
Determined value at end of the period (NIS thousands)		**267,193**	**261,781**	**261,887**
Identity of appraiser		Yehuda Zisser	Yehuda Zisser	Yehuda Zisser
Is the appraiser independent		Yes	Yes	Yes
Is there an indemnification agreement[1]		Yes	Yes	Yes
Effective date of valuation		September 30, 2024	September 30, 2023	December 31, 2022
Valuation model		Discounted cash flow (DCF)	Discounted cash flow (DCF)	Discounted cash flow (DCF)
Main parameters taken into account for the valuation				
Valuation according to the DCF (income) approach	**Gross leasable area (GLA) taken into account in the calculation (sq.m) - All types of units excluding foreign ownership**	10,194	10,171	10,234
	Occupancy rate in year +1 (%)	94%	93%	93%
	Occupancy rate in year 2 (%)	100%	100%	100%
	Representative occupancy rate of the leasable area used for the valuation (%)	100%	100%	100%
	Average base monthly rent per leased sq.m in a year + 1 for valuation purposes (NIS) - net of units without floor space	126.9	122.7	100.1
	Average base monthly rent per leased sq.m in a year +2 for valuation proposes (NIS) - net of units without floor space	126.9	122.8	102.0
	Average base monthly rent per leased sq.m in a year for valuation purposes (NIS) - net of units without floor space	127.6	123.3	103.2
	Weighted rate of return for valuation purposes (%)	7.4%	7.4%	7.25%
	Representative NOI	18,010	17,586	17,219

1 The indemnification to the appraiser is for any financial liability imposed in connection with the valuation, except in case of negligence and/or malice and/or bad faith. The Company believes that the appraiser is independent of the Company, due to his declaration that he has no interests in the valued property, he is not dependent on the Company, and that the results of the opinion do not depend of any terms of their agreement or the party commissioning the opinion, and his fees are not conditional to the results of the opinion.

Sensitivity analysis to value[1]		Change of value in NIS thousands		
Occupancy Rates		The property at 100%	The property at 100%	The property at 100%
Cap rates	Rise of 0.25%	(7,840)	(7,659)	(7,916)
	Fall of 0.25%	8,389	8195	8482
Average rent per sq.m	Rise of 5%	11,920	11664	8688
	Fall of 5%	(11,920)	(11,664)	(8,745)

G Rishon Lezion

A. Presentation of the property

Data according to 100% (the company's share in the property - 100%)	Breakdown as at December 31, 2024
Name of property	G Rishon Lezion
Location of property	West Industrial Zone, Rishon Lezion
Area of property – for marketing	Commercial - 74,516 Other – 3,574 Total – 78,090
Area of property under construction	Offices – 64,210 Commercial - 4,951
Holding structure of property	Owned directly by the Company
Company's effective share in property	100%
Partners of the property:	-
Date of acquisition of the property	2006-2007
Details of legal title to the property	Land title in Lots 342, 349, 391 and 520 in Block 3946 registered, in whole, in the Company's name. Mortgages on the land title are registered in the Company's name, as follows: - Unlimited first degree mortgages are registered for Lots 342, 349 and 391 in favor of Shine Trust Services Capital Markets Ltd. as of December 23, 2019. - An unlimited first degree mortgage is registered for Lot 520 in favor of Shine Trust Services Capital Markets Ltd. as of June 1, 2021. - Unlimited second degree mortgages are registered for Lots 342, 349 and 520 in favor of Reznik Paz Nevo Trusts Ltd. as of May 2, 2024. - An unlimited first degree mortgage is registered for Lot 391 in favor of Reznik Paz Nevo Trusts Ltd. as of June 10, 2024. Section 1.8 below presents a breakdown of mortgages and liens registered on the Company's title in the said property.
Substantial unused building rights	-
Special matters (exceptions, material construction, soil pollution and others)	-
Financial statement presentation method:	Fair value

1 No sensitivity analysis was conducted for the occupancy rates, as the rent in real estate appraisal is calculated for all areas, so in fact, other sensitivity analyses calculate reflect the changes in occupancy rates.

Presented below are data of proceeds, including proceeds per meter and rent per meter, as well as allocation of rent and management fees*:

	2024 (average monthly)	2023 (average monthly)	2022 (average monthly)
Proceeds per sq.m (NIS) (**)	1,422	1,256	1,268
Rent allocation (%)	8.7%	9.3%	8.5%
Rent and management fee allocation (%)	10.6%	11.4%	10.3%

* For commercial space only

** The information about the proceeds of the property's tenants is partial and relates to specific tenants that reported their proceeds this month to the Company, and constitute 54% of the commercial areas.

B. Principal data

Data according to 100% (the company's share in the property - 100%)	2024	2023	2022	At property acquisition date	
Fair value of income-producing part at end of period (NIS thousands)	1,628,700	1,483,796	1,499,483	-	
Fair value of land reserves/income-producing under construction at end of period (NIS thousands)	416,600	364,204	161,517	-	
Carrying value at end of year (NIS million)	2,045,300	1,848,000	1,661,000	265,827 (***)	
Revaluation gains (losses) (NIS thousands) - Company's share	106,753	60,574	31,232	**Acquisition date**	2006-2007
Average occupancy rates (%) (*)	98%	98%	99%		
Actual areas leased (sq.m)	76,628	75,530	76,577		
Total revenues (NIS thousands)	136,559	124,171	119,084		
Actual average rent per sq.m (monthly) (USD) (*)	106	100	97		
Average rent per sq. meter (monthly) in leases signed in the period (NIS)[1]	87	86	53		
NOI (NIS thousands)	97,995	87,689	87,721		
Adjusted NOI (NIS thousands) (**)	99,695	93,813	87,014		
Actual yield rate (%)	6.0%	5.9%	5.9%		
Adjusted rate of return (%)	6.1%	6.3%	5.8%		
No. of tenants at end of reporting year	119	117	122		

(*) For commercial space only

(**) Including net of provision for doubtful debts of NIS 1.7 million, net of rights granted due to the Swords of Iron War, and net of doubtful debt expenses amounting to NIS 6.1 million in 2023, NIS 0.7 million provision reversal for doubtful debts in 2022.

(**) Excluding construction and developments costs invested subsequent to the acquisition date.

1 In the period, new agreements were signed for offices only.

C. Analysis of revenues and costs structure

Data according to 100%	2024	2023	2022
		NIS thousands	
Revenues:			
From rent – Fixed	94,546	84,401	82,366
From management fees	21,246	20,087	18,989
From rent – Variable	20,768	19,683	17,729
Total revenues	**136,559**	**124,171**	**119,084**
Costs:			
Management, maintenance and operation, including marketing and excluding head office allocation[1]	36864	36482	32070
Total costs:	**36,864**	**36,482**	**32070**
NOI:	**99,695**	**87,689**	**87,014**

D. Principal tenants of the property

	% of GLA attributed to tenant (%)	Is tenant an anchor tenant?	Does tenant account for 20% or more of property's revenues?	Sector to which tenant belongs	Original lease period and period left (years)	Extension options (years)	Rent revision or linkage mechanism	List of guarantees (if any)	Special dependency
Tenant A	12%	Yes	No	Movie cinemas	2.2/17	12	CPI-linked	Bank guarantee	

E. Expected rental income from signed lease agreements

Presented below are data about expected revenue (from rent only) for lease agreements in the property for which, as at the publication date of the deed of trust, are signed, valid and in accordance with section 1.3 above. The data below are assuming non-exercise of lease extension options of the tenants

	2025	2026	2027	2028	2029 onwards
			NIS thousands		
Fixed components	86,428	73,913	51,253	34,838	68,345
Variable components (estimate)	1,779	1,625	357	15	16
Total	88,207	75,537	51,610	34,853	68,362

1 Including doubtful debts of tenants for 2022.

F. Planned improvements and alterations to the property*

Details	
Nature of improvement	Construction of a 32-floor office tower above 2 commercial floors
Areas to be added (sq.m)	Offices – 64,210 Commercial - 4,951
Statutory status	Building permit received
Total construction budget (NIS thousands)	813,600
Planned balance not yet invested (NIS thousands)	586,312
Areas for which leases have been signed, out of total added areas	At present, some areas have not been leased yet.
Expected additional annual NOI	NIS 67,300,000
Performance status	Skeleton frame and core of under construction of 20th floor out of 34
Expected date of completion	Q3, 2026

(*) The data presented are as a rental project. The Company is considering the sale of parts of the office building and when the Company has the relevant data for sale, they will be presented in subsequent reports.

The Company's assessments regarding construction of the office building, including the scope of areas that will be added, addition to NOI, the construction budget and expected construction completion are forward-looking information , as defined in the Securities Law, 1968. These assessments are uncertain, may not materialize and mostly are not within the control of the Company, and are dependent, among other things, on the state of the economy and real estate market, as well as the risk factors applicable to the Company, as set out in section 28 in Part A of the Company's Periodic Report for 2023. If the foregoing market conditions change, it is possible that changes and/or delays will occur in completing the construction, and the data presented in this table above may change.

G. Pledges and material legal restrictions on property

Class		Description	Amount secured by pledge as at December 31, 2024 (NIS millions)
Mortgage	First degree	Unlimited first degree mortgage in favor of Shine Trust Services Capital Markets Ltd., as follows: - For Lots 342, 349 and 391, under Note 55862/2019/1 dated December 23, 2019. - For Lot 520, under Note 295/2014/4 dated June 1, 2021. See sections 5.1through 5.3 of the deed of trust.	Unlimited
	Second degree	Unlimited second degree mortgage in favor of Reznik Paz Nevo Trusts Ltd., as follows: - For Lots 342, 349 and 520, under Note 20371/2024/1 dated May 2, 2024. - For Lot 391, under Note 26883/2024/1 dated June 10, 2024. See sections 5.1through 5.3 of the deed of trust.	Unlimited
Lien	First degree	On April 20, 2021, lien numbers 90 and 91 were registered according to creation date December 18, 2019 and lien no. 92 according to creation date of December 23, 2019, in favor of Shine Trust Services Capital Markets Ltd. (as specified in lien nos. 90 through 92).	Unlimited
	Second degree	- On May 2, 2024, lien no. 129 was registered according to creation date of May 2, 2024 over Lots 342, 349 and 520, in favor of Reznik Paz Nevo Trusts Ltd. (all as specified in lien no. 129 and amendment dated September 25, 2024). - On June 10, 2024, lien no. 130 was registered according to creation date of June 10, 2024, over Lots 342, 349 and 391, in favor of Reznik Paz Nevo Trusts Ltd. (all as specified in lien no. 130)	Unlimited

H. Details regarding the valuation

Data according to 100% (the company's share in the property - 100%)		December 31, 2024	December 31, 2023	December 31, 2022
Determined value at end of the period (NIS thousands)		**2,045,300**	**1,848,000**	**1,661,000**
Identity of appraiser		Barak Friedman Kapelner Shimkevitz & Co.	Barak Friedman Kapelner Shimkevitz & Co.	Conforti, Raviv, Zisser
Is the appraiser independent		Yes	Yes	Yes
Is there an indemnification agreement[1]		Yes	Yes	Yes
Effective date of valuation		December 31, 2024	December 31, 2023	December 31, 2022
Valuation model		Discounted income approach and residual method[2]	Discounted income approach and residual method	Discounted income approach and residual method
Main parameters taken into account for the valuation				
Valuation according to the DCF (income) approach	**Gross leasable area (GLA) taken into account in the calculation (sq.m)– All types of units**	Commercial - 74,516 Other – 3,574 Total – 78,090	Commercial - 74,207 Other – 3,417 Total – 77,624	Commercial - 74,234 Other – 3,610 Total – 77,845
	Occupancy rate in year +1 (%)	98.1%	98.4%	98.9%
	Occupancy rate in year 2 (%)	100%	100%	99.2%
	Representative occupancy rate of the leasable area used for the valuation (%)	100%	100%	100%
	Average base monthly rent per sq.m leased in a year +1 for valuation purposes (NIS)[3]	106	100	97
	Average monthly rent per sq.m leased in a year +2 for valuation purposes (USD)	107	100	99
	Average representative base monthly rent per sq.m leased for valuation purposes (USD) [3]	107	100	99
	Weighted discount rate used for valuation purposes (%)	6.79%	6.81%	6.57%
	Representative NOI (NIS thousands)	109,915	100,234	100,178

Sensitivity analysis to value[4]		**Change of value in NIS thousands**		
Occupancy Rates		The property at 100%	The property at 100%	The property at 100%
Cap rates	Rise of 0.25%	57,417 (-)	52,200 (-)	55,800 (-)
	Fall of 0.25%	61,804 (+)	56,200 (+)	60,200 (+)
Average rent per sq.m	Rise of 5%	80,890 (+)	58,700 (+)	61,900 (+)
	Fall of 5%	80,890 (-)	58,700 (-)	61,900 (-)

1 The indemnification to the appraiser is for any financial liability imposed relating to the valuation, except in case of negligence and/or malice and/or bad faith. The Company believes that the appraiser is independent of the Company, due to his declaration that he has no interests in the valued property, he is not dependent on the Company, and that the results of the opinion do not depend of any terms of their agreement or the party commissioning the opinion, and his fees are not conditional to the results of the opinion.

2 Discounted income approach for income-producing properties and residual method derived from the cost approach for valuation of an office tower under construction.

3 Commercial space, including movie cinemas.

4 No sensitivity analysis was conducted for the occupancy rates, as the rent in real estate appraisal is calculated for all areas, so in fact, other sensitivity analyses calculate reflect the changes in occupancy rates.

I. Specific financing

On December 15, 2019, G Israel (that merged with and into the Company in 2021) signed a financing agreement with entities from Clal Insurance Company Ltd Group for provision of 3 loans in a total amount of up to NIS 1 billion. The first loan of NIS 400 million was received in December 2019, the second of NIS 480 million in March 2020 and the third of NIS 120 million in February 2023. The data presented in the in the table below weighs the above three loans under the financing agreement.

<table>
<tr><th colspan="4">Specific financing (Company's share - 100%)</th></tr>
<tr><td rowspan="4">Balance in the consolidated statement of financial position (NIS thousands)</td><td rowspan="2">At December 31, 2024</td><td>Presented as a short-term loan</td><td>33,179 (including accrued interest)
(Less deferred expenses - 29,388)</td></tr>
<tr><td>Presented as a long-term loan</td><td>1,003,246
(Less deferred expenses - 994,950)</td></tr>
<tr><td rowspan="2">At December 31, 2023</td><td>Presented as a short-term loan</td><td>15,605 (including accrued interest)
(Less deferred expenses– 12,327)</td></tr>
<tr><td>Presented as a long-term loan</td><td>893,281
(Less deferred expenses– 883,354)</td></tr>
<tr><td colspan="2">Fair value at December 31, 2024</td><td colspan="2">NIS 902,761</td></tr>
<tr><td colspan="2">Date of receipt of original loan</td><td colspan="2">December 15, 2019</td></tr>
<tr><td colspan="2">Amount of original loan</td><td colspan="2">NIS 1,000,000,000. See information above regarding withdrawal from the loan limit</td></tr>
<tr><td colspan="2">Average effective interest rate as at December 31, 2024</td><td colspan="2">1.23%</td></tr>
<tr><td colspan="2">Due dates of interest and principal</td><td colspan="2">Interest is paid quarterly Principal - 0.81% quarterly amortization and the balance of 84% outstanding in January 2030</td></tr>
<tr><td colspan="2">Key financial covenants</td><td colspan="2">LTV ratio will not exceed 75% at any time (the LTV ratio as at December 31, 2024 is 51%)
Coverage ratio will not fall below 1.25 (the coverage ratio as at December 31, 2024 is 2.2)
The borrower's rating will not fall below BBB or baa2 by Maalot or Midroog (the lower of the ratings at that time)</td></tr>
<tr><td colspan="2">Other key covenants</td><td colspan="2">Standard terms and conditions for calling for immediate repayment of credit (for information, see section 19.7 of the Company's Periodic Report for 2022)</td></tr>
<tr><td colspan="2">Does the company comply with the key covenants and financial criteria as at December 31, 2024</td><td colspan="2">Yes</td></tr>
<tr><td colspan="2">Is it non-recourse?:</td><td colspan="2">No</td></tr>
</table>

Targowek G

A. Presentation of the property

Data according to 55% (company's share in the property[1])	Breakdown as at December 31, 2024
Name of property	Atrium Targowek Shopping Center
Location of property	15 Głębocka Street, Warsaw 03-287, Poland
Area of the property:	Area of land - 107,003 sq.m., of which area for rent - 38,449 sq.m., storage - 2,012 sq.m, and 2,173 parking spaces.
Holding structure of property:	The property is owned directly (100%) by CH Targowek sp. Z o. o., which is wholly-owned by a Cypriot company. The Cypriot company is wholly-owned by Gazit Midas Limited (a private company incorporated in Jersey), which is wholly-owned by the Company. Part of the property is co-owned with Carrefour Polska Sp. Z o. o. ("Carrefour"), as set out below.
Company's actual share in property:	1. 100% of the title in Block 4-09-28, Lot number 31/17, in an area of 22,549 sq.m ("Property No. 1"). 2. 100% of the title in Block 4-09-28, Lot numbers 31/70 and 31/71 on an area of 6,554 sq.m. 3. 34.78% of the title in Block 4-09-28, Lot number 31/69, in an area of 65,126 sq.m ("Property No. 3"). 4. 53.55% of the title in Block 4-09-28, Lot number 31/72, in an area of 12,774 sq.m ("Property No. 4"). Property No. 3 together with Property No. 3 will be referred to below as: the "Joint Properties".
Partners of the property:	It is clarified that there is a sharing and management agreement between Carrefour and CH Targowek in connection with the Joint Properties, as set out in the deed of trust. All lease agreements whose data is presented here are agreements to which only CH Targowek is a party, and there are no lease agreements in the property in which Carrefour and CH Targowek are the tenants. CH Targowek and Carrefour are co-owners of the property's parking lot.
Date of acquisition of the property	The Company acquired the company that indirectly owns CH Targowek (that owns the property) in August 2008.
Details of legal title to the property	Title on 5 Lots on a total area of 107,003 sq.m., of which two Lots are co-owned as follows: Total on 34.78% out of 65,126 sq.m and title on 53,55% out of 12,774 sq.m.
Legal title registration status	Title is registered as specified above.
Substantial unused building rights	5,000 sq.m (GLA) according to the general plan applicable to the property.
Special matters (exceptions, material construction, soil pollution and others)	None.
Financial statement presentation method:	At Group level according to IFRS - based on fair value

1 The Company co-owns the property, as set out below. According to the provisions of the management and sharing agreement between the parties, as defined in the deed of trust, the Company is the owner of the exclusive rights to the profits and liabilities with respect to the property, and the information below in this appendix refers to the Company's entire share of the property, including as determined between the parties in the sharing agreement.

B. Principal data

Data according to 55% (company's share in the property)	2024	2023	2022
Fair value at end of period (NIS thousands)	239,100	230,000	228,2000
Carrying value at end of year (EUR million)	239,688	230,215	228,490
Revaluation gains (losses) (EUR thousands) - Company's share	6,394	1,664	(86)
Average occupancy (%)	98.62%	98.45%	98.42%
Actual areas leased (sq.m)	40,115	40,057	39,504
Total revenues (EUR thousands)	18,256	17,298	15,637
Actual average rent per sq. m. (monthly) (EUR)	33.41	30.17	30.67
Average annual rent per sq.m in leases signed in the period (EUR)	24.6	37.70	39.60
NOI (EUR thousands)	14,421	13,487	11,723
Adjusted NOI (EUR thousands)	14,372	14,008.2	12,902.7
Actual yield rate (%)	6.02%	5.9%	5.1%
Adjusted rate of return (%)	6.0%	6.1%	5.6%
No. of tenants at end of reporting year	152	151	153
Average proceeds (per month) per sq.m(*)	214.0	236.0	205.8

(*) The data is to the best of the Company's knowledge and provided on the basis of information received from the tenants. The Company is therefore unable to confirm the accuracy of this information.

C. Analysis of revenues and costs structure

Data according to 55% (company's share in the property)	2024	2023	2022
		EUR thousands	
Revenues:			
From rentals – Fixed	12,412	12,482	10,964
From management fees	0	0	0
From rentals – Variable	5,844	4,816	4,673
Total revenues	**18,256**	**17,298**	**15,637**
Costs:			
Management, maintenance and operation, including marketing and excluding head office allocation(1)	3,485	3,204	3,345
Allocation of management costs	350	607	569
Total Expenses	**3,835**	**3,811**	**3,914**
NOI:	**14,421**	**13,487**	**11,723**

D. Principal tenants of the property

Data according to 55% (company's share in the property)	% of GLA attributed to tenant (%)	Is tenant an anchor tenant?	Does tenant account for 20% or more of property's revenues?	Sector to which tenant belongs	Original lease period and period left (years)	Extension options (years)	Rent revision or linkage mechanism	List of guarantees (if any)	Special dependency
Multikino	14%	Yes	No	Entertainment	5.1 / 6.6	--	--	Bank guarantees	--
H&M	8%	Yes	No	Fashion	24.8 / 30.9	--	--	Parent company guarantees	--
ZARA	7%	Yes	No	Fashion	9.1 / 15.2	--	--	--	--

E. Expected income from signed lease agreements

Presented below are data about expected revenue (from rent only) for lease agreements in the property that as at the reporting date are signed and valid. Furthermore, the data below are assuming non-exercise of lease extension options of the tenants.

Data according to 55% (company's share in the property)	2025	2026	2027	2028	2029 onwards
	EUR thousands				
Fixed components	11,440	9,582	6,393	4,236	4,236
Variable components (estimate)	1,265	1,226	1,208	1,168	1,152
Total	**12,705**	**10,808**	**7,601**	**5,404**	**5,387**

The Company's above assessments regarding expected revenue for signed lease agreement in Targowek are forward-looking information, as defined in the Securities Law, 1968, based on calculation of rent from valid lease agreements as at the publication date of the deed of trust. The Company's assessments regarding expected revenue are uncertain and may not materialize, in whole or in part, or may materialize differently, including in a materially different manner, for various reasons that are not necessarily in the Company's control, including special arrangements, such as assumptions, that will be agreed upon between CH Targowek sp. Z. o. o and specific tenants, early cancellation and/or breach of the leases, financial resilience of the tenants and/or due to realization of all or part of the risk factors described in section 28 of the Report on the Description of the Company's Business.

F. Pledges and material legal restrictions on property

Class	Description	Amount secured by lien as at December 31, 2024 (EUR millions)
Other	There is an easement, right of use of a road, right to enter the pledged property for the benefit of adjacent parts, including parts not included in the pledged property. With regard to Property No. 1 (as defined above), there is right of use in electrical facilities in favor of the local electricity company.	-

G. Details regarding the valuation

Data according to 55% (company's share in the property)		2024	2023	2022
Determined value at end of the period (EUR thousands)		239,100	230,000	228,200
Identity of appraiser		Savilis	Savilis	Savilis
Is the appraiser independent?[1]		Yes	Yes	Yes
Is there an indemnification agreement?		Yes	Yes	Yes
Effective date of valuation		December 31, 2024	December 31, 2023	December 31, 2022
Valuation model		DCF	DCF	DCF
Main assumptions used for the valuation:				
If the valuation uses the discounted cash flow (DCF) approach	**Gross leasable area (GLA) taken into account in the calculation (sq.m) - all types of units**	40,462	40,462	40,466
	Occupancy rate in year +1 (%)	98.1%	96.2%	96.0%
	Occupancy rate in year 2 (%)	94.2%	96.7%	96.2%
	Representative occupancy rate of the leasable area used for the valuation (%)	98.3%	98.4%	97.8%
	Average monthly rent per sq.m leased for valuation purposes in year +1 for valuation purposes (EUR)	30.2 / 363.2	27.5 / 330.5	24.2 / 290.4
	Average base monthly rent per sq.m leased in a year +2 for valuation purposes (EUR)	30.2 / 362.2	30.2 / 362.8	26.1 / 313.7
	Average representative monthly rentals per sq.m leased for valuation purposes (EUR)	30.2 / 362.2	30.2 / 362.8	26.1 / 313.2
	Discount Rate (%)	7.20%	7.50%	7.50%
	Exit Cap. Rate (%)	6.35%	6.00%	5.80%
	Net (Initial) Yield At Current Rent (%)	6.19%	5.91%	5.48%
	Representative NOI	14,799	12,730	12,509
Sensitivity analysis of value:			**Change in EUR**	
Occupancy rate[2]	**--**	--	--	--
Discounting rate	**Rise of 0.25%**	233,800	224,500	222,400
	Fall of 0.25%	244,700	235,900	234,600
Average rent per sq.m	**Rise of 5%**	249,000	240,000	240,200
	Fall of 5%	229,100	219,900	216,200

1 The indemnification to the appraiser is for any financial liability imposed in connection with the valuation, except in case of negligence and/or malice and/or bad faith. The Company believes that the appraiser is independent of the Company, due to his declaration that he has no interests in the valued property, he is not dependent on the Company, and that the results of the opinion do not depend of any terms of their agreement or the party commissioning the opinion, and his fees are not conditional to the results of the opinion.

2 The appraiser did not conduct a sensitivity analysis of the value under the assumption of occupancy rate changes.

H. Planned improvements and alterations to the property

N/A

I. Specific financing

Prior to completion of the offering, G Targowek (as defined in the deed of trust) provided a loan to CH Targowek sp. Z o. o. in the amount of PLN 300 million, under the following terms and conditions:

Specific financing[1]			
Balance in the consolidated statement of financial position (EUR thousands)	December 31, 2024	Presented as a short-term loan	2,256,246
		Presented as a long-term loan	70,043,352
	December 31, 2023	Presented as a short-term loan	-
		Presented as long-term loans (*)	73,130,346
Fair value at December 31, 2024			--
Date of receipt of original loan (*)			July 15, 2024
Amount of original loan			PLN 300,000,000
Effective interest rate as at December 31, 2024:			6.8%
Due dates of interest and principal			Quarterly interest The loan principal will be repaid in one installment on the loan maturity date, meaning December 31, 2031, subject to the borrower's right to repay the loan from time to time without any early repayment fine.
Key financial covenants			--
Other key covenants			The loan is subordinate to Debentures (Series T). The loan is secured by an assignment agreement in favor of the debenture holders, according to which, upon occurrence of a breach event (as defined in the deed of trust) the trustee (for the debenture holders) will have the right to receive the funds of the loan. For information, see section 5.2.7 of the deed of trust.
Does the Company comply with the key covenants and financial criteria as at December 31, 2024			--
Is it non-recourse?:			No

(*) Loan granted to CH Targowek by a company from G Europe Group on January 1, 2019. As part of the acquisition transaction, the loan was endorsed and re-granted by the acquiring company - G Targowek.

1 It is clarified that the entire loan amount was received by CH Targowek, and the partner in the property has not part in this loan.

Appendix C to the Directors Report - Disclosure regarding the Internal Auditor

The Company's internal auditor:

Doron Cohen is the internal auditor of the Company since July 22, 2019. Mr. Cohen is an accountant, certified internal auditor and is a partner of Fahn Kanne Control Management Ltd.

Is the internal auditor an employee of the Company or a person who provides internal audit services on behalf of an external party:

The internal auditor provides internal audit services in the format of an external service provider, through the company Fahn Kanne Control Management Ltd.

Legal requirements met by the internal auditors:

The internal auditor meets the requirements of Section 146(b) of the Companies Law and Section 8 of the Internal Audit Law.

Holding of securities of the Company or of a related entity:

As at the reporting date, neither the internal auditor nor any of his employees held securities of the Company or of any related party.

The internal auditor's relationship with the Company or with a related party:

The internal auditor also serves as the internal auditor of Norstar Holdings Inc., the controlling shareholder of the Company. Furthermore, the internal auditor serves as the internal auditor of the subsidiary CTY. The Company and internal auditor believe that this does not form any conflict of interests with his position as internal auditor of the Company.

Other duties of the internal auditor within the Company:

Apart from his duties as the internal auditor of the Company, the internal auditor is not otherwise engaged by the Company and does not provide it with any other services.

Other duties of the internal auditor outside the Company:

The internal auditor serves as a partner of Fahn Kanne Control Management Ltd., which provides internal audit services, internal control services, etc. to various companies and entities.

Method of the internal auditor's appointment:

Mr. Cohen was appointed as the Company's internal auditor pursuant to a resolution of the Company's Board of Directors dated July 22, 2019 (in accordance with the recommendation of the Company's Audit Committee dated May 19, 2019).

Identity of the person to whom the internal auditor reports within the organization:

Within the organization, the internal auditor reports to the Audit Committee chairperson.

The internal auditor's work plan:

The internal auditor's annual work plan for 2024 is based on a risk survey of January 2024. The plan took into account the issues examined and expected to be examined over the years in accordance with a multi-annual plan. The work plan was set in collaboration with the Audit Committee and Company management and discussed and approved by the Audit Committee.

The annual audit program reflects the activities of the private companies owned by the Company in Israel and abroad and the order of priority of the issues by important or urgency, as determined by the Audit Committee at the recommendation of the internal auditor. It is possible to deviate from the work plan with the approval of the Audit Committee.

Review of the Company's material transactions in 2024 by the internal auditor:

In the reporting year, the internal auditor reviewed material transactions, including transactions with interested parties and controlling shareholders, as defined in the Companies Law.

Audit abroad and audit of investees:

Private subsidiaries - The audit reports also relate to the Company's private subsidiaries in Israel and abroad. In 2024, the internal auditor conducted an audit of the activity of the private companies Gazit Horizons, Gazit Brazil and G Europe, according to the work plan approved by the Company's Audit Committee.

Public subsidiaries – the internal audit of the Company's public subsidiaries listed abroad is subject to the restrictions of the law applicable to them. To the best of the Company's knowledge, in the first three quarters of 2024 a different internal auditor worked in CTY according to a work plan set by the relevant competent organs of CTY, who worked conformity with professional international internal auditing standards.

The internal auditor held periodic meetings with CTY's internal auditor, as part of a general review regarding the existence of adequate internal audit processes in this company, including a review of the existence of an annual and multi-annual work plan and its degree of completion, performance of a risk survey, reporting on the findings of the audit reports to the competent organs and control of implementation of recommendations.

In the fourth quarter of 2024, the Company's internal auditor was appointed to serve as the internal auditor of CTY.

Scope of the internal auditor's engagement:

The scope of the internal auditor's engagement varies in accordance with the annual audit program. In 2024, 3,500 hours were spent on audit activity, in accordance with the breakdown presented in the table below:

	Work hours
Internal audit in Israel	1,600 hours
Internal audit of the Company's private subsidiaries abroad	1,900 hours
Total	3,500 hours

The number of work hours of the auditor was set at 3,500 hours, based on the audit subjects that were included in the 2024 audit program, compared with 3,685 internal audit hours in 2023. It should be noted that the scope of the internal auditor's engagement is flexible, meaning that, as 2024 progressed and as the various audit reports were discussed, the Audit Committee was empowered to permit the internal auditor to increase the number of audit hours beyond the scope set at the outset in the annual audit program.

The professional standards in accordance with which the internal auditor performs his audit:

The audit is performed in conformity with professional international standards generally accepted for internal audit. To the best of the Company's knowledge, based on information provided by the internal auditor, he complied with the requirements of the foregoing standards.

Freedom of access for the internal auditor:

With regard to the information and documents of the Company and its private subsidiaries abroad, the internal auditor is given free access to all IT systems of those companies, including financial data.

Reports of the internal auditor:

Submission date	Subject of report
July 2024	“Collection from Tenants” in G-City Europe
July 2024	“Agreements with Tenants” in G-City Europe
July 2024	“Marketing and Rental” in Gazit Horizons
July 2024	Internal Enforcement” in the Company
July 2024	“Human Resources” in the Company
July 2024	“Ongoing Management of Properties (Kfar Saba) in the Company's Real Estate Division
July 2024	“Payment Method Security” in G-City Europe
September 2024	“Safety at Centers” in G-City Europe
September 2024	“Collection from Tenants” at Gazit Brazil
September 2024	“Ongoing Management of Properties” in Gazit Brazil
September 2024	“Financing and Loans” in Gazit Horizons
September 2024	“Payment Method Security” in Gazit Horizons
December 2024	“Digital Marketing and Advertising” in Gazit Brazil
December 2024	“Reimbursement of Expenses to Employees and Managers” in Gazit Horizons
December 2024	“Transactions with Interested Parties” in the Company
December 2024	“Mixed Use of Aircraft” in the Company
January 2025	“Purchasing and Contracts” in the Company's Real Estate Division
January 2025	“Ongoing Management of Properties (Rishon Lezion) in the Company's Real Estate Division
January 2025	“Purchasing and Contracts with Suppliers” in G-City Europe
January 2025	“Separation of Duties” in G-City Europe
January 2025	“Payments and Implementation of Signing Rights” in Gazit Brazil
January 2025	“Correction of Deficiencies and Monitoring Implementation of Recommendations”
January 2025	“Monitoring of Internal Auditor's Activity in the Group”
January 2025	“Update of the Control Risk Survey” in the Company
March 2025	“Branding” in the Company
March 2025	“Supervision and Reporting from Subsidiaries” in the Company

The Audit Committee discussed the above reports in its meetings on July 16, 2024, September 12, 2024, December 25, 2024, January 28, 2025 and March 17, 2025.

Opinion of the Company's Board of Directors concerning the internal auditor's activities:

In the opinion of the Company's Board of Directors, the scope, nature, continuity of the internal auditor's activities and work plan are reasonable under the circumstances and are sufficient to attain the Company's internal audit objectives.

Compensation of the internal auditor:

The internal auditor's fees are determined based on the number of work hours actually invested in performing his assignments, within a budget approved in advance by the Company's Audit Committee. In the Company's opinion, the payment of such compensation does not influence the professional judgment of the internal auditor.

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G City Ltd.

Chapter C - Consolidated Financial Statements as at December 31, 2024

Contents

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AUDITORS' REPORT

To the Shareholders of G City LTD.

We have audited the accompanying consolidated statements of financial position of G City Ltd. ("the Company") as of December 31, 2024 and 2023, and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2024. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We did not audit the financial statements of certain subsidiaries, whose assets included in consolidation constitute approximately 45% of total consolidated assets as of December 31, 2024, and whose revenues included in consolidation constitute approximately 52% and 30% of total consolidated revenues for the years ended December 31, 2024 and 2022, respectively. The financial statements of those companies were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditor's Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations, changes in equity and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with IFRS Accounting Standards and with the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010.

Key Audit Matters

The key audit matters described below are those matters that were communicated, or should have been communicated, to the Company's board of directors and that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters include, among others, any matter: (1) which relates, or may relate, to significant accounts or disclosures in the financial statements and (2) that involved our professional judgment that was challenging, subjective or especially complex. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. The communication of these matters below does not change our opinion on the consolidated financial statements as a whole nor do we provide through such communication a separate opinion on these matters or on the accounts or disclosures to which they relate.

Fair value of investment property

As described in Notes 2k, 11 and 12 to the consolidated financial statements, the Company's investment properties are measured at fair value and revaluation gains and losses are recognized in profit or loss. As of December 31, 2024, the Company's investment properties total approximately NIS 29,464 million, accounting for 82% of the Company's assets.

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The fair value of investment property was measured as follows:

The fair value of commercial and industrial properties and land held for capital appreciation is determined using the DCF method and CUP method based on the expected future cash flows from the properties and comparable transactions in similar properties in the market with adjustment to the specific property features and use of discount rates that take into consideration the inherent risk of the properties.

The valuation of investment property requires those charged with governance and management to use judgment in making estimates and evaluations while maximizing the reliance on relevant observable parameters and minimizing the use of unobservable parameters. In measuring the fair value, the Company relies on significant estimates that involve uncertainty and subjective assumptions that cannot be observed in the market (Level 3).

Changes in these estimates and assumptions are likely to have a material impact on the estimated fair value of investment property disclosed in the Company's financial statements. We identified this matter as a key audit matter due to the extensive use of judgments and estimates by management and those charged with governance.

How we addressed the matter in our audit

In response to the process of determining the fair value of investment property, we mainly performed the followings procedures:
Understanding the internal control environment for determining the fair value of investment property and auditing the effectiveness of the relevant internal controls for fair value measurement.
Evaluating the competence and independence of the valuation experts hired by the Company.
Examining the adequacy of the fair value measurement methodology and verifying its correspondence to the property being measured.
Analyzing the key assumptions and matters that involve extensive judgment and understanding the methods used by the Company's valuation experts for fair value measurement.
Examining on a test basis the accuracy and completeness of the information delivered by the Company to the valuation experts.
Assessing the reasonableness of the basic assumptions applied in the valuations on a test basis which included variable rental income, capitalization rates and previous year's results.
Maintaining direct communication with the Company's management and its hired valuation experts.
Examining the proper application of assumptions in fair value measurement and testing the calculations in a sample of valuations.
Assessment of the adequacy of the disclosures relating to the valuation methods and assumptions used by the valuation experts.

We have also audited, in accordance with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel, "An Audit of Components of Internal Control over Financial Reporting", the Company's components of internal control over financial reporting as of December 31, 2024, and our report dated March 19, 2025, included an unqualified opinion on the effective maintenance of those components.

Tel-Aviv, Israel
March 19, 2025

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Auditors' Report to the Shareholders of G City Ltd.
Regarding the Audit of Internal Control over Financial Reporting
Pursuant to Section 9B(c) of the Securities Regulations

We have audited the internal controls over the financial reporting of G City Ltd. and its subsidiaries (together: the "Company") as of December 31, 2024. The control components were determined as explained in the following paragraph. The Company's Board of Directors and management are responsible for maintaining effective internal control over the financial reporting and for their assessment of the effectiveness of these internal controls over the financial reports attached to the periodic report at this date. Our responsibility is to express an opinion on the Company's internal controls over the Company's financial reporting based on our audit.

The audit components of the internal controls over financial reporting which were defined in accordance with Auditing Standard 911 of the Institute of Certified Public Accountants in Israel, Audit of Internal Controls Over Financial Reporting ("Audit Standard 911"). These controls are: 1) entity-level controls, including audits on the process for preparation and closing of financial reporting and information technology general controls (ITGC); (2) controls over the treasury process; (3) controls over the valuation process of investment properties (all these together are referred to hereunder as: "the Audit Controls").

We conducted our audit in accordance with Audit Standard (Israel) 911, which requires us to plan and perform the audit to identify the Audited Controls and obtain reasonable assurance that these controls have been implemented effectively in all material respects. Our audit included obtaining an understanding of the internal control over financial reporting, identifying the Audited Controls, assessing the risk for material weaknesses in the Audited Controls, and testing and evaluating the effectiveness of the planning and implementation of these controls based on the assessed risk. Our audit, regarding these controls, included performing other procedures, as we considered necessary in the circumstances. Our audit referred only to the Audited Controls, as opposed to internal control over all the significant processes regarding financial reporting, therefore our opinion refers to the Audited Controls only. Additionally, our audit did not refer to the reciprocal effects between the Audited Controls and those that are unaudited, therefore, our opinion does not take into account such possible effects. We believe that our audit provides a reasonable basis for our opinion in respect of the aforesaid.

Due to inherent limitations, internal control over financial reporting in general, and internal control components in particular, may not prevent or disclose misstatement. Moreover, drawing forward-looking conclusions based on any present assessment of effectiveness involves risks that the controls may become inadequate due to changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company has implemented effectively, in all material aspects, the audited controls as at December 31, 2024.

We have also audited, in accordance with generally accepted control standards in Israel, the consolidated financial statements of the Company as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and our report of March 18, 2025, includes an unqualified opinion of these financial statements.

Tel-Aviv, Israel
March 19, 2025

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31,	
		2024	**2023**
	Note	**NIS million**	
Properties			
Current assets			
Cash and cash equivalents	3	1,991	638
Short-term investments and loans	4	538	31
Financial assets	10	43	26
Financial derivatives	34C	69	34
Trade receivables	5	98	143
Other receivables	6	376	423
Current tax assets		2	4
		3,117	1,299
Assets held for sale	7	1,337	2,977
		4,454	4,276
Non-current assets			
Equity accounted investments	8	982	1,131
Other investments, loans and receivables	9	381	592
Financial assets	10	69	96
Financial derivatives	34C	173	290
Investment property	11	27,041	29,083
Investment property under development	12	2,423	2,759
Fixed assets, net	13	94	133
Intangible assets, net	14	341	447
Deferred taxes	23F	63	66
		31,567	34,597
		36,021	38,873

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31,	
		2024	2023
	Note	NIS million	
Liabilities and Equity			
Current liabilities			
Credit from banks and others	15	38	185
Current maturities of non-current liabilities	16	1,870	4,053
Financial derivatives	34C	15	184
Trade payables and service providers	17	89	138
Other payables	18	648	539
Current tax liabilities		10	105
		2,670	5,204
Liabilities attributed to assets held for sale	7	494	1,652
		3,164	6,856
Non-current liabilities			
Debentures	19	14,941	13,150
Interest-bearing loans from banks and others	20	6,145	5,559
Financial derivatives	34C	222	319
Other liabilities	21	335	339
Deferred taxes	23F	1,116	1,320
		22,759	20,687
Equity attributable to equity holders of the Company	25		
Share capital		253	239
Share premium		4,981	4,754
Retained earnings		2,446	2,430
Adjustments due to translation of financial statements of foreign operations		(4,763)	(3,998)
Other reserves		1,279	1,413
Treasury shares		(16)	(1)
		4,180	4,837
Non-controlling interests	25E	5,918	6,493
Total equity		10,098	11,330
		36,021	38,873

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

March 19, 2025			
Date of approval of the financial statements	Ehud Arnon Chairman of the Board of Directors	Chaim Katzman CEO and Vice Chairman of the Board of Directors	Gil Kotler CFO

CONSOLIDATED STATEMENTS OF INCOME

	Note	Year ended December 31 2024	2023	2022
		NIS million (Other than earnings (loss) per share)		
Rental and other income	28	2,533	2,438	2,303
Property operating and other expenses	29	799	771	720
Operating income, net		1,734	1,667	1,583
Revaluation of investment property and investment property under development, net	11,12	38	(767)	(450)
General and administrative expenses	30	(321)	(349)	(374)
Other income	31A	222	5	14
Other expenses	31B	(549)	(686)	(130)
Company's share in profits (losses) of equity accounted investees, net	8B	114	(2)	(51)
Operating profit (loss)		1,238	(132)	592
Financing expenses	32A	(1,285)	(1,340)	(2,263)
Financing income	32B	219	272	117
Income (loss) before taxes on income		172	(1,200)	(1,554)
Taxes on income (tax benefit)	23G	76	120	(318)
Net profit (loss)		96	(1,320)	(1,236)
Attributable to:				
Equity holders of the Company		52	(1,203)	(1,340)
Non-controlling interests		44	(117)	104
		96	(1,320)	(1,236)
Net earnings (loss) per share attributable to equity holders of the Company (NIS)	33			
Total basic net earnings (loss)		0.28	(6.79)	(8.15)
Total diluted net earnings (loss)		0.28	(6.79)	(8.15)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS million		
Net profit (loss)	96	(1,320)	(1,236)
Other comprehensive income (loss) (net of tax effect) *):			
Amounts not subsequently reclassified to profit or loss			
Profit (loss) for financial assets at fair value through other comprehensive income	(31)	(51)	2
Amounts classified or reclassified to profit or loss			
Adjustments for conversion of financial statements of foreign operations	(1,230)	1,048	1,008
Profit (loss) for cash flow hedges	(15)	(81)	146
Total other comprehensive income (loss)	(1,276)	916	1,156
Total comprehensive loss	(1,180)	(404)	(80)
Attributable to:			
Shareholders of the Company (1)	(803)	(665)	(553)
Non-controlling interests	(377)	261	473
	(1,180)	(404)	(80)

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

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS million		
Net profit (loss)	52	(1,203)	(1,340)
Adjustments for conversion of financial statements of foreign operations	(809)	667	651
Profit (loss) for cash flow hedges	(15)	(78)	135
Profit (loss) for financial assets at fair value through other comprehensive income	(31)	(51)	1
	(803)	(665)	(553)

(*) For further information about other comprehensive income (loss) and the related tax effect, see Note 25D.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

*) Represents an amount of less than NIS 1 million

**) In the year ended December 31, 2024, the Company declared on distribution of a dividend in the amount of NIS 0.2 per share (total amount of NIS 36 million), of which NIS 18 million (NIS 0.1 per share) was paid on September 9, 2024, and NIS 18 million (NIS 0.1 per share) was paid on December 10, 2024.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Retained earnings	Adjustments due to translation of financial statements of foreign operations	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Audited								
	NIS million								
Balance as at 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)
Issue of share capital and options (less issue costs)	20	221	-	-	-	-	241	-	241
Exercise and forfeiture of options for Company shares	-*)	4	-	-	(4)	-	-*)	-	-*)
Cost of share-based payment	-	-	-	-	-	-	-	5	5
Issue 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 interests	-	-	-	-	-	-	-	(166)	(166)
Classification of capital reserve of exercised financial	-	-	(41)	-	41	-	-	-	-
Acquisition of non-controlling interests and an issue of subsidiary shares	-	-	-	37	(55)	-	(18)	105	87
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	(164)	(164)
Balance as at 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 constitute an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Retained earnings	Adjustments due to translation of financial statements of foreign operations	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS million								
Balance as at January 1, 2022	204	4,078	5,226	(5,352)	1,152	(1)	5,307	8,248	13,555
Loss	-	-	(1,340)	-	-	-	(1,340)	104	(1,236)
Other comprehensive income	-	-	-	651	136	-	787	369	1,156
Total comprehensive loss	-	-	(1,340)	651	136	-	(553)	473	(80)
Issue of share capital and options (less issue costs)	15	431	-	-	22	-	468	-	468
Exercise and forfeiture of options for Company shares	-*)	20	-	-	(20)	-	-*)	-	-*)
Cost of share-based payment	-	-	-	-	7	-	7	9	16
Buyback of hybrid debentures from non-controlling interests	-	-	-	-	4	-	4	(28)	(24)
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(145)	(145)
Dividend declared	-	-	(212)	-	-	-	(212)	-	(212)
Acquisition of non-controlling interests and IPO an issue of subsidiary shares	-	-	-	(1)	(4)	-	(5)	(1,149)	(1,154)
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	(379)	(379)
Balance as at December 31, 2022	219	4,529	3,674	(4,702)	1,297	(1)	5,016	7,029	12,045

*) Represents an amount of less than NIS 1 million

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

CONSOLIDATED STATEMENTS OF CASH FLOW

	For the year ended December 31		
	2024	2023	2022
	NIS million		
Cash flows from operating activities			
Net profit (loss)	96	(1,320)	(1,236)
Adjustments required for presentation of cash flows from current			
Adjustments to profit or loss			
Financing expenses, net	1,066	1,068	2,146
Company's share in losses (earnings) of equity accounted investees, net	(114)	2	51
Revaluation of investment property and investment property under development, net	(38)	767	450
Depreciation and amortization	25	29	24
Taxes on income (tax benefit)	76	120	(318)
Other expenses, net	327	682	106
Cost of share-based payment	5	5	16
	1,347	2,673	2,475
Changes in items of assets and liabilities:			
Decrease (increase) in trade receivables and other receivables	113	(45)	61
Increase (decrease) in trade and other payables	(25)	32	(139)
	88	(13)	(78)
Net cash provided by operating activities before interest, dividend, and taxes	1,531	1,340	1,161
Cash paid and received during the period for:			
Interest paid	(873)	(767)	(687)
Interest received	112	83	118
Dividends received	74	33	83
Taxes paid	(152)	(64)	(73)
Taxes received	4	25	46
	(835)	(690)	(513)
Net cash from operating activities	696	650	648

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

CONSOLIDATED STATEMENTS OF CASH FLOW

	For the year ended December 31		
	2024	2023	2022
	NIS million		
Cash flows from investment activities			
Investments and loans to investees	(11)	(39)	(215)
Acquisition, construction, and development of investment property	(779)	(1,491)	(1,359)
Investments in fixed assets and other assets	(8)	(29)	(23)
Proceeds from the sale of investment property net of tax paid	1,791	1,386	1,918
Proceeds from the sale of fixed assets	-	27	-
Grant of long-term loans	-	(123)	(123)
Repayment of long-term loans	243	116	13
Investments in other financial assets	(45)	-	(852)
Proceeds from the sale of financial assets and withdrawal of deposits, net of tax paid	36	215	1,230
Net cash provided by investing activities	1,227	62	589
Cash flow from financing activities			
Issue of share capital and options (less issue costs)	268	150	468
Exercise of share options into Company's shares	-*)	-*)	-*)
Acquisition of treasury shares	(57)	-	-
Acquisition of non-controlling interests and equity issuance in a subsidiary	328	-	(1,100)
Dividend paid to Company shareholders	(36)	(53)	(204)
Dividend paid to holders of non-controlling interests	(135)	(164)	(379)
Receipt of long-term loans	879	1,812	157
Repayment of long-term loans	(817)	(211)	(195)
Receipt (repayment) of long-term credit from banks, net	(1,479)	469	(617)
Receipt (repayment) of short-term credit from banks, net	(141)	(848)	702
Early payment and redemption of debentures	(4,459)	(2,767)	(2,082)
Issue of debentures	5,588	611	174
Buyback of hybrid debentures from non-controlling interests	(241)	(200)	(24)
Interest on hybrid debentures paid to non-controlling interests	(168)	(166)	(145)
Net cash used for financing activities	(470)	(1,367)	(3,245)
Exchange differences for cash and cash equivalents	(100)	(81)	9
Increase (decrease) in cash and cash equivalents	1,353	(736)	(1,999)
Cash and cash equivalents at the beginning of the year	638	1,374	3,373
Cash and cash equivalents at the end of the year:	1,991	638	1,374

*) Represents an amount of less than NIS 1 million

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

CONSOLIDATED STATEMENTS OF CASH FLOW

		For the year ended December 31		
		2024	2023	2022
			NIS million	
(A)	Significant non-cash activities			
	Sale of investment properties against receivables and deposits	611	245	94
	Dividend to be paid to Company shareholders	-	-	53
	Acquisition of hybrid shares in return for the issue of shares	-	91	-
	Acquisition of hybrid debentures in return for issue by a subsidiary	-	87	-
(B)	Additional information			
	Tax paid and included under investing and financing activities	-	-	98

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

NOTE 1 – General

A. The Company and its business activities

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

The Company’s shares are listed for trading on the Tel Aviv Stock Exchange (“TASE”) under the symbol GCT.

B. State of the Company affairs and liquidity:

As at December 31, 2024, the consolidated financial statements presents a working capital deficit of NIS 1.3 billion, and the Company’s separate financial information presents working capital deficit of NIS 1.0 billion.

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

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

Furthermore, the Company has binding lines of credit (mostly unutilized) with financial institutions in significant amounts, as part of which the Company and/or its wholly-owned subsidiaries may utilize credit for various periods according to their needs, and subject to compliance with the criteria set out in these agreements. As at December 31, 2024, the Company and its wholly-owned subsidiaries have such secured revolving credit facilities from several local and international banks and local and international financial institutions, for a total amount of NIS 1.1 billion, of which NIS 0.2 billion have been utilized as at the foregoing date. Shortly prior to the publication date of this Report, the balance of these credit facilities was NIS 1 billion, of which NIS 0.2 billion was used.

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

The credit facilities of the Company and its subsidiaries include financial covenants including, inter alia, minimal equity, leverage rate, utilized debt ration to collateral value and more as detailed in Note 20D, as at December 31, 2024, and immediately prior to the date of publication of this report, the Company and its subsidiaries are in compliance with all these financial covenants.

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

NOTE 1 – General (Contd.)

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

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

The 2028 Strategic Plan is a continuation of the disposal plan announced by the Company in October 2022 for the disposal of non-core properties or those in which the Company has completed improvement ("Property Disposal Plan").

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

C. Swords of Iron War:

In October 2023, the Hamas terror organization launched a murderous terrorist attack on the State of Israel, which led to the start of the Swords of Iron War. Since then the State of Israel has been waging war on seven fronts, including in the north of the country, against Iran and the Houthis and Yemen. In November 2024, the ceasefire agreement between Israel and Hezbollah came into effect and in January 2025, Israel signed a temporary ceasefire and release of hostages with Hamas. Shortly prior to the date of publication, the ceasefire with Hamas failed and it is uncertain whether the war will continue, its nature and intensity.

The war, as aforesaid, led to the evacuation of communities in the Gaza border area and in the north, to massive mobilization of reservists and impacted all sectors of the Israeli economy.

At the same time, the war also led to an unprecedented wave of antisemitism worldwide, and among other things, an embargo imposed by Turkey on exports to the State of Israel.

In the wake of the war and its impact on the Israeli economy, in February 2024 Moody's downgraded the credit rating of the State of Israel from A1 to A2. In August 2024, S&P downgraded the credit rating of Israel from AA- to A+. In September 2024, Moody's further downgraded the credit rating of Israel from A2 to BAA1. In October 2024, S&P further downgraded the credit rating of Israel from A+ to A.

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

NOTE 1 – General (Contd.)

D. Definitions in these financial statements:

Company	-	G City Ltd.
Parent Company	-	Norstar Holdings Inc. ("Norstar") through its wholly-owned subsidiary (collectively, "Norstar Group").
Subsidiaries	-	Companies controlled by the Company, including effective control (as defined in IFRS 10) the financial statements of which are consolidated with the financial statements of the Company.
Jointly controlled operations	-	Companies owned by a number of entities with a contractual arrangement for joint control, which are accounted for on the equity basis in the Company's financial statements.
Joint operations	-	Companies owned by a number of entities that have a contractual arrangement for the rights in the assets and liabilities for the joint operations presented in the Company's financial reports according to its proportionate share in the assets and liabilities, income and expenses.
Jointly controlled companies	-	Joint ventures and joint operations
Associates	-	Companies over which the Company has significant influence (as defined in IAS 28) and are not subsidiaries, joint ventures, or joint operations, and the Company's investment in these companies is accounted for using the equity method.
Investees	-	Subsidiaries, jointly controlled entities and associates
The Group	-	-The Company, its subsidiaries and jointly-controlled entities listed in Appendix A to the financial statements
Interested parties and controlling shareholder	-	As defined in the Israeli Securities Regulations (Annual Financial Statements), 2010
Related parties	-	As defined in IAS 24 (Revised)
G Europe	-	G City Europe Limited (formerly: Atrium European Real Estate Limited), subsidiary (see Note 8C)
CTY	-	Citycon Oyj, subsidiary (see Note 8D)
Reporting date	-	December 31, 2024

NOTE 2 - Significant Accounting Policies

A. Basis of presentation

The consolidated financial statements of the Group have been prepared based on cost, other than for investment property, investment property under development and certain financial instruments, including derivative instruments that are measured at fair value.
The Company presents profit or loss items using the function of expense method.

Basis of preparation of the financial statements
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Furthermore, the financial statements have been prepared in conformity with the Israeli Securities Regulations (Annual Financial Statements), 2010.

Consistent accounting policy
The accounting policies set out in the financial statements have been applied consistently for all the periods presented, unless otherwise stated.

B. Significant judgments, estimates, and assumptions used in the preparation of the financial statements

Judgments
When applying the significant accounting policies, the Group made judgments and considered the following issues which have the most significant effect on the amounts recognized in the financial statements:

Topic	Main considerations	Possible effects/reference
Existence of effective control	• Materiality of percentage of voting rights relative to the holdings of the other holders, while taking into account voting rights • Degree to which the other holdings are diversified • Voting patterns at prior meetings of shareholders	Regarding consolidation of financial statements or application of the equity method and affect of the relevant measurement – see Notes 2C and 8D.
Classification of non-current assets held for sale.	The Company considers whether non-current assets meet the conditions for classification as assets held for sale: • The Company's commitment to the disposal plan. • Active plan to locate a buyer. • The sale is highly probable, and expected to be completed within a year from date of classification.	Regarding classification of an asset held for sale as a current asset, see Notes 2N and 7.
Classification of an investment property lease	Classification as a finance lease or as an operating lease in accordance with the transfer of risks and rewards criteria with respect to the leased property • The existence of an option to purchase the underlying asset at a price sufficiently lower than the fair value • Lease term compared to the economic life of the underlying asset • The present value of the lease payment amounts compared to the fair value of the underlying asset	Regarding recording of the investment in properties and the revenue from rental or a financial investment and recording of interest income, see Note 2L.
Acquisitions of subsidiaries that are not business combinations	Analysis of the transaction in light of the definition of a "business" in IFRS 3, in order to decide whether the transaction constitutes a business combination or asset acquisition	Regarding recording the acquisition consideration as an investment in a property, or recording an investment in net recognized properties, including goodwill and deferred taxes, see Note 2M.
Reliable measurement of the fair value of investment property under development	• Location of the property under development in a developed and liquid market • Existence of a reliable estimate of the construction costs • Availability of relevant regulatory consent for the utilization of the land rights, and applicable zoning, city plan and building permits exist • The lease up of a major percentage of the leasable areas	Measurement of investment property under construction at cost or at fair value – refer to Note 12

NOTE 2 - Significant Accounting Policies (contd.)

Estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, in the reporting period. To formulate the accounting assumptions, the Company’s management basis on past experience, various facts, external factors and reasonable assumptions, dependent on the relevant circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The key assumptions made in the financial statements concerning uncertainties at the balance sheet date and the critical estimates calculated by the Group that may cause a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below:

Topic	Principal estimates and assumptions	Possible effects/reference
Valuation of investment property and investment property under development	The required yields on the Group’s properties, future rental rates, occupancy rates, lease renewal rates, the probability of leasing out vacant plots and the date thereof, property operating expenses, the financial strength of the tenants and required capital expenditure	Regarding the determination of the fair value of investment property vis-à-vis the fair value gains (losses) in the statement of income, see Notes 2K, 11 and 12.
Impairment of goodwill	The anticipated cash flows and the appropriate capitalization rate for measuring the recoverable amount with the addition of certain adjustments of group of cash-generation units to which the goodwill is allocated	Determining the need for provisions for impairment against profit and loss, see Notes 2M and 14.
Recording of deferred tax assets and provision for income taxes.	Expectation of taxable income considering the timing, the amount of the expected taxable income and the tax planning strategy	Notes 2O and 23F.
Determination of fair value of nonmarketable financial derivatives (swap contract)	Discounting the future cash flows by interbank yield curve, with adjustments for the inter-currency liquidity spreads, inflation expectations and the credit risk of the parties	Revaluation of financial derivatives in profit or loss or in other comprehensive income, see Note 34B.
Provision for legal claims	In estimating the likelihood of outcome of legal claims filed against the Company and its investees, the companies rely on the opinion of their legal counsel. These estimates are based on the legal counsel's best professional judgment, taking into account the stage of proceedings and legal experience accumulated on various issues. Since the outcomes of the claims will ultimately be determined in the courts, these outcomes could differ from the assessments.	Recognition of provision for legal claims based on the estimation of chances of being accepted, see Note 24D.

NOTE 2 - Significant Accounting Policies (contd.)

C. Consolidated Financial Statements

The consolidated financial statements include the financial statements of the Company and of companies that are controlled by the Company (subsidiaries). Control exists when the Company has the power to affect the investee, is exposed, or has rights, to variable returns from its involvement with the investing entity, and it has the ability to affect those returns arising from the investee. When assessing the existence of control, all potential voting rights are taken into account only if they are exercisable. Financial statements are consolidated from the date control is obtained until the date that control ceases.

Consolidation due to effective control

The Group consolidates a subsidiary on the basis of effective control in accordance with IFRS 10.

Below is a description of some of the characteristics considered by the Group which, when reviewing the overall circumstances, may indicate the existence of effective control:

1. Holding a significant portion of the voting rights (even if the share is less than half)
2. Wide diversity of public holdings of the remaining shares conferring voting rights and no other entity other than the Group holds a significant portion of the shares.
3. The Group holds a significantly large percentage of the active voting power (quorum) at the general meetings of the shareholders and voting agreements with other shareholders that, in practice, facilitate the appointment of the majority of the members of the Board of Directors.
4. The non-controlling interests have no participating rights or other preferential rights, excluding standard protective rights.

The Company carries out ongoing evaluation of the existence of effective control over the investee based on the three control components as defined on Section 7 of IFRS10.

Moreover, based on these tests and circumstances, the Group consolidated CTY based on effective control, among other things, due to it's holding of significant voting interests of 49.5% in CTY as at reporting date, the wide diversity of the public holdings of the remaining shares, restriction on other shareholders holding more than the Company's holding in CTY or more than 30% of CTY's shares, according to the higher of the two, without issuing a full tender offer, the Group holds a majority of the participating voting power in the general meetings, enabling it, among other things, the ability to indirectly appoint most of the directors and indirectly the executive management.

Non-controlling interests represent the capital of the subsidiaries that cannot be attributed, directly or indirectly, to the parent company Profit or loss and any part of other comprehensive income are attributed to the Company and the non-controlling interests.

When the Group acquires non-controlling interests the difference between the consideration and the carrying amount of the acquired interest is recorded as a reduction or increase in equity under transactions with non-controlling interests. Upon disposal of rights in a subsidiary that does not result in a loss of control, an increase or decrease in equity is recognized as the difference between the consideration received by the Group and the carrying amount of the non controlling interests in the subsidiary adjusted for the disposal of goodwill in the subsidiary, if any, and amounts recognized in other comprehensive income, if any. Transaction costs for transactions with holders of non-controlling interests are also recognized in equity.

Significant intragroup balances and transactions and profits or losses arising from transactions between the subsidiaries have been eliminated in full in the consolidated financial statements.

The financial statements of the Company and its subsidiaries are prepared at the same dates and for the same periods.

D. Functional, presentation, and foreign currencies

1. Functional currency and presentation currency

The presentation currency for the Company's financial statements is the Israeli shekel (NIS).

NOTE 2 - Significant Accounting Policies (contd.)

The functional currency is the currency that best represents the economic environment in which the Company operates and conducts its business and is determined separately for each Group entity, including entities accounted for using the equity method, and is used to measure its financial position and operating results. The functional currency of the Company is the NIS.

Intra-group loans for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the investment in that foreign operation and are accounted for as part of the investment and the exchange differences arising from these loans are recognized in other comprehensive income (loss).

2. CPI-linked monetary items

Monetary assets and liabilities linked to the changes in the consumer price index in Israel ("the CPI") are adjusted at the relevant index at each reporting date, according to the terms of the agreement. Linkage differences arising from the adjustment, other than those capitalized to qualifying assets, are recognized in the statement of income.

E. Operating cycle

The group has an operating cycle of one year. As a result, current assets and current liabilities also include items the realization of which is intended and anticipated to take place within the regular operating cycle of the Company.

F. Financial instruments

1. Financial assets

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

The Group classifies and measures debt instruments in the financial statements based on the following criteria:

(a) The Company's business model for managing financial assets; and

(b) The contractual cash flow terms of the financial asset.

1a) The Group measures debt instruments at amortized cost when:
The Group's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1b) Equity instruments and other financial assets held for trading:
Investments in equity instruments do not meet the above criteria and accordingly are measured at fair value through profit or loss.
Other financial assets held for trading such as derivatives, including embedded derivatives separated from the host contract, are measured at fair value through profit or loss unless they are designated as hedging instruments and the hedge is effective in accordance with IFRS 9.
In respect of certain equity instruments that are not held for trading, on the date of initial recognition the Group made an irrevocable election to present subsequent changes in fair value in other comprehensive income which changes would have otherwise been recorded in profit or loss. These changes will not be reclassified to profit or loss in the future, even when the investment is disposed of.

2. Impairment of financial assets

The Group evaluates at the end of each reporting period the loss allowance for financial debt instruments which are not measured at fair value through profit or loss

The Company distinguishes between two types of loss allowances:

NOTE 2 - Significant Accounting Policies (contd.)

a) Debt instruments whose credit risk has not increased significantly since initial recognition, or whose credit risk is low - the loss allowance recognized in respect of this debt instrument is measured at an amount equal to the expected credit losses within 12 months from the reporting date (12-month ECLs); or

b) Debt instruments whose credit risk has increased significantly since initial recognition, and whose credit risk is not low - the loss allowance recognized is measured at an amount equal to the expected credit losses over the instrument's remaining term (lifetime ECLs).

For low credit risk financial instruments, the Group assumes the debt instrument's credit risk has not increased significantly since initial recognition.

The Group always measures the loss allowance at an amount equal to the expected credit losses over the instrument's remaining term for account receivables or assets from contracts with customers resulting from transitions under the scope of IFRS 15, and for lease receivables resulting from transactions under the scope of IFRS 16.

3. Financial liabilities

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, the Company measures all financial liabilities at amortized cost using the effective interest rate method. Short-term credit is recognized according to its terms, usually at its nominal value.

4. Derecognition of financial liabilities

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is discharged or canceled or expires.

If the terms of an existing financial liability changes, the Company evaluates whether the modification is substantial, taking into account qualitative and quantitative information.

If the terms of an existing financial liability are substantially modified or a liability is exchanged for another liability from the same lender with substantially different terms, the modification or exchange is accounted for as an extinguishment of the original liability and the recognition of a new liability. The difference between these two financial liabilities in the financial statements is recognized in profit or loss.

If the modification in the terms of an existing liability is not substantial or if a liability is exchanged for another liability from the same lender whose terms are not substantially different, the Company recalculates the carrying amount of the liability by discounting the revised cash flows at the original effective interest rate and any resulting difference is recognized in profit or loss.

5. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when there is a legally enforceable right to immediately offset the amounts and there is an intent either to settle on a net basis or to realize the asset and settle the liability simultaneously. The right to offset must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of bankruptcy or insolvency of one of the counterparties. Offset must not be contingent on a future event or periods of time in which they will not apply, or may be removed by a future event.

NOTE 2 - Significant Accounting Policies (contd.)

G. Financial derivatives and hedge accounting

In line with its risk management policy, from time to time the Group enters into derivative contract to hedge its financial liabilities denominated in foreign currency or carrying variable interest. The hedging financial derivatives include, among other things, cross-currency swap transactions of principal and interest, currency forward contracts, Interest Rate Swaps ("IRS") and options to hedge its risks associated with changes in interest rates and currency exchange fluctuations. Such financial derivatives are presented as current or non-current based on their maturity dates. Such financial derivatives are presented as current or non-current based on their maturity dates.

After initial recognition, derivatives are measured at fair value. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are carried to profit or loss.

When engaging in the transaction, the Group designates and documents part of the financial instruments for hedge accounting purposes. The hedge effectiveness is assessed at each reporting period.

Hedge transactions qualify as accounting hedging when, at the inception of the hedge, there is formal designation and documentation of the hedging relationships and the risk management objectives and strategy of the entity for hedging. Hedges are assessed on an ongoing basis to determine whether they are highly effective during the reporting period for which the hedge is designated. Hedges are accounted for as follows:

Cash flow hedges

The effective portion of the profit or loss on the hedging instrument is recognized as other comprehensive income, while any ineffective portion is recognized immediately in the statement of income. Amounts recognized as other comprehensive income (loss) are reclassified to profit or loss when the hedged transaction affects profit or loss, such as when interest income or expense is recognized or when a forecasted transaction occurs.

On unwinding hedging transactions, whether or not they are designated as an accounting hedge, when the transaction includes a hedge of cash flows with respect to principal and interest, the cash flows received or paid are classified in the statement of cash flow under financing activity, in respect of the cash flows representing the hedge of the principal component, and under operating activity, in respect of the cash flows representing the hedge of the interest component. With regard to unwinding of interest rate swap (IRS) the cash flows received or paid are classified in the statement of cash flow under operating activity.

Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for similar to cash flow hedges. Upon disposal of foreign operation, the cumulative translation difference in comprehensive income is reclassified to profit or loss.

H. Adjustment to fair value

The fair value of traded financial instruments is determined by the quoted prices on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models. Further details are provided in Note 34B.

Fair value measurement of a non-financial asset (such as investment properties) takes into account the ability of a market participant to generate economic benefits through the optimal use of the asset, or by selling it to another market participant that will make optimal use of the asset.

The Group uses valuation techniques that are appropriate for the circumstances and for which sufficient information is available to measure fair value, while maximizing the use of relevant observable data and minimizing the use of unobservable data. See notes 11 and 12.

NOTE 2 - Significant Accounting Policies (contd.)

H. Adjustment to fair value (cont.)

All assets and liabilities measured at fair value, or for which there was fair value disclosure, are categorized within the fair value hierarchy, based on the lowest level of the data, which is significant to fair value measurement of a whole:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
Level 3: Inputs that are not based on observable market data (unobservable inputs) (assessment without using observable market inputs).

For further information concerning the fair value of properties and liabilities measured at fair value or that their fair value can be disclosed, see Note 34B and C.

I. Acquisition of a single asset company

Upon the acquisition of a single asset company, the Group evaluates whether it is the acquisition of a business or of an asset. To be considered a business, the acquisition must include, at a minimum, an input and a substantive process that together can significantly contribute to the creation of outputs. The acquisition is accounted for as a business combination if the single asset company is a business. If it is not a business, the acquisition is accounted for as the acquisition of assets and liabilities. In such an acquisition, the cost of the acquisition includes transaction costs which are allocated to the identifiable acquired assets and liabilities proportionally based on their fair value on the acquisition date. In such case, goodwill and deferred taxes in respect of the temporary differences existing as of the acquisition date are not recognized

J. Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in associates or joint ventures is accounted for in the financial statements at cost (including transaction expenses) plus changes in the Group's share of net assets, including other comprehensive income (loss), of the associates or joint ventures. The equity method is applied until the loss of significant influence or joint control or classification of the investment as non-current asset held-for-sale.

The Group continues to apply the equity method in cases which the associate become a joint venture and vice versa.

The Company applies the provision of IFRS 5 with regards to the investment or part of the investment in associate or Joint venture that is classified as held for sale. The remainder of the investment not classified as held for sale is still measured according to the equity method.

On the date of loss of significant influence or joint control, the Group measures any remaining investment in the associate or the joint venture at fair value and recognizes in profit or loss the difference between the fair value of any remaining investment plus any proceeds from the sale of the investment in the associate or the joint venture and the carrying amount of the investment on that date.

The financial statements of the Company, associates, and joint ventures are prepared at the same dates and for the same periods.

K. Investment property

Investment property is measured at fair value which reflects market conditions at the reporting date.
Investment property under development for future use as investment property is also measured at fair value as set out above, because fair value can be reliably measured. Investment property under development includes borrowing costs used to finance construction

In order to determine the fair value of investment property, the Group uses valuations performed mainly by accredited independent appraisers who hold a recognized and relevant professional qualification and by the Group's managements that have extensive professional knowledge and deeply familiar with the type of assets and markets in which the Group operates. For further information, see Notes 11 and 12.

NOTE 2 - Significant Accounting Policies (contd.)

L. Leases

The Group as a lessor

The Company leases its investment property under operating leases.

An operating lease is a lease agreement where the Group does not transfer substantially all the risks and rewards incidental to ownership of the leased asset. The Company classifies its leases as operating lease mainly due to the length of the lease which is significantly shorter than the life of the real estate.

M. Testing impairment of goodwill in respect of subsidiaries

For the purpose of impairment testing, goodwill acquired in a business combination is allocated, at acquisition date, to each of the cash generating units that are expected to benefit from the synergies of the combination.

The Group reviews goodwill impairment once a year, as at December 31, or more frequently if events or changes in circumstances indicate that there is impairment.

Impairment of goodwill is determined by assessing the recoverable amount of a cash generating unit (or group of cash generating units) to which the goodwill belongs. Each cash-generating unit to which goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and which cannot be larger than an operating segment. In certain circumstances of impairment test of goodwill, the recoverable amount is adjusted for the difference between the carrying amount of a recognized deferred tax liability and its fair value. If the recoverable amount of the cash-generating unit (or group of cash generating units), to which goodwill has been allocated, is lower than its carrying amount, an impairment loss is recognized and attributed first to reduce the carrying amount of goodwill. Impairment losses recognized for goodwill cannot be reversed in subsequent periods. For additional information, see Note 14.

Investments in associates and joint ventures

After implementing the equity accounting method, the Company assesses whether it is necessary to recognize an impairment loss for the investment in associates and joint ventures. The recoverable amount is the higher of value in use and fair value based on the estimated net cash flows to be generated by the associate or joint venture. Impairment loss, as above, is not allocated specifically to goodwill that forms part of the investment and, accordingly, any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

N. Non-current assets classified as held for sale

A non-current assets or a group of non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This happens when the assets are available for immediate sale in their present condition, the Company is committed to sell, there is a program to locate a buyer and it is highly probable that a sale will be completed within one year from date of classification.

Investment property measured at fair value and classified as held for sale, as above, continues to be measured at fair value and presented separately in the statement of financial position as assets classified as held for sale.

When the parent company decides to realize part of its holdings in a subsidiary so that after the disposal the company is left with non-controlling interest, assets and liabilities attributed to the subsidiary are classified as held for sale by applying the provisions of IFRS 5, including classification as for discontinued operations.

A discontinued operation is an operation that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations.

NOTE 2 - Significant Accounting Policies (contd.)

O. Taxes on income

1. Current taxes

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted before the reporting date as well as adjustments for the tax liability for previous years.

2. Deferred taxes

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred tax balances are calculated according to the tax rate that is expected to apply when the asset is disposed of or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

At each reporting date, deferred tax assets are assessed in accordance with their expected use. Carryforward losses and deductible temporary differences for which deferred tax assets were not recognized are tested at each reporting date and the relevant deferred tax asset is recognized if it is expected to be utilized. Deductible carryforward losses and temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable. Any resulting reduction or reversal is recognized in profit or loss.

Deferred taxes for investment property held to recover substantially all the economic benefits therein by disposal and not by use, are measured according to the expected settlement method of the underlying asset, based on disposal and not on use.

In situations where the Group holds single asset entities and where the manner in which the Group expects to realize the investment is by selling the shares of the single asset entity rather than by disposing of the asset itself, the Group recognizes deferred taxes both in relation to the temporary inside differences arising from the gap between the tax basis of the asset and its book value and, if relevant, also in relation to the outside temporary differences arising from the gap between the tax basis of the shares of the single asset entity and the share of the Group that holds the net assets of the single asset entity in the consolidated financial statements.

In calculating deferred taxes, taxes that would be incurred if investments in affiliates were realized are not taken into account, as long as it is probable that the sale of the investments in the affiliates is not expected in the foreseeable future. In addition, deferred taxes that would apply in the event of distribution of earnings by investees as dividends are not taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Group’s policy not to initiate distribution of dividends that triggers an additional tax liability.

Deferred taxes are offset in the statement of financial position if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

P. Revenue recognition

Revenues are recognized when the service is provided to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms, excluding amounts collected on behalf of third parties (such as taxes).

Rental income

Rental income is recognized on a straight-line basis over the term of the lease. Rental income with a fixed increase in rental fees over the term of the lease, is recognized as revenue on a straight-line basis, only when the collection of future rental fees is certain. Similarly, lease incentives granted to tenants, in cases where the tenants are the primary beneficiary of such incentives, are considered as an integral part of total rental income and recognized on a straight-line basis over the lease term as a reduction of revenues.

NOTE 2 - Significant Accounting Policies (contd.)

Q. Provisions

In accordance with IAS 37, a provision is recognized if, as a result of a past event, the Group has a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and it can be estimated reliably. Levies imposed on the Company by government entities through legislation, are accounted for pursuant to IFRIC 21 according to which the liability for the levy is recognized only when the activity that triggers payment occurs.

The amount recognized as a provision is the best estimate of the expense required to discharge the current liability at the end of the reporting period. The best estimate of the expenditure required to settle the present obligation is the amount that the Company would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities. Where a single obligation is being measured, the individual most likely outcome may be the best estimate of the provision.

R. Borrowing costs in respect of qualifying assets

A qualifying asset is an asset that necessarily takes a substantial period to get ready for its intended use or sale and it includes investment property under development or development that requires a substantial period to prepare it for its sale. The Group capitalizes borrowing costs that are attributable to the acquisition and development of qualifying assets.

The amount of borrowing costs capitalized in the reporting period includes specific borrowing costs, and nonspecific borrowing costs based on a weighted average capitalization rate. Other borrowing costs are charged to finance expenses in profit or loss as incurred.

In respect of investment property under development, measurement of these assets is at fair value. The Group presents financing costs in profit or loss net of borrowing costs that had been capitalized on such assets before measuring them at fair value.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds.

The capitalization of borrowing costs commences when expenditures in respect of the asset are being incurred, borrowing costs are being incurred and the activities to prepare the asset are in progress and ceases when substantially all the activities to prepare the qualifying asset for its intended use or sale are complete. The amount of borrowing costs capitalized in the reporting period includes specific borrowing costs, and nonspecific borrowing costs based on a weighted average capitalization rate.

The Company suspends capitalization of borrowing costs during extended periods in which active development of the qualifying asset is suspended. The Company ceases capitalization of borrowing costs ceases when substantially all of the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

S. Disclosure of new IFRS's, interpretations and amendments

Initial adoption of new financial reporting and accounting standards and 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, regarding the criteria for 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.

NOTE 2 - Significant Accounting Policies (cont.)

S. Disclosure of new IFRS's, interpretations and amendments (cont.)

1. Amendment to IAS 1 - Presentation of Financial Statements (cont.)

- 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. Namely, 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 the Subsequent Amendment were applied retrospectively as of annual period commencing January 1, 2024.

The Amendment has no material effect on the Company's financial statements.

2. Amendment to IFRS 16 - Leases

In September 2022, the IASB published an amendment to IFRS 16, Leases (the "Amendment") with the aim of providing means for accounting treatment in the financial statements of the seller-lessee in sale and leaseback transactions when the lease payments are variable lease payments that do not depend on the index or the exchange rate. Under the Amendment, the seller-lessee is required to adopt one of two liability measurement methods for the lease, when such transactions are recognized for the first time. The method chosen is the accounting policy that is to be applied consistently.

The Amendment is applicable for annual periods beginning on or after January 1, 2024. The Amendment will be applied retrospectively.
The Amendment has no material effect on the Company's financial statements.

3. Amendments to IAS 7, Statement of Cash Flows, and IFRS 7, Financial Instruments: Disclosures

In May 2023, the IASB issued amendments to IAS 7, Statement of Cash Flows, and IFRS 7, Financial Instruments: Disclosures ("the Amendments") to address the presentation of liabilities and the associated cash flows arising out of supplier finance arrangements, as well as disclosures required for such arrangements.

The disclosure requirements in the Amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The Amendments will be applied for annual reporting periods beginning January 1, 2024. The Amendments have no material effect on the Company's financial statements.

Standards, interpretations and amendments in the period prior to their adoption

4. Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB issued "Amendments to IAS 21: Lack of Exchangeability (Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates") ("the Amendments") to clarify how an entity should assess whether a currency is exchangeable and how it should measure and determine a spot exchange rate when exchangeability is lacking.

The Amendments set out the requirements for determining the spot exchange rate when a currency lacks exchangeability. The Amendments require disclosure of information that will enable users of financial statements to understand how a currency not being exchangeable affects or is expected to affect the entity's financial performance, financial position and cash flows.

NOTE 2 - Significant Accounting Policies (cont.)

S. Disclosure of new IFRS's, interpretations and amendments (cont.)

4. Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates (cont.)

The Amendments are effective for annual reporting periods beginning January 1, 2025 and thereafter. Early adoption is permitted, subject to disclosure. When applying the Amendments, an entity should not restate comparative information. Instead, if the foreign currency is not exchangeable at the beginning of the annual reporting period in which the Amendments are first applied (the initial application date), the entity should translate affected assets, liabilities and equity as required by the Amendments and recognize the differences as of the initial application date as an adjustment to the opening balance of retained earnings and/or to the foreign currency translation reserve, as required by the Amendments

The Company believes that the Amendments are not expected to have a material impact on its consolidated financial statements.

5. Amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures

On May 30, the International Institute for Accounting Standards (IASB) published amendments to IFRS 9, Financial Instruments (“IFRS 9”) and an amendment to IFRS 7 Financial Instruments: Disclosures (“IFRS 7”), that amend certain classification and measurement aspects for financial instruments.

These amendments refer to the following issues:

- Derecognition of a financial liability that is settled using an electronic payment system - an entity is permitted to derecognize a financial liability (or part thereof) that has been settled in cash using an electronic payment system prior to settlement date, if specific conditions are met. The foregoing option constitutes an accounting policy and an entity that chooses to implement this policy is required to apply it to all liabilities that are settled through the same electronic payment system.
- Assessment of contractual cash flows for classification of financial assets - the amendments clarify how to assess contractual cash flows of financial assets with features linked to the environmental, social and governance (ESG) targets and other similar features. In addition, the amendments expand on the definition of the term Non-Recourse and clarify the features of contractually linked instruments (CLIs).
- Disclosures - new disclosure requirements have been added to IFRS 7 for financial assets and liabilities with contractual terms relating to specific events (including those linked to ESG) and equity instruments that are measured at fair value through other comprehensive income (FVTOCI).

The amendments to the Standards will be applied retrospectively for reporting periods beginning on January 1, 2026, or thereafter. Earlier adoption is permitted but will need to be disclosed. In addition, an entity is permitted to apply early adoption only of the amendments relating to classification and disclosure of financial assets’ by disclosing such adoption. An entity may not present comparative information but is permitted to do so if, and only if, this can be done without the use of hindsight.

The Amendments have no material effect on the Company’s financial statements.

6. IFRS 18, Presentation and Disclosure in Financial Statements

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

The purpose of the New Standard is to improve the ability to compare and to reflect in the financial statements.

The New Standard includes an existing requirement in IAS 1 and new requirements for presentation in the statement of income, including presentation of amounts and sub-amounts required under the New Standard, and for disclosure regarding management defined performance measures and new requirements for the group and splitting of financial information.

NOTE 2 - Significant Accounting Policies (cont.)

S. Disclosure of new IFRS's, interpretations and amendments (cont.)

6. IFRS 18, Presentation and Disclosure in Financial Statements (cont.)

The New Standard does not change the provisions for recognition and measurement of items in the financial statements. Nonetheless, as items in the statement of income will have to be classified as one of five categories (operating activities, investment activities, financing activities, income tax and discontinued operations), it may change the entity's operating profit. Moreover, publication of the New Standard caused minor amendments to other accounting standards, including IAS 7, Statement of Cash Flows and IAS 34, Interim Financial Reporting.

The New Standard will be applied retrospectively for annual periods beginning on or after January 1, 2027. Based on the Securities Authority decision, early application is possible with disclosure as of the period beginning January 1, 2025.

The Company is reviewing the effect of the New Standard, including the effect of amendments to additional accounting standards resulting from the New Standard on the consolidated financial statements.

NOTE 3 – Cash and Cash Equivalents

Composition:

	December 31	
	2024	2023
	NIS million	
Cash and deposits available for immediate withdrawal (1) (2)	1,910	586
Short-term deposits (3)	81	52
	1,991	638

(1) As at December 31, 2024, the balances are deposited in banks and bear interest rates of 2.9%-3.9%.

(2) Of the total cash and cash equivalents as at December 31, 2024, a total of NIS 55 million is denominated in BRL, NIS 201 million is denominated in SEK, NIS 53 million is denominated in NOK, NIS 38 million is denominated in PLN, NIS 90 million is denominated in USD and NIS 1,422 is denominated in EUR.

(3) As at December 31, 2024, three key deposits of NIS 44 million, NIS 16 million and NIS 16 million denominated in NIS, EUR and USD, respectively. All the deposits bear interest at average rate of 4%.

NOTE 4 – Short-Term Options

Composition:

	December 31	
	2024	2023
	NIS million	
Current maturities of non-current loans provided	26	7
Restricted deposits (1)	512	24
	538	31

(1) Total of NIS 487 thousand due to sale of investment property and fixed assets in Israel.

NOTE 5 – Trade Receivables

A. Composition:

	December 31	
	2024	2023
	NIS million	
Open accounts, net (see sections B and C below)	98	143

B. There are no significant past due and impaired receivables except those that have been included in the allowance for doubtful accounts.

C. Changes in the allowance for doubtful accounts:

	December 31	
	2024	2023
	NIS million	
Balance as at January 1	75	92
Provision during the year	11	22
Amounts repaid during the year	(15)	(25)
Write-off of accounts	(4)	(23)
Translation differences	(6)	9
Balance as of December 31	61	75

NOTE 6 - Trade and Other Receivables

Composition:

	December 31	
	2024	2023
	NIS million	
Government institutions	191	252
Prepaid expenses	110	99
Receivables from sale of real estate	-	26
Interest to receive	30	26
Advances to suppliers	3	-
Loans to associates	-	4
Other	42	16
	376	423

NOTE 7 - Assets and Liabilities classified as held for sale

A. Composition of assets held for sale

	December 31	
	2024	2023
	NIS million	
Investment properties (*)	1,071	2,328
Investment properties and land under development (*)	228	574
Other assets	38	75
	1,337	2,977

(*) Balance of assets held for sale is mainly comprised of non-core income generating properties, land and investment properties under development in East and North Europe.

A. Composition of assets held for sale (cont.)
Subsequent to reporting period the sale of investment property in the Czech Republic for NIS 763 million (together with liabilities attributed to this property in an amount of NIS 466 million) and land in Turkey for NIS 201 million, were completed.

B. As at December 31, 2024, liabilities attributed to properties held for sale include mainly loans for held for sale properties in Europe in an amount of NIS 466 million (NIS 945 million in 2023).

NOTE 8 – Investments in investees

A. Composition of the investment in equity accounted investees (including purchase accounting adjustments):

	December 31	
	2024	2023
	NIS million	
Joint ventures (1) (3)	832	515
Associates	-(*)	-(*)
	832	515
Loans (2) (3)	150	616
	982	1,131

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

(1) Includes, inter alia, joint ventures that manage, operate and develop income producing properties, and as of the reporting date includes NIS 760 million in United States (2023- NIS 626 million).

(2) Includes mainly, a loan of CAD 12.4 million (NIS 31 million) which bears a fixed annual interest of 5% for repayment in November 2028 and two loans granted to a partnership in Poland in an amount of EUR 31 million (NIS 119 million) bearing fixed interest of 5% to be repaid in November 2028.
In 2023, the balance included a loan of EUR 111.3 million (NIS 447 million) provided for a joint venture in Sweden, see also section 3 below.

(3) On February 29, 2024, CTY completed the acquisition of the remaining 50% in a joint venture in Sweden for EUR 2.5 million (NIS 10 million) and following the acquisition CTY now owns 100% of the joint venture, which was consolidated in the Company's reports. The joint venture had a debt to third party in amount of SEK 2.4 billion which CTY assumed, and which included the partner’s share in an amount of SEK 1.2 billion (NIS 423 million). Following the transaction, CTY recognized a capital gain in the amount of EUR 46.2 million (NIS 184 million) which is presented under Other Income, see Note 31.

NOTE 8 – Investments in investees (cont.)

B. Group's share in the results of equity-accounted investees including amortization of fair value adjustment (based on the interest therein during the period):

Joint ventures

	For the year ended December 31		
	2024	2023	2022
	NIS million		
Net profit (loss)	114	(2)	(51)
Other comprehensive income (loss)	(7)	(1)	8
Comprehensive income (loss)	107	(3)	(43)

Investees

In 2022-2024, the Company's comprehensive income in investees was less than NIS 1 million.

Additional information regarding investees:

C. Investment in G Europe (a consolidated subsidiary)

1. As at December 31, 2024, the Company holds 100% of the share capital and voting rights of G Europe.

   On February 18, 2022, the merger of a wholly owned subsidiary of the Company with G Europe was completed. Under the merger agreement, the subsidiary acquired all the shares of G Europe that were not held by the Company, constituting 25% of the share capital of G Europe at a price of EUR 3.63 per share and for total proceeds of EUR 376 million (NIS 1.4 billion), that was paid in cash. The price reflects a premium of 23.0% on the share price of G Europe at the time the offer was issued in August 2021. Under the merger agreement, the price of the transaction was adjusted to the distribution of a special dividend in the amount of EUR 0.6 per share, announced by G Europe on February 4, 2022, and that was paid on February 8 2022.

   The proceeds from the merger transaction, including the costs of the transaction and after the special dividend, amount to EUR 324 million (NIS 1.2 billion). Following the transaction the Company recognized a decrease in the capital attributed to the shareholders of NIS 18 million.

2. In May, 2021, G Europe issued EUR 350 million hybrid debenture (in this subsection: the "Securities"). The securities are treated as shareholder's equity in G Europe's consolidated financial statements prepared in accordance with IFRS and as non-controlling interests in the Company's financial statements.

   The Securities do not confer on their holders the rights of a shareholder nor they dilute the holdings of the current shareholders.

   The Securities carry a fixed interest rate of 3.625% per year until the date of the first interest reset date, and the issuance price was 98.197%. G Europe may decide to defer the date of payment of the annual interest as long as it refrains from distributing a dividend or any other equity to the shareholders. The Securities do not have a repayment date, but G Europe may redeem them for the first time on August 4, 2026, five years after the date of issue and at any other interest payment date thereafter.

   These hybrid debentures are unsecured and are inferior to other liabilities other than share capital. Furthermore, they do not confer on their holders the rights of a shareholder nor they dilute the holdings of the current shareholders.

   In 2024, interest in the amount of NIS 50 million was paid to the holders of the hybrid debentures, of which NIS 29 million to a wholly-owned subsidiary of the Company (in 2023 - NIS 52 million of which NIS 3 million to a wholly-owned subsidiary of the Company).

NOTE 8 – Investments in investees (cont.)

C. Investment in G Europe (a subsidiary) (cont.)

3. In 2023, the Group bought back EUR 72 million par value hybrid debentures of G Europe, of which EUR 45.9 million par value was under an exchange transaction in return for the issue of 7.6 million shares of the Company and the balance for a cash payment of EUR 10 million (NIS 40 million). Subsequent to the exchange transaction and cash purchase the Company recognized gains from the redemption of the hybrid debentures, which was recorded as an increase in capital attributed to shareholders in an amount of NIS 150 million.

4. In the reporting year the Group bought back EUR 67.9 million (NIS 277 million) par value hybrid debentures of G Europe for an amount of EUR 45.3 million (NIS 185 million). Subsequent to the acquisition the Company recognized gains from redemption of the debentures in an amount of EUR 22.7 million (NIS 91.3 million) as an increase in capital attributed to shareholders reflected in capital reserves.

5. With regard to lawsuits in which G Europe is party, see Note 24D2.

D. Investment in CTY (a consolidated subsidiary)

1. As at December 31, 2024, the Company holds 49.5% of the share capital and voting rights of CTY (48.9% fully diluted). CTY's shares are listed for trading on the Helsinki Stock Exchange in Finland (OMX). As at December 31, 2024 CTY's share price is EUR 3.22.

The consolidates CTY based on effective control. For further information see Note 2C.

Carrying amount and market value of the investment in CTY:

	December 31, 2024		December 31, 2023	
	value Equity	value Market	value Equity	value Market
	NIS million			
Shares	2,335	1,115	2,765	1,827

2. Condensed financial information of CTY based on IFRS

Condensed financial information of financial position -

	December 31	
	2024	2023
	NIS million	
Current assets	1,869	330
Non-current assets	14,467	16,553
Current liabilities	(428)	(1,795)
Non-current liabilities	(8,853)	(7,116)
Net assets	7,055	7,972
Attributable to		
Equity holders of the Company	2,335	2,765
Non-controlling interests	4,720	5,207
	7,055	7,972

NOTE 8 – Investments in Investees (Cont.)

D. Investment in CTY (a subsidiary) (cont.)

3. Condensed financial information of CTY based on IFRS (cont.)

Condensed financial information of comprehensive income (loss) -

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS million		
Revenue	1,286	1,156	1,066
Net profit (loss)	(144)	(490)	15
Other comprehensive loss	(124)	(219)	(258)
Total comprehensive loss	(268)	(709)	(243)
Attributable to			
Equity holders of the Company	(197)	(429)	(183)
Non-controlling interests	(71)	(280)	(60)
	(268)	(709)	(243)
Dividend and repayment of investment to non-controlling interests	111	164	146
Interest paid to holders of hybrid debentures (*)	139	114	100

(*) Refer to section 4 below.

Condensed financial information of cash flow -

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS million		
Net cash from operating activities	520	506	353
Net cash flows from (used in) investment activities	775	(387)	388
Net cash from (used for) financing operations	29	(287)	(608)
Exchange differences for cash and cash equivalents	(64)	(6)	(11)
Increase (decrease) in cash and cash equivalents	1,260	(174)	122

4. CTY has several RSU compensation plans for managers and employees of up to 294 thousand shares to be paid to offerees, mainly in shares and partly in cash, if certain goals are met.
   In 2024, CTY awarded its CEO exercisable options of up to 1,592 thousand shares. The vesting period was set in three equal tranches as of the date on which they were awarded. In 2024, none of these options were exercised, Following the termination of the employment of CTY's CEO in October 2024, 1,061 options for the second and third tranches expired prior to vesting.

5. On November 22, 2019, CTY issued EUR 350 million hybrid debentures.
   The hybrid debentures bear fixed interest at 4.5% per year until February 22, 2025, and thereafter, which is revised every five years. Subsequent to reporting date, the interest was revised to 7.1%. In June, 2021, CTY issued EUR 350 million hybrid debentures which bear fixed interest of 3.625% per year until the date of the first interest revision.

NOTE 8 – Investments in Investees (Contd.)

CTY has the right to postpone interest payment if it does not distribute dividend or any other equity to its shareholders. The hybrid debentures have no set maturity date, but CTY has the right to redeem them after five years from the date of issue and thereafter on every annual interest payment date.

The hybrid debentures are treated as equity in CTY's consolidated financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS). These debentures are unsecured and are inferior to other liabilities other than with regard to share capital. Furthermore, they do not confer on their holders the rights of a shareholder nor they dilute the holdings of the current shareholders.

In 2023, CTY bought back EUR 87 million par value hybrid debentures, of which EUR 25.1 million were as part of an exchange transaction, in exchange for an issuance of 20.9 million CTY’s shares and the remaining balance in exchange for EUR 39.2 million (NIS 160 million).

As a result of the exchange transaction and the foregoing purchase of hybrid debentures, G City’s holdings in CTY decreased from 52.1% to 50.9% and the Company recognized an increase in equity attributable to equity holders of the Company in the amount of NIS 31 million recorded to capital reserves.

In June 2024, CTY completed the exchange of EUR 266 million par value hybrid debentures (Series 2024) for new hybrid debentures, with redemption date after 5.25 years and bearing interest of 7.875% and for a cash payment of EUR 12.6 million.

As at December 31, 2024, the par value balance of the hybrid debentures is EUR 613 million (EUR 26 million par value issued in 2019, EUR 321 million par value issued in 2021, EUR 266 million par value issued in 2024).

6. In February 2024, CTY issued to the public, 11.9 million ordinary shares for total proceeds of EUR 48.2 million (EUR 4.05 per share). The Company purchased 3.7 million shares for total consideration of EUR 15 million. As a result of the issue, the Company's holdings in CTY decreased from 50.9% to 49.6% and the Company recognized a decrease in equity attributable to equity holders in the amount of NIS 35.7 million, which was attributed to capital reserves.

   The consolidates CTY based on effective control. For further information see Note 2C.

E. <u>Condensed Proforma Financial Information of G Alpha</u>

   In February 2024 the Company issued to the public NIS 410 million par value Debentures (Series R) 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. With regard to the terms of Debentures (Series R), including restrictions on G Alpha, see Note 19C4.

NOTE 8 – Investments in Investees (Cont.)

E. Condensed Proforma Financial Information of G Alpha (cont.)

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

Condensed proforma financial information of financial position

	December 31	
	2024	2023
	USD thousand	
Properties		
Current assets		
Cash and cash equivalents	8,675	1,682
Trade receivables	64	258
Other receivables	310	333
	9,049	2,273
Non-current assets		
Deposits	871	899
Investment property	282,615	282,939
Fixed assets, net	339	272
	283,825	284,110
	292,874	286,383
Liabilities and Equity		
Current liabilities		
Trade payables and service providers	444	564
Other payables	216	373
	660	937
Non-current liabilities		
Interest-bearing loans from banks and others	89,467	89,359
Other liabilities	1,088	1,132
	90,555	90,491
Equity attributable to equity holders of the Company	201,659	194,955
	292,874	286,383

NOTE 8 – Investments in Investees (Contd.)

Condensed proforma financial information of profit or loss

	Year ended December 31		
	2024	2023	2022
	USD thousand		
Rental income - commercial	6,676	6,296	5,778
Rental property operating expenses - commercial	1,184	1,162	1,001
Net operating income (NOI) - commercial	5,492	5,134	4,777
Rental income - residential	10,116	9,654	8,627
Rental property operating expenses - residential	3,889	4,097	3,182
Net operating income (NOI) - residential	6,227	5,557	5,445
Total operating income, net	11,719	10,691	10,222
General and administrative expenses	(77)	(10)	-
Revaluation of investment property	(1,783)	(713)	26,655
Operating profit	9,859	9,968	36,877
Financing expenses, net	(2,635)	(2,783)	(2,785)
Net profit	7,224	7,185	34,092

NOTE 8 – Investments in Investees (Contd.)

Condensed proforma financial information of cash flow

	Year ended December 31		
	2024	2023	2022
	USD thousand		
Cash flows from operating activities			
Net profit (loss)	7,224	7,185	34,092
Adjustments required for presentation of cash flows from current			
Adjustments to profit or loss:			
Financing expenses, net	2,635	2,783	2,785
Revaluation in investment property, net	1,783	713	(26,655)
Depreciation and amortization	70	10	-
	4,488	3,506	(23,870)
Changes in items of assets and liabilities:			
Decrease (increase) in trade receivables and other receivables	(132)	(450)	(718)
Increase (decrease) in trade and other payables	(321)	468	175
	(453)	18	(543)
Net cash provided by operating activities before interest Dividends and taxes	11,259	10,709	9,679
Cash paid and received during the period for:			
Interest paid	(2,677)	(2,714)	(2,701)
Interest received	149	-	-
Net cash from operating activities	8,731	7,995	6,978
Cash flows from investment activities			
Acquisition, construction, and development of investment property	(1,081)	(1,234)	(20,781)
Investments in fixed assets and other assets	(137)	(275)	(6)
Net cash flows used in investment activities	(1,218)	(1,509)	(20,787)
Cash flow from financing activities			
Shareholders' investment	14	2,072	20,421
Dividend paid to Company shareholders	(534)	(8,440)	(6,985)
Net cash used for financing operations	(520)	(6,368)	13,436
Increase (decrease) in cash and cash equivalents	6,993	118	(373)
Cash and cash equivalents at the beginning of the period	1,682	1,564	1,937
Cash and cash equivalents at the end of the period	8,675	1,682	1,564

NOTE 8 – Investments in Investees (Contd.)

Key Notes

1. General

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

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

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

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

2. Significant Accounting Policies

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

3. Proforma assumptions

   a. All the comparable data and financial information that relate to a period prior to the transfer of the private companies to G Alpha are based on proforma information.

   b. The financial information in these financial statements were consolidated into the consolidated financial statements of G City Ltd. for the relevant periods.

   c. The acquisition of the properties and/or the consolidated companies are reflected in these proforma financial statements as though they were acquired by G Alpha at the time the companies and/or properties were originally acquired by Gazit Horizons Inc., and the financing of the acquisitions was by Gazit Horizons Inc. equity investments in G Alpha.

   d. G Alpha and Gazit Horizons Inc. are consolidated for income tax purposes in the United States with their parent company, MGN USA Inc. ("MGN"), and the tax obligations apply to MGN, and therefore there are no income tax effects in the Company's books.

NOTE 8 – Investments in Investees (Contd.)

F. Condensed Proforma Financial Information of Targowek

In July 2024, the Company issued to the public NIS 645 million par value Debentures (Series T) that are secured, among other things, by a first degree mortgage on the full interests of CH Targowek (a wholly owned subsidiary, indirectly, of the Company; the "Property Company") in a commercial property known as the Targowek Shopping Center ("Targowek") and the accompanying rights, as well as a single lien on the bank account that was established and held by the Property Company, and a lien on the shares of the Property Company, as well as on the shareholders' loan that was provided for it (for further information see Note 19A).

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

Condensed financial information of financial position -

	December 31,	
	2024	2023
	EUR thousands	
Properties		
Current assets		
Cash and cash equivalents	4,338	1,521
Trade receivables	590	885
Loans to affiliated parties	1,008	6,565
Other receivables	1,398	679
	7,334	9,650
Non-current assets		
Investment property	239,688	230,215
Fixed assets, net	32	22
	239,720	230,237
Total assets	247,054	239,887
Liabilities and Equity		
Current liabilities		
Trade payables and service providers	247	214
Other payables	4,423	2,024
Short term liability with respect to leases	421	215
	5,091	2,453
Non-current liabilities		
Loans from affiliated parties	70,043	73,063
Other liabilities	11,632	9,410
	81,675	82,473
Equity attributable to equity holders of the Company	160,288	154,961
Total equity and liabilities	247,054	239,887

NOTE 8 – Investments in Investees (Contd.)

Condensed financial information of comprehensive income or loss

	Year ended December 31		
	2024	2023	2022
	EUR thousands		
Rental and other income	18,256	17,298	15,638
Property operating and other expenses	3,835	3,811	3,913
Operating income, net	14,421	13,487	11,725
Revaluation of investment property and investment property under development, net	7,380	1,664	(87)
General and administrative expenses	2,428	1,584	2,135
Operating profit	19,373	13,567	9,503
Financing expenses, net	5,619	9,240	3,096
Profit before taxes on income	13,754	4,327	6,407
Taxes on income (tax benefit)	2,079	(798)	1,834
Net profit	11,675	5,125	4,573

Condensed financial information of cash flow

	Year ended December 31		
	2024	2023	2022
Cash flows from operating activities	EUR thousands		
Collected rents	23,157	21,891	20,216
Receipt of receivable payments	562	293	550
Payment to suppliers	(11,589)	(11,198)	(10,111)
Income tax paid	4	(82)	(255)
Net cash from operating activities	12,134	10,904	10,400
Cash flows from investment activities			
Investment in investment property	(2,038)	(1,078)	(1,387)
Loans granted to Group companies	(3,870)	(6,244)	-
Repayment of loans to Group companies	9,625	70	-
Net cash flows from (used in) investment activities	3,717	(7,252)	(1,387)
Cash flow from financing activities			
Receipt of loans among Group companies	-	-	1,037
Repayment of loans among Group companies	(6,701)	(4,474)	(52,037)
Reduction of Capital	(6,348)	-	42,734
Net cash used for financing activities	(13,049)	(4,474)	(8,266)
Exchange differences for cash and cash equivalents	14	83	(33)
Increase (decrease) in cash and cash equivalents	2,816	(739)	714
Cash and cash equivalents at the beginning of the period	1,522	2,260	1,546
Cash and cash equivalents at the end of the period	4,338	1,521	2,260

NOTE 8 – Investments in Investees (Contd.)

Key Notes

1. CH Targowek sp. Z o. o. is a company incorporated in Poland, which engages in the management of income-generating real estate and owns the Atrium Targowek Shopping Center located in Warsaw, Poland.
   The company is wholly owned (indirectly) by the Company. The financial information in these financial statements were consolidated into the consolidated financial statements of G City for the relevant periods.
2. The highlights of the accounting policies applied in these condensed financial statements are consistent with those applied in preparing the consolidated financial statements of the Company as at December 31, 2024.

G. In February 2024, Gazit Malls FII, a real estate investment fund controlled (indirectly) by the Company, ("Gazit Malls") 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).

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, reflecting a 16% discount with regard to their known carrying value in the Company's books on the date of publication of the offer (which was BRL 86 per share), and that reflected 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 equity attributed to the equity holders of NIS 82 million that was attributed to capital reserves.

In and subsequent to the reporting period Gazit Malls acquired 309 thousand shares in regular trading for BRL 20 million, including under a market making plan. As a result, as at date of publication of the report, Gazit Brazil holds 82.3% of the share capital of Gazit Malls.

H. The applicable laws in some of the jurisdictions of investees include customary terms regarding payment of dividends, interest and other distributions to equity holders by such investees. These conditions include, among other things, a requirement that the investee have sufficient accumulated earnings or that certain solvency requirements are met before a distribution can be made. Therefore, as dividend distribution from G Europe is subject to restrictions as set out in the terms of its debentures, including restriction on distribution in the event that G Europe's leverage ratio exceeds 60% (as of December 31, 2024, G Europe's leverage ratio was 41.3%). As at December 31, 2024 the Group does not consider any of these customary conditions to be a significant restriction.

I. With regard to pledging of part of the shares of investees to secure Group liabilities, see Note 27.

NOTE 9 - Other investments, loans and receivables

Composition:

	December 31	
	2024	2023
	NIS million	
Loans provided (1)	357	481
Other long-term deposits	11	29
Tenants and Others	39	89
	407	599
Less - current maturities (Note 4)	26	7
	381	592

(1) Mainly including an amount of NIS 340 million denominated in EUR, bearing annual interest at rates of 5%-6%.

NOTE 10 - Financial Assets

	December 31	
	2024	2023
	NIS million	
Financial assets at fair value through other comprehensive income		
Participating units in private equity funds (2)	5	43
	5	43
Classified within non-current assets	5	43
	5	43
Financial assets at fair value through profit or loss		
Marketable shares (1)	46	31
Participating units in private equity funds (2)	61	48
	107	79
Classified within current assets	43	26
Classified within non-current assets	64	53
	107	79
Total financial assets	112	122

(1) Presented at fair value based on quoted price in active markets (level 1 in fair value hierarchy)

(2) Real estate investment funds, mainly in India and the UK, presented at fair value based on Net Asset Value (NAV) (level 3 in fair value hierarchy).

NOTE 11 - Investment Property

A. Movement and composition

	December 31	
	2024	2023
	NIS million	
Balance as at January 1	31,411	29,020
Acquisitions and additions	1,645	1,452
Transfer from investment property under development, net	104	2,250
Disposals	(3,259)	(2,263)
Increase in value (impairment), net	201	(656)
Adjustments due to translation of financial statements of foreign operations	(1,990)	1,608
Balance as of December 31	28,112	31,411
Composition:		
Investment property	27,041	29,083
Assets classified as held for sale (Note 7)	1,071	2,328
	28,112	31,411

B. Investment properties primarily consist of shopping centers and other retail sites, including properties under redevelopment and extension. Investment properties are stated at fair value, which has been determined based on valuations performed by external independent appraisers with recognized professional expertise and vast experience as to the location and category of the property being revalued (97.12% in 2024, in terms of fair value) as well as by the managements of Group companies. As at reporting date fair value has been determined based on market conditions, with reference to recent observable real estate transactions involving properties in similar condition and location, as well as using valuations techniques such as the Direct Income Capitalization Method and the Discounted Cash Flow Method ("DCF"), in accordance with International Valuation Standards (IVS), as set out by the International Valuation Standards Committee (IVSC) or in accordance with the Royal Institution of Charted Surveyors (the "Red Book"), in addition to the local rules of valuation in the territories in which the Group operates.

The valuations of properties that were appraised by income method or discounted cash flows are based on the estimated future cash flows generated by the properties from current lease contracts, taking into account the inherent risk of the cash flow as well as by using estimations for potential rent contracts and renewal for rent contracts. In determining the property's fair values the appraisers used discount rates based on the nature and designation of the property, its location and the quality of the occupying tenants.

The investment properties are measured at level 3 according to the fair value hierarchy. In 2024, there were no transfers of investment property from level 3 or to level 3.

C. Following are the average capitalization rates (Cap Rates) and the average monthly market rent per square meter implied in the valuations of the Group's properties in its principal areas of operations:

Average cap rates

	Northern Europe	Central Europe	Israel	Brazil	USA
			%		
December 31, 2024	6.2	6.3	6.7	7.7	5.1
December 31, 2023	6.0	6.2	6.6	7.6	4.9

NOTE 11 - Investment Property (Contd.)

Monthly average market rent per square meters

	EUR	EUR	NIS	BRL	USD
December 31, 2024	25.4	22.6	152.9	70.6	52.5
December 31, 2023	24.2	21.0	152.9	70.3	50.1

(*) Average rentals, as customary in these markets, excludes management fees.

Following is the sensitivity analysis of the fair value of investment properties (effect on pre-tax income (loss)) for the main parameters that were used in the investment properties valuations in its principal areas of operations:

	Northern Europe	Central Europe	Israel	Brazil	USA
December 31, 2024	**NIS million**				
Increase of 25 basis points (BP) in capitalization rate	(546)	(203)	(123)	(46)	(92)
Decrease of 25 basis points (BP) in capitalization rate	592	220	132	49	104
Increase of 5% in expected Net operating income (NOI)	704	268 (*)	168	153	79
Increase of 5% in average market rent	952	268 (*)	159	95	114

(*) Immaterial difference between the impact of an increase of 5% in average market rent to an increase of 5% in net operating income.

D. For information regarding liens, see Note 27.

NOTE 12 - Investment Property under Development

A. Movement and composition

	December 31	
	2024	2023
	NIS million	
Balance as at January 1	3,333	4,750
Additions during the year (see section C below)	309	862
Transfer from investment property, net	(104)	(2,250)
Disposals during the year	(604)	(74)
Valuation losses, net	(239)	(111)
Adjustments due to translation of financial statements of foreign operations	(44)	156
Balance as of December 31	2,651	3,333
Composition:		
Investment property under development	1,149	1,094
Land for future development	1,274	1,665
Land and investment properties under development held for sale (Note 7)	228	574
	2,651	3,333

NOTE 12 - Investment Property under Development (cont.)

B. The fair value of investment property under development that includes shopping centers and other retail sites is determined based on market conditions, using the Residual Method based upon DCF. The fair value is determined by the Group companies' managements and the external independent appraisers with recognized professional expertise and vast experience as to the location and category of the property being valued. The estimated fair value is based on the expected future cash flows from the completed project using yields adjusted to reflect the relevant development risks, including construction risk and lease up risk, that are higher than the current yields of similar completed property. The remaining estimated costs for completion are deducted from the estimated value of the completed project, as above.

Land for future development is measured at fair value, using among other the Comparative Method (56.2% in fair value terms). In implementing the Comparative Method, the external appraisers and managements of Group companies rely on market prices of similar properties, applying necessary adjustments (for location, size, etc.), when available. However, when such information is not available, the Group applies customary evaluation methods (mainly the Residual Method), based on market yields adjusted as applicable.

The investment properties are measured at level 3 according to the fair value hierarchy. In 2024, there were no transfers of investment property under development and land from level 3 or to level 3.

As at December 31, 2024, (in terms of fair value) 67.7% of the investment property under development and lands has been assessed by external appraisers and the remainder was performed internally using standard valuation techniques, inter alia, based on market inputs received from the external appraisers.

C. In 2024 the costs from land under development include discounted credit costs of NIS 115 million (in 2023, NIS 56 million).

D. Below are the average capitalization rates (Cap Rates) as used in the valuations of the Group's investment properties under development in its principal areas of operations:

	Central Europe	Israel	USA
		%	
December 31, 2024	8.3	5.3	5.8
December 31, 2023	8.4	5.3	4.8

E. Below is a sensitivity analysis of the fair value of investment property under development, excluding projects and land that are immaterial to the financial statements (impact on pre-tax income (loss)):

	Central Europe	Israel	USA
December 31, 2024		NIS million	
Increase of 5% in expected project cost	(14)	(33)	(15)
Increase of 5% in net operating income from leasing of buildings (projected NOI)	18	9	29
Increase of 25 basis points (BP) in capitalization rate	(10)	(18)	(20)
Decrease of 25 basis points (BP) in capitalization rate	11	18	(2)
Increase of 5% in the selling price per sq.m	5	41	-

F. For information regarding liens, see Note 27.

NOTE 13 –Property, Plant and Equipment, Net

A. Composition:

	December 31	
	2024	2023
	NIS million	
Buildings	18	36
Software, computers and office equipment	45	51
Right of Use (ROU) Asset	13	22
Other (mainly leasehold improvements)	18	24
	94	133

B. Regarding fixed asset depreciation expenses recognized in profit or loss, see Note 30.

C. For information regarding liens, see Note 27.

NOTE 14 – Intangible Assets, Net

Composition:

	December 31	
	2024	2023
	NIS million	
Goodwill (1) (2)	341	447

(1) Goodwill as at December 31, 2024 and 2023, relates to the properties in Norway.

Breakdown of movement in goodwill for the year ended December 31, 2024:

	NIS millions
Balance as at beginning of the year	447
Realization of goodwill due to sale of properties	(75)
Foreign exchange differences	(31)
Balance as of the end of the year	341

(2) Goodwill includes goodwill from CTY's acquisition of properties in Norway in 2015. The goodwill was allocated to the cash generating units and for each, the recoverable amount was determined as of the reporting date.

(3) The goodwill is reviewed for impairment at least once a year. No impairment of goodwill was recorded in the reporting period.

NOTE 15 - Borrowings from Banks and Others

A. Composition:

	Basis	Effective Interest rate at December 31 2024(*)	December 31	
			2024	2023
	Linkage	%	NIS million	
Borrowings from banks	EUR	3.8%	38	185
Total short-term credit			38	185

(*) Variable interest.

B. For information regarding liens, see Note 27.

NOTE 16 - Current Maturities of Non-Current Liabilities

Composition:

		December 31	
		2024	2023
	Note	NIS millions	
Current maturities of debentures	19	1,632	2,435
Current maturities of interest-bearing liabilities to banks and others	20	238	1,618
		1,870	4,053

NOTE 17 - Trade Payables

Composition:

	December 31	
	2024	2023
	NIS million	
Open debts	76	129
Checks payable	13	9
	89	138

NOTE 18 – Other payables

Composition:

	December 31	
	2024	2023
	NIS million	
Interest payable	201	132
Government institutions	147	69
Deferred income and deposits from tenants	70	89
Employees	45	44
Other provisions (including for legal proceedings)	6	18
Expenses payable	131	141
Other payables	48	46
	648	539

(1) Of the accounts and other payables as at December 31, 2024, an amount of NIS 282 million denominated in EUR, NIS 173 million denominated in NIS unlinked, NIS 82 million denominated in PLN, NIS 43 million denominated in SEK, NIS 24 million denominated in NOK and NIS 19 million denominated in USD.

NOTE 19 – Debentures

A. Composition

	Item	Linkage basis	Par value NIS million	Nominal interest %	Effective interest %	Carrying amount December 31 2024 NIS million	Carrying amount December 31 2023 NIS million
The Company:							
Debentures (Series K)	C11	CPI	-	-	-	-	383
Debentures (Series L)	C10	CPI	1,825	4.00	3.65	2,111	2,815
Debentures (Series M)	C9	CPI	1,716	3.28	3.40	2,002	1,596
Debentures (Series N)	C8	CPI	981	1.79	3.16	1,023	834
of Debentures (Series O)	C7	CPI	370	1.33	1.98	420	440
Debentures (Series P)	C6	CPI	1,417	1.75	2.98	1,537	1,004
Debentures (Series Q)	C5	Unlinked	574	5.50	10.29	487	470
Debentures (Series R)	C4	CPI	410	4.83	5.18	419	-
Debentures (Series S)	C3	CPI	492	4.15	4.40	501	-
Debentures (Series T)	C2	CPI	645	4.24	4.53	641	-
Debentures (Series U)	C1	CPI	300	4.00	3.65	305	-
Total of the Company *)						9,446	7,542
Subsidiaries:							
CTY debentures	D	EUR	6,023	3.32	3.44	5,970	4,968
CTY debentures	D	NOK	14	2.88	2.90	14	819
Debentures (Series 2025) of G Europe	E	EUR	322	4.25	4.80	321	1,310
Debentures (Series 2027) of G Europe	E	EUR	848	2.63	3.00	822	946
						16,573	15,585
Less - current maturities of debentures						1,632	2,435
						14,941	13,150

*) With regard to cross-currency swap transactions carried out in respect of part of the debentures, see Note 34C.

NOTE 19 – Debentures (contd.)

B. Maturity dates

	December 31, 2024						
	Year First	**Year Second**	**Year Third**	**Year Fourth**	**Year Fifth**	**Sixth Year Onward**	**Total**
Linkage basis	**NIS million**						
NIS	49	-	-	-	438	-	487
CPI-linked NIS	1,248	1,191	1,484	1,730	1,361	1,945	8,959
EUR	321	1,316	1,734	1,297	1,129	1,316	7,113
NOK	14	-	-	-	-	-	14
	1,632	2,507	3,218	3,027	2,928	3,261	16,573

C. Additional information on the Company's debentures

1. In November 2024, the Company issued NIS 300 million par value Debentures (Series U) by way of partial exchange tender offer for Debentures (Series L) for NIS 248 million par value Debentures (Series L). Debentures (Series U) will be secured by: (A) a first degree lien on a custodian account in which CTY shares held by a wholly owned subsidiary of the Company are held (below in this section: the "Pledged Company" and the "Custodian Account", respectively) and all the Pledged Company's rights deposited in the custodian account with everything deposited therein, excluding exceptions, all as set out in section 5 of the deed of trust for the debentures. To date 19.7 million CTY shares are held in the custodian account. The Company will be entitled to pledge CTY shares to secure Debentures (Series U) for an amount that will not exceed 30% of the issued share capital of CTY.

   The scope of the arrangement was fixed according to LTV of 90% or 100% based on events set out in the deed of trust, calculated according to the average value of CTY's share price on the Helsinki Stock Exchange. If CTY's shares will be delisted from trading, the LTV will be 60% and it will be calculated according to the net EPRA NRV value of CTY as set out in the deed of trust for the debentures. The Company is required to comply with the foregoing LTV ratio on the specific testing dates set out in the deed, including in the occurrence of a 'disturbing event' with respect to CTY, when expanding a series, when exchanging pledged properties, when releasing pledged properties, when selling the pledged shares, on the date of delisting of the pledged shares from trading, and in the event of withdrawal of a dividend received from Citicon from the pledged shares account.

   The Company, the Pledged Company, the trustee and the custodian engaged in a custody agreement with respect to the pledged shares account and everything deposited therein, under which the custodian will act only in accordance with the provisions of the custody agreement and in a manner whereby the Pledged Company will not be able to implement any transactions in the pledged shares account without the consent of the trustee.

   Debentures (Series U) are redeemable in five unequal installments that will be paid between 2027 and 2031 (inclusive) as follows: The first installment will be paid on March 31, 2027 at a rate of 10% of the principal, the next two installments of 15% of the principal will be paid on March 31 of each of the years 2028 and 2029, the fourth installment will be paid on March 31, 2030 at a rate of 20% of the principal, and the fifth and final installment will be paid on March 31, 2031 at a rate of 40% of the principal. Additionally, Debentures (Series U) are linked to the CPI and bear annual interest at the rate of 4%.

   Under the issue of Debentures (Series U), the Company undertook to comply, among other things, with financial covenants, and the provisions of the deed of trust with respect to Debentures (Series U), which contain other causes, which if they occur will grant the debenture holders the right to call for immediate repayment of the debentures. For further information, see section 11 below.

NOTE 19 – Debentures (contd.)

Moreover, a downgrade in S&P Maalot's credit rating below 'A-', or Midroog's credit rating below 'A3' or a corresponding rating of another rating company will lead to cause for increasing the overall interest rate by up to 1% (a downgrade of the rating equal to or lower than a S&P Maalot 'BBB' rating, or a corresponding rating, will result in an increase in the interest rate to 3%), in accordance with the terms and grades set out in the debenture. Furthermore, in the event of a breach of certain financial covenant set in the deed of trust, a mechanism will apply for adding interest of up to 0.5% (in the event of breach of two financial covenants). 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 1.25% ("Maximum Interest Rate"). It is hereby clarified that the maximum addition to the interest rate due to downgrading of credit rating and failure to comply with financial covenants can be 3.25%.

Following the foregoing exchange tender offer, the Company recognized a loss in the amount of NIS 16 million.

2. In July 2024, the Company issued to the public NIS 645 million par value Debentures (Series T) secured, among other things, by a mortgage on an income generating property ("Targowek") of a wholly-owned (indirectly) subsidiary of the Company ("Income Generating Property" and "Property Company", respectively) in Warsaw, Poland, at the rate of the entire share capital of the property company and a pledge on the return on the shareholders loans pledged to the property company, for net consideration of NIS 637 million. Furthermore, the principal will be repaid in 10 semi-annual installments, as follows: 9 installments in amounts equivalent to 2% each of the principal, to be paid on March 31 and September 30 of each year from 2026 through 2030 (commencing March 31, 2026 through March 31, 2030), and the final installment of 82% of the principal will be paid on September 30, 2030. Moreover, Debentures (Series T) are linked to the CPI and bear annual interest at the rate of 4.24%.

   The scope of the series issued was set at weighted leverage ratio of 0.70 ("LTV"), calculated according to the value of the pledged income producing property, as set out in the deed of trust of the debentures. The Company is required to comply with LTV of 0.65 in the event of an expansion of a series or sale of a pledged property, and on other specific test dates set in the deed, including the date of removal/addition of pledged properties, upon exchange of pledged properties, upon occurrence of a "disturbing event" (as defined in the deed of trust) with regard to the pledged company, on the date of introduction of a partner to an income generating property and any other date set in the deed of trust that the company is required to comply with the LTV, other than the company's compliance with LTV ratio of 0.70 in the event of acquisition of the partner's interests (as defined in the deed of trust) in the income generating property.

   A downgrade of S&P Maalot's credit rating to a rating below 'ilA-', or Midroog's credit rating to below 'A3' or a corresponding rating of another rating agency, will result in additional interest at a total rate of up to 1% (and if the rating is downgraded to a rating equivalent to or lower than 'BBB-' 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). Furthermore, in the event of a breach of certain financial covenant set in the deed of trust, a mechanism will apply for adding interest of up to 0.5% (in the event of breach of two financial covenants). 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 1.25% ("Maximum Interest Rate"). It is hereby clarified that the maximum addition to the interest rate due to downgrading of credit rating and failure to comply with financial covenants can be 3.25%.

   Under the issue of Debentures (Series T), the Company undertook to comply, among other things, with financial covenants, and the provisions of the deed of trust with respect to Debentures (Series T), which contain other causes, which if they occur will grant the debenture holders the right to call for immediate repayment of the debentures. For further information, see section 11 below.

NOTE 19 – Debentures (contd.)

In addition, as part of the Company's obligations in favor of the holders of Debentures (Series T), the Property Company and/or the Parent Company assumed several restrictions, including:
(1) the Property Company will refrain from being a guarantor, from assuming any debt, financing, loan or other credit from any source that is not part of G City Group. Furthermore, other than as set out in the deed of trust, the Property Company will not create any encumbrance whatsoever. Should the Property Company take any loan whatsoever from G City Group, such loan will be inferior to Debentures (Series T); (2) the Property Company will refrain from engaging in a merger with another corporation other than a corporation belonging to the G City Group. Moreover, the Company will hold, directly and/or indirectly, at least 50.01% of the Parent Company and 100% of the Property Company. The Property Company will operate as an independent and separate entity from any other corporation belonging to the G City Group; (3) the Property Company will refrain from purchasing additional properties (other than the rest of the holdings in the joint properties, as defined in the deed of trust), unless as part of routine business and it will not modify its area of operations. In addition, the Property Company will not acquire or establish any companies whatsoever; (4) the Property Company will not amend its incorporation documents in a manner that will jeopardize the collateral placed under the deed of trust; (5) the Property Company may pay property management fees and operating management fees to the Company and/or any other company of the G City Group, at market terms; and (6) the Parent Company will refrain from creating and from undertaking to create a floating charge on all of its assets.

For information concerning the condensed financial information of the Property Company, see Note 8F.

3. 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 a property owned by the Company, the value of which at reporting date (Company's share) is NIS 2,043 million, for a gross amount of NIS 495 million.

   Debentures (Series S) 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 (commencing September 30, 2024 through March 31, 2031), where the first installment will be paid on September 30, 2024 and the final installment of 89.5% of the principal will be paid on September 30, 2031. Debentures (Series S) are linked to the CPI and bear annual interest of 4.15%.

   The scope of the series issued was set at weighted LTV ratio of 0.85, calculated according to the value of the pledged property under a second degree lien, as set out in the deed of trust of the debentures (and the debt also includes the balance of the principal of an existing senior debt on the pledged property). The Company is required to comply with LTV of 0.85 if the scope of the debenture series is lower than or equal to NIS 875 million par value and LTV of 0.80 if the scope of the debenture series rises above NIS 875 million par value on specific test dates as set out in the deed of trust, including in the event of removal/addition of pledged properties, upon release of pledged plots from the lien, upon exchange of pledged properties, upon occurrence of a "disturbing event" (as defined in the deed of trust) with respect to the pledged company. Notwithstanding the foregoing, upon the sale of a pledged property the Company will be required to comply with LTV of 0.80, regardless of the scope of the debenture series at that time.

   Downgrade in S&P Maalot's credit rating below 'ilA-', or Midroog's credit rating below 'A3' or a corresponding rating of another rating company will result in an increase in the interest rate of up to 1% (a downgrade of the rating equal to or lower than 'BB-' of S&P Maalot, or a corresponding rating, will result in an increase in the interest rate to 3%), in accordance with the terms and grades set out in the debenture. Furthermore, in the event of a breach of certain financial covenant set in the deed of trust, a mechanism will apply for adding interest of up to 0.5% (in the event of breach of two financial covenants). 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 1.25% ("Maximum Interest Rate"). It is hereby clarified that the maximum addition to the interest rate due to downgrading of credit rating and failure to comply with financial covenants can be 3.25%.

NOTE 19 – Debentures (contd.)

Under the issue of Debentures (Series S), the Company undertook to comply, among other things, with financial covenants, and the provisions of the deed of trust with respect to Debentures (Series S), which contain other causes, which if they occur will grant the debenture holders the right to call for immediate repayment of the debentures. For further information, see section 11 below.

4. In February 2024, the Company publicly issued NIS 410 million par value Debentures (Series R) were issued for a consideration of NIS 410 million. 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 information concerning the condensed financial information of G Alpha, see Note 8E.

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 L) are linked to the CPI and bear annual interest of 4.83%.

The scope of the series issued was set at leverage to value (LTV) ratio of 55% ("LTV"), calculated according to the value of G Alpha's pledged capital, as set out in the deed of trust of the debentures. The Company is required to comply with an LTV ratio of 55% in the event of an expansion of a series or sale of a pledged property, or LTV of 50% on other specific test dates set in the deed, including the date of removal/addition of pledged properties (including in the event of release of G Alpha properties from the pledge), upon exchange of pledged properties, 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.

Downgrade in S&P Maalot's credit rating below 'A-', or Midroog's credit rating below 'A2 'or a corresponding rating of another rating company will result in an increase in the interest rate of up to 1% (a downgrade of the rating equal to or lower than 'BBB-' of S&P Maalot, or a corresponding rating, will result in an increase in the interest rate to 3%), in accordance with the terms and grades set out in the deed of trust. 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%). Nonetheless, under no circumstances (except due to addition of default interest and interest in the event of a downgrade as set out above) will the interest rate increase exceed 1.25% (or 3.25% if the rating falls to S&P Maalot's 'BBB-' rating or lower).

Under the issue of Debentures (Series R), the Company undertook to comply, among other things, with financial covenants, and the provisions of the deed of trust with respect to Debentures (Series R), which contain other causes, which if they occur will grant the debenture holders the right to call for immediate repayment of the debentures. For further information, see section 11 below.

Moreover, 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 at 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;

NOTE 19 – Debentures (contd.)

(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 at 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 at 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.

5. The Company has debentures (Series Q) that are convertible for Company shares. The Debentures are convertible such that for every NIS 17.5 par value Debentures (Series Q), one ordinary share of NIS 1 par value of the Company is convertible starting from their listing date and up to 10 days prior to the final redemption date. The conversion ratio is subject to adjustments, including in the event of allotment of bonus shares, the issue of rights, a dividend distribution (the adjusted conversion ratio to date is NIS 17.25062) The gross proceeds of the issue amounted to NIS 414 million, of which an amount of NIS 54 million was attributable to the capital component of the conversion option and was recognized in the Company's capital reserve in compliance with accounting principles. The consideration attributable to the liability component amounts to NIS 356 million, including effective interest at a rate of 10.5%. In November 2023, the Company expanded the debenture series in the amount of NIS 130 million par value under a private issuance, for a total gross consideration in the amount of NIS 121.55 million, of which an amount of NIS 9.9 million was attributable to the capital component of the conversion option and was recognized in the Company's capital reserve in compliance with accounting principles. The consideration attributable to the liability component amounts to NIS 111.65 million, and includes effective interest at a rate of 9.59%.

   The Company engaged in a market making agreement for Debentures (Series Q) in accordance with the law.

   Debentures (Series Q) are unlinked to any linkage base and bear annual interest at a fixed rate of 5.5% paid annually. In addition, the principal will be repaid in two installments: the first installment of 10% of the principal on June 30, 2025 and the second installment of 90% of the principal on June 30, 2029.

   Downgrade in S&P Maalot's credit rating below 'A-', or Midroog's credit rating below 'A3' or a corresponding rating of another rating company will result in an increase in the interest rate of up to 1% (a downgrade of the rating equal to or lower than 'BB-' of S&P Maalot, or a corresponding rating, will result in an increase in the interest rate to 3%), in accordance with the terms and grades 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%.

NOTE 19 – Debentures (contd.)

Under the issue of Debentures (Series Q), the Company undertook to comply, among other things, with financial covenants, and the provisions of the deed of trust with respect to Debentures (Series Q), which contain other causes, which if they occur will grant the debenture holders the right to call for immediate repayment of the debentures. For further information, see section 11 below.

In the event of non-compliance with some of the financial covenants, before the remedy period expires, the Company may remedy the breach by pledging assets, under the terms set out in section 4.3 of the deed of trust.

6. The Company's Debentures (Series P) are secured by a fixed lien on G Europe shares held by wholly-owned subsidiaries of the Company, and, as at the reporting date, 166 million G Europe shares are pledged in favor of the holders of Debentures (Series P), which at this date constitute 55.3% of the issued and paid-up share capital and on all the related rights of the foregoing pledged companies in the pledged shares, excluding exceptions (the “Pledge"), all as set out in section 5 of the deed of trust for the debentures.

   The scope of the Pledge is determined according to the loan-to-value (LTV) ratio of 65%, which is calculated in accordance with the net realizable value (EPRA NRV) of G Europe, as set out in the deed of trust for the debentures. The Company is required to comply with the LTV at specific inspection dates set out in the deed, including on the occurrence of 'disturbing event’ with respect to G Europe, at the time of deletion of the pledged shares from trading, expansion of a series, sale of pledged shares, exchange of pledges, when using trust account funds for early redemption (in full or in part), and distribution of a special dividend in G Europe (higher than the monetary threshold set in the deed) only.

   Subsequent to the delisting of G Europe shares from trading, in the reporting period the Company acted with the trustee for the debentures to convert G Europe shares to certificate shares (instead of book entry shares issued through Euroclear) and to register a new lien on G Europe shares as certificate shares by releasing encumbered surplus shares (pursuant to the provisions of the deed of trust).

   The principle of Debentures (Series P) will be repaid in four unequal annual installments from 2024 through 2029 (inclusive) as follows: The first installment will be paid on March 31, 2024 at a rate of 12.5% of the principal, the second installment on March 31, 2027 at a rate of 25% of the principal, the third installment on March 31, 2028 at a rate of 20% of the principal, and the fourth and final installment will be paid on March 31, 2029 at a rate of 42.5% of the principal. Furthermore, debentures (Series P) are linked to the CPI and bear annual interest of 1.25%.

   Under the issue of Debentures (Series T), the Company undertook to comply, among other things, with financial covenants, and the provisions of the deed of trust with respect to Debentures (Series T), which contain other causes, which if they occur will grant the debenture holders the right to call for immediate repayment of the debentures. For further information, see section 11 below.

   Once G Europe became a private company and its shares were delisted, the Company also undertook not to distribute a dividend in G Europe, if the leverage ratio of G Europe shortly after the distribution date exceeds 0.6 and the leverage ratio of G Europe at each review date (as set out above) will not exceed 0.6, subject to a remedy period of two consecutive quarters after the relevant review date. Moreover, a downgrade in S&P Maalot’s credit rating below ‘A-‘, or Midroog’s credit rating below ‘A1’ or a corresponding rating of another rating company will result in an increase in the interest rate of up to 1% (a downgrade of the rating equal to or lower than ‘BBB-‘ of S&P Maalot, or a corresponding rating, will result in an increase in the interest rate to 3%), in accordance with the terms and grades 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%.

7. The Company has outstanding Debentures (Series O) that are secured by a fixed lien on the Company’s share (50%) in two real estate properties (G Kohav Tzafon and G Savyon, as described below) and on two additional wholly-owned (100%) real estate properties (the “Pledged Properties”) with aggregate value as at reporting date (Company’s share) of NIS 460 million.

NOTE 19 – Debentures (contd.)

On December 1, 2024, the Company engaged in a binding agreement with Menora Mivtachim Insurance Co. and Menora Mivtachim Pension and Provident Funds Ltd. (below jointly: “Menora”) for the sale of 50% of its interests and liabilities in four properties, of which two are the Pledged Properties in favor of Debentures (Series O), G Kohav Tzafon and G Savyon, for gross consideration of NIS 487 million. Pursuant to the provisions of the deed of trust for Debentures (Series O), prior to signing the sale agreement, the Company provided the trustee for Debentures (Series O) unconditional and irrevocable autonomous bank guaranties in an amount of NIS 85 million against the release of the lien on 50% of the Company's interests in the Pledged Properties. As part of the agreement with Menora, the Company engaged in a joint agreement with Menora that contains restrictions on the transfer of rights with regard to the Pledged Properties, G Kohav Tzafon and G Savyon: mutual first refusal rights, tag-along rights that will be granted only to Menora and rights granted to Menora to activate a BMBY mechanism in the event of changes in the control of the Company.

Debentures (Series O) are repayable in four unequal annual installments from 2024 through 2028 (inclusive) as follows: The first installment will be paid on March 31, 2024 at a rate of 8% of the principal, the second installment on March 31, 2025 at a rate of 15% of the principal, the third installment on March 31, 2027 at a rate of 30% of the principal and the fourth and final installment will be paid on March 31, 2028 at a rate of 47% of the principal.

Furthermore, debentures (Series O) are linked to the CPI and bear annual interest of 1.08%.

The scope of the series is determined according to the loan-to-value (LTV) ratio of 75%, which is calculated according to the collateral value of the pledged properties, based on a valuation, as set out in the deed of trust for the debentures. The Company is required to comply with the LTV at specific inspection dates set out in the deed, including when expanding a series, replacing and/or adding pledged assets, releasing assets from a pledge, selling a pledged asset, and at any other date set out in the deed of trust when the Company is required to comply with the LTV ratio.

Under the issue of Debentures (Series O), the Company undertook to comply, among other things, with financial covenants, and the provisions of the deed of trust with respect to Debentures (Series O), which contain other causes, which if they occur will grant the debenture holders the right to call for immediate repayment of the debentures. For further information, see section 11 below.

Moreover, a downgrade in S&P Maalot’s credit rating below ‘AA-‘, or Midroog’s credit rating below ‘Aa3’ or a corresponding rating of another rating company will lead to cause for increasing the overall interest rate by up to 1% (a downgrade of the rating equal to or lower than ‘BBB-‘ of S&P Maalot, or a corresponding rating, will result in an increase in the interest rate to 3%), in accordance with the terms and grades 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%.

8. The Company has outstanding Debentures (Series N), which are repayable in five unequal annual installments that will be paid from 2022 to 2031 (inclusive) as follows: the first installment was paid on September 30, 2022 at a rate of 17.5% of the principal, the second installment on September 30, 2023 at a rate of 15% of the principal, the third installment will be paid on September 30, 2024 at a rate of 15% of the principal, the fourth installment on September 30, 2029, at a rate of 27.5% of the principal, and the fifth and final installment on March 30, 2031 at a rate of 25% of the principal. Furthermore, debentures (Series N) are linked to the CPI and bear annual interest of 1.29%.

   Under the issue of Debentures (Series N), the Company undertook to comply, among other things, with financial covenants, and the provisions of the deed of trust with respect to Debentures (Series N), which contain other causes, which if they occur will grant the debenture holders the right to call for immediate repayment of the debentures. For further information, see section 11 below.

   Nevertheless, in the event of non-compliance with some of the financial covenants, the Company may provide collateral in favor of the holders of Debentures (Series N) instead of the above covenants.

   Moreover, a downgrade in S&P Maalot’s credit rating below ‘ilA+’, or Midroog’s credit rating below ‘A1’ or a corresponding rating of another rating company will lead to cause for increasing the overall interest rate by up to 1% (a downgrade of the rating equal to or lower than ‘BBB-‘ of S&P Maalot, or a corresponding rating, will result in an increase in the interest rate to 3%), in accordance with the terms and grades 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%.

9. The Company has outstanding Debentures (Series M), which are repayable in six unequal annual installments that will be paid from 2021 to 2028 (inclusive) as follows: The first installment was paid on June 30, 2021 at a rate of 5% of the principal, the second installment on June 30, 2022 at a rate of 10% of the principal, the third installment on June 30, 2023 at a rate of 5% of the principal, the fourth installment will be paid on June 30, 2025 at a rate of 30% of the principal, the fifth installment on June 30, 2026 at a rate of 30% of the principal, and the sixth and final installment on June 30, 2028 at a rate of 40% of the principal. Furthermore, debentures (Series M) are linked to the CPI and bear annual interest of 2.78%.

NOTE 19 – Debentures (contd.)

Under the issue of Debentures (Series M), the Company undertook to comply, among other things, with financial covenants, and the provisions of the deed of trust with respect to Debentures (Series M), which contain other causes, which if they occur will grant the debenture holders the right to call for immediate repayment of the debentures.

For further information, see section 11 below.

Moreover, a downgrade in S&P Maalot's credit rating below 'ilA+', or Midroog's credit rating below 'A1' or a corresponding rating of another rating company will lead to cause for increasing the overall interest rate by up to 1% (a downgrade of the rating equal to or lower than 'BBB-' of S&P Maalot, or a corresponding rating, will result in an increase in the interest rate to 3%), in accordance with the terms and grades 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%.

10. The Company has outstanding Debentures (Series L), redeemable in five unequal installments that were paid and will be paid between 2023 and 2027 (inclusive) as follows: The first installment was paid on June 30, 2023 at a rate of 10% of the principal, the second installment will be paid on June 30, 2024 at a rate of 15% of the principal, the third installment on June 30, 2025 at a rate of 15% of the principal, the fourth installment on June 30, 2026 at a rate of 30% of the principal, and the fifth and final installment on June 30, 2027 at a rate of 30% of the principal. Furthermore, debentures (Series L) are linked to the CPI and bear annual interest of 4%. In addition, it was determined that a downgrade of the credit rating below 'il.A-' of S&P Maalot or below 'A3' on the Midroog rating scale, will cause a rise in total interest rate of up to 1%, according to the terms and levels set in the debentures. 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 5%.

11. Under the deeds of trust for the Company's debentures, the Company undertook to comply with the following key covenants:

Financial ratio	Financial covenants
Minimum equity (excluding non-controlling interests) (USD million)	L - higher than 650 for 4 consecutive quarters M, R, T, U - higher than 800 for 3 consecutive quarters N, O, P, Q, S - higher than 850 for 3 consecutive quarters
Minimum equity (excluding non-controlling interests) for one quarter (USD million)	M, N, O - higher than 400 P, Q, R, S, T, U - higher than 450
Net interest bearing debt to total consolidated assets ratio	L - lower than 80% for 4 consecutive quarters M - lower than 75% for 3 consecutive quarters
In combination with	
Minimum rating for debentures	L and M – 'ilBaa3' / 'ilBBB-'
Net interest bearing debt to total consolidated assets ratio	N, Q, U - lower than 75% for 3 consecutive quarters O, P, R, S, T - lower than 75% for 3 consecutive quarters
Minimum rating for debentures	N, O, Q, R, S, T, U – 'ilBaa3' / 'ilBBB-'

As at December 31, 2024 and shortly prior to date of approval of the financial statements, the Company was in compliance with the covenants with respect to all of its debentures.

Furthermore, the provisions of the deeds of trust for the Company's debentures contain other causes, which if realized, grants the debenture holders the right to call for immediate repayment of the debentures (mostly subject to remedy periods), including: a change of control of the Company, calling for immediate repayment of another series marketable debentures of the Company or calling 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, causes related to insolvency of the Company, change of operations and sale of most of the Company's properties, exercise of liens on most of the Company's properties, recording of a going concern caveat in the Company's financial statements for two consecutive quarters other than Series L), causes related to events connected to the collateral for the relevant debenture series (such as insolvency procedures with respect to the companies that hold the pledged shares, also including disturbing events relating to the collateral shares).

NOTE 19 – Debentures (contd.)

Moreover, under the provisions of the foregoing deeds of trust, 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 (other than Series O). The Company also undertook to refrain from a distribution if, among other things, its equity falls below the shekel equivalent of USD 1 billion (other than Series M - USD 850 million) as per its audited or reviewed consolidated financial statements.

12. In September 2024, the Company made final redemption of Debentures (Series K) pursuant to their terms and conditions.
13. As at the date of the financial report and the reporting date, the Company complies with the above covenants of the aforesaid debenture series.
14. In 2024, the Company bought back NIS 188.3 million par value Debentures (Series L, M, N and P) in return for NIS 188.8 million, in accordance with the Company's buyback plan. Following the buyback, the Company recognized an early redemption gain in the amount of NIS 21 million. The buyback debentures were canceled and delisted.
15. In May 2024, the Company issued to the public, by means of expansion of a marketable series, NIS 350.2 million par value Debentures (Series P) secured by a fixed lien on G Europe shares held by wholly-owned subsidiaries of the Company, for a gross amount of NIS 332 million at effective interest of 5.7% (linked to the CPI).
16. In July 2024, the Company issued in a private placement, by means of expansion of a marketable series, NIS 200 million par value Debentures (Series N) (which are unsecured) for gross consideration of NIS 190 million and at effective interest of 6.01% (CPI-linked).
17. In September 2024, the Company issued in a private placement, by means of expansion of a marketable series, NIS 250 million par value Debentures (Series M) (which are unsecured) for gross consideration of NIS 278 million and at effective interest of 5.85% (CPI-linked).
18. In October 2024, the Company issued in a private placement, by means of expansion of a marketable series, NIS 115 million par value Debentures (Series M) (which are unsecured) for gross consideration of NIS 129 million and at effective interest of 5.9% (CPI-linked).
19. In November 2024, the Company issued to the public, by means of expansion of a marketable series, NIS 295 million par value Debentures (Series P) secured by a fixed lien on G Europe shares held by wholly-owned subsidiaries of the Company, for a gross amount of NIS 303 million at effective interest of 4.75% (linked to the CPI).
20. In November 2024, the Company issued to the public, by means of expansion of a marketable series, NIS 305 million par value Debentures (Series N) (which are unsecured) for gross consideration of NIS 295 million and at effective interest of 5.01% (CPI-linked).
21. On March 19, 2025, the Company's Board of Directors resolved to adopt a new plan for the buyback of debentures of the Company (in lieu of the earlier plan) in an amount of up to NIS 300 million par value, with regard to all outstanding debenture series, which is valid until March 31, 2026. Acquisitions are to be made under the plan from time to time, at the discretion of the Company's management. This plan is in lieu of the earlier plan dated April 1, 2024 in the amount of up to NIS 300 million par value, which was valid until March 31, 2025.
22. In February 2024, the S&P Maalot rating agency set the credit rating for the Company's Debentures (Series R) as 'ilA', with negative outlook.
23. In February 2024, Midroog rating agency set the credit rating for the Company's Debentures (Series R) as 'A2.il', with negative outlook.
24. In March 2024, the S&P Maalot rating agency set the credit rating for the Company's Debentures (Series S) as 'ilA-', with negative outlook.
25. In March 2024, Midroog rating agency set the credit rating for the Company's Debentures (Series S) as 'A3.il', with negative outlook.
26. On June 30, 2024, the S&P Maalot rating agency set the credit rating for the Company's Debentures (Series K, L, M, N, P, Q, S) as 'ilA-', and revised the rating outlook from negative to stable.
27. On June 30, 2024, the S&P Maalot rating agency ratified the credit rating of the Company's Debentures (Series O, R) as 'ilA', and revised the outlook from negative to stable.
28. On June 30, 2024, the S&P Maalot rating agency set the credit rating of the Company's Debentures (Series T) as 'ilA', and updated the rating outlook from negative to stable.
29. On July 1, 2024, Midroog rating agency set the credit rating for Debentures (Series T) of the Company as 'A2.il', with a stable outlook.

NOTE 19 – Debentures (contd.)

30. On September 22, 2024, the S&P Maalot rating agency set the credit rating for the Company's Debentures (Series U) as 'ilA-', with stable outlook.

31. On September 23, 2024, Midroog rating agency set the credit rating for Debentures (Series U) of the Company as 'A3.il', with a stable outlook.

D. CTY Debentures

1. CTY has marketable debentures traded on the OMX stock exchange in Helsinki, under which CTY undertook towards the debenture holders to maintain a total debt to LTV ratio that will not exceed 65% and a secured debt to LTV ratio that will not exceed 25%. In addition, a change of control of CTY, as defined in the debentures agreement, will entitle the holders the right of early redemption of the debentures. As at reporting date, CTY is in compliance with these covenants.

2. In March 2024, CTY issued EUR 300 million par value debentures (unsecured), which bear annual interest of 6.5% and are redeemable in March 2029.

3. In March 2024, CTY bought back, under a tender offer, EUR 213.2 million par value (NIS 848 million) debentures for EUR 213.7 million (NIS 850 million). In addition, in December 2024, CTY bought back, under a tender offer, EUR 192 million par value (NIS 768 million) debentures for EUR 194 million (NIS 776 million).

4. In June 2024, CTY completed the proactive early redemption in full of Debentures (Series 2024) for an amount of EUR 97 million (NIS 390 million).

5. In December 2024, CTY issued EUR 350 million par value debentures (unsecured), which bear annual interest of 5% and are redeemable in March 2030.

6. Subsequent to reporting date, the S&P Maalot rating agency ratified the rating for CTY's debentures as 'BBB-' and downgraded CTY's issued rating to 'BB+' with stable outlook.

7. Subsequent to the reporting date, the Group bought back, under a tender offer, another EUR 100 million (NIS 376 million) par value debentures of CTY for consideration of EUR 96.8 million (NIS 364.1 million).

E. Debentures of G Europe

1. G Europe has marketable debentures traded on the Luxembourg stock exchange under which G Europe undertook towards the debenture holders to maintain a total debt to total value of assets ratio of no more than 60%, a secured debt to total value of assets ratio of no more than 40%, and a consolidated interest coverage ratio (EBITDA adjusted to interest expenses) of no more than 1.5. As at the reporting date, G Europe complies with these financial covenants.

2. In 2024, the Group bought back EUR 265 million (NIS 1,060 million) par value Debentures of Series 2025 and 2027 of G Europe (EUR 112 million par value were bought back under a tender offer) for consideration of EUR 256 million (NIS 1,024 million) Following these acquisitions, the Group recognized an early redemption gain in the amount of EUR 7.1 million (NIS 28 million).

3. In March 2024, Moody's rating agency downgraded the rating for G Europe's debenture series from 'Ba2' to 'B1', with stable outlook.

4. Subsequent to reporting date, G Europe made proactive full early redemption of Series 2025 for an amount of EUR 85 million.

NOTE 20 - Interest-bearing loans from banks and others

A. Composition:

	CPI-linked NIS	Unlinked NIS	CAD	USD	EUR	SEK	PLN	BRL	Total
December 31, 2024					NIS million				
Banks	35	541	-	53	2,053	995	70	-	3,747
Other financial	1,438	-	-	757	-	-	-	441	2,636
Total	1,473	541	-	810	2,053	995	70	441	6,383
Current maturities	51	22	-	126	10	-	1	28	238
Less current maturities	1,422	519	-	684	2,043	995	69	413	6,145
At December 31, 2023									
Total	1,437	1,142	224	914	2,571	358	-	531	7,177
Less current maturities	1,390	217	128	757	2,211	358	-	498	5,559

	CPI-linked NIS	Unlinked NIS	CAD	USD	EUR	SEK	PLN	BRL	Total
December 31, 2024					NIS million				
Fixed interest rate	1,473	69	-	742	-	329	-	441	3,054
Weighted average effective interest rate (%)	2.0	8.9	-	4.2	-	-	-	5.9	
Variable interest rate	-	472	-	68	2,053	666	70	-	3,329
Weighted average effective interest rate (%)	-	8.0	-	6.9	4.8	5.5	7.2	-	

B. Maturity dates

	CPI-linked NIS	Unlinked NIS	CAD	USD	EUR	SEK	PLN	BRL	Total
December 31, 2024					NIS million				
Year 1 - current maturities	51	22	-	126	10	-	1	28	238
Second year	52	22	-	238	611	21	1	33	978
Third year	53	297	-	224	945	21	1	42	1,583
Fourth year	421	23	-	222	452	21	1	45	1,185
Fifth year	34	177	-	-	35	603	66	48	963
Sixth year and onwards	862	-	-	-	-	329	-	245	1,436
Total less current maturities	1,422	519	-	684	2,043	995	69	413	6,145
Total	1,473	541	-	810	2,053	995	70	441	6,383

NOTE 20 - Interest-bearing loans from banks and others (cont.)

B. Maturity dates (cont.)

December 31, 2023	CPI-linked NIS	Unlinked NIS	CAD	USD	EUR	SEK	BRL	Total
	NIS million							
Year 1 - current maturities	47	925	96	157	360	-	33	1,618
Second year	48	217	2	126	12	-	26	431
Third year	49	-	2	186	1,718	-	46	2,001
Fourth year	49	-	3	223	5	-	57	337
Fifth year	378	-	3	222	476	-	61	1,140
Sixth year and onwards	866	-	118	-	-	358	308	1,650
Total less current maturities	1,390	217	128	757	2,211	358	498	5,559
Total	1,437	1,142	224	914	2,571	358	531	7,177

C. For information regarding liens, see Note 27.

D. Contracted restricted and financial covenants

Certain loans and credit facilities which the Company and its subsidiaries obtained in the ordinary course of business, include customary financial and other covenants that a breach in the covenant will cause immediate redemption, among which are the following:

1. In the Company and its wholly-owned subsidiaries
   a. Actual debt to collateral value ratio of 75% - 60%, as set out in the credit documents.
   b. Minimum equity of the Company (excluding non-controlling interests) of NIS 4 billion, subsequent to reporting date the minimum equity was amended to NIS 3.5 billion.
   c. Ratio of net interest bearing liabilities to value of total assets of the Company, based on consolidated financial statements, shall not exceed 75%.
   d. Ratio of net interest bearing liabilities to value of total assets of the Company, based on expanded separate financial information (of the Company and its wholly owned subsidiaries), will not exceed 77.5%.
   e. Ratio of actual debt to value of securities (pledged CTY shares which fair value is the average of its market value and net asset value) shall not exceed 70%.
   f. The Company's average quarterly EPRA Earnings, calculated according to the European Public Real Estate Association, over any two consecutive quarters, shall not be less than NIS 60 million.
   g. The ratio of total equity (including equity loans, but excluding minority interests, derivatives at fair value and the tax effect with respect thereto) to the total assets of CTY shall not be less than 30%.
   h. The ratio of CTY shares pledged to the bank shall not be less than 15% of the issued and paid up share capital of CTY and also that, in the event of a financial institution (which is not a financial manager of others or for others) holding CTY shares for itself at a rate in excess of 15%, the Company shall pledge additional CTY shares to the bank so that the pledged shares as a percentage of the total issued and paid up capital of CTY shall be at least 5% higher than the percentage held by the aforementioned financial institution in the issued and paid up capital of CTY, but not more than 30.1% of the issued and paid up capital of CTY.
   i. The ratio of CTY shares held directly and indirectly by the Company shall not be less than 30% of the share capital of CTY.
   j. CTY's EBITDA (with certain adjustments) to CTY’s net financial expenses ratio will not be less than 1.6.
   k. The Company’s rating will not be below BBB according to Maalot’s rating scale or Baa2 according to Midroog’s rating scale.

NOTE 20 - Interest-bearing loans from banks and others (cont.)

l. Debt coverage ratio in various loans will not fall below 1.15 - 1.50.

m. The Company and investees have other customary financial criteria, such as interest and/or principal coverage ratios, leverage ratios, net operating income (NOI) with respect to an income generating property that is pledged as collateral and other customary criteria relating to the Company and/or the relevant collateral to credit ratios (whether shares or real estate properties).

n. In some of the credit documents the Company and its subsidiaries, contain customary terms for calling for the immediate repayment of the credit, including: Default on repayment, breach of undertaking or representation under the credit agreement, change in control of the Company (as defined in the various agreements, including by way of employment as an officer) or companies whose securities are pledged to secure the credit, structural changes, certain material legal proceedings as is generally accepted (including with regard to insolvency, liquidation, receivership and execution), discontinuation of operations, changes in the Company's core operations, termination of trading of the securities pledged in favor of the credit or securities of the Company, cross default under certain conditions, minimum value of non-pledged properties, among others.

o. Some of the Company’s financing agreements (which are not ‘material credit’) include covenants and other terms and conditions (such as causes relating to ratings, changes in control, etc.) in the occurrence of which require the Company to repay the loan within the time period specified in the agreement, and if it fails to do so, the financial institution will have the right to call for immediate payment of the financing. In some of the foregoing agreements, if the Company regains compliance with the criteria as set out in the agreement, it will be entitled to once again utilize the credit available thereunder.

2. <u>CTY</u>

a. The secured debt to total assets ratio will not exceed 60%.

b. Minimum debt coverage ratio (EBITDA to net interest expense) of 1.8.

As at December 31, 2024, and close to the date of approval of the financial statements, the Company and its subsidiaries are in compliance with all the foregoing covenants.

NOTE 21 – Other Liabilities

Composition:

	December 31	
	2024	2023
	NIS million	
Tenants' security deposits (1)	25	24
Lease liabilities (2)	278	308
Other liabilities (3)	32	7
	335	339

(1) Tenants' security deposits are received to secure the fulfillment of the terms of the lease agreements. Deposits are refunded to the tenants at the end of the rental period, primarily linked to the Euro.

(2) Lease liabilities as at December 31, 2024 include mainly NIS 161 million in PLN, NIS 73 million in NOK, NIS 36 million in SEK, and NIS 8 million in EUR.

(3) Including a commitment of EUR 5.4 million (NIS 21 million) for the purchase of land in Poland.

NOTE 22 - Employee Benefit Liabilities and Assets

The Group provides post-employment benefit plans. The plans are generally financed by contributions to insurance companies, pension funds and provident funds and are classified both as defined contribution plans and as defined benefit plans, as follows:

A. Under labor laws and severance pay laws in Israel and Brazil, the Group is required to pay benefits to employees upon dismissal or retirement in certain circumstances. The calculation of the Company’s employee benefit liability is made based on the law and valid employment contracts and based on the employees’ salary which establishes the entitlement to receive post-employment benefits.

   Section 14 of the Severance Pay Law in Israel (1963) applies to the compensation payments, pursuant to which current contributions paid by the Group in pension funds and/or in form of insurance policies release the Group from any additional liability to employees for whom such contributions were made (defined contribution plan).

B. The Group’s liabilities in other countries in which its operates, are normally financed by contributions to pension funds, social security, medical insurance and others and by payments which the employee bears (such as for disability insurance) as required by local law and therefore essentially defined as contribution plans. Additional payments for sick leave, severance termination benefits and others are at Group companies’ discretion, unless otherwise provided for in a specific employment contract.

C. Provision for severance benefits recognized in the financial statements on the date the decision was made concerning the dismissal, in countries where the Group has a legal or constructive obligation for their payment.

D. The amounts accrued in pension funds, officers’ insurance policies, other insurance policies and in provident funds are on behalf of the employees and the related liabilities are not reflected in the statement of financial position as the funds are not controlled and managed by the Company or its subsidiaries.

All of the Group’s post-employment benefit plans do not have a material effect on the financial statements.

NOTE 23 – Taxes on Income

A. Tax regulations applicable to Group companies

   1. Taxation in Israel

      a. Capital gains/losses

         The capital gain tax rate applicable to Israeli resident companies is the corporate tax rate, see section D below.

      b. Taxation of dividend income

         Pursuant to section 126(B) to the Income Tax Ordinance (“the Ordinance"), income from distribution of profits or from dividends originating from income accrued or derived in Israel, which was received, directly or indirectly, from another entity subject to the corporate tax in Israel, is not included in the computation of the Company's taxable income.

         Pursuant to the provisions of Section 126(B) of the Ordinance, dividends that the Company receives from a foreign entity are taxed in Israel at the rate of corporate tax, as set out in section D below, and credit is given for the tax withheld on the dividends overseas (direct credit). Excess direct credit may be carried forward to future years over a period of not more than five years.

         Nonetheless, at the Company's request and subject to certain conditions, the Company may elect to implement an alternative under which the corporate tax rate will be imposed, as set out in section D below, on the gross income from which the dividend was distributed (the dividend distributed plus the tax withheld and the corporate tax paid on the income in the foreign countries) and a credit will be given for the foreign tax paid on the income from which the dividend was distributed in the foreign company (indirect credit) and the tax withheld in the foreign country. It should be noted that indirect credit is eligible down to two tiers only and is subject to certain conditions. Excess indirect credit cannot be carried forward to future years.

NOTE 23 – Taxes on Income (cont.)

c. Capital gain/loss from sale of shares in subsidiaries

A real capital gain by the Company on the sale of its direct holdings in one or more of the Group's foreign companies is taxed in Israel and credit is given for the foreign tax paid overseas on the capital gain from that sale, subject to the provisions of the relevant treaty for avoidance of double taxation.

d. Tax rates applicable to the Group companies in Israel

The Israeli corporate tax rate for 2021 through 2024 was 23%.

2. Taxation in the United States

On December 22, 2017, a comprehensive tax reform was approved in the US corporate tax rate to 21%, effective from January 1, 2018. In addition, the rules of expense allowance in the United States, which is now limited to 30% of the EBITDA in the respective tax year, were amended.

On March 27 2021, the Coronavirus Aid, Relief and Economic Security act (CARES act) was approved in the US, which provides economic assistance for facing the COVID-19 crisis. The CARES Act provides tax benefits for companies with the aim of maintaining liquidity, including: carryback of losses created during 2018-2021 for 5 years and temporary elimination of the 80% limitation for utilizing losses; reducing the tax deduction limitation of interest expenses with accordance to section 163(j); accelerated depreciation benefits and deductibility of additional expenses of improvements in real estates.

On the distribution of dividends from the United States to the Company, a reduced rate of 12.5% for withholding tax applies in accordance with the tax treaty between Israel and the United States, provided that the Company holds at least 10% of the distributing company.

3. Taxation in Canada

The taxable income of the Group companies is subject to the effective corporate tax (Federal and Provincial) which ranges between 23%-31%. A Canadian resident company that realizes a capital gain is taxed in Canada only on half of the Company’s capital gain if the property is sold by June 25, 2024. A Canadian company that sold a property after this date may be liable for corporate tax in Canada on 2/3 of the capital gain. Subject to certain conditions, a Canadian resident company that receives dividends may not be taxable in Canada or the dividends may have no effect on the taxable income of a Canadian resident company that receives the dividend. According to FAPI (Foreign Accrual Property Income) rules, a Canadian resident company may be liable to tax in Canada on undistributed passive income of a foreign company and receive a relief for foreign tax imposed on this income. Generally, distribution of dividends from a Canadian resident company to a foreign resident is subject to withholding tax of 25%. Reduced tax rates may be valid based on the relevant tax treaty (if applicable). According to the tax treaty between Israel and Canada, withholding tax on dividends will be reduced to a rate of 5% for recipient companies with holdings of at least 25% of the distributing company (otherwise the withholding rate is 15%). In addition, according to the tax treaty between Israel and Canada, the rate of tax to be withheld at source on interest is 10% (or 5% for interest payable to financial institutions).

4. Taxation in Finland

Operations in Finland are carried out through CTY. The corporate tax rate in Finland in 2024 is 20%. In general, under local law, the withholding tax rate on a dividend distribution from Finland is 20% (35% in certain cases). The dividend withholding tax rate upon distribution from Finland to Israel is 5% pursuant to the tax treaty between Israel and Finland (only if the share of holding is higher than 10%, otherwise the withholding tax rate is 15%). Due to the change of legislation in Finland, as of January 1, 2014, the withholding tax will apply also on return of capital of traded companies (this change of legislation will not apply on untraded companies, except in specific instances).

The Company received approval from the Tax Authority in Finland that entitles the Company request a refund from the aforesaid Tax Authority for tax deducted in Finland that cannot be claimed in Israel.

NOTE 23 – Taxes on Income (cont.)

A. Tax regulations applicable to Group companies (cont.)

5. Taxation in Norway

Operations in Norway are carried out through a Norwegian company that is owned by CTY. The corporate tax rate in Norway in 2024 is 22%. Usually, under domestic law, the withholding tax rate on a dividend distribution from Norway is 25%. Reduced withholding tax may be possible under various tax treaties. In the case of a dividend distribution to member states of the European Economic Area (EEA), the rate is 0% (assuming meeting the conditions specified in the law, except in specific instances).

6. Taxation in Sweden

Operations in Sweden are carried out through Swedish resident companies that are held by CTY. Generally, the corporate tax rate in Sweden in 2024 is 20.6%. The rate of withholding tax for dividends distributed by a Swedish resident company under the domestic law is 30%. Reduced withholding tax may be possible under various tax treaties. Generally, dividend distribution to a company similar to a Swedish limited liability company, and which is not considered as a company registered in a tax shelter, is not subject to withholding tax (except in specific instances).

7. Taxation in the Netherlands

In 2022 the corporate tax rate in the Netherlands on an income greater than EUR 395 thousand was 25.8% (the corporate tax rate on an income less than EUR 395 thousand is 15%). In 2023 the corporate tax rate in the Netherlands on an income greater than EUR 200 thousand was 25.8% (the corporate tax rate on an income less than EUR 200 thousand is 19%).

Under certain conditions, income of the Dutch company from its holdings in Germany would be tax exempt in the Netherlands. Following a change in legislation in Netherlands, starting January 1, 2018, the rate of tax to be withheld at a source on dividend distribution was reduced to 0%, under certain conditions.

8. Taxation in Germany

Generally, the corporate tax rate (including the solidarity tax) in Germany is 15.825% (assuming that the company is not subject to trade tax, otherwise, 30%). Distribution of profits from a German resident partnership to the Dutch resident company partners is not taxable in Germany according to domestic law. Payment of interest to a foreign resident from Germany is exempt from withholding tax in Germany according to the domestic law. Capital gains on the disposal of shares of a German company may be taxable in Germany, however, 95% of the gain may be tax exempt in Germany, if the conditions of the German participation exemption apply.

9. Taxation in Jersey Island

The corporate tax rate in Jersey Island is 0% (except in relation to specific fields of activity which are subject to tax at a rate of 10% or 20%). The withholding tax rate on a dividend distribution from Jersey to Israel is usually 0% and capital gains are not taxed in Jersey.

Starting from 2019, Jersey Islands applies laws and regulations relates to the Economic Substance. According to the new legislation, companies and partnerships incorporated in the Island will be required to report, among other things, about their type of activity, and to keep the Economic Substance rules on the land of Jersey Islands (i.e., employees, offices, management, level of expenses, etc.) subject to their type of activity.

NOTE 23 - Taxes on Income (contd.)

10. Taxation in Poland

Operations in Poland are carried out through Polish companies indirectly owned by G Europe. The company tax rate in Poland is 19%. The withholding tax rate for dividends distributed from Poland under the domestic law is 19%. A lower tax rate might be possible under various tax treaties.

Starting from January, 2018, a legislation amendment became effective, the amendment includes provisions concerning the offsetting of losses as well as thin capitalization rules that restrict the deduction of financing expenses in Poland

In addition, a legislative change was made in Poland, and different rules regarding withholding tax were established. In general, according to the new rules regarding dividend payments, interest, royalties and services for foreign residents, of less than PLN 2 million in one tax year, the rules for filing and deduction under a treaty remain the same (except for a stricter definition of a beneficial owner). In the case of such payments in an amount exceeding PLN 2 million to a foreign resident, the payer must initially deduct the amount in excess of PLN 2 million (19% for dividends and 20% for interest, royalties and services for foreign residents). Afterwards, the foreign resident could demand a tax refund subject to compliance with the treaty/exemption conditions. It should be noted that there are exceptions to these rules. The withholding tax rules are effective starting from January 1, 2022.

In addition, several indirect subsidiaries of G Europe are under tax review with the tax authorities abroad.

11. Taxation in Denmark

Operations in Denmark are carried out through Danish companies indirectly owned by G Europe. Generally, the corporate tax rate in Denmark is 22%. The withholding tax rate for dividends distributed from Denmark to foreign residents is 27%. Nonetheless, the distribution of dividends from Denmark to foreign members of the EEA, held at a rate of less than 10% of the Danish company, may be granted an exemption from withholding of tax at source, subject to compliance with certain conditions. An additional reduced rate or exemption may apply in accordance with the double taxation prevention treaties and the terms set out in them.

Moreover, in 2019, the Group began proceedings of liquidation of the companies in Denmark after it received a positive taxation decision regarding withholding of tax at source. For further information concerning the taxation decision being reviewed by the Danish tax authorities, see Note 24E.

12. Taxation in the Czech Republic

Operations in the Czech Republic are carried out through Czech companies owned by G Europe. The maximum corporate tax rate in the Czech Republic is 21%, in general, the rate of withholding tax on a dividend distribution from the Czech Republic is 15% (or 35% in specific instances). A dividend distribution from the Czech Republic to EEA member states will be exempt from withholding tax (except in specific instances). In addition, a lower tax rate might be possible under various tax treaties.

13. Taxation in Cyprus

G Europe and its subsidiaries are tax residents in Cyprus. Generally, the corporate tax rate in Cyprus is 12.5%. The withholding tax rate for dividends distributed from Cyprus under the domestic law is 0%. It should be noted that, on the distribution of dividends to countries that are part of the blacklist of the European Union, a 17% withholding tax will be applied to dividend distributions, and on interest payments to companies resident in countries that are part of the European Union's blacklist, a 17% withholding tax will be applied.

14. Taxation in Russia

In general, the corporate tax rate in Russia is 20%. Usually, the withholding tax rate on a dividend distribution according to domestic law is 15% to foreigners, a reduced tax rate is possible according to the different tax treaties. Operations in Russia were carried out by companies held by G Europe and were sold off in 2023.

NOTE 23 - Taxes on Income (contd.)

15. Taxation in Estonia

As a rule, the corporate tax rate in Estonia is 20%, however this tax only applies for the distribution of profits and certain other payments, and does not apply for accumulated profits. Usually, under domestic law, the withholding tax rate on a dividend distribution from Estonia to a foreign resident is 0%. Operations in Estonia are carried out through Estonian companies indirectly owned by G Europe.

16. Taxation in Brazil

The effective tax rate on companies in Brazil (having a turnover in excess of BRL 240 thousand) is 34%. The tax rate on a dividend distribution from a Brazil-resident company, under domestic law, is 0%, except in specific instances. Operations in Brazil are carried out mainly through real estate funds. The real estate funds are exempt from tax on their income, if certain conditions are fulfilled. A distribution of earnings from the funds to foreigners and locals is subject to withholding tax at the rate of 15% and 20%, respectively, on the profit component.

B. Final tax assessments

The Company has received assessments deemed final up to and including the 2019 tax year.

C. Merger of subsidiaries in Israel

On January 7, 2018, an Israeli subsidiary of the Company was granted an approval from the Israeli Tax Authority for merger into an indirect subsidiary (“the Absorbing Company"), together with two indirect subsidiaries of the Company. The merger was scheduled for December 31, 2016.

D. Merger of a subsidiary in Israel

On July 28, 2020, the Company received from the Tax Authority in Israel, an agreed-upon tax ruling (the “Tax Ruling”) regarding a merger pursuant to Section 103C of the Tax Ordinance of G Israel Commercial Centers Ltd. (“G Israel”), a wholly owned subsidiary of the Company, with and into the Company (as the receiving company). The date of the restructuring, according to the Tax Ruling, is December 31, 2018. In accordance with the Tax Ruling, G Israel will transfer its all assets and liabilities including all its employees to the Company, thereby eliminating G Israel without liquidation, and all by way of a statutory merger in accordance with the first chapter of part 8 of the Israeli Companies Law. The tax ruling is conditional on compliance with the conditions set out in the ITO and the tax ruling, and among other things, the cost of the Company's investment in G Israel shares, will be deleted and fully eliminated. Regarding the transferred real estate assets, a reduced purchase tax rate of 0.5% will apply. Furthermore, the Tax ruling sets limitations about offset of losses relates to the transferred assets and the participating companies.

E. Carry-forward losses for tax purposes as of December 31, 2024

The Company and its wholly-owned Israeli resident subsidiaries have carry-forward losses for tax purposes. With respect to the tax benefit associated with such losses, the aforesaid companies recognized deferred tax assets amounting to NIS 650 million (2023 - NIS 633 million), which have been offset against the deferred tax liability of the subsidiaries.

The Company’s USA resident subsidiaries have carry-forward losses for tax purposes for the coming years amounting to NIS 148 million (in 2023, NIS 249 million), for which deferred tax assets in the amount of NIS 54 million have been recorded.

The Company’s wholly-owned Jersey Island resident subsidiary and its subsidiaries have carry-forward losses for tax purposes amounting to NIS 266.5 million (2023, NIS 355 million), for which deferred tax assets have been recognized at an amount of NIS 27 million. Deferred tax assets were not recognized for losses amounting to NIS 44 million.

The Company's partially-owned Finnish resident subsidiary and its subsidiaries have carry-forward losses for tax purposes amounting to NIS 756 million (2023, NIS 809 million), for which deferred tax assets have been recognized at an amount of NIS 104 million. With respect to losses amounting to NIS 246 million out of these losses, deferred tax assets were not recognized

NOTE 23 - Taxes on Income (contd.)

F. Deferred taxes, net

The composition and movement in deferred taxes are as follows:

	Investment properties and depreciable fixed assets	Carry-forward losses	Others	Total
	NIS million			
Balance as at January 1, 2022	(2,164)	452	(282)	(1,994)
Amounts carried to foreign currency translation reserve	141	9	(49)	101
Amounts carried to other comprehensive income	-	-	75	75
Amounts carried to profit or loss	(55)	328	76	349
Balance as at December 31, 2022	(2,078)	789	(180)	(1,469)
Amounts carried to foreign currency translation reserve	(152)	-	4	(148)
Amounts carried to other comprehensive income	-	-	7	7
Amounts carried to profit or loss	127	(153)	59	33
Reclassified due to assets held for sale	327	(1)	(3)	323
Balance as at December 31, 2023	(1,776)	635	(113)	(1,254)
Amounts carried to foreign currency translation reserve	86	(9)	-	77
Amounts carried to other comprehensive income	-	-	10	10
Amounts carried to profit or loss	18	23	(46)	(5)
Movement in deferred taxes due to disposal of properties	109	3	-	112
Reclassified due to assets held for sale	7	-	-	7
Balance as at December 31, 2024	(1,556)	652	(149)	(1,053)

The deferred taxes are calculated at tax rates ranging between 19% and 32.47% (the tax rates applicable include federal and state tax).

Utilization of deferred tax assets is dependent on the existence of sufficient taxable income at the losses amount in the following years.

Deferred taxes are presented as follows:

	December 31	
	2024	2023
	NIS million	
Within non-current assets	63	66
Within non-current liabilities	(1,116)	(1,320)
	(1,053)	(1,254)

NOTE 23 - Taxes on Income (contd.)

G. Taxes on income (tax benefits) in the statements of income

	For the year ended December 31		
	2024	2023	2022
	NIS million		
Current taxes (1)	72	153	61
Taxes for prior years	(1)	-	(30)
Deferred taxes	5	(33)	(349)
	76	120	(318)

(1) Current income taxes include capital gain tax, withholding tax from interest and dividends paid by foreign subsidiaries to the Company, and current tax expenses with respect to the operations of Group companies.

H. Taxes on income relates to other comprehensive income and to other equity items

With respect to income tax relates to other comprehensive income and other equity line items, see Notes 23F and 25H.

I. Below is the reconciliation between the statutory tax rate and the effective tax rate:

	For the year ended December 31		
	2024	2023	2022
	NIS million		
Income (loss) before taxes on income	172	(1,200)	(1,554)
Statutory tax rate	23.0%	23.0%	23.0%
Tax computed at the statutory tax rate	40	(276)	(357)
Increase (decrease) in taxes for:			
tax exempt income, income subject to special tax rates and unrecognized expenses	(8)	(12)	26
Change in taxes resulting from carry-forward tax losses and other temporary differences for which no deferred taxes were provided, net	150	306	88
Deferred taxes for tax losses and other temporary differences with respect to previous years	14	17	(11)
Taxes for prior years	(1)	-	(30)
Taxes with respect to Company's share in earnings of equity-accounted investees, net	(24)	1	13
Difference in the tax rate applicable to income of the foreign subsidiaries and other differences	(95)	84	(47)
Taxes on income (tax benefit)	76	120	(318)
Effective tax rate	44.2%	-	-

NOTE 24 –Contingent Liabilities and Agreements

A. Agreements

1. The Group's companies engaged in operating lease agreements with tenants with regard to properties that they own. Below is a breakdown of the minimum leasing fees receivable with respect to these leasing agreements:

	December 31 2024
	NIS million
First year	908
2-5 years	1,959
Sixth year and onwards	994
Total	3,861

2. As for engagements with related parties, refer to Note 35.

B. Guarantees

1. As at December 31, 2024, the Company's subsidiaries are guarantor for loans from various entities in respect of investment properties under development, which they own together with partners and for bank guarantees, which were provided in the ordinary course of business, in the aggregate amount of NIS 359 million (December 31, 2023, NIS 656 million).
2. Wholly-owned subsidiaries of the Company guarantee loans and credit facilities obtained by the Company from banks and others, in an unlimited amount. Furthermore, the Company and its wholly owned subsidiaries pledged CTY and G Europe shares and real estate belonging to subsidiaries to guarantee credit (including marketable debentures) received by the Company and its wholly owned subsidiaries.
3. With regard to collateral provided to secure guarantees, see Note 27.

C. Contingent liabilities for the completion of the construction and redevelopment of properties and others

The Company's subsidiaries have off-balance sheet commitments for the completion of the construction and redevelopment of investment properties which, as at reporting date, amounted to NIS 561 million (at December 31, 2023, NIS 798 million).

As at reporting date, CTY has a contingent liability for input VAT refund received in the amount of NIS 257 million (at December 31, 2023, NIS 340 million), should the property, subject to the input VAT, be sold to a VAT-exempt entity within the next 10 years.

D. Legal claims

1. Several legal proceedings are pending against the Company and its subsidiaries in the ordinary course of their business including in respect of personal injury and property damage that occurred in their shopping centers and in other properties. The Company estimates that the claimed amounts are immaterial (on a stand-alone basis or on a cumulative basis) to the Company's results.
2. The ADC arrangements that represented the shares of G Europe in Austria in 2007 and the issue of securities and other events involving these constituted the basis for regulatory investigations in Austria, in the reporting these investigations were closed.

   Accordingly, in June 2024, the total provision set aside in the financial statements of G Europe with respect to the foregoing proceedings, in an amount of EUR 2.6 million, were canceled.

NOTE 24 – CHANGES IN CONTINGENT LIABILITIES AND AGREEMENTS (cont.)

D. Legal claims (cont.)

Additionally, to date, the criminal proceedings against Julius Menil and others in connection with events that took place in 2007 and earlier are still in progress. In connection with this, a law firm representing various investors in G Europe, who had invested at the time of these events, has alleged that G Europe is liable for various instances of fraud, breach of trust and infringements of the Austrian Stock Corporation Act and Austrian Capital Market Act arising from the same events. The public prosecutor has directed G Europe to reply to the allegations and has started criminal investigation proceedings against G Europe based on the Austrian Corporate Criminal Liability Act. It is uncertain whether this legislation, which came into effect in 2006, applies to G Europe. In any event, G Europe believes that it should not be held accountable for the aforesaid events and therefore intends to actively defend itself against these proceedings. On May 14, 2024, a decision was made to close the criminal proceedings against the Company.

3. In July and August 2014, a number of lawsuits were filed with the Economic Affairs Division of the Tel Aviv District Court to certify lawsuits as class actions, against U. Dori Construction Ltd. (“Dori Construction”), U. Dori Ltd. (“Dori Group” presently – Amos Luzon Development and Energy Group Ltd.)), their directors and officers and their auditors, as well as against the Company and G Israel (which was merged into the Company). The motions deal with damage allegedly caused to the public that have invested in Dori Construction and/or Dori Group, as the case may be, as a result of the publication of allegedly erroneous information in the reporting of Dori Construction, including in its financial statements, and as a result of failing to report, at the appointed time, material adverse information concerning the financial results and the financial position of Dori Construction, and consequently, concerning the financial results of Dori Group. The grounds for the claims in the aforementioned motions include grounds under the Securities Law, 1968, among which are the inclusion of erroneous details in the financial statements and deficient and erroneous reporting, a tort of negligence under the Torts Laws, breach of statutory duty (in respect to the Securities Law and the Regulations promulgated thereunder, as well as the Companies Law) and minority discrimination, all relating to the reporting of Dori Construction. The foregoing motions were for amounts ranging between NIS 13 million and NIS 75 million, and were consolidated into a single proceeding (apart from three motions that were dismissed). As at the date of filing of the motions for certification as class actions, the parties conducted several proceedings before the courts, at the end of which an agreement in principle was reached to authorize the court to end the dispute by way of settlement in accordance with section 79A of the Courts Law [Consolidated Version], 1984. After the court dismissed the objection to the settlement arrangement filed by the temporary trustee for Dori Construction under its insolvency proceedings, in the reporting period the court approved the settlement arrangement as set out below.

   On August 19, 2024, a judgment was handed by the Tel Aviv District Court Economic Division under which it was decided that the Company will bear an amount of NIS 1.7 million out of the total final settlement amount of NIS 34 million to be paid by all the respondents. The court further ruled that as this is an agreement by way of settlement, it does not in itself determine responsibility of any of the respondents for the damages of any of the represented groups and does not reflect on any other proceeding.

4. In January 2024, Attorney Ofer Shapira, in his role as trustee of Dori Construction under its insolvency proceedings (hereinafter in this section - the "Trustee"), filed a civil suit in the amount of NIS 500 million against the Company, as well as against Dori Group (currently under the name Amos Luzon Group Enterprises and Energy Ltd., hereinafter in this section - "the Luzon Group"), its auditors, a long line of directors and officers who served in Dori Construction at various periods prior to the insolvency proceedings, and various insurance companies (hereinafter together in this section - the "Defendants").

NOTE 24 – Contingent Liabilities and Agreements (cont.)

The statement of claim attributes responsibility to the Defendants for damages allegedly caused in three different periods: (1) the period preceding the discovery of the deviations in Dori Construction estimates which led to the filing of the class action as described in section 3 above; (2) the period between discovery of the deviations and the sale of control in the Luzon Group (and indirectly also the control in Dori Construction); (3) the period between the sale of control in Dori Construction and opening of its insolvency proceedings, in 2019.

With regard to the Company, they have alleged that it had breached its duty of fairness as a controlling shareholder of Dori Construction, among other things, in that it was aware of the company's management failures, but refrained from taking any action in the matter, injected funds into Dori Construction and directed it to continue operating even though it was clear that it was unable to continue operations, and because it helped plan and carry out a deal that harmed Dori Construction's creditors. It also claims that the Company breached its duty as part of the sale of control in Dori Construction (which was actually carried out as part of the sale of control of Luzon Group).

Most of the defendants (including the Company) filed motions to strike the claim in limine and motions to postpone the date for filing of statements of defense until after a ruling on the motion to strike in limine. The court ruled that the date for filing the statement of defense will be postponed at this stage, in view of the motions filed on this matter and a hearing was held on the motions to strike in limine, and the parties are waiting for the court's decision on this matter.

At this preliminary stage of the proceedings, when the statement of defense has not yet been filed on behalf of the Company, and in any case the relevant factual checks have not yet been completed, it seems that the chances of the claim being accepted are lower than the chances of its dismissal.

5. In and subsequent to the reporting period, Gazit Brasil is conducting a number of legal proceedings against a number of different entities and authorities with regard to the Internacional property, including with respect to various claims regarding the legality of operating the mall and its parking lot, but as at this date no decision has been handed that affects its operation. Gazit Brasil submitted a new plan to the municipality regarding the parking lot. Implementation of the plan is subject to administrative procedures being conducted before the municipality, which as of this date have not affected obtaining a permit for the property and the parking lot.

   In October 2024, a permit was given for the mall to build a parking lot to increase the number of parking spaces. For the sake of caution, it should be noted that if the foregoing proceedings are decided against the Company and restriction are imposed on the use of the parking lot, it could impose on the Company additional costs and/or various restrictions with regard to the operating of the property, which the Company is unable to estimate.

6. 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 acted with the court and law enforcement agencies in Turkey to return the land to its ownership and in July 2024, the court ruled in favor of the Company and ruled that the land was illegally registered in the name of the opposing party and the G Europe (through its subsidiary) is the sole legal owner of the said land. In October 2024, the court proceedings were closed in favor of G Europe. In January 2025, G Europe sold all the plots of land that it owned in Turkey.

E. In 2019, the G Europe began proceedings for liquidation of the companies in Denmark after it received a positive taxation decision regarding withholding of tax at source. The taxation decision relating to withholding of tax at source as a result of the liquidation of the operations in Denmark in 2019 are currently being reviewed by the Danish authorities. G Europe estimates that the chance of a potential claim is currently considered low. At this stage, G Europe is unable to reliably estimate the potential withholding tax claim and the related costs, nonetheless, this claim could be significant.

NOTE 25 – Equity

A. Composition:

	December 31, 2024		December 31, 2023		January 01, 2023	
	Registered	Issued Paid up	Registered	Issued Paid up	Registered	Issued Paid up
	No. of shares					
Ordinary shares of NIS 1 par value each	500,000,000	199,230,717	500,000,000	186,151,227	500,000,000	166,612,252
Ordinary shares held by the Company		1,262,345		56,430		56,430
Total	500,000,000	200,493,062	500,000,000	186,207,657	500,000,000	166,668,682

B. Movement in issued and outstanding share capital

	2024	2023	2022
	No. of shares		
Balance as at beginning of the year	186,207,657	166,668,682	151,820,662
Exercise of share options (employees and officers)	-	-	61,791
Vesting of RSUs (employees and officers)	67,701	105,445	193,028
Allotment of shares (employees and officers)	-	-	93,201
Cancellation of shares held by the Company	(3,994,196)	-	-
Issue of shares (see section I below).	18,211,900	19,433,530	14,500,000
Balance as of the end of the year	200,493,062	186,207,657	166,668,682

C. Composition of other capital reserves:

	December 31		
	2024	2023	2022
	NIS million		
Financial assets at fair value through other comprehensive income	(28)	4	14
Transactions with controlling shareholder	147	147	147
Transactions with non-controlling interests	1,059	1,138	994
Share-based payment	10	12	16
Reserve for revaluation of cash flow hedges	13	26	104
Proceeds from options for the Company's shares	14	22	22
Equity-based component of convertible debentures	64	64	-
	1,279	1,413	1,297

NOTE 25 - Equity (Cont.)

D. Supplementary information with regard to comprehensive income (loss)

	Year ended December 31		
	2024	**2023**	**2022**
		NIS million	
Adjustments arising from translation of foreign operations	(1,257)	1,059	953
Tax effect	27	(11)	55
Total	(1,230)	1,048	1,008
Gain (loss) with respect to cash flow hedges	(8)	(80)	138
Company's share in other comprehensive income (loss) of equity accounted investees	(7)	(1)	8
Total	(15)	(81)	146
Profit (loss) with respect to financial assets at fair value through other comprehensive income	(31)	(51)	2
Total	(31)	(51)	2
Total other comprehensive income (loss)	(1,276)	916	1,156

E. Composition of non-controlling interests:

	December 31,		
	2024	**2023**	**2022**
		NIS million	
Share in equity of subsidiaries *)	2,824	2,887	3,075
Hybrid debentures to non-controlling interests **)	3,075	3,580	3,929
Share options and capital reserve from share-based payments in the	19	26	25
	5,918	6,493	7,029

*) Including capital reserves and attributable acquisition-adjustments.

**) For further information regarding hybrid debentures, see Notes 8C2 and 8D4.

F. Dividends

The Company has a long-term policy to share its profits with the Company's shareholders by means of ongoing quarterly dividend distributions, subject to the Company's cash flows, business plans, legal restrictions and the Company's liabilities. Nonetheless, as part of the Company's policy to act to strengthen its equity and decrease leverage, with respect to 2023 and the first quarter of 2024, the Company's Board of Directors decided not to distribute dividends. On August 14, 2024, the Company's Board of Directors decided to renew the Company's foregoing policy regarding distribution of dividends and accordingly, the Company's Board of Directors decided to distribute dividends for 2024 third and fourth quarters in the amount of NIS 0.10 per share (Total amount of NIS 18.2 million) and NIS 0.10 per share (total amount of NIS 18.1 million), respectively.

Moreover, on March 19, 2025, the Company's Board of Directors approved a quarterly dividend distribution policy for 2025 at NIS 0.125 per share (reflecting an annual rate of NIS 0.50 per share).

The foregoing is subject to having sufficient distributable income at the relevant dates and is subject to the provisions of any law relating to dividend distributions and to decisions that the Company is permitted to take. This includes the appropriation of its income for other purposes and revision of this policy.
For further information about the declaration of a dividend subsequent to the reporting date, see Note 37A.

NOTE 25 - Equity (Cont.)

G. Capital management of the Company

The Company evaluates and analyzes its capital in terms of economic capital, that is, the excess of fair value of its assets over its interest bearing liabilities. The Company manages its capital in the operating currencies in which it operates and at similar levels to the ratio of assets in a particular currency to total assets according to proportionate consolidation. However, the Company's management has the option of reducing or increasing currency exposure from time to time accordingly, by taking into consideration cash flow risk management.

The Company manages its capital with emphasis on economic flexibility for investing in its areas of operations, high level of liquidity and seeks to maintain the assets it holds as free and clear of any charge.

Pursuant to the discussions held by the Company's Board of Directors, the Company determined the optimal capital ratios that will provide adequate return for the shareholders at a risk defined as low. From time to time the Company deviates from the capital ratio that the Board deems appropriate when the Company's management makes significant investments, while simultaneously setting targets for the restoration of appropriate ratios within a reasonable time.

Over the years, the Company and its subsidiaries have raised equity capital in the markets in which they operate.

The Company evaluates its capital ratios on a consolidated basis (including non-controlling interests), on an expended solo basis (the Company and its wholly-owned subsidiaries) with reference to the capital of its listed subsidiaries presented at equity method, and also based on cash flow ratios.

H. Buyback plan

On May 27, 2024, the Company’s Board of Directors resolved to adopt a plan for the buyback of the Company shares in an amount of up to NIS 100 million par value, valid until May 31, 2025. Acquisitions are to be made under the plan from time to time, at the discretion of the Company’s management, subject to compliance with the distribution tests. As at date of publication of the Report, the Company has bought back 5.2 million shares under this plan at a cost of NIS 57 million. On March 19, 2025, the Company's Board of Directors revised the plan, amending the volume for an additional NIS 100 million (excluding the amount purchased so far) and it was extended until March 31, 2026.

I. Share issue

In December 2024, the Company issued to the public under a shelf prospectus, 18.2 million ordinary NIS 1 par value shares of the Company and 6 million marketable options convertible into Company shares. The proceeds of the issue, net of issue expenses, amounted to NIS 268 million.

J. Buyback

In the reporting period the Company bought back NIS 5.2 million par value shares of the Company for NIS 57 million. The acquired shares are treasury shares. In addition, in the period, the Company retired 4 million par value treasury shares. As at the date of this report, 1.3 million par value shares are treasury shares.

NOTE 26: - Share-based compensation

A. As of December 2011 the Company activates its Share Incentive Plan (“the Plan"). Pursuant to the Plan, the Company may grant directors, employees, officers and services providers, options, ordinary shares, restricted shares and other share based awards as set out in the Plan, convertible into up to 13.2 million shares of the Company, subject to various tax regimes and tracks.

B. In 2023-2024, the Company granted, as part of the compensation plan in section (a) above, share options and Restricted Share Units ("RSUs") to the Company's employees and officers.

C. The following table presents the change in number of the Company's share options and their original weighted average exercise price:

	Year ended			
	December 31, 2024		December 31, 2023	
	Number options	Average weighted Price Exercise	Number options	Average weighted Price Exercise
		NIS		NIS
Shaer options at beginning of year	4,328,889	23.30	4,506,273	26.41
Share options granted during the year	135,888	11.09	1,353,859	12.32
Share options forfeited during the year	-	-	(882,263)	22.76
Share options expired during the year	(2,844,867)	28.65	(648,980)	22.76
Share options at the end of the year	1,619,910	12.87	4,328,889	23.30
Share options exercisable at end of year	553,654	13.75	2,909,948	28.47

Each of the foregoing options may be exercised for one ordinary share of NIS 1 par value of the Company an exercise price linked to the Consumer Price Index and subject to adjustments, including with respect to the issue of bonus shares, the issue of rights and a dividend distribution. The exercise price is determined as the average share price in the 30 days preceding the grant date. Each of the grantees are also provided the option of a cashless exercise. The options vest over three equal tranches, starting one year from the date the options are granted, and the options will expire one year after the vesting period of the last tranche.

D. Below is a breakdown of the number of RSUs of the Company:

	Year ended December 31	
	2024	2023
RSUs at beginning of the year	226,955	252,160
RSUs granted	53,122	172,647
RSUs forfeited	-	(92,406)
RSUs Vested	(67,700)	(105,446)
RSUs at end of year	212,377	226,955

Each RSU is exercisable for one ordinary share of NIS 1 par value of the Company.

The vesting period of the RSUs was set for one to four equal tranches commencing one year after allotment.

In the event of a dividend distribution, the grantees shall be entitled to remuneration that reflects the benefit relating to the dividend in respect of the RSUs and unvested RSUs, excluding RSUs awarded to the CEO of Gazit Horizon.

NOTE 26 – Share-based compensation (Cont.)

E. Additional equity compensation:

In May 2021 the Company awarded its former CEO who was eligible to receive shares of the Company worth USD 0.8 million, the vesting period was on year from the date on which the equity compensation was awarded. In 2022, 93 thousand shares were allotted to her according to this plan. As at the date of this report, the former CEO of the subsidiary has no additional rights to receive shares of the Company.

F. The expenses recognized in the statement of income for such equity instruments in 2024, 2023 and 2022 amounted to NIS 5 million, an amount less than NIS 1 million and NIS 7 million, respectively.

G. Cash-settled transactions

On December 31, 2024, there are 518 thousand cash-settled RSUs (at December 31, 2023, 724 thousand cash-settled RSUs).
As at December 31, 2024 the carrying amount of the liability relating to the foregoing cash settled compensation plans amounts to NIS 3 million (2023, NIS 2 million).

NOTE 27 – Charges (Assets Pledged)

As collateral for part of the Group's liabilities, including guarantees provided by banks in favor of other parties, the Group's rights to various real estate properties which it owns have been mortgaged and other assets, including the right to receive payments from tenants, rights under contracts with customers, funds and securities in certain bank accounts, have been pledged. In addition, charges have been placed on part of the shares of investees and of other companies which are held by the companies in the Group.

The balances of the secured liabilities are as follows:

	December 31	
	2024	**2023**
	NIS million	
Non-current liabilities (including current maturities)	4,263	6,850
Debentures (including current maturities)	3,823	1,696
Liabilities attributed to assets held for sale	466	1,405
	8,552	9,951

NOTE 28 - Rental Income

In 2022-2024, the Group had no single tenant which contributed more than 10% to total rental income. As for information about rental income by operating segments and geographical regions, see Note 36.

NOTE 29 - Property Management Expenses

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS million		
Salaries and related expenses	25	34	45
Property tax and other fees	88	80	82
Maintenance and repairs	183	171	152
Electricity and water	217	199	179
Insurance and security	77	73	71
Provision for doubtful debts	(4)	(2)	(5)
Others	213	216	196
	799	771	720

NOTE 30 – General and Administrative Expenses

	For the year ended December 31		
	2024	2023	2022
	NIS million		
Salaries and management fees (1)	171	180	212
Restructuring	27	3	1
Fees for professional consultants	60	58	54
Depreciation	24	29	23
Other (including office maintenance) (2)	39	79	84
	321	349	374

(1) As for salaries and management fees to related parties, see Note 35C.
(2) Net of income management fees from related party, see Note 35D.

NOTE 31 - Other Income and Expenses

A. Other income

	For the year ended December 31		
	2024	2023	2022
	NIS million		
Capital gain	31	-	11
Others (1)	191	5	3
	222	5	14

(1) Including CTY gains from the acquisition of the remaining 50% of the joint venture, Kista, see Note 8A.

B. Other expenses

	For the year ended December 31		
	2024	2023	2022
	NIS million		
Capital loss (1)	358	160	23
Others (2) (3) (4)	191	526	107
	549	686	130

(1) Loss from the sale of properties in Northern and Eastern Europe and USA.
(2) In 2024 includes an amount of NIS 75 million resulting from reduction of goodwill due to the disposal of properties in Norway (in 2022, NIS 90 million).
(3) Including a loss of NIS 115 million due to sale of a land in Turkey, the sale of the land was completed subsequent to the reporting date.
(4) In 2023, includes loss from an onerous contract arising from the sale of G Europe’s entire property portfolio in Russia. As part of the sale transaction, the operations were assessed at fair value by external appraisers as at March 31, 2023. The valuation was accepted by the Russian authorities, and in order to approve the sale, pursuant to local regulation adopted by the Russian government concerning realization of foreign investments in the country, the gross consideration determined by the authorities is 52% lower than the value of the properties, as a result the sale price was set at RUB 11.7 billion (NIS 495 million).

The Company received the full net consideration in an amount of EUR 115.6 million (NIS 460 million).
In accordance with the accounting standards, this agreement is considered an onerous contract, and a loss of EUR 136.3 million (NIS 518 million), which includes transaction costs, was recognized in the Group's statement of income.

NOTE 32 – Financing expenses and income

A. Financing expenses

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS million		
Finance expenses on debentures	712	591	517
Finance expenses on loans from financial institutions and others	279	314	193
Revaluation of financial derivatives *)	-	122	707
Financing expenses for leasing transactions	6	6	7
Loss from investments in securities, net	7	1	183
Financing expenses in respect of CPI differences, net	351	334	528
Exchange rate differences and other financing expenses **)	45	28	161
Less - Borrowing costs that were capitalized to the cost of qualified assets	(115)	(56)	(33)
	1,285	1,340	2,263

*) Mainly from hedging swap transactions.
**) In 2022, includes a non-recurring expense of NIS 82 million with regard to the increase in nominal interest of the Company’s debentures due to the downgrading of the Company’s credit ratings.

B. Financing income

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS million		
Dividend income	33	7	30
Interest income from investees	-	25	24
Interest income	100	66	25
Revaluation of financial derivatives *)	52	-	-
Gains from early redemption of borrowings and derivatives	34	160	38
Exchange rate differences and others	-	14	-
	219	272	117

*) Mainly from hedging swap and forward transactions.

NOTE 33 - Net Earnings (loss) per Share

Information about the number of shares and net income (loss) used in calculation of net earnings (loss) per share:

	Year ended December 31					
	2024		2023		2022	
	Quantity Shares Weighted	Net profit	Quantity Shares Weighted	Loss	Quantity Shares Weighted	Loss
	Thousands	NIS million	Thousands	NIS million	Thousands	NIS million
Number of shares and profit for the purpose of calculating basic net profit (loss)	184,892	52	177,052	(1,203)	164,362	(1,340)
Effect of dilutive potential ordinary shares	139	-	-	-	-	-
Number of shares and profit for the purpose of calculating diluted net profit (loss)	185,031	52	177,052	(1,203)	164,362	(1,340)

NOTE 34 - Financial Instruments

A. Financial risk factors

Group's global operations expose it to various financial risk factors such as market risk (including foreign exchange risk, CPI risk, interest risk and price risk), credit risk and liquidity risk. The Group's comprehensive risk management strategy focuses on activities that reduce to a minimum any possible adverse effects on the Group's financial performance.

Following is additional information about financial risks and their management:

1. Foreign currency risk

The Group operates in a large number of countries, therefore it is exposed to currency risks resulting from exposure to the fluctuations in exchange rates in different currencies. The Group usually maintains a correlation between its property mix in the different functional currencies and the group equity exposure to those currencies (primarily EUR, USD, NIS, BRL, SEK and NOK), by engaging in hedge transactions from time to time to manage the currency exposure. In recent years, in view of the relatively high volatility of the exchange rates with respect to the NIS, that significantly increase its liquidity risks (details below), the Company has acted in recent years to temporarily eliminate its derivatives portfolio and as a result exposure of the group equity to the EUR, USD and BRL has increased. The Company's Board of Directors recently decided to gradually return to increasing the scope of its hedging transactions. The Company’s management regularly reviews the currency linkage balance and responds according to exchange rate developments. For further information see section C below.

2. CPI risk

The Group has loans from banks and issued debentures linked to the Consumer Price Index (CPI). Linking rental agreements in Israel to the CPI reduces the negative impact due to rise in the CPI on the Company's CPI-linked liabilities.

For information regarding the sum of financial instruments linked to the CPI and for cross currency swap transactions, with respect to which the Group is exposed to changes in the CPI, see section C below.

3. Interest risks

Liabilities that bear floating interest rate expose the Group to cash flow risk and liabilities that bear fix interest rate expose the Group to interest rate risk in respect of fair value. As part of the risk management strategy, the Group maintains adequate composition of exposure to fix interest to exposure to floating interest. From time to time and according to market conditions, the Group enters into interest rate swaps in which they exchange variable interest with fixed interest and, vice-versa, to hedge their liabilities against changes in market interest rate (see section C below). As at the reporting date, 97.5% of the Group's liabilities (85.4% excluding interest rate swaps) bear fixed interest (as at December 31, 2023, 89.5%; 81.5% excluding interest rate swaps). For further information about interest rates and the maturity dates, see also Notes 20 and 19.

NOTE 34 - Financial Instruments (cont.)

4. Price risk

As part of its liquidity management, the Company invests from time to time in marketable and non-marketable financial instruments traded on stock exchanges, including shares, participation certificates in mutual funds and debentures, which are classified either as financial assets or financial assets measured at fair value through profit or loss or as financial assets measured at fair value through other comprehensive income, with respect to which the Group is exposed to risk resulting from fluctuations in security prices which are determined by market prices on stock exchanges. The carrying amount of those investments as of December 31, 2024 is NIS 46 million (December 31, 2023, NIS 31 million). As part of its risk management policy, from time to time, the Company considers entering into hedging transactions to reduce exposure to price risk. In addition, it should be noted that some of the Company's available credit lines are secured, among other things, by tradable shares, where a decrease in their price on the stock exchange may lead to a decrease in the ability to utilize those credit lines.

5. Credit risk

The financial strength of the Group's customers has an effect on its results. The Group is not exposed to significant concentration of credit risks. The Group regularly evaluates the quality of the customers and the scope of credit extended to its customers. Accordingly, the Group sometimes provides for an allowance of doubtful debts based on the credit risk in respect of certain customers.

Cash and deposits are deposited with financially-sound major financial institutions.

In connection with cross-currency swap transactions of liabilities (see section C below), with respect to most of the swaps, the Company engages in credit support annexes agreements (“CSA”) that establish current settlement mechanisms calculated according to the instruments fair value by interest bearing cash deposits. Hence, the Company has limited exposure to a risk that the other side of the agreements would not fulfill its obligations to the Company. The Company’s policy is to perform transactions in financial derivatives with financially-sound financial institutions.

6. Liquidity risk

The Group's policy is to issue capital and taking long-term financing, including through issuing debentures, convertible debenture, hybrid bonds, bank loans and mortgages and on the other hand, to invest in long-term assets. In addition, in order to maintain its financial strength and to reduce the dependence on the capital and debt markets, the Company maintain singed and binding credit facilities (usually for periods of 3-4 years) with financial institutes, which the Company and/or its wholly-owned subsidiaries can utilize credit for different periods, as required

The Group has unused approved credit facilities in the amount of NIS 2.4 billion available for immediate withdrawal. The Company's management believes that these sources, as well as the positive cash flow generated from operating activities, will allow each of the Group's companies to repay their current liabilities when due.

6. Liquidity risk (cont.)

With regard to cross-currency swap transactions of liabilities (see section C below), with respect to part of the swaps, the Company entered into credit support annexes agreements (“CSA”) of current settlement mechanisms with respect to the fair value of the transactions. Accordingly, the Company may be required to transfer significant amounts to the bank from time to time depends on the fair value of these transactions. In the past year and due to the relatively high volatility of exchange rates and weakening NIS, the Company engaged in hedging transactions against extreme volatility of foreign currency exchange rates to reduce the liquidity risk, under the CSA agreements. The Company recently decided to gradually go back to increasing the scope of its hedging transactions.

For additional details regarding the maturity dates of the Group's financial liabilities, see D below.

NOTE 34 - Financial Instruments (cont.)

B. Fair value

The following table presents the carrying amount and fair value of groups of financial instruments that are measured in the financial statements not at fair value:

	Fair value hierarchy level	December 31, 2024		December 31, 2023	
		Balance	Fair value	Balance	Fair value
		NIS million			
Financial assets					
Non-current deposits and loans	3	362	362	506	506
Financial liabilities					
Debentures	1/2	16,573	16,439	15,585	14,358
Interest-bearing loans from banks and others	2	6,383	6,156	7,177	6,919
		22,956	22,595	22,762	21,277
Total financial liabilities, net		(22,594)	(22,233)	(22,256)	(20,771)

Fair value determination of financial instruments:

The carrying amount of the financial instruments that are classified as current assets and current liabilities approximate their fair value.

The fair value of financial instruments that are quoted in an active market (such as marketable securities, debentures, convertible debentures) were calculated based on quoted market closing prices on the reporting date (level 1 on the fair values hierarchy). As of December 31, 2024, the Fair value of debentures in total amount of NIS 1.1 billion, that are not quoted in an active market or that are traded in an illiquid market, was evaluated in valuation method (level 2 on the fair value hierarchy) as described below (as of December 31, 2023, NIS 2 billion).

The fair value of loans bearing variable interest approximates their nominal value.

The fair value of debt instruments that are not quoted in an active market or that are traded in an illiquid market is determined using standard pricing valuation models primarily DCF which considers the present value of future cash flows discounted at the interest rate, which according to Company's management and external valuators estimates reflects market conditions including the parties' credit risk on the reporting date.

The fair value of forward contracts with respect to foreign currency is calculated taking into account the future rates quoted for contracts having the same settlement dates and in addition the amounts are discounted with relevant interest and the value is adjusted to the credit risk of the counter party (level 2 on the Fair Value hierarchy).

The fair value of interest rate swap contracts and cross-currency swap contracts that include a principle and interest are determined by discounting the anticipated cash flows from the transaction by the applicable yield curve, with adjustments for inter-currency liquidity gaps (CBS), inflation expectations and the credit risk of the parties (Level 2 on the fair value hierarchy).

NOTE 34 - Financial Instruments (cont.)

Following is the reconciliation between the opening to the closing balance of Financial assets measured at level 3 on the fair value hierarchy:

	December 31	
	2024	2023
	NIS million	
Balance as at beginning of the year	91	194
Additions	14	14
Capital return	-	(64)
Impairment through profit or loss	(7)	(15)
Revaluation through capital reserve	(32)	(54)
Adjustments due to translation of financial statements of foreign operations	-	16
Balance as of the end of the year	66	91

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

The balance represent the participation certificates in private equity funds, for additional information refer to note 10.

During 2024, there were no transfers with respect to fair value measurement of any financial instrument between Level 1 and Level 2, and there were no transfers to or from Level 3 with respect to fair value measurement of any financial instrument.

NOTE 34 - Financial Instruments (cont.)

C. Derivative financial instruments

The following table presents information about cross-currency swaps, interest rate swaps, forward contracts, options and other derivative financial instruments:

Type of transaction	Currency of Transaction	Outstanding notional amount NIS millions as at December 31		Linkage basis/interest receivable *)				Linkage basis/interest payable *)				Remaining average duration	Fair value NIS millions as at	
		2024	2023										Dec 31, 2024	Dec 31, 2023
Cross currency swaps	EUR - NIS	2,313	2,778	CPI-linked	4.0%	-	1.3%	Fixed	5.1%	-	2.1%	1.8	734	669
	USD - NIS	444	501	CPI-linked	2.8%	-	1.3%	Fixed	5.8%	-	4.0%	2.7	74	63
	NOK-EUR	420	-	Fixed	5.0%			Fixed	7.0%	-	7.0%	5.2	(5)	-
	SEK - EUR	1,057	1,117	Fixed	1.63%			Fixed	-0.19%	-	-1.71%	3.2	60	64
Linkage basis swaps	EUR	949	1,500	Fixed	4.4%			CPI-linked	3.1%	-	2.4%	6.2	(229)	(342)
Interest rate swaps fixed/variable	EUR	2,138	1,650	Variable				Fixed				3.0	(12)	1
	USD	-	49	Variable				Fixed				-	-	-*)
	CAD	-	128	Variable				Fixed				-	-	8
	SEK	672	-	Variable				Fixed				4.0	12	-
Forward contracts	Different currencies	5,140	4,800									Short term	(97)	(183)
													537	280
CSA liabilities, net													(532)	(459)
													5	(179)

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

NOTE 34 - Financial Instruments (cont.)

Below is the fair value of derivatives designated for hedge accounting included in the above table:

	December 31	
	2024	2023
	NIS million	
Liabilities:	(114)	(162)
	(114)	(162)

D. Liquidity risk

The table below presents the maturity schedule of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

December 31, 2024	Up to Year	2 to 3 years	4 to 5 years	Over 5 Years	Total
			NIS million		
Credit from banks and others (excluding current maturities)	38	-	-	-	38
Trade payables and service providers	89	-	-	-	89
Other payables	661	-	-	-	661
Debentures	2,112	6,662	6,737	3,516	19,027
Interest-bearing loans from financial institutions and others	558	3,002	2,358	1,240	7,158
Lease liabilities	26	47	38	20	131
Other financial liabilities	27	-	-	25	52
	3,511	9,711	9,133	4,801	27,156

December 31, 2023	Up to Year	2 to 3 years	4 to 5 years	Over 5 Years	Total
			NIS million		
Credit from banks and others (excluding current maturities)	189	-	-	-	189
Trade payables and service providers	137	-	-	-	137
Other payables	645	-	-	-	645
Debentures	2,926	6,442	6,037	1,649	17,054
Interest-bearing loans from financial institutions and others	2,278	937	2,170	1,640	7,025
Lease liabilities	27	52	42	35	156
Other financial liabilities	22	-	-	24	46
	6,224	7,431	8,249	3,348	25,252

NOTE 34 - Financial Instruments (cont.)

E. Sensitivity analysis of market risks

	Sensitivity analysis of financial balances to absolute changes in interest rates			
Impact on pre-tax income (loss) for the year of a 1% increase in interest	**USD interest USA**	**USD interest CAD**	**Interest EUR**	**Interest NIS**
	NIS million			
December 31, 2024	(1)	-	(21)	(5)
December 31, 2023	(1)	(2)	(26)	(11)

	Sensitivity analysis of financial balances of absolute changes in Consumer Price Index			
	+2%	**1%**	**-1%**	**2%-**
Impact on pre-tax income (loss)	**NIS million**			
December 31, 2024	(219)	(109)	109	219
December 31, 2023	(173)	(87)	87	173

	NIS in millions Sensitivity analysis for financial derivative absolute changes in Consumer Price Index			
	+2%	**1%**	**-1%**	**2%-**
Impact on pre-tax income (loss)	**NIS million**			
December 31, 2024	40	10	(10)	(40)
December 31, 2023	35	9	(9)	(35)

NOTE 34 - Financial Instruments (cont.)

	Change in exchange rate of Brazilian Real Sensitivity analysis for financial derivatives-			
	10%	**5%**	**-5%**	**-10%**
Impact on pre-tax income (loss)	**NIS million**			
December 31, 2024				
Change in EUR exchange rate	276	138	(138)	(276)
Change in USD exchange rate	(47)	(23)	23	47
Change in SEK exchange rate	(219)	(110)	110	219
Change in NOK exchange rate	(279)	(139)	139	279
December 31, 2023				
Change in EUR exchange rate	(142)	(71)	71	142
Change in USD exchange rate	(53)	(27)	27	53
Change in CAD exchange rate	1	-	-	(1)
Change in SEK exchange rate	181	97	(114)	(247)
Change in NOK exchange rate	(354)	(177)	177	354

	Change in exchange rate of Brazilian Real Sensitivity analysis for financial derivatives-			
	10%	**5%**	**-5%**	**-10%**
Effect on pre-tax equity (accounting hedge)	**NIS million**			
December 31, 2024				
Change in EUR exchange rate	281	138	(131)	(258)
Change in USD exchange rate	48	24	(24)	(48)
Change in SEK exchange rate	1	1	(1)	(1)
December 31, 2023				
Change in EUR exchange rate	1,230	587	(531)	(1,005)
Change in USD exchange rate	237	113	(102)	(193)
Change in NOK exchange rate	(1)	-	-	1

NOTE 34 - Financial Instruments (cont.)

	Change in exchange rate of Brazilian Real absolute changes in interest rates			
	+2%	1%	-1%	2%-
Impact on pre-tax income (loss)	NIS million			
December 31, 2024				
Change in EUR interest	(3)	(1)	2	3
Change in USD interest	23	12	(12)	(25)
Change in NIS real interest	(127)	(64)	65	132
Change in SEK interest	60	31	(32)	(66)
December 31, 2023				
Change in EUR interest	88	45	(48)	(99)
Change in USD interest	31	16	(17)	(35)
Change in CAD interest	2	1	(1)	(2)
Change in NIS real interest	(190)	(96)	99	200
Change in SEK interest	81	41	(44)	(90)

	Sensitivity analysis for financial derivatives- absolute changes in interest rates			
	+2%	1%	-1%	2%-
Effect on pre-tax equity (accounting hedge)	NIS million			
December 31, 2024				
Change in EUR interest	73	37	(38)	(77)
Change in SEK interest	4	2	(2)	(3)
Change in NOK interest	11	6	(6)	(12)
Changes in PLN interest	5	3	(3)	(6)
December 31, 2023				
Change in EUR interest	134	68	(71)	(145)
Change in NOK interest	21	11	(11)	(23)

NOTE 34 - Financial Instruments (cont.)

Sensitivity analysis and main assumptions

The Company has performed sensitivity tests of principal market risk factors that are liable to affect its reported operating results or financial position. The sensitivity analysis presents the gain or loss or change in equity (before tax) in respect of each financial instrument for the relevant risk variable chosen for that instrument as of each reporting date. The examination of risk factors and the financial assets and liabilities were determined based on the materiality of the exposure in relation to each risk assuming that all the other variables remain constant. The sensitivity analysis refers to a potential increase in the relevant variables at rates that the Company deemed appropriate, as the case may be. The same is true for a decrease in same percentage which would impact profit or loss by the same amounts in the opposite direction, unless otherwise indicated. In addition:

1. The sensitivity analysis for changes in interest rates of monetary balances was performed on long-term liabilities with variable interest as of the reporting date.
2. According to the Company's policy, as discussed in a above, the Company generally hedges its main exposures to foreign currency, among others, through maintaining a high correlation between the currency in which its assets are purchased and the currency in which the liabilities are assumed. Accordingly, economic exposure of assets net of financial balances to changes in foreign currency exchange rates is fairly limited in scope. Nonetheless, there is accounting exposure to changes in foreign currency and interest rates with respect to cross currency swap transactions which were not designated for hedge accounting, as presented in the above table.
3. The main accounting exposure in respect of derivative financial instruments is in respect of changes in fair value due to changes in interest, CPI and currency which may have an effect on the profit or loss or directly on equity due to transactions that do not qualify for accounting hedge and transactions that do qualify for accounting hedge, respectively.
4. Cash and cash equivalents, including financial assets that are deposited or maintained for less than one year, were not included in the analysis of exposure to changes in interest.

F. Changes in liabilities from financing activities:

December 31, 2024

	Balance as at January 1, 2024	Cash flows	Effect of currency fluctuations	Other changes	Balance as at December 31, 2024
Short-term loans	185	(141)	(6)	-	38
Long-term loans	7,177	(1,417)	(263)	886	6,383
Debentures	15,585	1,129	(433)	292	16,573
Total liabilities from financing activities	22,947	(429)	(701)	1,177	22,994

December 31, 2023

	Balance as at January 1, 2023	Cash flows	Classification of liabilities attributed to assets held for sale	Effect of currency fluctuations	Other changes	Balance as at December 31, 2023
Short-term loans	952	(848)	-	81	-	185
Long-term loans	5,713	2,070	(940)	293	41	7,177
Debentures	17,148	(2,156)	-	584	9	15,585
Total liabilities from financing activities	23,813	(934)	(940)	957	50	22,947

NOTE 35 – Transactions and Balances with Interested and Related Parties

A. Income of interested parties

	Year ended December 31		
	2024	2023	2022
	NIS million		
Management fees from the parent company (section D)	2.2	1.7	1.7
Interest income from investees	-	25	24
Dividend income from associates	42	26	52

B. Other expenses and payments

	Year ended December 31					
	2024		2023		2022	
	Number of people	Millions NIS	Number of people	Millions NIS	Number of people	Millions NIS
Directors' fees (1)	7	1.9	6	1.9	8	2.0
Payroll and incidentals (2)	2	10.0	2	9.5	2	7.6

(1) in 2022-2023 including the value of equity-based compensation granted to the directors worth NIS 0.2 million for each year.

(2) As for the employment terms (including share based compensation) of the Vice Chairman of the Board, controlling shareholder and CEO, and his son-in-law who serves as a CEO of Gazit Horizon, a wholly-owned subsidiary of the Company, see section C below.

C. Employment agreements

1. Vice Chairman of the Board of Directors and CEO of the Company and its controlling shareholders, Chaim Katzman

A. As of February 1, 2018, Mr. Chaim Katzman serves and vice chairman of the Board and CEO of the Company. Chaim Katzman's employment is regulated under an employment agreement that is renewed from time to time, and was last renewed in April 2024, after approval by the general meeting (following approval by the Company's compensations committee and Board of Directors). The employment agreement is for a period of three years, commencing on February 1, 2024, subject to the right of either of the parties to terminate it with advance notice of 180 days (the "2024 Agreement").

The 2024 Agreement provides that the maximum overall annual transaction costs to be paid to Mr. Katzman will not exceed NIS 5.75 million, linked to the CPI (in this subsection - "Maximum Compensation"), on the assumption of payment of the maximum bonus for a given year, together with the compensation to be paid to him for his term in office in subsidiaries that are not wholly owned by the Company, as may be from time to time (under the employment agreement preceding the 2024 Agreement, the maximum annual employment cost was NIS 5.6 million, linked to the CPI).

For his service in the Company, Mr. Katzman is entitled to a fixed salary and ancillary benefits, as well as an annual bonus as set out below:

Fixed salary - the fixed salary to be paid to Mr. Katzman by the Company, separately (in this subsection, the "Fixed Salary from the Company") will be calculated as an amount equivalent to 60% of the difference between the maximum compensation and the total cost of compensation to be actually paid to Mr. Katzman by the subsidiaries that are not wholly owned by the Company, as may be from time to time (the foregoing differs "Annual Employment Cost in the Company Solo"). The fixed salary from the Company and annual employment cost in the Company separately will be updated once each calendar year by the rise in December 2023 CPI.

NOTE 35 – Transactions and Balances with Interested and Related Parties (cont.)

C. Employment agreements (cont.)

1. Vice Chairman of the Board of Directors and CEO of the Company and its controlling shareholders, Chaim Katzman (cont.)

Goal-based annual bonus - as part of the Maximum Compensation, Chaim Katzman is eligible for an annual bonus equivalent to 40% of the annual employment cost in the Company Solo in a specific year, as may from time to time, up to the maximum amount of NIS 2.3 thousand (CPI linked, assuming that the Company bears the full Maximum Compensation), which will be paid according to the following manner and conditions:

Half of the bonus (i.e., up to a maximum amount of NIS 1.15 million), will be paid every year in which the annual FFO[1] return on equity of the Company[2] ("the Return") exceeds 5%.

The balance of the bonus that is not paid in any annual assessment, will be paid at the end of the 3 years of the agreement, if the average annual FFO return during the period of the three years exceeded 5% (the "Deferred Bonus").

Based on the FFO return figures, for 2024, Mr. Katzman is eligible to an annual cash bonus of NIS 2,046 thousand, half of which is paid close to the date of approval of the annual financial statements and the other half is deferred to the end of the term of the agreement and subject to compliance with the 3-year FFO return goal, as described above.

Accordingly, in 2024, Mr. Katzman was eligible for a monthly salary that reflects the annual cost to the Company (Solo, as at December 31, 2024, based on the compensation for Mr. Katzman from the Company's subsidiaries in 2024), in an amount of NIS 5,772 thousand.

In addition to the fixed salary pursuant to the 2024 agreement, Mr. Katzman will be entitled to sick leave and convalescence days as stipulated by law and to 30 vacation days per year, all provided that the total annual cost of employment in the Company does not exceed the maximum Solo annual cost of employment as defined above.

In the event of termination of employment or non-renewal of the agreement, Mr. Katzman will be entitled to various compensations that may reach the amount of the annual employment cost.

Mr. Katzman is also eligible to reimbursement of expenses he actually incurs in the course of his work as CEO, as is customary in the Company.

B. According to the advisory agreement with G Europe of 2009 (which was amended from time to time), Mr. Katzman, G Europe's Chairman of the Board is entitled to a yearly remuneration of EUR 700 thousand for advisory services and recovery of expenses from G Europe. For most of 2024, Mr. Katzman waived compensation from G Europe and he was paid a total amount of EUR 58 thousand.

C. For 2024, Mr. Katzman is entitled to annual director's remuneration for his service as chairman of the board of directors of CTY, in the amount of EUR 165 thousand. Pursuant to CTY's decision, for 2024 the foregoing compensation was paid to Mr. Katzman through the issue of CTY shares for the said value.

2. CEO of Gazit Horizon, Mr. Zvi Gordon

A. Zvi Gordon, Chaim Katzman's son-in-law, served as VP Investments in the Company from June 2017 through August 2023. As of 2023, Mr. Gordon serves as the CEO of Gazit Horizon.

1 The FFO is FFO to be published by the Company in its Board of Directors' Reports for 2021 through 2023.

2 "Company equity" will be the Company's known equity as per its consolidated financial statements (excluding non-controlling interests) on the date on which the foregoing conditions come into force (i.e., December 31, 2020), with the addition of capital raising and less any special dividends during the period, and time weighted.

NOTE 35 – Transactions and Balances with Interested and Related Parties (cont.)

C. Employment agreements (cont.)

2. CEO of Gazit Horizon, Mr. Zvi Gordon (cont.)

A. As of March 15, 2023, Mr. Gordon is employed under an employment agreement approved in August 2023 by the Company's general meeting (after approval by the compensation committee and the Board of Directors), that will be effective for three years as of March 15, 2023 (in this section the “2023 Agreement”; this agreement replaces the previous agreement with Mr. Gordon). Under the 2023 Agreement, Mr. Gordon is eligible for annual remuneration of USD 380,000 (linked to the annual increase in the United States CPI). Moreover, Mr. Gordon is eligible for an annual cash bonus in a total amount that would not exceed 75% of the annual base salary that Mr. Gordon is eligible for with regard to any year, subject to compliance with goals. The amount of the annual bonus will be fixed to compliance with the Same Store NOI increase of Gazit Horizon, based on a linear range of between 3% and 5%, applicable from eligibility for a quarter of the annual bonus with annual increments of 3% up to the full annual bonus of 5%. In 2024 Gazit Horizon annual Same Store NOI was 6.4% and accordingly, the total annual bonus awarded to Mr. Gordon was USD 285 thousand.

If Zvi Gordon's employment is terminated before the end of three years (other than under circumstances that allow the Company to terminate the agreement without entitling severance pay), and in the event of resignation under circumstances where such resignation is legally deemed as dismissal, in the event of death or loss of work capacity, Mr. Gordon was entitled to: (a) an advance-notice period of 90 days, during which Mr. Gordon is entitled to his base salary and the attaching benefits payable during an advance-notice period; and (b) a proportion of the annual bonus to which Mr. Gordon is entitled for the year in which his office is terminated. In the event of termination of Mr. Gordon's employment by the Company during a period of 12 months after a change of control of the Company (as defined in the agreement) or by Mr. Gordon during a period of 60 days beginning 12 months from the date of such change of control, Mr. Gordon will be entitled (in place of the compensation set out in this section above): Acceleration of the vesting period of all equity-based compensation components allotted to him and that have not yet vested, as well as an annual bonus equivalent to 6 monthly salaries (in addition to the notice and acclimation period).

Under a 2023 Agreement with Mr. Gordon, he was allotted 607,072 options (non-marketable) for the purchase of ordinary shares of the NIS 1 par value each of the Company. These options may be exercised at an exercise price of NIS 12.59 per share (linked to the CPI and subject to accepted adjustments, excluding dividend adjustment), and Mr. Gordon was allotted 66,165 restricted stock units (RSU). The options and restricted share units vest in three equal batches, starting at the end of one year from their grant date. Options that are not exercised within 90 days of the termination of Mr. Gordon's engagement with the Company, will expire. The final expiration date of all options is at the end of 4 years from their date of grant. The options may also be exercised in a cashless exercise. The RSU do not accrue dividend.

Mr. Gordon is also entitled to the standard social benefits and fringe benefits (and the Company will bear the tax gross up for such benefits) as well as indemnity, exemption and insurance as is standard in the Company.

B. As of June 2020, Mr. Gordon has served as a director in CTY. For his service as aforesaid, Mr. Gordon is eligible for customary directors fees in CTY, which in the reporting period amounted to EUR 77 thousand and which was paid to Mr. Gordon by way of allotment of CTY shares. The foregoing compensation is deducted from the salary that Mr. Gordon is eligible for from the Company.

NOTE 35 – Transactions and Balances with Interested and Related Parties (cont.)

D. Engagement in an agreement with Norstar

On February 1 2012, the Company engaged in an agreement with Norstar Israel Ltd. (the "Gazit-Norstar Agreement"), as recently updated in November 2023, with respect to the following matters:

1. A service agreement - Norstar will pay the Company a monthly fee of NIS 178.5 thousand (until November 2023 - NIS 133 thousand) linked to the Israeli CPI with addition VAT for various consulting services. The Agreement is for a three-year period and renews automatically for further periods, each for three years, with each party being entitled to give notice of non-renewal subject to the applications of the Companies Law. The services will include secretarial services, book keeping services, treasury services, computer services, communications, legal services, and dealing with bank financing, the capital markets and investments.

2. A non-competition clause that to date is as follows: Norstar has undertaken that, so long as Norstar Group continues to be the Company's sole controlling shareholder (as this term is defined in the Securities Law, 1968) and so long as the Company is principally the owner, developer, and operator of shopping centers and retail-based, mixed-use properties (below in this section: “Shopping Centers”) and/or controls and holds, as its principal activity, companies that are engaged, as their principal activity, in the aforementioned fields, Norstar Group will not engage in the field of owning, operating and developing Shopping Centers and will not own shares in companies that are engaged in this field as their principal activity (other than its interests in the Company), and proposals it receives to engage in and/or to hold the aforementioned will be passed on by it to the Company. The foregoing will not apply to financial investments in the shares of companies listed on a stock exchange in Israel or abroad, which are engaged in the field of owning, operating and developing Shopping Centers as its principal activity, provided that Norstar Group does not own 5% or more of the issued share capital of any such company. To avoid any doubt, it is hereby clarified that Norstar may own, develop and operate real estate other than Shopping Centers, as defined above, and may hold the shares of companies that own, develop and operate real estate other than Shopping Centers as their primary activity.

E. Balances with interested and related parties:

	December 31	
	2024	2023
	NIS million	
Interest receivable from joint ventures and equity-accounted investees (Note 6)	-	26
Long-term loans to equity accounted investees (Note 8A)	150	616
Short-term loans to joint ventures and subsidiaries (Note 6)	-	4

F. Subsidiaries

For further information regarding transactions and balances with consolidated companies, see Note 8.

NOTE 36 – Segmental Information

A. General

Operating segments were determined on the basis of information reviewed by the Company's Board of Directors for deciding with regard to allocating resources and assessing performance. Accordingly, with regard to management goals, the Company reports five reportable segments pursuant to the IFRS 8 management approach. The division into segments is based on the geographic location of the Company's operations. The CODM monitors the segment results separately in order to allocate the resources and asses the segment results which, in certain cases, differ from the measurements used in the consolidated financial statements, as described below.

Financial expenses, financial income and taxes on income are managed on a group basis and, therefore, were not allocated to the different segment activities.

The Northern Europe segment is under a public subsidiary controlled by the Company, the other segments are wholly-owned by the Company.

Other segments include, among others, activities that meet the qualitative criteria of an "operating segment" in accordance with IFRS 8 as they constitute the entity's business component from which it generates revenues and incurs expenses and for which financial information is available and separately reviewed by the Company's management. Such segments, however, do not meet the quantitative threshold that requires their presentation as a reportable segment and comprise mainly Canada.

B. Financial information by segment

For year ended December 31, 2024

	Northern Europe (1)	Central Europe (1)(8)	Israel	Brazil	United States (1)	Other derivatives (1)	Consolidated Adjustments (2)-(7)	Consolidated
	NIS million							
Segment revenues								
External revenues (2)	1,286	593	355	178	157	34	(70)	2,533
Gross profit (loss) (3)	859	411	240	147	95	17	(35)	1,734
Segment results (4) (8)	734	368	219	129	73	13	(298)	1,238
Information regarding profit and loss:								
Depreciation and amortization (3)	11	9	3	-	1	-	1	25
Revaluation gain (loss) (4)	(471)	433	86	(57)	166	(15)	(104)	38
Other expenses (income)	125	172	(11)	(5)	39	(2)	9	327
Share in earnings (losses) of investees	(3)	-	(1)	-	-	-	118	114
Segment assets:								
Operating assets (5)	454	1,079	32	58	24	1	2,806	4,454
Non-current operating assets (5)	14,153	7,126	4,591	1,893	3,522	258	(958)	30,585
Investments in investees	13	-	(6)	-	-	-	975	982
Total assets	14,620	8,205	4,617	1,951	3,546	259	2,823	36,021
Information regarding assets:								
Investment property (9)	14,081	7,178	3,414	1,854	1,974	258	(1,718)	27,041
Investment property under development (9)	-	925	1,157	29	1,547	-	(1,235)	2,423
Investments in non-current assets (6)	1,529	109	185	16	37	1	-	1,877
Segment liabilities (7)	286	328	62	19	29	7	25,192	25,923

NOTE 36:- Segmental Information (Cont.)

For year ended 31 December, 2023

	Northern Europe (1)	Central and Eastern Europe (1)	Israel	Brazil	United States (1)	Other derivatives (1)	Adjustments for consolidated (2)-(7)	Consolidated
			NIS million					
Segment revenues								
External revenues (2)	1,206	662	305	192	150	38	(115)	2,438
Gross profit (loss) (3)	807	450	197	162	97	21	(67)	1,667
Segment results (4) (8)	703	395	186	140	58	16	(1,630)	(132)
Information regarding profit and loss:								
Depreciation and amortization (3)	12	10	4	-	-	-	3	29
Revaluation gain (loss) (4)	(1,001)	183	(137)	36	131	(21)	42	(767)
Other expenses (income)	10	667	1	-	-	-	3	681
Share in earnings (losses) of investees	6	6	1	-	-	-	(15)	(2)
Segment assets:								
Operating assets (5)	207	2,137	36	416	567	3	910	4,276
Non-current operating assets (5)	16,880	7,317	4,791	2,114	3,139	355	(1,130)	33,466
Investments in investees	15	-	(7)	-	-	7	1,116	1,131
Total assets	17,102	9,454	4,820	2,530	3,706	365	896	38,873
Information regarding assets:								
Investment property (9)	16,145	8,179	3,637	2,381	1,985	355	(3,599)	29,083
Investment property under development (9)	27	1,119	1,117	67	1,490	-	(1,061)	2,759
Investments in non-current assets (6)	390	501	626	35	68	2	(9)	1,613
Segment liabilities (7)	395	476	66	31	81	7	26,487	27,543

NOTE 36:- Segmental Information (Cont.)

For year ended 31 December, 2022

	Northern Europe (1)	Central and Eastern Europe (1)	Israel	Brazil	United States (1)	Other derivatives (1)	Adjustments for consolidated (2)-(7)	Consolidated
	NIS million							
Segment revenues								
External revenues (2)	1,113	731	263	174	127	33	(138)	2,303
Gross profit (loss) (3)	744	479	195	148	83	15	(81)	1,583
Segment results (4) (8)	638	368	167	131	56	12	(780)	592
Information regarding profit and loss:								
Depreciation and amortization (3)	9	10	1	-	-	-	4	24
Revaluation gain (loss) (4)	(292)	(80)	35	(247)	76	(41)	99	(450)
Other expenses (income)	109	(1)	8	1	-	5	(6)	116
Share in earnings (losses) of investees	(12)	-	(1)	-	-	-	(38)	(51)

C. Notes to segmental information

1. Northern Europe segmental information includes 50% of the Kista Galleria joint venture until the completion of the acquisition of the partner’s share in February 2024. The information under Other Segments includes 60% of the Canada Partnership. Information under the segment United States includes the segment’s share of its joint ventures. Segmental information for the Central and Eastern Europe segment includes 75% of the value of the joint venture Pankrac Shopping Centre k.s until the acquisition of the partner’s share (25%) by, G Europe in April 2023 and 50% of a joint venture in Poland (jointly: "the Joint Ventures") and are offset against the consolidation adjustments column.
2. The Group has no intersegment revenues. Adjustments with respect to segment revenues primarily include elimination of the results of the foregoing Joint Ventures.
3. The adjustments to the consolidated information in all items include the effect of the reconciliations to revenues, as mentioned above.
4. As of annual report for 2024, the segment results (segment operating profit) represents the operating accounting profit net of revaluation of properties, other expenses and income (including impairment of goodwill) and depreciation and amortization. These items are separately described in the Note and appear as adjusted for consolidation of the segment results, in addition to the provisions of section 3 above. The comparable figures in 2022 and 2023 were retrospectively adjusted to reflect these figures comparatively. Likewise, these reconciliations include unallocated general and administrative expenses (income) of NIS 79 million, NIS 86 million and NIS 75 million, and unallocated net other expense of NIS (5) million, NIS 2 million and NIS (3) million, for 2024, 2023 and 2022, respectively.
5. Current operating assets mainly include: trade receivables, other accounts receivable and held for sale assets. Non-current operating assets mainly include: investment property, property under development, goodwill, and fixed assets. The consolidation adjustments mainly include securities at fair value through profit or loss, deferred taxes, derivatives, goodwill (at the Group level) and the Joint Ventures as mentioned above.
6. Investments in non-current assets include mainly investments in fixed assets, investment property, investment property under development, as well as business combinations.
7. Segment liabilities include operating liabilities such as trade payables, land lease liabilities, other payables and tenants' security deposits. The reconciliations for consolidation include mainly deferred taxes, financial derivatives, interest-bearing liabilities and reconciliation for the operating liabilities of the Joint Ventures as described above.
8. In April 2023, the Central and Eastern Europe segment completed the sale of the entire property portfolio in Russia. Pursuant to local regulation, the gross consideration determined was 52% lower than the book value of the properties, therefore the operating income (loss) of the segment includes loss from an onerous contract in amount of NIS 518 million. See Note 31B.

NOTE 36:- Segmental Information (Cont.)

9. The investment properties and investment properties under development items also include properties classified and held for sale, in addition to adjustments and the notes in section 1 above.

NOTE 37 – Subsequent Events

A. On March 19, 2025, the Company announced distribution of a dividend in the amount of NIS 0.125 per share (a total amount of NIS 25 million), payable on April 8, 2025, to the shareholders of the Company on April 1, 2025.

B. For further information concerning the buyback of CTY debentures, by way of tender offer, subsequent to reporting date, see Note 19D7.

C. For further information concerning the early redemption of G Europe debentures subsequent to reporting date, see Note 19E5.

D. For further information concerning the revised rating for CTY debentures subsequent to reporting date, see Note 19D6.

List of major investees of the Group as at December 31, 2024 (1)

	Holding rate December 31, 2024	Holding rate December 31, 2023	Remark	Country Registration	information in addition Note
	%				
M.G.N USA INC.	100	100	(2)	USA	
Gazit Horizons Inc.	100	100	(3)	USA	
Gazit Canada Inc.	100	100	(2)	Canada	
Citycon Oyj	49.5	50.9	(4)	Finland	8 D
Gazit Brasil LP	100	100	(3)	USA	
G City Europe Limited	100	100	(3)	Jersey	8C
CH Targowek sp. Z o. o.	100	100	(3)	Poland	8F
GHI Alpha LLC	100	-	(3)	USA	8E

(1) The list does not include inactive companies, companies with immaterial operations and investees of the foregoing investees.

(2) Held directly by the Company.

(3) Held through subsidiaries.

(4) Held directly and through subsidiaries.

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CHAPTER D – ADDITIONAL DETAILS REGARDING THE COMPANY

Name of Company:	G City Ltd. (the “Company” or “Corporation”)
Company’s Registered No.:	520033234
Address:	8 Aharon Becker St., Tel-Aviv 6964316
E-mail Address:	IR@gazitgroup.com
Telephone:	03-6948000
Fax:	03-6961910
Date of Statement of Financial Position:	December 31, 2024
Reporting Date:	March 19, 2025

Regulation 10A: Quarterly Condensed Statements of Comprehensive Income

For the quarterly condensed statements of comprehensive income for 2024, see section 3.5(c) of the Board of Directors' Report. -

Regulation 10C: Use in Exchange for Securities (*)

- In February 2024 the Company issued NIS 410 million par value Debentures (Series R), secured by a lien on the shares of the subsidiary that owns six real estate properties in the US, by way of issuing a new series. In the shelf prospectus, the Company announced that it intends to use the proceeds of the issue to increase its financial flexibility, mainly to buyback tradable debentures under the Company's buyback plan, and to repay existing debt that is repayable in the coming year and all by extending the average maturity of the Company's debt and based on the decisions of the Company's management as may be from time to time.
- In April 2024 the Company issued NIS 495 million par value Debentures (Series S), secured by a fixed second-degree lien on legal rights in connection with a real estate property in Israel, by way of issuing a new series. In the shelf prospectus, the Company announced that the proceeds of the issue will be used to refinance debt (including by way of buyback of its tradable debentures), while extending the duration of the Company's debt, and for its ongoing operations.
- In May 2024 the Company issued NIS 350 million par value Debentures (Series P), which are secured by shares of G Europe (a wholly-owned subsidiary of the Company) by way of series expansion. In the shelf prospectus, the Company announced that it intends to use the proceeds of the issue to refinance debt and for its ongoing operations, in accordance with the decisions of the Company's management as may be from time to time.
- In July 2024 the Company issued NIS 645 million par value Debentures (Series T), which are secured by a fixed first-degree lien on the legal rights of a wholly-owned (indirect) subsidiary of the Company, on a real estate property in Poland, as well as a lien on the share capital of the company that owns the mortgaged property and a lien on the proceeds from shareholder loans provided to the company of the property, by way of issuing a new series. In the shelf prospectus, the Company announced that it intends to use the proceeds of the issue for the acquisition of CH Targowek from a wholly-owned subsidiary of G Europe. G Europe may use the acquisition proceeds for its ongoing operations, including buyback of debentures that it issued, all at its sole discretion.
- In July 2024, the Company issued NIS 200 million par value Debentures (Series N) to classified investors, by way of series expansion. In the shelf prospectus, the Company announced that it intends to use the proceeds of the issue to refinance financial debt and to finance its ongoing business operations, in accordance with the Company's management decisions as may be from time to time.
- In September 2024 the Company issued NIS 115 million par value debentures (Series M) to classified investors, by way of series expansion. In the shelf prospectus, the Company announced that it intends to use the proceeds of the issue to refinance debt and to finance its ongoing business operations, in accordance with the Company's management decisions as may be from time to time.
- In November 2024 the Company issued NIS 247 million par value Debentures (Series U), which are secured by a fixed first-degree lien on Citycon shares, by way of a partial exchange tender offer for debentures (Series L) and issuance of a new series. It is noted in the shelf prospectus that the debentures (Series U) are offered in return for selling debentures (Series L) to the Company and therefore, the Company will not receive any cash consideration for allotment of the debentures exchanged under the shelf prospectus.
- In November 2024 the Company issued NIS 295 million par value Debentures (Series P) and NIS 305 million par value Debentures (Series N) by way of series expansion. In the shelf prospectus, the Company announced that it intends to use the proceeds of the issue to refinance debt and for its ongoing operations, in accordance with the Company's management decisions as may be from time to time.
- In December 2024, the Company issued 18 million ordinary shares of the Company and 6 million Share Options (Series 11). In the shelf prospectus, the Company announced that it intends to use the proceeds of the issue to reduce its existing financial debt and for its ongoing operations, in accordance with the Company's management decisions as may be from time to time.

As at reporting date, the Company is in compliance with the goals set for the proceeds in the shelf prospectus as set out below.

(*) Excluding private placements outside of the Company's shelf prospectus.

Regulation 11: Investments in Subsidiaries and Affiliates

Presented below is a listing of the Company's investments in each of its subsidiaries and affiliated companies as of the date of the statement of financial position:

Name of Company		Class and par value of Security	Quantity held	Carrying amount (NIS thousands) (*)	Interest in relation to issued share capital (%)	Interest in relation to voting rights and power to appoint directors (%)	Price at statement of financial position date
Investments in private companies owned by the Company							
Gazit-Globe Holdings (1992) Ltd. (under voluntary liquidation)		Share of NIS 1	432	(171,710)	100	100	-
		Deferred shares	1	-	100	100	-
G. Globe Development Ltd.		Share of NIS 0.01	100	(81,376)	100	100	-
Acad Construction and Investments Ltd.		Share of NIS 1	12,076	(2,750)	100	100	-
		Management Shares of NIS 1	500	-	100	100	-
		Extraordinary Share of NIS 1	1	-	100	100	-
Horev Center Management Ltd.		Share of NIS 1	5,000	(5,618)	50	50	-
GLI - Property Management Ltd.		Share of NIS 1	602,000	(4,567)	100	100	-
M.G.N. (USA) Inc.	(1)	Share of USD 1	2,142	3,089,792	100	100	-
Gazit Canada Inc.	(2)	Share of CAD 0.01	1,206	144,933	100	100	-
Gazit America Inc.	(2)	Shares of CAD 1	100	-	100	100	-
Gazit Europe (Netherlands) B.V.	(3)	Share of EUR 1	18,500	(606,919)	100	100	-
Gazit Europe (Asia) B.V.	(4)	Share of USD 1	18,000	93,553	100	100	-
G- Netherlands B.V.		Share of EUR 18	1,000	-	100	100	-
Gazit Midas Limited	(5)	Share EUR 1	1,000	1,632,823	100	100	-
Gazit Gaia Limited	(6)	Share of EUR 1	1,000	-	100	100	-
Gazit Brasil	(7)	Participation rights	-	1,147,495	100	100	-
G Targowek Limited		Share of EUR 1	2,000	206,190	100	100	-
Investments in public companies (some of which are owned by the private subsidiaries detailed above)							
Citycon oyj ("**CTY**").	(8)	Share of EUR 0.27	91,259,016	2,334,505	49.5	49.5	EUR 3.218

(*) According to the Company's separate financial statements, as at the date of the statement of financial position.

(1) M.G.N. (USA) Inc. holds 100% of Gazit Horizons Inc., Gazit 1995 Inc., MGN America LLC., Gazit Group USA Inc., Gazit First Generation Inc.

(2) Gazit America's value in the financial statements is included in Gazit Canada's value.

(3) Gazit Europe (Netherlands) B.V. owns a group of German companies, which are not presented separately.

(4) Gazit Europe (Asia) B.V. invests in a real estate investment fund, resident in Mauritius, for in real estate investments in India.

(5) Gazit Midas Limited and Gazit Gaia Limited, jointly hold 100% of the share capital of G City Europe Limited.

(6) Gazit Gaia's value in the financial statements is included in the value of Gazit Midas.

(7) A U.S. partnership owned 94% by the Company and 6% by a wholly-owned subsidiaries, which owns Gazit Brasil Ltda. and in FIM Norstar.

(8) Part of the holding of CTY shares is direct and part are held through Gazit Europe Netherlands B.V. CTY has private subsidiaries, which are not presented separately in the table.

Below is a breakdown of the balance of the Company's debentures, capital notes and loans to its subsidiaries and affiliates:

Company	Linkage basis	Reported balance as of December 31, 2022 (NIS millions):	Maturity year (according to agreement)
M.G.N. (USA) Inc.	USD	131	2025
Gazit Midas Limited	EUR	1,053	2028
Gazit Gaia Limited	EUR	1,305	2028
G City Europe Limited	EUR	3	2026
Gazit Germany	EUR	3	2024
G- Netherlands B.V.	EUR	-	2026
G. Globe Development Ltd.	Unlinked	81	(*)
Gazit-Globe Holdings (1992) Ltd. (under voluntary liquidation)	Unlinked	172	(*)
GLI - Property Management Ltd.	Unlinked	5	(*)
Acad Construction and Investments Ltd.	Unlinked	3	(*)

(*) The loans are automatically renewed from time to time, subject to the possibility of their being terminated in accordance with the terms set forth in the agreements with respect to such loans.

Regulation 12: Changes in investments in Subsidiaries and Affiliates (*)

Date of change	Nature of Change	Company name	Class of security	Total par value	Cost (NIS in thousands)	Average cost per unit
1-12/24	Return on Investment (**)	Gazit Brazil Ltda., FIM Norstar	Participation units and shares	430,000,000	370,419	BRL 1.00
03/24	Acquisition of shares in an offering	Citycon oyj.	Ordinary share	3,700,000	58,476	EUR 4.05

(*) Excludes negligible investments in establishing inactive subsidiaries in the reporting period.

(**) Refer to footnote (7) to Regulation 11. The investment specified above includes the investment of the Company and investment of Gazit South America Inc.

Regulation 13: Revenue of Subsidiaries and Affiliates and Income from Them

Below is a breakdown of 2024 comprehensive income (loss) of the Company's subsidiaries or associates, and the Company's income from dividends, management fees and interest from those companies (NIS thousands): -

<table>
<tr><th>Company name</th><th>Income (loss)</th><th>Another Comprehensive income (loss)</th><th>Total comprehensive income (loss)</th><th>Dividends</th><th>Management fees</th><th>Interest income (expenses)</th></tr>
<tr><td>G.G. Development Ltd.</td><td>(1)</td><td>-</td><td>(1)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Gazit-Globe Holdings (1992) Ltd. (under voluntary liquidation)</td><td>(1)</td><td>-</td><td>(1)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Acad Construction and Investments Ltd.</td><td>(6,698)</td><td>-</td><td>(6,698)</td><td>-</td><td>-</td><td>2,474</td></tr>
<tr><td>GLI - Property Management Ltd.</td><td>(4)</td><td>-</td><td>(4)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>MGN (USA) INC.[1]</td><td>214,167</td><td>(96)</td><td>214,071</td><td>-</td><td>592</td><td>11,868</td></tr>
<tr><td>Gazit Canada Inc.</td><td rowspan="2">12,386</td><td rowspan="2">(1,982)</td><td rowspan="2">10,404</td><td rowspan="2">-</td><td rowspan="2">-</td><td rowspan="2">(24,201)</td></tr>
<tr><td>Gazit America Inc.</td></tr>
<tr><td>Citycon Oyj.</td><td>(136,597)</td><td>59,985</td><td>(76,612)</td><td>65,755</td><td>-</td><td>-</td></tr>
<tr><td>Gazit Europe (Netherlands) B.V. [2]</td><td>(51,299)</td><td>-</td><td>(51,299)</td><td>-</td><td>-</td><td>141</td></tr>
<tr><td>G- Netherlands B.V.[3]</td><td>(10,603)</td><td>-</td><td>(10,603)</td><td>-</td><td>-</td><td>18,937</td></tr>
<tr><td>Gazit Europe (Asia) B.V.</td><td>35,954</td><td>(31,300)</td><td>4,654</td><td>-</td><td>-</td><td>(5,461)</td></tr>
<tr><td>Gazit Brazil Ltda. [4]</td><td>4,232</td><td>-</td><td>4,232</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Gazit Midas Ltd. [5]</td><td rowspan="2">247,892</td><td rowspan="2">3,748</td><td rowspan="2">251,640</td><td>-</td><td>-</td><td>48,131</td></tr>
<tr><td>Gazit Gaia Ltd[5]</td><td>-</td><td>-</td><td>69,037</td></tr>
<tr><td>G Targowek Limited</td><td>10,525</td><td>-</td><td>-</td><td>-</td><td>-</td><td>8,470</td></tr>
</table>

(1) The results of MGN (USA) INC. include the results of Gazit Horizons Inc., Gazit 1995 Inc., Gazit Group USA, MGN America LLC.

(2) Represents the results of the Company's operations in Germany.

(3) The results of G Netherlands B.V. Include the results of G-Bulgaria EAD, G-Plovdiv EAD, and G-Macedonia Ltd.

(4) Represents the results of Gazit Brasil Ltda's operations as well as FIM Norstar, which are both held by Gazit Brasil LP (a U.S. partnership).

(5) The income includes the results of Gazit Gaia Limited and Gazit Midas Limited.

Regulation 20: Stock Exchange Trading

In the reporting year, 18,279,601 ordinary shares of the Company of NIS 1 par value that were issued and listed for trading as a result of a capital issuance and vesting of restricted share units (RSUs), and 3,994,196 ordinary shares were delisted due to delisting of treasury shares.

For further information concerning Debentures that were listed for trading in the reporting period see Regulation 10C above and Appendix B to the Board of Directors' report.

During 2024, the stock exchange trading in the Company's securities was not suspended, other than one trading suspension prior to final redemption of Debentures (Series K).

Regulation 21: Remuneration of Interested Parties and Senior Officers

Breakdown of the compensation paid with respect to 2024, to each of the five highest compensation recipients from among the senior officers of the Company's Group (the Company or a corporation which it controls) and the three highest compensation recipients from among the senior officers of the Company itself, who were granted the compensation with respect to their appointment in the Company, as well as details of the compensation paid to the Company's interested parties:

Details of Compensation Recipient				Compensation for Services (NIS in thousands)					
Name	Position	Employment basis	Rate of holding in equity of the company	Salary [1]	Bonus	Share-based payment	Consultancy fees	Other	Total
Adi Jemini	CEO of Gazit Group USA	Full-time	0.11%	2,320	2,071	4,240 [2]	-	1,440 [3]	10,071
Scott Ball	CEO of CTY (former)	Full-time	--	1,184	2,348	2,188	-	866 [4]	6,586
Mia Stark	CEO of Gazit Brasil	Full-time	-	1,997	1,014	--	-	3,139 [5]	6,150
Chaim Katzman	Vice Chairman of the Board of Directors and CEO of the Company, Chairman of the boards of CTY and G Europe		0.2% [6]	3,726[7]	2,046	-	-	-	5,772
Henrica Ginström	CEO of CTY (former)	Full-time	--	1,205	1,200	780		1,420 [8]	4,605
Zvi Gordon	CEO of Gazit Horizons		0.04%	1,645	1,086	1,529	-	-	4,284
Keren Kalifa	Deputy CEO and COO, CEO of Real Estate Division	Full-time	0.0%	1,729	904	392	-	-	3,025
Rami (Romano) Vaisenberger	VP and Controller (former)	Full-time	0.09%	1,657	710	286	-	-	2,653
Directors		-	-	1,919	-	-	-	-	1,919

(1) With regard to the directors of the Company, the directors' remuneration paid in cash for 2024 included under this column

(2) The said amount represents the accounting expense recorded in respect of phantom units. The actual annual payment for the phantom units in 2024 amounted to USD 630 thousand, as set out in section C below.

(3) Includes payment of bonus for sale of properties and retention bonus as set out in section C below.

(4) Includes payment of directors' fees and bonuses connected to termination of Mr. Ball's tenure.

(5) Includes payment of bonus for the sale of properties and reimbursement of relocation expenses, as set out in section E.

(6) Refers to Chaim Katzman's direct holdings in the Company. For a description of Chaim Katzman's holdings in Norstar Holdings Inc., the controlling shareholder of the Company, see Regulation 21A below.

(7) Half of the bonus amount is in respect of a deferred bonus to which Mr. Katzman will be eligible, subject to meeting the FFO goal over three years, as set out in section B.

(8) Includes payments in connection with termination of Ms. Ginström's tenure.

A. Additional information and explanations to the table - General

1. The amounts of compensation are in terms of cost to the Company or the subsidiary, accordingly. The salary amounts include the cost of salary benefit components .

2. The holdings presented in the table are those immediately prior to the publication date of the report, based on the information available to the Company.

3. CTY's decision and approval of the compensation that Chaim Katzman was eligible to receive in the reporting period were carried out in accordance with the provisions of the laws that apply to CTY, including the regulations of the stock exchange where CTY is listed for trading and the generally accepted corporate governance rules as set out below: The annual general meeting of CTY shareholders set the salary of the chairman of the board of directors and the other directors of CTY, based on the proposal of the CTY board of directors which was based on the recommendations of its appointments and remuneration committee (where most of CTY's directors are independent, and Chaim Katzman serves as chairman). At its first meeting after appointment by the general meeting the board of directors of CTY elects its chairman and vice chairman from among its members.

   With regard to G Europe, the agreement between the company and Chaim Katzman was initially approved as a public company and is renewed from time to time by the board of directors of G Europe, based on the recommendation of its independent appointments committee. With the delisting, the agreement is approved (when necessary) by G Europe's board of directors (without the participation of Mr. Katzman).

B. Additional information and explanations to the table - details regarding the Vice Chairman of the Company's Board of Directors and CEO, Chaim Katzman

As of January 31, 2018, Mr. Katzman has served as CEO and Vice Chairman of the Board of Directors of the Company.

The salary noted in the table is for management services Mr. Katzman provided to a wholly-owned subsidiary of the Company and other private subsidiaries in the Group, and for directors' fees from CTY for his service as Chairman of the Board of CTY. -

1. Details of the compensation of Chaim Katzman for his service in the Company

   In April 2024, the general meeting approved renewing Chaim Katzman's employment agreement (replacing the agreement that was in force until January 31, 2024), after receiving the approval of the Company's Compensations Committee and Board of Directors. The employment agreement was for a period of three years, commencing on February 1, 2024, subject to the right of either of the parties to terminate it with advance notice of 180 days.

   The agreement provides that the maximum total annual employment cost to be paid to Mr. Katzman will not exceed NIS 5.75 million, CPI-linked ("**Maximum Compensation**"), assuming payment of the maximum bonus for the relevant year, together with the compensation to be paid to him for his tenure in subsidiaries (including subsidiaries that are not wholly owned by the Company), as may be from time to time, while the current salary and fringe benefits will be in the amount of the maximum annual cost to the Company (separate) of NIS 3,450 thousand (CPI-linked).

   Accordingly, in 2024 Mr. Katzman was eligible for an annual salary that reflects the cost to the Company (separate, as of December 31, 2024, based on the compensation figures of Mr. Katzman from CTY in 2024, as noted in subsection 3 below) of NIS 5,772 thousand (including the annual bonus in respect of 2024), as described below.

   For his service in the Company, Mr. Katzman was entitled to a fixed salary and ancillary benefits, as well as an annual bonus as set out below:

   (a) **Fixed salary** - the fixed salary to be paid to Mr. Katzman by the Company, separately ("**Fixed Salary from the Company**") will be calculated as an amount equivalent to 60% of the difference between the Maximum Compensation and the actual total cost of compensation to be paid to Mr. Katzman by the subsidiaries that are not wholly owned by the Company, as may be from time to time, as set out in section 3 below (this difference - "**Annual Employment Cost in the Company Separately**"). The fixed salary from the Company and Annual Employment Cost in the Company Separately will be updated once each calendar year by the rise in the CPI compared to the CPI for December 2023.

(b) **Annual bonus and deferred annual bonus** - as part of the Maximum Compensation, Chaim Katzman is eligible for an annual bonus of 40% of the Annual Employment Cost in the Company Separately in a specific year, as may from time to time, up to the maximum of NIS 2,300 thousand (assuming that the Company bears the full Maximum Compensation), which will be paid according to the following manner and conditions:

(1) Half of the bonus (meaning up to a maximum amount of NIS 1,150 thousand), will be paid every year in which the annual FFO[1] return on equity of the Company[2] ("**the Return**") exceeds 5%.

(2) The balance of the bonus that is not paid in any annual assessment, will be paid at the end of the 3 years of the agreement, if the average annual FFO return during the period of the three years exceeded 5% (the "**Deferred Bonus**").

Accordingly, for 2024 Mr. Katzman is eligible for an annual cash bonus of NIS 2,046 thousand, half of which is paid shortly after approval of the annual financial statements for 2024 and the other half is deferred to the end of the term of the agreement, subject to compliance with the 3-year FFO return goal, as specified above.

In addition to the fixed salary, Mr. Katzman is entitled to sick leave and convalescence pay as stipulated by law and to 30 vacation days per year, which may be accumulated up to 60 days, and all provided that the total annual cost of employment in the Company does not exceed the Annual Employment Cost in the Company Separately (as defined above).

Mr. Katzman is entitled to reimbursement of expenses paid in fact as part of his service as CEO, as customary at the Company (such as travel), and the Travel For Work Purposes Procedure will apply to him, including regarding his wife joining him on business trips for the Company's needs at no cost (including with respect to commercial transatlantic flights) as set out in Regulation 22 below.

With respect to his foregoing service, Mr. Katzman is not eligible for equity-based compensation.

In the event that the period of the agreement elapses without a new employment agreement being signed with Mr. Katzman for his office as CEO of the Company, Mr. Katzman shall be entitled to payment of the fixed salary that is equal to an additional six months (during such period, Mr. Katzman shall not be entitled to any payment for advance notice period).

If the Company wishes to terminate the agreement before the elapsing of three years (other than under circumstances that allow the Company to terminate the agreement without entitlement to severance pay), Mr. Katzman will be entitled to the following conditions: (a) A 180-day notice period during which Mr. Katzman will be entitled to receive his fixed salary; (b) fixed salary for six more months; and (c) to the pro rata share of the annual bonus based on the date of termination of employment, subject to compliance with the FFO goal (while his pro rata share of the Deferred Bonus will be paid at the end of the 3-year agreement, subject to compliance with the 3-year goal (as specified in section (B)(2) above) also if the agreement ends before for any reason). In the event of death or disability, Mr. Katzman (or his estate) will be entitled to payment of the fixed salary for 12 months (during this period, Mr. Katzman will not be entitled to any payment for the advance notice period).

2. <u>Details of the compensation of Mr. Katzman from G Europe</u>

Mr. Katzman, who is the Chairman of the Board of G Europe, provides services to G Europe's group under an agreement with a company wholly owned by G Europe dated August 2008. The agreement is renewed from time to time for further periods of one year each, unless either of the parties gives notice of its desire not to renew the agreement. In return for the services, Mr. Katzman is entitled to an annual consideration that amounted to EUR 700 thousand in 2024, but Mr. Katzman gave up his salary from G Europe for most of the reporting period, and for 2024 it amounted to EUR 58 thousand. Mr. Katzman is also entitled to the refund of expenses incurred in connection with the provision of the services (Mr. Katzman is not entitled to directors' fees from G Europe). The compensation that Chaim Katzman is entitled to deducted from the Maximum Compensation paid to him in accordance with section 1 above.

1 FFO is the FFO to be published by the Company in its Board of Directors Reports for 2024 through 2026.

2 "Company equity" will be the Company's known equity as per its consolidated financial statements (excluding minority rights) on the date on which the foregoing conditions come into force (i.e., December 31, 2023), with the addition of capital raising and less any special dividends during the period, and time weighted.

3. Details of the Directors' fees of Mr. Katzman from CTY

Commencing June 2010, Mr. Katzman has served as Chairman of the Board of CTY. For his service as chairman of CTY, Mr. Katzman is entitled to annual compensation in 2024 of EUR 165 thousands (that is deducted from the Maximum Compensation paid to him in accordance with section 1 above). According to CTY's policy, in the reporting period the compensation for 2024 was received by way of allocation of 43,163 shares of CTY at a total value of EUR 165 thousand.

4. Mr. Katzman is also entitled to indemnification and insurance arrangements from the Company (for information, see Regulation 29A below) and its subsidiaries in which he serves as a director, in accordance with such arrangements as they apply to other members of the Board of Directors of such companies.

C. Further information and explanations to the table - details regarding the CEO of Gazit Group USA Inc. ("Gazit USA"), Adi Jemini

1. From January 2016 through August 2023, Mr. Jemini served as CFO and Deputy CEO of the Company. Furthermore, from September 2018, Mr. Jemini served as CEO of a wholly owned subsidiary of the Company, Gazit USA, and to date he continues to serve in this position, as well as other positions in the Group, as set out below.

2. In August 2023, Mr. Jemini and Gazit USA engaged in an employment agreement for a term of 4 years from September 1, 2023 through August 31, 2027, unless terminated by one of the parties with 90-days' notice (the "**2023 Agreement**").

For his foregoing service, Mr. Jemini is eligible for a monthly salary of USD 43,750, as well as social benefits and the standard fringe benefits.

Mr. Jemini is eligible for an annual bonus, which will be fixed based on goals and the discretion of the Company's Compensation Committee, where the target bonus is USD 500 thousand and maximum bonus is USD 600 thousand.

Mr. Jemini was granted an annual bonus of USD 560 thousand for 2024.

Furthermore, Mr. Jemini is eligible for a bonus for the sale of properties January 1, 2023 through to date of termination of his employment as follows: (a) a bonus of 0.3% of the proceeds received for the sale of assets in Brazil (including by way of a IPO); (b) bonus of 0.25% of the proceeds received from the sale of CTY shares held by the Company or from a special dividend distributed by CTY; and (c) bonus of 0.5% of the proceeds received from the sale of assets in Canada. Accordingly, in the reporting period Mr. Jemini was paid a bonus of USD 299 thousand in respect of the IPO of Gazit Malls on the stock exchange of Sao Paulo, Brazil and the sale of assets in Canada.

3. According to the 2023 Agreement, Mr. Jemini is eligible for a retention bonus of USD 360 thousand, which will be paid in four equal installments of USD 90 thousand each, starting one year after the effective date of the 2023 Agreement, provided that Mr. Jemini continues to be employed by the Company throughout the entire term of the agreement.

4. In the event that Mr. Jemini's employment is terminated by the Company (other than if he is dismissed due to a cause), including in the event of resignation due to dismissal or loss of work capacity, Mr. Jemini will be eligible for compensation as follows: (a) 90 days' prior notice for which he will be eligible for his full salary as well as all ancillary benefits; (b) severance pay in the amount of 120% of his annual base salary and 120% of the amount of the annual bonus paid to Mr. Jemini in the year prior to termination of Mr. Jemini's employment; (c) a pro rata share of the annual bonus to which Mr. Jemini would be eligible for at the date of termination of employment; (d) acceleration of the vesting period of the pro rata share of the relevant annual tranche of phantom units (see section 6 below) allotted to Mr. Jemini and that have not yet vested; (e) acceleration of the retention bonus payments that are not yet due; (f) payment of health insurance for a period of one additional year from the date of termination of his employment.

Mr. Jemini will be eligible to compensation as set out in this section above even in the event of termination of his employment by the Company within 12 months of a change of control in the Company (as defined in the agreement) or in the event of termination of employment by Mr. Jemini within 60 days after 12 months from the date of such change of control in the Company.

5. Moreover, pursuant to the employment agreements, Mr. Jemini is also eligible for indemnification, exemption and insurance as is customary in the Company.

6. As part of the agreement with Mr. Jemini, he was awarded an equity-based bonus in the form of allotment of phantom restricted stock units for the total amount of USD 2.4 million. These units imitate equity-based compensation and are based on the value of the Company's stock, they will vest in four equal annual tranches starting one year from September 1, 2023, subject Mr. Jemini’s continued employment in the Group, and upon vesting, Mr. Jemini will be eligible for a financial bonus equivalent to the number of phantom units multiplied by the value of the Company's shares (according to its average price during the 30 trading days preceding vesting date). Also, at vesting date, Mr. Jemini will be eligible for the amount of the dividend distributed by the Company from date allotted through to vesting date for the number of units allotted to him, and the number of phantom units will be subject to customary adjustments. For the first tranche of phantom that vested in the reporting period, Mr. Jemini was awarded USD 630 thousand.

7. Compensation for Mr. Jemini’s service as a director in CTY

   As of June 2023, Mr. Jemini has served as a director in CTY. For his service, Mr. Jemini is eligible for directors compensation as customary at CTY, which amounted to EUR 78,600 in 2024. According to CTY’s policy, in the reporting period the compensation for 2024 was received by way of allocation of 43,163 shares of CTY at a total value of EUR 78,600 thousand. The foregoing compensation is deducted from the salary that Mr. Jemini is eligible for from the Company.

D. Additional details and explanations to the table - details regarding Scott Ball, the former CEO of the consolidated subsidiary CTY

1. Mr. Scott Ball served as CEO of CTY from 2019. In March 2024, Mr. Ball came to an agreement with CTY regarding the termination of his term in office as CEO, effective April 1, 2024. From October 2024 through March 2025, he served as an acting CEO of CTY.

2. In respect of Mr. Ball’s service in 2024, he was paid a salary (including fringe benefits) amounting to EUR 296 thousand.

3. In March 2024, a termination of employment agreement was signed between Mr. Ball and CTY, under which the terms for termination of his service in CTY were agreed upon (in place of the mechanism set in his employment agreement) as follows: (a) full acceleration and release from the RSU lock-up period and of the convertible options allocated to Mr. Scott in 2022; (b) eligibility for an annual bonus for 2024, based on goals, and the amount will range from half to full annual salary received by Mr. Scott during 2023; and (c) payment for health insurance until the end of 2024.

4. The foregoing table includes, under the section Equity-based payment item, the cost recorded in the Company's financial statements in the reporting year for non-tradetable securities allocated to Mr. Ball under his employment agreement, that vested according to the agreement for termination of his employment, as set out above.

5. In addition, for his service as director of CTY, Mr. Ball was awarded compensation of EUR 83 thousand.

E. Additional details and explanations to the table - details regarding Ms. Mia Stark, CEO of the consolidated subsidiary Gazit Brasil

1. Ms. Mia Stark has served as the CEO of Gazit Brasil since April 2013, and as a Business Development Director for Latin America at Gazit USA. Below is a breakdown of the highlights of Ms. Stark’s employment agreements with these companies.

2. Under the employment agreement for her service as CEO of Gazit Brasil from August 2023 (which replaced an earlier agreement between the parties at the same terms), Ms. Stark is eligible for a base monthly salary of BRL 81 thousand (CPI linked), including social benefits, company car and reimbursement of expenses, as generally accepted. Moreover, Ms. Stark may be eligible for a goal-based annual bonus, of up to 10 monthly salaries, where for 2024 she was granted an annual bonus of BRL 690.5 thousand.

Either party may terminate the agreement with prior notice of 120 day. In the event of the termination of Ms. Stark's employment by the Company (other than for a cause), Ms. Stark will be entitled to the annual bonus for the period of her employment. In addition, in the event of termination of Ms. Stark’s employment for any reason, she will be eligible for relocation expenses in an amount of BRL 116 thousand.

3. Under the employment agreement for her service as a Business Development Director at Gazit USA dated August 2023 (which replaced an earlier agreement between the parties), Ms. Stark is eligible for a base annual salary of USD 220 thousand and a goal-based annual bonus of up to 100% of annual salary. With regard to the foregoing agreement, Ms. Stark was granted an annual bonus of USD 145.4 thousand for 2024.

   The employment agreement is valid until August 2025, land either of the parties may terminate the agreement with prior notice of 120 days. In the event that employment is terminated by either the company or Ms. Stark in the 12 months following a change of control in the Company, Ms. Stark will be eligible for a bonus in the amount of her annual bonus for the entire employment period.

   according to the employment agreement Ms. Stark is eligible for a retention bonus in the amount of USD 250 thousand, provided that she is still employed by Gazit USA and lives in Brazil until the end of her employment.

   Furthermore, under the employment agreement, Ms. Stark will be eligible for a USD 3.3 million sale bonus that will be paid proportionally to the sale of up to 75% of Gazit Brazil’s assets. Under this agreement, in the reporting period Ms. Stark was paid a bonus of USD 542 thousand the IPO of Gazit Brazil.

F. Additional details and explanations to the table - details regarding Henrica Ginström, former CEO of CTY

1. Henrica Ginström served as the CEO of CTY between April 1, 2024 and October 8, 2024. Previously , Ms. Ginström served as the VP of Operations of CTY.

2. Under the employment agreement for her service as CEO of Gazit Brazil, Ms. Ginström was eligible for an annual base salary of EUR 400 thousand and standard fringe benefits. Furthermore, according to her employment agreement, Ms. Ginström is entitled to an annual bonus of up to 100% of her annual base salary, subject to compliance with goals, and she was allotted equity compensation in the amount of EUR 300 thousand, that is expected to vest in three equal tranches over three year.

3. In the reporting period, a termination of employment agreement was signed between Ms. Ginström and CTY, under which the terms of termination of her service in CTY were agreed upon as follows: (a) Eligibility to a payment of EUR 315 thousand; (b) accelerated vesting to an amount of 25,000 RSUs allocated to her under CTY’s plan, which were due to vest in April 2025; and (c) accelerated vesting of 530,616 options of CTY granted to her under CTY’s option plan.

G. Additional information and explanations to the table - details of the CEO of the subsidiary, Gazit Horizons, Mr. Zvi Gordon

1. Zvi Gordon, Chaim Katzman's son-in-law, served as VP Investments in the Company from June 2017 through August 2023. As of 2023, Mr. Gordon is the CEO of Gazit Horizons.

2. As at March 15, 2023, Mr. Gordon is employed under an employment agreement approved in August 2023 by the Company's General Meeting (after approval by the Compensation Committee and the Board of Directors), that will be effective for three years as of March 15, 2023 (in this section the “2023 Agreement”). This agreement replaced a previous agreement between the parties. Under the 2023 Agreement, Mr. Gordon is eligible for annual remuneration of USD 380,000 (linked to the annual U.S. CPI increase). Moreover, Mr. Gordon is eligible for an annual cash bonus in a total amount that would not exceed 75% of the annual base salary that Mr. Gordon is eligible for with regard to any year, subject to compliance with goals. The amount of the annual bonus will be fixed according to the annual Same Store NOI increase of Gazit Horizons, based on a linear range of between 3% and 5%, from eligibility for a quarter of the annual bonus with increments of 3% up to the full annual bonus with minimum 5% increase.

   In 2024 the annual Same Store NOI increase of Gazit Horizons was 6.4% and the total annual bonus awarded to Mr. Gordon was USD 293 thousand.

If Zvi Gordon's employment is terminated before the end of three years (other than under circumstances that allow the Company to terminate the agreement without entitling severance pay), and in the event of resignation under circumstances where such resignation is legally deemed as dismissal, in the event of death or loss of work capacity, Mr. Gordon will be entitled to: a) an advance-notice period of 90 days, during which Mr. Gordon is entitled to his base salary and the attaching benefits payable during an advance-notice period; and (b) a proportion of the annual bonus to which Mr. Gordon is entitled for the year in which his office is terminated.

In the event of termination of Mr. Gordon's employment by the Company during a period of 12 months after a change of control of the Company (as defined in the agreement) or by Mr. Gordon during a period of 60 days beginning 12 months from the date of such change of control, Mr. Gordon will be entitled (in place of the compensation set out above): Acceleration of the vesting period of all equity-based compensation components allocated to him and that have not yet vested, as well as an annual bonus equivalent to 6 monthly salaries (in addition to the notice period).

Mr. Gordon is also entitled to standard social and related benefits (the relating grossing-up of tax will be borne by the Company) as well as to indemnification, exemption and insurance as customary in the Company.

3. The foregoing table includes, under the section Equity-based payment item, the cost recorded in the Company's financial statements in the reporting year for non-tradeable securities allocated to Mr. Gordon under the 2023 Agreement:

Date granted	Quantity	Exercise price	value
August 2023	592,835 options [(a)]	NIS 12.59	Fair value of option – NIS 3.894
	66,165 RSUs [(b)]		At a value of NIS 12.63 per unit

(a) Additional information regarding the options: The exercise price in the table is linked to the Israeli consumer price index and subject to customary adjustments (including with respect to distribution of bonus shares, issuance of rights, but excluding adjustment in respect of a dividend). The options will vest in three equal tranches, starting from the elapse of one year from the grant date. Options that are not exercised within 90 days of the date of termination of Mr. Gordon’s employment in the company will expire. The final expiry date of all options is at the end of four years from their grant date. The options may also be exercised in a cashless exercise.

(b) Additional information regarding the RSUs: The RSUs will vest in three equal tranches starting upon the elapse of one year from the grant date. The RSU do not accrue dividend.

4. Compensation for Mr. Gordon’s service as a director in CTY

As of June 2020, Mr. Gordon has served as a director in CTY. For his service, Mr. Gordon is eligible for directors compensation as customary at CTY that in 2024 amounted to EUR 77 thousand. According to CTY’s policy, in the reporting period the compensation for 2024 was received by way of allocation of 14,601 shares of CTY at a total value of EUR 77 thousand. The foregoing compensation is deducted from the salary that Mr. Gordon is eligible to receive from Gazit Horizons.

H. Additional details and explanations to the table - details regarding Keren Kalifa, Deputy CEO and COO, CEO of the Real Estate Division of the Company

1. Ms. Kalifa was appointed to serve as CEO of the Company’s Real Estate Division from September 2022. In August 2023, she was appointed as COO and in May 2024 she was also appointed as Deputy CEO of the Company.

2. Under her employment agreement, as revised from time to time, until June 2024, Mr. Kalifa was entitled to a base monthly salary of NIS 85,000 (CPI-linked), and from July 2024, her salary was revised to NIS 105 thousand (CPI-linked), plus social benefits, company car and standard fringe benefits, as well as exemption, indemnification undertaking and directors and officers liability insurance coverage, as is customary in the Company. The employment agreement is for an unlimited term, subject to the right of either of the parties to terminate the agreement by 180 days notice. In respect of the notice period, Ms. Kalifa will be entitled to her full salary and all ancillary benefits.

3. Under her employment agreement, Ms. Kalifa may be entitled to an annual bonus in an amount that will not exceed 75% of her annual salary, which will be determined according to measurable goals and at the discretion of the Compensation Committee and the Board of Directors of the Company, according to the Company's compensation policy. Ms. Kalifa was granted an annual bonus of NIS 903.8 thousand for 2024.

4. In the event of termination of Ms. Kalifa's employment by the Company during a period of 12 months after a change of control of the Company (as defined in the agreement) or by Ms. Kalifa during a period of 60 days beginning 12 months from the date of such change of control, Ms. Kalifa will be entitled (in lieu of the compensation set out above), a grant in a total amount equal to 200% of her base annual salary in the year of completion of the change of control.

5. In September 2023, Ms. Kalifa was awarded equity compensation by way of allocation of options and RSUs.

The foregoing table includes, under the section Equity-based payment item, the cost recorded in the Company's financial statements in the reporting year for non-tradable securities granted to Ms. Kalifa:

Date granted	Quantity	Exercise price	value
September 2023	128,586 options (non-tradable) [(a)]	NIS 12.11	Fair value of options - NIS 4.462
	17,992 RSUs [(b)]		At a value of NIS 10.63 per unit

(a) Additional information regarding the options: The exercise price in the table is linked to the Israeli consumer price index and subject to customary adjustments (including with respect to distribution of bonus shares, issuance of rights and a dividend distribution). The options vested in three equal tranches, starting from the elapse of one year from the grant date. The options allocated under the current employment agreement were allocated in accordance with Section 102 of the Income Tax Ordinance under capital gains tracks. Options that are not exercised within 90 days of the end date of employer-employee relationship with the Company, will expire. The options may also be exercised in a cashless exercise.

(b) Additional information regarding the RSUs: The RSUs will vest in three equal tranches starting upon the elapse of one year from their grant date.

I. Further information and explanations to the table - details regarding the VP and Controller (former) of the Company, Mr. Romano (Rami) Vaisenberger

1. Mr. Vaisenberger was employed in the Company as of 2004 and served as VP and Controller of the Company from April 2011 through June 30, 2024. In May 2024, Mr. Vaisenberger agreed with the Company on termination of his service as VP and Controller of the Company, and ceased to serve as a senior officer in the Company on May 31, 2024, as set out below.

2. According to his employment agreement of March 2021 (“**2021 Agreement**”), Mr. Vaisenberger was entitled to a gross monthly salary of NIS 85 thousand (CPI-linked), social benefits, company car and standard fringe benefits, as well as exemption, indemnification undertaking and directors and officers liability insurance coverage, as is customary in the Company. Under the 2021 Agreement, Mr. Vaisenberger was entitled to an annual bonus in an amount that will not exceed 75% of his annual salary, to be determined according to measurable goals and at the discretion of the Compensation Committee and the Board of Directors of the Company, according to the Company's compensation policy.

3. In May 2024, an employment termination agreement was signed between Mr. Vaisenberger and the Company (“**Employment Termination Agreement**”). According to the Employment Termination Agreement, in the period between July 1, 2024 and June 30, 2025, Mr. Vaisenberger be in a notice period (“**End Date of Employer-Employee Relationship**” and “**Notice Period**”, respectively). During the Notice Period, the 2021 Agreement will continue to apply to the parties, and Mr. Vaisenberger will provide the Company with consulting and job handover services. For his services in the Notice Period, Mr. Vaisenberger will be eligible for all payments and ancillary terms and condition that we was entitled to under the 2021 Agreement.

Moreover, under the Employment Termination Agreement, Mr. Vaisenberger will be awarded an annual bonus of NIS 710 thousand for 2024.

4. Under the 2021 Agreement and previous agreements, Mr. Vaisenberger was awarded compensation.

The foregoing table includes, under the section Equity-based payment item, the cost recorded in the Company's financial statements in the reporting year for non-tradable securities granted to Mr. Vaisenberger:

Date granted	Quantity	Exercise price	value
March 2021	130,163 options (non-tradable) [(a)]	NIS 20.406	Fair value of option - NIS 5.732
	38,478 RSUs [(b)]		At a value of NIS 20.39 per unit
	35,070 RSUs [(c)]		At a value of NIS 20.39 per unit

(a) Additional information regarding the options: The exercise price in the table is linked to the Israeli consumer price index and subject to customary adjustments (including with respect to distribution of bonus shares, issuance of rights and a dividend distribution). The options vested in four equal tranches, starting from the elapse of one year from the grant date. The options allocated under the current employment agreement were allocated in accordance with Section 102 of the Income Tax Ordinance under capital gains tracks. Options that are not exercised within 90 days of the date of termination of Mr. Vaisenberger’s employment in the Company (as defined in section 3 above), will expire in full. The options may also be exercised in a cashless exercise.

(b) Additional information regarding the RSUs: The RSUs vested in four equal tranches starting upon the elapse of one year from their grant date.

(c) RSUs, which were allocated in March 2021 as a retention bonus vested in a single tranche four years after their grant date.

J. Additional details and explanations to the table - details regarding directors’ fees

1. The external directors in the Company, as well as the other directors in the Company who do not hold any additional position in the Company and are not considered as controlling shareholders of the Company, as may be from time to time, are entitled to a directors’ fees as follows: (A) annual fees at the maximum annual fees payable to an expert director as set in the Companies Regulations (Regulations for Compensation and Expenses of an External Director), 2000, (the “**Compensation Regulations**”), based on the ranking of the Company; and (b) remuneration for participation in a board meeting as set under the Compensation Regulations, based on the ranking of the Company.

2. In addition to the foregoing, Mr. Kenigsberg, Ms. Cohen, Mr. Armoni and Mr. Bar-On, who serve as directors on behalf of the Company in Gazit Brasil, Gazit Horizons and G City Europe, respectively, are eligible for compensation that does not exceed the lower amount of: (1) the amount calculated according to the number of board meetings of the relevant subsidiary which they will participate in, where the compensation for each meeting will not exceed the maximum amount per meeting as provided in the Compensation Regulations, based on the ranking of the relevant subsidiary; or (2) the annual compensation as set out in the Compensation Regulations for a company at the ranking of the subsidiary. In 2024, the Company paid NIS 13 thousand to Mr. Kenigsberg for his service in Gazit Brasil; NIS 20 thousand to Ms. Cohen for her service in Gazit Horizons and NIS 31 thousand to Mr. Armoni for his service in G City Europe (Mr. Bar-On was appointed as a director in Gazit Horizons and Gazit Brazil subsequent to the reporting period).

3. In June 2018, the General Meeting approved (following approval by the Company's Compensations Committee and Board of Directors) the terms of employment of Mr. Arnon as Chairman of the Board of Directors of the Company. Mr. Arnon is eligible for: (1) annual fees in an amount equivalent to 130% of the annual fees paid to a director with accounting and financial expertise in the Company, as may be from time to time; (2) remuneration for participation in board meetings equivalent to the participation fees all the Company's directors with accounting and financial expertise are eligible to receive, as may be from time to time (for details see section 1 above). Mr. Arnon is also eligible for directors and officers insurance, exemption and letter of indemnification, as is customary in the Company.

4. On December 27, 2018, the general meeting approved (following approval of the Company's Compensation Committee and Board of Directors) a bonus for the Company's directors (who are not external directors or independent directors or directors on behalf of the Company's controlling shareholder), who also serve as directors in subsidiaries under the full control and ownership of the Company, as may be from time to time, the same bonus (with required changes) to that granted and/or that will be granted to external directors holding additional positions in the Company, as may be from time to time. At this time, there are no directors eligible for compensation under this section (for information about the compensation granted to Messrs. Kenigsberg, Armoni, Cohen and Bar-On for their service as directors in the Company's private subsidiaries, and which was brought for approval by the Company's organs separately, see section 2 above).

Regulation 21A: The Controlling Shareholder of the Company

The controlling shareholder of the Company is Norstar Holdings Inc. ("**Norstar**"), a foreign resident company registered in Panama, whose shares are listed on the Tel Aviv Stock Exchange Ltd.

To the best of the Company's knowledge, the controlling shareholder of Norstar is Chaim Katzman, who directly and indirectly owns Norstar shares through private companies wholly owned by him and by members of his family, 9.34% of Norstar's issued share capital and voting rights (including fully diluted) through First US Financial LLC[1], which owns 7.34% of Norstar's share capital and voting rights, and through Aurora Capital Holdings LLC ("**Aurora**")[2], which holds 12.12% of Norstar's share capital and voting rights ("**FUF**", "**Aurora**" and jointly with Mr. Katzman: "**Katzman Group**").

In addition, Katzman Group is considered as "joint owner," as this term is defined in the Securities Law, with the Katzman Family Foundation, which holds 2.62% of Norstar's issued share capital and voting rights (including fully diluted).

In addition to Katzman Group's holdings in Norstar, Mr. Katzman and Aurora directly hold 0.202% and 0.4% of the share capital and voting rights of the Company (0.168% and 0.3% fully diluted).

Furthermore, on March 27, 2022, Chaim Katzman signed an agreement with E.Y.L Sela 1991 Ltd. ("**Sela**") under which Sela granted Mr. Katzman power of attorney to vote in respect of all Sela's shares in Norstar (which as at the reporting date constitutes 3.85% of Norstar's share capital and voting rights), as may be from time to time. Under the agreement, Sela granted Katzman Group the right of first refusal in regard to Norstar securities that Sela may seek to sell, and Mr. Katzman granted Sela the tag-along right in the event of the sale of Norstar shares by Katzman Group, all except in the event of transfer to an authorized transferee. According to the provisions of this agreement, Sela became part of the controlling group of Norstar. The agreement will be effective until either five year from the date of the agreement or the date at which any of the parties (including an authorized transferee of the parties) no longer holds Norstar securities.

1 FUF is a foreign company under the control of Mr. Chaim Katzman, in which Mr. Katzman holds 72.8% of its share capital and the rest is held by Mr. Martin Klein.

2 Aurora is held through: A company owned by Mr. Katzman and members of his family (32.1%); Katzman Family Foundation Inc. (29.8%); First US Financial LLC (8.3%); Martin Klein (16.6%); David Klein (3.3%); KHG Holdings LLC (6.6%) (a foreign company controlled by Juda Klein and Ari Friedman); Oved Anter (3.3%).

Regulation 22: Transactions with Controlling Shareholder

Below is a breakdown, to the best of the Company's knowledge, of transactions with the controlling shareholder in which the controlling shareholder has a personal interest in its approval, which the Company engaged in during the reporting year or subsequent to the reporting year and until the date of filing of this report or that was still in force at reporting date:

1. Agreement with Norstar - For details regarding the agreement between the Company and Norstar and a wholly-owned subsidiary of Norstar, see section 23 of Chapter A of the Periodic Report.
2. For further information regarding the employment and compensation of Mr. Chaim Katzman, Vice Chairman of the Board of Directors, CEO of the Company and the controlling shareholder of the Company, with the Group companies, see the details presented under Regulation 21 above.
3. For further information regarding the employment agreement of Zvi Gordon, Chaim Katzman's son-in-law, as CEO of Gazit Horizons and a director of CTY, see Regulation 21 above.
4. For further information concerning the directors insurance, exemption and indemnification undertaking pursuant to which Mr. Chaim Katzman, the controlling shareholder of the Company, and Mr. Zvi Gordon, son-in-law of Mr. Katzman, are also beneficiaries of, see details under Regulation 29A below.
5. In February 2016, the Company's Board of Directors, following the approval by the Audit Committee, approved a procedure regarding joining of passengers who are not involved in the Group's business (as updated from time to time), whether or not these are "relatives" of any of the controlling shareholders, to exclusively business-related travel in the aircraft that is owned by the Company conducted for the purposes of the Company, including private companies that it owns (after the sale of the Company's aircraft in the Reporting Period the procedure applies for such passengers joining private flights that the Company charters or partially owns). Pursuant to the procedure, the relevant officer will bear the costs for the passenger that joined him based on the mechanism set out in the procedure, provided that the total related value of use of the Company's plane in a calendar year does not exceed NIS 1 million. Upon Mr. Katzman's appointment as CEO of the Company, the procedure was revised so that the payment mechanism will not apply to Mr. Katzman's wife and her joining Mr. Katzman on business trips for the Company's purposes.
6. In 2018, the Company's Board of Directors approved, following approval by the Audit Committee, a procedure for chartering the aircraft that is partially owned by the Company to Norstar, from time to time, subject to the plane's availability and the Company's needs. The cost of the charter will be determined according to a price list, determined by the plane's external management company, in a manner identical to third parties that charter the plane. In the reporting period, the Company's plane was not chartered for use by Norstar, and by the end of 2023 the Company's aircraft was sold.
7. On December 9, 2024, the Company's Board of Directors approved the participation of the Company's controlling shareholder, Norstar Holdings Inc. (through a wholly-owned subsidiary, Norstar Israel Ltd.) in a tender to classified investors under a public offering issued by the Company. Under the tender, the controlling shareholder was allocated 1,899,500 ordinary shares and 626,835 Options (Series 11). For further information see section 2 of Chapter A to the periodic report.
8. Negligible transactions: As resolved by the Company's Board of Directors, the following transactions are to be considered negligible transactions for the purpose of Regulation 41(a)(6)(1) of the Securities Regulations (Annual Financial Statements), 2010:
   a. The lease of properties, in the normal course of business and at market terms, to an interested party (including a controlling shareholder), to companies under his control or to companies in which he is an interested party (all of these are referred to below as "Related Parties"), where the revenue from the annual rental of the properties will not exceed (cumulatively) 0.1% of the annual rental income in the Company's consolidated financial statements.
   b. An agreement made by the Company to jointly acquire, together with Related Parties, goods or services from a third party, when such decision is made during the normal course of the Company's business and at market terms, and with regard to which the Audit Committee has determined that the allocation of the costs and expenses in the agreement is fair and equitable taking into account the circumstances of the matter, and while the annual expenses with respect to such agreements (in the aggregate) do not exceed 0.1% of the annual gross expenses presented in the Company's consolidated financial statements for the year preceding the date of the agreement. In the Company's opinion, the scope of the aforesaid transactions is negligible in relation to the scope of the Company's operations, and accordingly complies with the requirements of the aforementioned Regulation 41(a)(6)(1).

Regulation 24: Holdings of Interested Parties

For an updated description regarding Company interested parties holdings in shares or other securities of the Company, see the immediate report dated January 7, 2025 regarding the status of interested parties holdings in the Company (Ref. No.: 2025-01-002056). The information set out in the foregoing report is presented here by way of reference.

Regulation 24A: Authorized Capital, Issued Capital and Convertible Securities

For details regarding the registered capital and issued capital of the Company immediately prior to the date of the report, refer to Note 25 to the financial statements.

For details regarding the convertible securities of the Company immediately prior to the date of the report, refer to Note 26 to the financial statements.

Regulation 24B: The Company's Shareholders Register:

For information regarding the Company's shareholders' register, see the immediate report issued by the Company on March 2, 2025 (Ref. No.: 2025-01-013672), where the information therein is noted below by way of reference.

Regulation 26: Directors of the Company

Presented below are details of the members of the Board of Directors, to the best of the Company's knowledge:

Name:	**Ehud Arnon - Chairman of the Board of Directors**
Identity no.:	50001239
Date of Birth:	May 9, 1950
Address for delivery of court documents:	15 Tchernichovsky St., Jerusalem 92531
Nationality:	Israeli, Austrian
Membership of Board sub-committees:	Nominations and Corporate Governance Committee, Corporate Responsibility Committee, and Israel Real Estate Committee
Serves as external director:	No
Possesses accounting and financial expertise or a professional qualification:	Yes
Is an independent director:	No
Employee of the Company, a subsidiary, a related company or an interested party (detail the position(s) held):	No
Commencement of office:	March 28, 2018
Education:	BA in Economics and International Relations, Hebrew University; MBA, Hebrew University
Employment in the past five years:	Serves as a director in EOYY Real Estate Ltd. Served as a director of Hertz Properties Group Limited until December 2024.
Companies of which he is a director (other than the Company):	EOYY Real Estate Ltd.
Relative of another of the Company's interested parties:	No

Name:	**Chaim Katzman - Vice Chairman of the of the Board of Directors and CEO**
Identity no.:	030593859
Date of Birth:	November 4, 1949
Address for delivery of court documents:	1696 NE Miami Gardens, North Miami Beach, FL 33179, U.S.
Nationality:	Israeli, American
Membership of Board committees:	Investment Committee; Israel Real Estate Committee
Serves as external director:	No
Possesses accounting and financial expertise or a professional qualification:	Yes
Is an independent director:	No
Employee of the Company, a subsidiary, a related company or an interested party (detail the position(s) held):	The CEO of the Company. Refer to the details below regarding his tenure as the Chairman of the Board of Directors and as a director of various subsidiaries of the Company
Commencement of office:	May 1, 1995
Education:	LLB, Tel-Aviv University
Employment in the past five years:	Vice Chairman of the Board and CEO of the Company and Norstar Holdings Inc. Chairman of the Board of Directors of the following companies: Gazit Horizons, G Europe, CTY, Gazit Brazil and other private subsidiaries in the Group; former director of First Capital Inc.
Companies of which he is a director (other than the Company):	Norstar Holdings Inc., CTY, G Europe, and private subsidiaries of these companies and of the Company, as well as the Katzman Family Foundation, Koah (2000) Holdings Ltd. and Ganei Binyamina Ltd. Chaim Katzman also serves as a director in foreign companies through which he holds control of Norstar Holdings Inc.
Relative of another of the Company's interested parties:	No (however, his son-in-law, Zvi Gordon, serves as CEO of Gazit Horizons, a wholly owned subsidiary of the Company)

Name:	**Zahavit Cohen (*)**
Identity no.:	058344797
Date of Birth:	November 16, 1963
Address for delivery of court documents:	4 Berkovich St., Museum Tower, 22nd Floor, Tel Aviv 6423806
Nationality:	Israeli, American
Membership of Board committees:	Audit and Balance Sheet Committee of the Company, Compensation Committee, Corporate Responsibility Committee, Nominations and Corporate Governance Committee, and Investments Committee
Serves as external director:	No
Possesses accounting and financial expertise or a professional qualification:	Yes
Is an independent director:	Yes
Employee of the Company, a subsidiary, a related company or an interested party (detail the position(s) held):	Director of Gazit Horizons
Commencement of office:	March 8, 2016
Termination of office:	March 7, 2025
Education:	B.A. in Accounting from Duquesne University; an MBA in Finance from the University of Pittsburgh, and an MA in Accounting from the University of Pennsylvania, U.S.A.
Employment in the past five years:	CEO of Apax Partners Israel Ltd.
Companies of which he is a director (other than the Company):	Apax Partners Israel Ltd, Apax Partners LLP, Amy Consulting Ltd, Ten - Petroleum Company Ltd, Swan Debtco Ltd, Swan Holdco Ami Ltd, Swan Topco Ltd., Zebra Holdco Ltd., Zebra Midco Ltd, Zebra Topco Ltd, Tiger Topco Ltd, Tiger Midco Ltd. Tiger Holdco Ltd., Moose Topco Ltd. Moose Midco Ltd. Moose Holdco Ltd., Gorilla Topco Ltd., Gorilla Midco Ltd., Gorilla Holdco Ltd., Max Stock Ltd., Goor Topco Ltd, Goor Holdco Ltd, Rot Topco Ltd., Rot Midco Ltd., Rot Holdco Ltd., Ramet-Trom Ltd., Mac Topco Ltd., Rich Topco Ltd., S.R Accord Ltd, Gazit Horizons Inc., Coy Holdco Ltd, Coy Midco Ltd, Coy Topco Ltd, Native Systems Ltd , Infinity Labs R&D Ltd., Lynx Ferret Holdco Ltd., Lynx Ferret Topco Ltd, Zuchon Topco Ltd, Cheetah Holdco Ltd, Cheetah Topco Ltd, U.J. Knowledge Farm Veterinary and Orthopedics Ltd, Vetneuro Ltd, Zebra - Veterinary Emergency Services Ltd, Pet-DI Ltd, Vet Center Holding Ltd, Globetrotter Holding GP 2 LLC.
Relative of another of the Company's interested parties:	No

(*) Ms. Cohen ended her service as a director of the Company on March 7, 2025.

Name:	**Limor Shofman Gutman**
Identity no.:	024388191
Date of Birth:	August 27, 1969
Address for delivery of court documents:	136 Ehad Ha'am Street, Tel-Aviv
Nationality:	Israeli
Membership of Board committees:	Audit and Balance Sheet Committee of the Company, Compensation Committee, Corporate Responsibility Committee, Nominations and Corporate Governance Committee
Serves as external director:	Yes
Possesses accounting and financial expertise or a professional qualification:	Yes
Is an independent director:	Yes (external director)
Employee of the Company, a subsidiary, a related company or an interested party (detail the position(s) held):	No
Commencement of office:	January 1, 2019
Education:	LLB, Bar Ilan University; Certificate in Positive Psychology, Maytiv Center for the Research and Application of Positive Psychology and the School of Psychology at IDC Herzliya, Coaching Course at The Co-Active Institute
Employment in the past five years:	Member of the Board and Chairperson of ProWoman Association; founder of IMFA that operates a private integrative rehabilitation hospital (Medical Care); member of the Board of the Nachum Gutman Museum; mentor and coach of managers and entrepreneurs; and social entrepreneur
Companies of which he is a director (other than the Company):	Nahum Gutman Museum
Relative of another of the Company's interested parties:	No

Name:	**Shmuel Hauser**
Identity no.:	053488342
Date of Birth:	May 13, 1955
Address for delivery of court documents:	19 Amirim Street, Savyon
Nationality:	Israeli
Membership of Board committees:	Audit and Balance Sheet Committee, Compensation Committee, Investments Committee, Nominations and Corporate Governance Committee, and Corporate Responsibility Committee
Serves as external director:	Yes
Possesses accounting and financial expertise or a professional qualification:	Yes
Is an independent director:	Yes (external director)
Employee of the Company, a subsidiary, a related company or an interested party (detail the position(s) held):	No
Commencement of office:	January 1, 2019
Education:	BA in Statistics and Economics, Hebrew University; MA in Finance, Hebrew University; PhD, Temple University, Philadelphia, USA
Employment in the past five years:	Chairman of the Israeli Securities Authority; Vice President and Professor of Finance at Ono Academic College; Professor of Finance, Emeritus at the Department of Business Administration of Ben Gurion University until January 2023; Chairman of Bank esh Ltd; member of the advisory committee eToro Ltd.; member of the Investment Committee of Israel Democracy Institute; co-chairman of Israel Accounting Standards Board; member of the advisory committee of the Supervisor of Banks at the Bank of Israel; member of the Licensing Committee of the Supervisor of Banks at the Bank of Israel; member of the advisory committee of the Capital Market, Insurance and Savings Authority; member of the debt settlement committee of the Ministry of Finance; member of the advisory committee of Cyber Regtech, partner in Quantex Expected Return.
Companies of which he is a director (other than the Company):	Cellcom Ltd., (Pocketful), Chairman of Bank esh Ltd.
Relative of another of the Company's interested parties:	No

Name:	**Aviad (Adi) Armoni**
Identity no.:	055992598
Date of Birth:	July 7, 1959
Address for delivery of court documents:	16 HaReches Street, Tel-Aviv
Nationality:	Israeli
Membership of Board committees:	Audit and Balance Sheet Committee of the Company, Cyber Committee (during the reporting period, he also served on the Company's Compensation Committee)
Serves as external director:	No
Possesses accounting and financial expertise or a professional qualification:	Yes
Is an independent director:	Yes
Employee of the Company, a subsidiary, a related company or an interested party (detail the position(s) held):	Director of G Europe
Commencement of office:	May 26, 2020
Education:	PhD in Business Management and Information Systems (Tel Aviv University); M.A in Finance (Tel Aviv University); B.Sc. in Industrial Engineering and Management (Tel Aviv University).
Employment in the past five years:	Founder and CEO of KBIS Ltd.; dean of the School of Business Management and Head of Information Systems - The College of Management Academic Studies Due to Mr. Armoni's education and extensive professional experience in information systems, he has an understanding and background in information security
Companies of which he is a director (other than the Company):	Director of G City Europe, Bina Consulting and Management Services Ltd., Getter Tech Ltd.; KBIS Ltd.
Relative of another of the Company's interested parties:	No

Name:	**Modi Kenigsberg**
Identity no.:	007715915
Date of Birth:	December 30, 1946
Address for delivery of court documents:	8 Hapardes St., Kiryat Ono
Nationality:	Israeli
Membership of Board committees:	Audit and Balance Sheet Committee of the Company, Compensation Committee, Cyber Committee
Serves as external director:	Yes
Possesses accounting and financial expertise or a professional qualification:	Yes
Is an independent director:	Yes
Employee of the Company, a subsidiary, a related company or an interested party (detail the position(s) held):	Director in Gazit Brazil
Commencement of office:	January 1, 2022
Education:	BA in Economics and Accounting, Tel Aviv University.
Employment in the past five years:	External director, chairperson of the Audit Committee and member of the Investment Committee of the Gal and Kalanit provident funds of the teachers' union; external director and member of the audit, investment and budget committee and investment committee of the Jewish Agency's pension and budget funds; external director, chairman of the audit committee and member of the investment committee of the Machar provident fund; external director and member of the audit and budget committee and investment committee of the compensation and pension fund management company for employees of the Jewish Agency for Israel Ltd.
Companies of which he is a director (other than the Company):	Gazit Brasil, Gal and Kalanit Provident Fund Management
Relative of another of the Company’s interested parties:	No

Name:	**Roni Bar-On**
Identity no.:	008516262
Date of Birth:	June 2, 1948
Address for delivery of court documents:	6 Pnina Salzman Street, Tel-Aviv
Nationality:	Israeli
Membership of Board committees:	Audit and Balance Sheet Committee of the Company, Compensation Committee, Nominations and Corporate Governance Committee, Investments Committee
Serves as external director:	No
Possesses accounting and financial expertise or a professional qualification:	Yes
Is an independent director:	No
Employee of the Company, a subsidiary, a related company or an interested party (detail the position(s) held):	Director of Gazit Brazil and Gazit Horizons
Commencement of office:	June 19, 2024
Education:	LLB in Law from the Hebrew University of Jerusalem
Employment in the past five years:	Director of the Company (between 2013-2022), and director of TerminalX, Delek Drilling, Alrov Real Estate and Hotels, G City. Chairman of the board of Tamar Petroleum.
Companies of which he is a director (other than the Company):	TerminalX, Tamar Petroleum (chairman), Gazit Brazil, Gazit Horizons
Relative of another of the Company's interested parties:	No

Name:	**Noga Knaz Breier**
Identity no.:	22433072
Date of Birth:	April 10, 1966
Address for delivery of court documents:	20 Avidan Street, Tel Aviv
Nationality:	Israeli
Membership of Board committees:	Compensation Committee, Nominations and Corporate Governance Committee, Cyber Committee, Israel Real Estate Committee
Serves as external director:	No
Possesses accounting and financial expertise or a professional qualification:	Yes
Is an independent director:	Yes
Employee of the Company, a subsidiary, a related company or an interested party (detail the position(s) held):	No
Commencement of office:	March 8, 2025
Education:	BA in Economics and Business Administration (Haifa University); holds an investments portfolio management license; graduate of the Directors and Officers Course conducted by LAHAV Executive Management (Tel-Aviv University)
Employment in the past five years:	External director of Big Shopping Centers Ltd., Hilan, Altshuler Shaham Provident, MGG, Noble Properties, Econergy, Lahav LR, and O.R.T.
Companies of which he is a director (other than the Company):	External director of Hilan, MGG, Econergy and Lahav LR.
Relative of another of the Company's interested parties:	No

Regulation 26A Senior officers:

Presented below are details of the senior officers of the Company, who do not serve as directors, to the best of the Company's knowledge:

Name:	**Keren Kalifa**
Identity no.:	033475864
Date of Birth:	November 26, 1976
Position held in the Company, in a subsidiary, in a related company or in an interested party:	Deputy CEO and COO, CEO of Israel Real Estate Division
Commencement of office:	September 1, 2022
Education:	B.A. in Economics and Business Administration, Ben Gurion University.
Employment in the past five years:	VP of Assets Department at Harel Insurance Company Ltd., director at Vitania Ltd., Harosh Ltd., Azorit, Ashtrom Management.
Interested party in the Company or a relative of a senior officer of the Company or of another interested party in the Company:	No

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Name:	**Gil Kotler**
Identity no.:	022308498
Date of Birth:	April 10, 1966
Position held in the Company, in a subsidiary, in a related company or in an interested party:	CFO of the Company
Commencement of office:	September 1, 2023
Education:	BA Economics and Accounting (Tel Aviv University); EMBA (Harvard University)
Employment in the past five years:	Business and financial development at Labtech London Limited; Acting CEO and Deputy CEO for Business Development at Property & Building Corporation Ltd.; CFO of Elad Group USA; CFO of Discount Investments Ltd. And IDB Development Company Ltd.
Interested party in the Company or a relative of a senior officer of the Company or of another interested party in the Company:	No

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Name:	**Revital Kahlon**
Identity no.:	036307221
Date of Birth:	June 12, 1979
Position held in the Company, in a subsidiary, in a related company or in an interested party:	VP, Legal Counsel and Company Secretary
Commencement of office:	June 1, 2015
Education:	LLB and BA in Management from the Hebrew University of Jerusalem
Employment in the past five years:	Headquarters VP, Legal Counsel and Company Secretary
Interested party in the Company or a relative of a senior officer of the Company or of another interested party in the Company:	No

Name:	**Shiri Liza Barkay**
Identity no.:	033353871
Date of Birth:	January 22, 1977
Position held in the Company, in a subsidiary, in a related company or in an interested party:	VP Economics and Capital Market
Commencement of office:	May 27, 2024
Education:	BA in Business Administration, specializing in Accounting, College of Management Academic Studies
Employment in the past five years:	Headquarters VP, Head of Economics Department
Interested party in the Company or a relative of a senior officer of the Company or of another interested party in the Company:	No

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Name:	**Eli Mualem**
Identity no.:	040015968
Date of Birth:	June 9, 1980
Position held in the Company, in a subsidiary, in a related company or in an interested party:	Chief Controller
Commencement of office:	May 2024
Education:	BA in Economics and Accounting from Tel Aviv University. MA in Business Management, Tel Aviv University.
Employment in the past five years:	Controller
Interested party in the Company or a relative of a senior officer of the Company or of another interested party in the Company:	No

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Name:	**Doron Cohen**
Identity no.:	028015592
Date of Birth:	October 10, 1970
Position held in the Company, in a subsidiary, in a related company or in an interested party:	Internal auditor of the Company, G City Europe, CTY and Norstar Holdings Inc.
Commencement of office:	July 22, 2019
Education:	CPA; BA in Business Administration, Ono Academic College
Employment in the past five years:	Partner and Audit Manager in Fahn Kanne Control Management Ltd.
Interested party in the Company or a relative of a senior officer of the Company or of another interested party in the Company:	No

Regulation 26B: Authorized Signatory for the Corporation

As at reporting date, the Company has no independent authorized signatories.

Regulation 27: The Auditors of the Company

Kost Forer Gabbay & Kasierer, CPAs, 144 Menachem Begin Road, Tel-Aviv.

Regulation 28: Changes in the Company's Memorandum or Articles of Association

None.

Regulation 29: Recommendations and Resolutions of the Board of Directors

A. Payment of a dividend or making of a distribution, as defined in the Companies Law, by any other means, or the distribution of a stock dividend:

For information regarding the distribution of a dividend in the reporting period, see the consolidated statements of changes in equity and Note 25F to the financial statements.

Buyback of the Company's shares: In the reporting period, the Company acquired ordinary shares of the Company under its company share buyback plan that was approved by the Company's Board of Directors in May 2024, as set out in section 3.9 of the MD&A report.

Change in the Company's registered or issued capital: -

Change in registered capital – None.

Change in issued capital – Refer to Regulation 20 above.

B. Changes in the Memorandum or Article of Association of the Company - None.

C. Redemption of redeemable securities: None.

Early redemption of debentures: None. However, it should be noted that in the reporting period, the Company executed a buyback of debentures according to its securities buyback program that was approved by its Board of Directors in March 2024, as specified in section 3.9 of the Board of Directors' report. Furthermore, in November 2024, the Company made an exchange tender offer for Debentures (Series L) under which the Company acquired NIS 247,933,884 par value from holders of Debentures (Series L).

Transaction not conducted at market terms between the Company and an interested party: None

D. Resolutions of the General Meeting on the matters detailed in sections A through E above that are not in accordance with the recommendations of the Board of Directors: None

E. Resolutions by an annual and special General Meeting:

1. On April 7, 2024, the following resolutions were adopted (see the immediate report regarding convening of a special general meeting dated February 29, 2024 (Ref. No.: 2024-01-021231), and immediate report regarding the results of the general meeting dated April 7, 2024 (Ref. No. 2024-01-039759)), where the information presented therein is noted here by way of reference.

    1.1. Approval of the terms of employment of the Company CEO, Mr. Chaim Katzman

    1.2. Renewed grant of a letter of exemption to the Vice Chairman of the Board and CEO of the Company and its controlling shareholder, Mr. Chaim Katzman.

    1.3. Renewed grant of a letter of indemnification to the Vice Chairman of the Board and CEO of the Company and its controlling shareholder, Chaim Katzman.

2. On December 24, 2024, the following resolutions were adopted (see the immediate report regarding convening of an annual and special general meeting dated November 19, 2024 (reference no. 2024-01-617029)) and immediate report regarding the results of the general meeting dated December 24, 2024 (Ref. No. 2024-01-626963), where the information presented therein is noted here by way of reference.

    2.1. Re-appointment of the external directors of the Company: Modi Kenigsberg, Shmuel Hauser and Limor Shofman Gutman.

Regulation 29A: Resolutions of the Company

A. Approval of acts pursuant to Section 255 of the Companies Law: None

B. Acts pursuant to Section 254(a) of the Companies Law, which have not been approved, whether or not such acts have been presented for the approval referred to in Section 255 of the Companies Law: None

C. Transactions requiring special approval pursuant to Section 270(1) of the Companies Law, provided that these are exceptional transactions, as defined in the Companies Law, which have been approved during the reporting year: In February 2024, CTY completed a public offering of 11.9 million ordinary shares for a total consideration of EUR 48.2 million. The Company acquired 3.7 million shares of CTY for a total consideration of EUR 15 million.

D. Exemption, insurance or an undertaking to indemnify officers, as is defined in the Companies Law, that is valid at the reporting date:

- **Insurance:** At the reporting date, all the Company's officers were covered by insurance, which was last renewed in April 2024 and the Company is taking steps to renew it. The foregoing insurance was renewed pursuant to the decision of the general meeting on December 28, 2021, which approved (following approval by the Company's Compensations Committee and Board of Directors) the purchase of officers' insurance will maximum coverage limit of USD 125 million (per event and per year). Pursuant to a resolution of the Company's Board of Directors, as at reporting date the coverage limit is USD 75 million (per event and per year). The insurance policy underlying the resolution of the general meeting will be renewed from time to time for additional insurance periods, with the last renewal under this resolution will be for the insurance period ended no later than 5 years from January 12, 2023 (i.e., until January 2028 (inclusive)). The engagement for the purchase of the insurance policy will be at market terms and will not materially affect the Company's profitability, its assets or liabilities. In this regard, the Compensations Committee approved, at the date of renewal of the policy, that the cost of the insurance premium and the Company's deductible will be in accordance with market terms on the date on which the policy is drafted and that the cost of the policy is not material to the Company, and this based on the information given to them by the Company's insurance advisors.
- In addition, following the delisting of the Company's shares from trade on the Toronto and New York stock exchanges, the Company purchased a Run-Off insurance policy for director and officer liability up to a liability limit of USD 100 million (the liability limit in the existing policy), plus reasonable legal expenses exceeding the liability limit in accordance with section 66 of the Insurance Contract Law, 1981. The foregoing insurance policy will cover the liability of the officers and directors currently in office and who served at the Company up to March 12, 2019, for their actions or faults during the period of their service at the Company until the aforementioned date, for listing the Company's shares for trade on the New York and Toronto stock exchanges (NYSE and TSX). The policy will be for a period of 7 years (i.e., up to March 11, 2026).
- Pursuant to the provisions of Section 275 of the Companies Law, which set forth, inter alia, that transactions involving the service and employment terms of a controlling shareholder will be approved once every three years, on April 7, 2024 and August 7, 2023, respectively, as part of the approval of the terms of office and employment by the general meeting of Chaim Katzman, who serves as the Vice Chairman of the Board of Directors and CEO of the Company, and Zvi Gordon, the son-in-law of Chaim Katzman, who serves as the CEO of Gazit Horizons, a wholly-owned subsidiary of the Company, the general meeting approved (after the approval of the Company's Board of Directors and Compensation Committee) the application of the D&O insurance and the run-off policy for Chaim Katzman and Zvi Gordon (for further information, see the Company's immediate reports of April 7, 2024 and August 7, 2023 (Ref. Nos.: 2024-01-039759 and 2023-01-090801, respectively), at the same terms as the other officers in the Company.
- **Indemnification** - Pursuant to the provisions of the Company's Article of Association, and pursuant to the resolution of the Company's general meeting from December 31, 2006, December 13, 2011 and October 17, 2017, the Company undertook to indemnify in advance anyone serving as an officer of the Company (including directors), including an officer in the Company serving on behalf of the Company or at its request as an officer in another company (meaning, a subsidiary of the Company, a related corporation of the Company or another corporation whatsoever (including a foreign corporation) which the Company owns and/or shall own from time to time through its securities and/or through its voting rights and/or through its right to appoint directors therein) and additional position holders at the Company or at a different company of the Company. The undertaking to indemnify was provided with respect to liabilities and expenses, pursuant to the provisions of the Law on Streamlining Enforcement Procedures at the Securities Authority (Legislative Amendments), 2011. The

maximum accumulated indemnification amount which the Company might pay any officer, as aforesaid, will be no greater than 25% of the Company's shareholders' equity according to its last financial statements report published prior to the actual indemnification payment. Pursuant to the terms of the service of Chaim Katzman, the Vice Chairman of the Board, Company CEO and Controlling Shareholder, he is eligible for a letter of indemnity as is standard in the Company (for information about renewal of Mr. Katzman’s employment agreement, subject to approval by the Company’s general meeting, including renewal of the letter of exemption and indemnity thereunder, see Section B to Regulation 21 above).

- **Exemption** - The Company resolved to exempt in advance the foregoing officers (including directors) from liability for damage caused and/or that will be caused to the Company by the officers due to breach of the duty of care owed to it, other than in the case of a breach of the duty of care in making a distribution, as defined in the Companies Law. According to the Company’s updated compensation policy, letters of exemption, if granted (as of adoption of such policy) will not apply to a resolution or transaction in which the controlling shareholder or any officer in the Company (also different officer to the officer to whom the exemption letter is granted) has a personal interest (excluding a personal interest resulting from service as an officer in both the Company and an affiliate company of the Company). Such exemption was also granted to Chaim Katzman, Vice Chairman of the Board, Company CEO and controlling shareholder, and Zvi Gordon, Chaim Katzman's son-in-law, who serves as CEO of Gazit Horizons, a wholly-owned subsidiary of the Company, under the terms of their employment with the Company.
- For further information and the wording of the undertaking to indemnify and the exemption, see the immediate report for convening of a general meeting dated September 5, 2017 (Ref. No.: 2017-01-078685) and the amended report for convening of a general meeting dated December 24, 2018 (Ref. No.: 2018-01-126159).

March 19, 2025	G City Ltd.
Date	Name of Company

Names of Signatories:	**Position**
Ehud Arnon	Chairman of the Board of Directors
Chaim Katzman	Vice Chairman of the Board and CEO

-

CORPORATE GOVERNANCE QUESTIONNAIRE – GAZIT-GLOBE

INDEPENDENCE OF THE BOARD OF DIRECTORS

			True	False
1.		Did two or more external directors hold office in the Company during each reporting year? This question can be answered "True", if the period during which two external directors did not hold office does not exceed 90 days, as provided in section 363a (B) (10) of the Companies Law, nonetheless for any (True/False) answer, the period (in days) during which two or more external directors did not hold office in any reporting year, should be indicated (including a term of office approved retrospectively, while differentiating between the various external directors): Director A: Modi Kenigsberg Director B: Shmuel Hauser Director C: Limor Shofman Gutman The number of external directors who held office in the Company at the publication date of this questionnaire: 3.	√	

2.		Rate[1] of Independent Directors[2] serving with the Corporation as of the date of publishing this questionnaire: 62.5% Ratio of Independent Directors prescribed by the Articles[3] of the Corporation[4]: 33% ☐ Not relevant (not prescribed in the Articles).	_____	_____
3.		A survey conducted among the external directors (and the independent directors) during the reporting year found that they are in compliance of the provisions of sections 240 (b) and (f) of the Companies Law regarding the absence of relationship between the external directors (and independent directors) who held office in the Company and they are in compliance with the conditions required for holding office as an external director (or independent director).	√	
4.		None of the Directors who served with the Corporation during the Reporting Year are answerable to the CEO, directly or indirectly (except for a Director who is an employee representative, if the Corporation has such employee representation). If your answer is False (i.e. the director is subordinate to the CEO as aforesaid) - please indicate the number of directors who do not comply with the foregoing restriction: _____.	√	
5.		All the directors who gave notice of their personal interest in the approval of the transaction on the agenda of the meeting were not present for the discussion and did not participate in the foregoing vote (other than a discussion and/or vote under the circumstances pursuant to section 278(B) of the Companies Law): If your answer is False, please indicate - whether this was for the purpose of presenting a specific topic, pursuant to the provisions of Section 278(A):	√	

1 Including "External Directors" as defined in the Companies Law.

2 For the purposes of this question - serving as a Director of an affiliate that is controlled by the Corporation shall not be deemed as being “answerable”. On the other hand, the serving of a Director of the Corporation who serves as an Officer (other than Director) and/or is employed in an affiliate that is controlled by the Corporation shall be deemed as being “answerable” for the purposes of this question.

3 A debenture company is not required to answer this section.

4 For the purposes of this question - serving as a Director of an affiliate that is controlled by the Corporation shall not be deemed as being “answerable”. On the other hand, the serving of a Director of the Corporation who serves as an Officer (other than Director) and/or is employed in an affiliate that is controlled by the Corporation shall be deemed as being “answerable” for the purposes of this question.

		☒Yes ☐No (Check (X) the appropriate box.) Please indicate the number of meetings at which such directors as aforesaid participated in the discussion and/or in the vote, other than under the circumstances as set out in subsection A: _____.		
6.		The controlling shareholder (including a relative and/or representative acting on his/her behalf), who is not a director or other executive officer in the Company, did not participate in the board meetings held during the reporting year. If your answer is False (i.e. a controlling shareholder and/or his/her relative and/or representative who is not a board member and/or senior officer in the Company participated in board meetings, as aforesaid) - please note the following details concerning the participation of the additional person in the board meetings, as aforesaid: Identity: _________ Position in the Company (if at all): Details of the relationship to the controlling shareholder (if the individual who participated is not the controlling shareholder): Was this due to his presentation of a specific topic: ☐Yes ☐No (Check (X) the appropriate box.) Rate of his participation[5] in the board meetings held in the reporting year, for the purpose of his presentation of a specific topic: Presence of others: ☐ Not applicable (the Corporation does not have a Controlling Shareholder).	√	

5 Differentiating between the Controlling Shareholder, his Relative and/or anyone acting on his behalf.

EXPERTISE AND QUALIFICATIONS OF THE DIRECTORS					
				True	False
7.		The Corporation's By-Laws do not contain a provision restricting the possibility of immediately terminating the service of all the Corporation's Directors, who are not External Directors (for this purpose – a decision by a simple majority is not considered a restriction)[6]. If you answer "False" (i.e., such a restriction does exist), state –			√
		A.	The term of office set in the Articles of Association for a director: Every annual general meeting of the Company's shareholders		
		B.	The majority required as prescribed in the Articles of Association for terminating the terms of office of the directors: A Special Resolution of the General Meeting, viz. 75% or more of the voting power of all the shares whose holders were present and voted on said Resolution.		
		C.	The requisite quorum prescribed in the Articles of Association for a general meeting convened to terminate the term of office of directors: A legal quorum will exist at General Meetings of the Company when at least two shareholders with voting rights (personally or through proxies) are present, who together hold at least 30% of the Company's voting rights.		
		D.	The majority required to change these provisions in the Articles of Association: A majority of the shareholders who hold shares that confer on them 60% or more of the voting rights of all the shares whose holders were present and voted on said Resolution (except for abstentions), either personally or through proxies, including a voting paper.		

6 A debenture company is not required to answer this section.

8.		The Corporation has taken action to prepare a training program for new Directors, in relation to the Corporation's business and in relation to the law applicable to the Corporation and the Directors, as well as having taken action to prepare a continuing training program for serving Directors, that is customized, inter alia, to the duties that the Director performs at the Corporation. If your response is True - please indicate whether the program was implemented during the reporting year: X Yes ☐No (Check (X) the appropriate box.)	√	
9.	A.	The company set a minimum number of directors for the board of directors who are required to have accounting and financial expertise. If you answer "Correct" – state the minimum number prescribed: Three directors	√	_____
	B.	Number of Directors that served with the Corporation during the Reporting Year - Possessing Accounting and Financial Expertise[7]: Eight directors Possessing Professional Qualifications[8]: -- If there were such changes in the number of directors during the reporting year, please provide information of the lowest number (other than during a period of 60 days from the change) of each class of directors who held office during the reporting year.		
10.	A.	Throughout the reporting year the board of directors was composed of both men and women. If your answer is False - please indicate the period (in days) during which this did not occur: _____. You may answer True for this question if the period during which the board did not include both men and women did not exceed 60 days, nonetheless if your answer is (True/False), please indicate the period (in days) during which the board did not include both men and women: _____.	√	
	B.	The number of men and of women serving on the Company's board of directors at the date of publication of this questionnaire: Men: 6. Women; 2.	_____	_____

7 As assessed by the Board of Directors, in accordance with the provisions of the Companies Regulations (Terms and Tests for Director Possessing Accounting and Financial Expertise and for a Director Possessing Professional Qualifications), 2005.

8 See footnote 9.

BOARD MEETINGS (AND CONVENING OF GENERAL MEETINGS)					
				True	**False**
11.		A.	The number of board meetings held during each quarter in the reporting year: First Quarter (2024): 7 Second Quarter: 4 Third Quarter: 7 Fourth Quarter: 8	_____	_____
		B.	Against the name of each of the Directors who served with the Company during the Reporting Year, state the attendance rate[9] at meetings of the Board of Directors (in this subsection – include meetings of Committees of the Board of Directors of which the Director is a member, as stated below) that were held during the Reporting Year (in relation to his period of service): (Additional rows should be added in accordance with the number of Directors.) **As the Audit Committee also acts as the Compensation Committee and Financial Statements Review Committee, attendance rates at meetings of the Audit Committee also relate to its meetings as the Compensation Committee and Financial Statements Review Committee.*	_____	_____

9 See footnote 2.

			Director's Name:	Attendance rate at meetings of the Board of Directors	Attendance rate at meetings of the Audit Committee*[10]	Attendance rate at meetings of the Financial Statements Review Committee[11]	Attendance rate at meetings of the Compensation Committee[12]	Attendance rate at meetings of other Committees of the Board of Directors of which he is a member (noting the name of the Committee)		
			Ehud Arnon	100%				Nominations and Corporate Governance Committee – 100%		
			Chaim Katzman	92%				Board Investments Committee - 100%		
			Modi Kenigsberg	96%	100%			Cyber Committee - 100%		
			Aviad Armoni	92%	100%			Cyber Committee - 100%		

10 For a Director who is a member of said Committee.

11 For a Director who is a member of said Committee.

12 For a Director who is a member of said Committee.

			Zehavit Cohen	100%	100%			Nominations and Corporate Governance Committee – 100% Board Investments Committee - 100%		
			Shmuel Hauser	100%	100%			Nominations and Corporate Governance Committee – 100% Board Investments Committee - 100%		
			Limor Shofman	100%	100%			Nominations and Corporate Governance Committee – 100%		
			Roni Bar-On[13]	100%	100%			Nominations and Corporate Governance Committee – 100%		
12.		In the Reporting Year, the Board of Directors held at least one discussion regarding the management of the Corporation's business by the CEO and the Officers answerable to him, without them being present, and they were given an opportunity to express their position.							√	

13 Mr. Bar-On has been a director of the Company since June 19, 2024, the participation rates presented are as of commencement of his tenure.

SEPARATION OF THE FUNCTIONS OF THE CEO AND THE CHAIRMAN OF THE BOARD OF DIRECTORS

				True	False
13.			Throughout the reporting year the board of directors of the Company was chaired by a chairperson. You may answer True for this question if the period during which the board was not chaired by a chairperson did not exceed 60 days (as set forth in section 363A(2) of the Companies Law) nonetheless if your answer is (True/False), please indicate the period (in days) during which the board was not chaired by a chairperson: _____.	√	
14.			Throughout the reporting year the Company was managed by a CEO. You may answer True for this question if the period during which the Company was not managed by a CEO did not exceed 90 days (as set forth in section 363A(6) of the Companies Law) nonetheless if your answer is (True/False), please indicate the period (in days) during which the Company was not managed by a CEO: _____.	√	
15.			In a Corporation in which the Chairman of the Board of Directors also serves as the CEO of the Corporation and/or exercises the powers thereof, the dual service was approved pursuant to the provisions of Section 121(c) of the Companies Law[14]. x Not applicable (since such duality does not exist in the Company)		
16.			The CEO is not a Relative of the Chairman of the Board of Directors. If your response is False (i.e. the CEO is related to the board chair) -	√	
		A.	Please indicate the relationship between the parties: _____.	_____	_____
		B.	The service was approved pursuant to Section 121(c) of the Companies Law[15]: ☐Yes ☐No *(Check (X) the appropriate box).*	_____	_____

14 In a debenture company – approval pursuant to Section 121(d) of the Companies Law.

15 In a debenture company – approval pursuant to Section 121(d) of the Companies Law.

17.		A Controlling Shareholder or his Relative does not serve as CEO or as a Senior Officer of the Corporation, except as a Director. ☐ Not applicable (the Corporation does not have a Controlling Shareholder).		√

AUDIT COMMITTEE

				True	False
18.		The following did not serve on the Audit Committee in the Reporting Year –		_____	_____
		A.	The Controlling Shareholder or his Relative. ☐ Not applicable (the Corporation does not have a Controlling Shareholder).	√	
		B.	Chairman of the Board of Directors	√	
		C.	A director employed by the Company or by the Company's controlling shareholders or by another company controlled by them.	√	
		D.	A director who regularly provides services for the Company or the Company's controlling shareholders or a company controlled by them.	√	
		E.	A director whose primary source of income is the controlling shareholder. ☐ Not applicable (the Corporation does not have a Controlling Shareholder).	√	
19.		Persons who are not eligible to be a member of the Audit Committee, including controlling shareholders or their relatives, did not participate in Audit Committee meetings during the reporting year, other than pursuant to the provisions of section 115(E) of the Companies Law.		√	
20.		The requisite quorum for discussion and taking decisions at all audit committee meetings held during the reporting year was a majority of the committee members, whereby the majority of the participants were independent directors and at least one was an external director. If your response is False - please indicate the number of meetings at which this requirement did not exist: _____.		√	
21.	The audit committee held at least one meeting during the reporting year with the participation of the internal comptroller and its auditor, and in the absence of Company officers who are not members of the Audit Committee, concerning flaws in the management of the corporations business.			√	

22.	Every audit committee meeting with the participation of persons who are not eligible to serve as members of the committee, was with the approval of the committee chair and/or at the request of the committee (with respect to the company's legal counsel and secretary, who are not a controlling shareholder or relative of the controlling shareholder).	√	
23.	During the reporting year, arrangements were effective, as set by the audit committee, regarding the manner in which Company employees' complaints are treated with regard to flaws in the management of its businesses and with regard to protection that will be provided for whistleblowing.	√	
24.	The audit committee (and/or the financial statements review committee) was convinced that the scope of the auditor's work and fee with regard to the financial statements during the reporting year, are appropriate for carrying out a proper audit and review.	√	

DUTIES OF THE FINANCIAL STATEMENTS REVIEW COMMITTEE (HEREAFTER – THE COMMITTEE) IN ITS WORK PRIOR TO THE APPROVAL OF THE FINANCIAL STATEMENTS

			True	False
25.	A.	Please indicate the time (in days) set by the Board of Directors as reasonable time for receiving the Committee's recommendations prior to discussion in the Board meeting at which the financial statements report will be approved: Between two to four days, as relevant.	_____	_____
	B.	The actual number of days that elapsed between the date on which the recommendations were sent to the board of directors and the date of the board of directors' discussion for approving the financial statements report: Q1 Report (2024): 3 Q2 Report: 2 Q3 Report: 1 Annual Report: 1	_____	_____

	C.	Number of days that elapsed between the date of sending the draft financial statements to the Directors and the date of the discussion at the Board of Directors on approving the financial statements report: Q1 Report (2024): 3 Q2 Report: 3 Q3 Report: 2 Annual Report: 2		
26.	The Independent Auditor of the Corporation participated in all the meetings of the Committee and the Board of Directors, at which discussions took place regarding the Corporation's financial statements relating to the periods included in the Reporting Year. If your answer is False, please indicate rate of their participation: ______		√	
27.	Throughout the Reporting Year and until the publication of the annual report, the Committee fulfilled all the conditions detailed below:		_____	_____
	A.	Its members numbered at least three (at the date of the discussion by the Committee and the approval of the aforesaid Reports).	√	
	B.	All the conditions prescribed in section 115 (b) and (c) of the Companies Law existed (with regard to the office of the members of the audit committee).	√	
	C.	The audit committee chairman is an external director.	√	
	D.	All the Committee's members are directors and the majority are independent directors.	√	
	E.	All the members of the Committee are able to read and understand financial statements and at least one of the independent directors has accounting and financial expertise.	√	
	F.	The Committee members provided declarations prior to their appointment.	√	
	G.	The requisite quorum for the Committee discussions and decisions was a majority of its members, provided that the majority of the participants were independent directors and at least one was an external director.	√	
	If your answer is False with regard to one or more of the subsections of this question, please indicate with regard to which report (periodic/quarterly) the foregoing conditions were not met and the conditions that were not met _____.		_____	_____

COMPENSATIONS COMMITTEE

				True	False
28.			The Committee comprised, in the Reporting Year, at least three members and the External Directors constituted the majority thereof (on the date of the discussion at the Committee). Not relevant (no discussion was held).	√	
29.			The terms of service and employment of all the members of the compensation committee in the reporting year comply with the Companies Regulations (Regulations for Compensation and Expenses of an External Director), 2000.	√	
30.			The following did not serve on the Compensation Committee in the Reporting Year –	_____	_____
		A.	The Controlling Shareholder or his Relative. ☐ Not applicable (the Corporation does not have a Controlling Shareholder).	√	
		B.	Chairman of the Board of Directors	√	
		C.	A director employed by the Company or by the Company's controlling shareholders or by another company controlled by them.	√	
		D.	A director who regularly provides services for the Company or the Company's controlling shareholders or a company controlled by them.	√	
		E.	A director whose primary source of income is the controlling shareholder. ☐ Not applicable (the Corporation does not have a Controlling Shareholder).	√	

31.		A Controlling Shareholder or his Relative was not present in the Reporting Year at meetings of the Compensation Committee, unless determined by the Chairman of the Committee that any of them is needed in order to present a particular topic.	√	
32.	The compensation committee and the board of directors did not use their powers under sections 267(A)(c), 272(C)(3) and 272(C1)(1)(c) to approve a transaction or compensation policy, despite the opposition of the general meeting. If you answer “False”, state – Type of transaction approved as aforesaid: ______ Number of times these powers were used in the reporting year: ______		√	
INTERNAL AUDITOR				
			True	**False**
33.	The Chairman of the Board of Directors or the CEO of the Corporation has organizational responsibility for the Internal Auditor in the Corporation.			√
34.	The chairman of the board of directors or of the audit committee approved the work plan for the reporting year. In addition, please list the audit issues that the internal auditor dealt with in the reporting year: See Appendix C to the Board of Directors Report		√	
35.	Scope of the internal auditor's employment in the company in the reporting year (in hours[16]): 3,500		_____	_____
	In the Reporting Year, a discussion was held (at the Audit Committee or at the Board of Directors) with regards to the Internal Auditor’s findings.		√	

16 Includes work hours invested in investee corporations and in overseas auditing, as the case may be.

36.	The Internal Auditor is not an Interested Party in the Corporation, his Relative, an Independent Auditor or anyone acting on its behalf and also does not maintain material business relations with the Corporation, its Controlling Shareholder, his Relative or corporations under their Control.	√	

TRANSACTIONS WITH INTERESTED PARTIES

		True	False
37.	The controlling shareholder or a relative (including a company under their control) are not employed by the Company and do not provide it with management services. If your response is False (i.e. the controlling shareholder or a relative are employed by the Company or do provide it with management services) please indicate - the number of relatives (including the controlling shareholder) employed by the company (including by companies under their control and/or through management companies): 2 Were their employment contracts and/or management service agreements duly approved by the organs prescribed by law: × Yes ☐No (Mark an X in the appropriate box). ☐ Not applicable (the Corporation does not have a Controlling Shareholder). _____.		√

38.	To the best of the Corporation's knowledge, the Controlling Shareholder does not have other businesses in the Corporation's field of activity (in one or more fields)[17]. If you answer "False" – state whether an arrangement has been prescribed to delineate Transactions between the Corporation and its Controlling Shareholder: ☐Yes ☐No (Mark an X in the appropriate box). ☐ Not applicable (the Corporation does not have a Controlling Shareholder).	√	

Chairman of the Board of Directors Ehud Arnon

Chairman of the Audit Committee and the Financial Statements Review Committee Modi Kenigsberg

17 For further information concerning the non-competition agreement between the Company and its controlling shareholder, Norstar Holdings Inc., see section 23 in the Chapter on the Description of the Company's Businesses. In addition, companies owned by Mr. Katzman, the controlling shareholder of the Company, and members of his family, have holdings and personal partnerships of many years in residential buildings that include several stores of negligible size, in locations where the Company does not have similar operations.

G City Ltd.

Part E

Details of financial Information from the Consolidated Financial Statements attributed to the Company as at December 31, 2024

Contents

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To
The Shareholders of G City Ltd.
of 8 Aharon Becker St., Tel Aviv-Yafo

Dear Sirs/Mmes.,

re: <u>Special Auditors' Report</u>
<u>on the separate financial information pursuant to</u>
<u>Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970</u>

We have audited the separate financial information presented in accordance with Regulation 9c of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 of G City Ltd. ("the Company") as of December 31, 2024 and 2023 and for each of the three years the last of which ended on December 31, 2024. The Company's board of directors and management are responsible for the separate financial information. Our responsibility is to express an opinion on the separate financial information based on our audits.

We did not audit the separate financial information derived from the financial statements of investees, for which the assets net of liabilities attributable to them total approximately NIS 2,773 thousand as of December 31, 2024 and the Company's share of their earnings (losses) amounted to approximately NIS (39) thousand and NIS 58 thousand for the years ended December 31, 2024 and 2022, respectively. The financial statements of those companies were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards in Israel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial information. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall separate financial information presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the separate financial information referred to above is prepared, in all material respects, in conformity with Regulation 9c of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv,
March 19, 2025

Kost Forer Gabbay & Kasierer
Certified Public Accountants

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G City Ltd.

Financial Figures and Financial Information
from the Consolidated Financial Statements
Attributed to the Company

Below are the separate figures and financial information from the consolidated financial statements of the Group as at December 31, 2024 (“Reporting Date”), published as part of the periodic reporting ("Special Reports"), attributed to the Company, separately, presented in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970.

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

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

Details of Financial Information out of Consolidated Statements of Financial Position Attributed to the Company

	Additional information	December 31, 2024	December 31, 2023
		NIS million	
Properties			
Current assets			
Cash and cash equivalents	A	123	152
Short-term deposits	A	488	-
Financial assets	B	1	14
Financial derivatives	C	45	34
Other receivables		109	113
Trade receivables		15	26
Current tax assets		-	2
		781	341
Non-current assets			
Financial assets		61	48
Financial derivatives	C	42	99
Investment property		3,414	3,637
Investment property under development		1,157	1,117
Other investments, loans and receivables		16	24
Loans to subsidiaries	E	3,164	2,411
Investments in subsidiaries		7,776	9,169
Fixed and other assets, net		19	37
		15,649	16,542
Total assets		16,430	16,883

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

Details of Financial Information out of Consolidated Statements of Financial Position Attributed to the Company

	Additional information	December 31, 2024	December 31, 2023
		NIS million	
Liabilities and Equity			
Current liabilities			
Current maturities of non-current liabilities	C	1,406	2,580
Short-term loans from subsidiaries	E	130	168
Financial derivatives	C	-	163
Trade payables and service providers		25	19
Other payables	C	182	89
Total current liabilities		1,743	3,019
Non-current liabilities			
Loans from banks	C	2,197	1,896
Loans from affiliates	E	-	430
Debentures	C	8,147	6,460
Other liabilities		13	8
Financial derivatives	C	150	202
Deferred taxes	D	-	31
Total non-current liabilities		10,507	9,027
Equity attributable to equity holders of the Company	F		
Share capital		253	239
Share premium		4,981	4,754
Retained earnings		2,446	2,430
Adjustments due to translation of financial statements of foreign operations		(4,763)	(3,998)
Other reserves		1,279	1,413
Treasury shares		(16)	(1)
Total equity		4,180	4,837
Total liabilities and equity		16,430	16,883

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

March 19, 2025			
Date of approval of the financial statements	Ehud Arnon Chairman of the Board of Directors	Chaim Katzman CEO and Vice Chairman of the Board of Directors	Gil Kotler CFO

Details of Financial Information out of Consolidated Statements of Income Attributed to the Company

	Additional information	2024	2023	2022
		Year ended December 31		
		NIS million		
Rental and other income		355	304	262
Property operating and other expenses		115	106	67
Operating income, net		240	198	195
Revaluation of investment property and investment property under development, net		86	(137)	51
General and administrative expenses		(58)	(56)	(66)
Other revenues (expenses), net		4	(1)	(8)
Management fees from related companies	E	3	2	2
Income (loss) from subsidiaries, net		320	(360)	(266)
Operating profit (loss)		595	(354)	(92)
Financing expenses		(762)	(824)	(1,626)
Financing income		112	43	7
Financing expenses from subsidiaries, net	E	129	11	(19)
Income (loss) before taxes on income		74	(1,124)	(1,730)
Taxes on income (tax benefit)	D	22	79	(390)
Net profit (loss) attributed to the Company		52	(1,203)	(1,340)

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

Details of Financial Information out of Consolidated Statements of Comprehensive Income Attributed to the Company

	Year ended December 31		
	2024	**2023**	**2022**
		NIS million	
Net profit (loss) attributed to the Company	52	(1,203)	(1,340)
Other comprehensive income (loss) attributed to the Company (net of tax effect):			
Amounts classified or reclassified to profit or loss			
Exchange differences on foreign currency translation	(91)	38	(318)
Other comprehensive income (loss) attributed to the Company	(91)	38	(318)
Other comprehensive income (loss) attributed to the subsidiaries	(764)	500	1,105
Total other comprehensive income (loss) attributed to the Company	(855)	538	787
Total comprehensive loss attributed to the Company	(803)	(665)	(553)

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

Details of Financial Information out of Consolidated Statements of Cash Flows Attributed to the Company

	Year ended December 31		
	2024	2023	2022
	NIS million		
Cash flows from operating activities of the Company:			
Net profit (loss) attributed to the Company	52	(1,203)	(1,340)
Adjustments required to present cash flows provided by operating activities of the Company:			
Adjustments for profit and loss items of the Company:			
Depreciation and amortization of fixed assets and intangible assets	3	3	3
Financing expenses (income), net	521	770	1,638
Revaluation of in investment property, net	(86)	137	(51)
Loss (income) with respect to consolidated subsidiaries, net	(320)	360	266
Cost of share-based payment	3	1	3
Other expenses (income), net	(4)	-	-
Taxes on income (tax benefit)	22	79	(390)
	139	1,350	1,469
Changes in the Company's asset and liability items:			
Decrease (Increase) in other receivables	90	(43)	13
Increase (decrease) in trade and other payables	96	(1)	(8)
	186	(44)	5
Cash paid and received during the period by the Company for:			
Interest paid	(382)	(472)	(352)
Interest received	143	58	113
Taxes paid	(83)	-	-
Taxes received	-	-	46
Dividend received from subsidiaries	66	102	142
	(256)	(312)	(51)
Net cash provided by (used for) operating activity of the Company	121	(209)	83

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

Details of Financial Information out of Consolidated Statements of Cash Flows Attributed to the Company

	Year ended December 31		
	2024	2023	2022
	NIS million		
Cash flows from investment activities of the Company:			
Investment in fixed assets and other assets	(1)	(1)	(1)
Acquisition, construction, and development of investment property	(183)	(502)	(255)
Proceeds from the sale of investment property, net of tax paid	-	154	-
Disposal of investments in subsidiaries	224	901	507
Loans repaid by (granted to) subsidiaries of the Company	(884)	25	304
Proceeds from the sale (investment) in financial assets and deposits, net	22	51	(6)
Net cash provided by (used in) investment activities of the Company	(822)	628	549
Cash flows from the financing activities of the Company:			
Capital issuance net of issuance cost	268	150	468
Exercise of share options into shares	-*)	-*)	-*)
Receipt of short-term credit from banks and others, net	-	-	(168)
Acquisition of treasury shares	(57)	-	-
Dividend paid to Company shareholders	(36)	(53)	(204)
Issuance of debentures less issuance expenses	3,058	611	174
Repayment and early redemption of debentures	(1,435)	(1,171)	(869)
Receipt (repayment) of long-term credit facilities from banks, net	(1,232)	(397)	(593)
Repayment of long-term loans	(618)	(115)	(178)
Receipt of long-term loans	736	444	-
Net cash provided by (used in) financing activities of the Company	684	(531)	(1,370)
Exchange differences for cash and cash equivalents	(12)	(32)	(39)
Increase (decrease) in cash and cash equivalents	(29)	(144)	(777)
Cash and cash equivalents at the beginning of the year	152	296	1,073
Cash and cash equivalents at the end of the year	123	152	296

*) Represents an amount of less than NIS 1 million

Details of Financial Information out of Consolidated Statements of Cash Flows Attributed to the Company

	Year ended December 31		
	2024	2023	2022
	NIS million		
Significant non-cash activities of the Company:			
Dividend payable	-	-	53
Dividend received from a subsidiary against repayment of loans from a subsidiary	813	1,169	-
Acquisition of hybrid shares of a subsidiary in return for the issue of shares	-	91	-
Sale of investment property and fixed assets against deposits	487	-	-

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

A. General

1) As at December 31, 2024 (the “Reporting Date”), the Company has a working capital deficit of NIS 1.0 billion, NIS 0.8 billion excluding debt from wholly-owned subsidiaries. The Company and its wholly-owned subsidiaries have unutilized approved credit facilities amounting to NIS 0.9 billion available for immediate withdrawal and held-for-sale properties in the Company’s wholly-owned subsidiaries in an amount of NIS 1 billion. The Company's management of the opinion that the aforementioned sources, as well as the positive cash flow generated from operating activities of the Company and its wholly owned subsidiaries, will allow the Company to repay its short-term liabilities.
2) For further information about the Company’s financial position and liquidity, see Note 1B to the consolidated financial statements.
3) For further information concerning the effects of the Swords of Iron war on the Company's operations see Note 1C to the consolidated financial statements.

B. Cash and cash equivalents and short term deposits attributable to the Company

The majority of the cash and cash equivalents as at reporting date are in NIS.

The short term deposits item consists mainly of NIS 487 million restricted cash from the sale of investment properties and fixed assets.

C. Disclosure regarding financial assets attributable to the Company in accordance with IFRS7:

	December 31	
	2024	2023
	NIS million	
Financial assets at fair value through profit or loss		
Marketable shares (1)	1	14
Participating units in private equity funds (2)	61	48
	62	62
Classified within current assets	1	14
Classified within non-current assets	61	48
	62	62

(1) Presented at fair value based on quoted price in active markets (level 1 in fair value hierarchy)
(2) A real estate investment fund, presented at fair value based on Net Asset Value (NAV) (level 3 in fair value hierarchy).

C. Disclosure regarding financial liabilities attributable to the Company

1. Other accounts payable attributed to the Company

	December 31	
	2024	2023
	NIS million	
Accrued expenses	16	15
Interest payable	58	38
Government institutions	89	10
Other provisions (including for legal proceedings)	4	5
Other payables	15	21
	182	89

2. Non-current liabilities attributed to the Company

Composition:	December 31	
	2024	2023
	NIS million	
Loans from banks and others (1)	2,305	3,255
Debentures (2)(3)	9,445	7,681
	11,750	10,936

(1) Composition of loans from banks and others

	% Interest Effective	December 31	
		2024	2023
	%	NIS million	
In NIS - unlinked *)	7.98%	472	1,142
In NIS - unlinked	8.86%	69	-
In NIS - linked	1.97%	1,480	1,447
In USD *)		-	72
In USD	6.00%	292	326
In CAD *)		-	96
In EUR *)		-	186
		2,313	3,269
Less- deferred expenses		(9)	(14)
		2,304	3,255
Less- current maturities and short-term borrowings		(107)	(1,359)
		2,197	1,896

*) Variable interest.

To secure bank borrowings, the Company and its wholly-owned subsidiaries pledged shares of subsidiaries, see also Note 24B1 to the consolidated financial statements.

C. Disclosure regarding financial liabilities attributed to the Company (Cont.)

(2) For details in respect of the composition of Debentures, see Note 19 to the consolidated financial statements.

For further information regarding the terms and conditions of debentures, debenture issues, expansion of debenture series, and financial covenants, see to Note 19 to the consolidated financial statements.

(3) Maturities

	Loans from banks	Debentures
	NIS million	
First year- current maturities	107	1,299
Second year	111	1,191
Third year	569	1,486
Fourth year	444	1,731
Fifth year	211	1,801
Sixth year and onwards	862	1,938
	2,197	8,147
	2,304	9,446

4. Financial instruments attributed to the Company

a) Classification of financial liabilities attributed to the Company

All financial liabilities, other than financial derivatives, are measured at amortized cost. Financial derivatives are measured at fair value through profit or loss or other comprehensive income, see sections c and d below.

b) Financial risk factors attributed to the Company

The Company's global operations expose it to various financial risk factors such as market risk (including foreign exchange risk, CPI risk, interest risk, fair value risk, and price risk), credit risk and liquidity risk. The Company's overall risk management strategy focuses on actions taken to reduce the possible negative effects of its financial performances. The Company uses, among others, financial derivatives to hedge against exposure to certain risks.

Below is additional information about financial risks and their management:

1) Foreign currency risk

The Company operates through subsidiaries in a large number of countries, therefore it is exposed to currency risks resulting from exposure to the fluctuations in exchange rates in different currencies. The Group policy is to maintain a correlation between its property mix in the different functional currencies and the equity exposure to those currencies (primarily EUR, USD, NIS and BRL), by engaging in hedge transactions from time to time to manage the currency exposure. In recent years, in view of the recent exchange rate volatility compared to the NIS, that significantly increases liquidity risks (as set out below), the Company's Board of Directors has decided to temporarily terminate it hedging transactions and as a result exposure of equity to the EUR, USD and BRL has increased. The Company's Board of Directors recently decided to gradually return to increasing the scope of its hedging transactions. The Company's management also regularly reviews the currency linkage balance and responds according to exchange rate developments. For further information see section E below.

C. Disclosure regarding financial liabilities attributed to the Company (Cont.)

2) CPI risk

The Company has debentures that are linked to changes in the CPI. On the other hand, over the years, the Company has engaged in swap transactions that have reduced the total CPI-linked debt (including the effect of the swap transactions). In 2025, the Company began to execute index swap transactions as aforesaid, create a higher correlation between CPI-linked income and CPI-linked debt. For further information concerning the financial instruments that are linked to the CPI, for which the Company has exposure to changes in the CPI, see Section F below.

3) Interest risks

Liabilities bearing variable interest rates expose the Company to interest rate risk in respect of cash flow and liabilities bearing fixed interest rates expose the Company to interest rate risk in respect of fair value. As part of the risk management strategy, the Company maintains an adequate mix between exposure to fixed interest and exposure to variable interest (see section E below). As at reporting date, 96.0% of the Company’s liabilities were at fixed interest (as at December 31, 2023 - 86.0%). For additional details regarding interest rates and maturities, see section C(3) above.

4) Price risk

The Company has financial instruments traded on the Stock Exchange, which are classified as financial assets at fair value through profit or loss, as well as derivative financial instruments for which the Company has risk exposure for fluctuations in securities prices, based on the market price. In addition, it should be noted that some of the Company's available credit facilities are secured, among other, by tradable shares, where a decrease in their price on the stock exchange may lead to a decrease in the ability to utilize those credit facilities.

5) Credit risks

The Company is not exposed to significant concentration of credit risk. Cash and deposits are deposited with financially-sound major financial institutions.

6) Liquidity Risk

The Company's policy is to maintain a balance between long-term financing, among others thorough issuing debentures, bank loans, and the use of binding credit from Israeli and international banks for periods of 3 to 4 years, under which the Company can utilize credit for various periods, as required.

As at December 31, 2024, the Company has a working capital deficit of NIS 1.0 billion, NIS 0.8 billion excluding debt from its wholly-owned subsidiaries. The Company and its wholly-owned subsidiaries have unutilized approved credit facilities amounting to NIS 0.9 billion available for immediate withdrawal and held-for-sale properties in the Company’s wholly-owned subsidiaries in an amount of NIS 1 billion. The Company's management of the opinion that the aforementioned sources, as well as the positive cash flow generated from operating activities of the Company and its wholly owned subsidiaries, will allow the Company to repay its short-term liabilities.

C. Disclosure regarding financial liabilities attributed to the Company (Cont.)

In connection with cross-currency swap transactions of liabilities (see section e below), with respect to part of the swaps, the Company entered into credit support annexes agreements ("CSA") of current settlement mechanisms with respect to the fair value of the transactions. Accordingly, the Company may be required to transfer significant amounts to the bank from time to time depends on the fair value of these transactions.

Following is the contractual maturity schedule of the financial liabilities of the Company (including interest) at undiscounted amounts:

December 31, 2024

	Up to 1 Year	**2 to 3 Years**	**4 to 5 Years**	**Over 5 Years**	**Total**
			NIS million		
Trade payables and service providers	25	-	-	-	25
Other payables	182	-	-	-	182
Debentures	1,600	3,139	3,988	2,119	10,846
Loans from banks and others	174	832	710	873	2,589
	1,981	3,971	4,698	2,992	13,642

December 31, 2023

	Up to 1 Year	**2 to 3 Years**	**4 to 5 Years**	**Over 5 Years**	**Total**
			NIS million		
Trade payables and service providers	19	-	-	-	19
Other payables	89	-	-	-	89
Debentures	1,434	2,635	2,672	1,648	8,389
Loans from banks and others	1,474	476	702	887	3,539
	3,016	3,111	3,374	2,535	12,036

c) Fair value attributed to the Company

	December 31, 2024		**December 31, 2023**	
	Balance	**Fair value**	**Balance**	**Fair value**
		NIS million		
Financial liabilities				
Debentures (1)	9,446	9,478	7,681	7,099
Loans from banks and others (2)	2,304	2,179	3,255	3,126
Total financial liabilities	11,750	11,657	10,936	10,225

(1) The fair value is based on quoted prices on an active market as of the reporting date, according to level 1 in the fair value hierarchy.

(2) The fair value for fixed interest loans is based on valuation techniques, according to level 2 in the fair value hierarchy. The fair value of variable interest loans approximates their nominal value. For additional information, see Notes 2K and 34B to the consolidated financial statements.

The carrying amount of cash and cash equivalents, other accounts receivable, long-term loans and deposits, credit and loans from banks, trade payables and other accounts payable approximate their fair value.

C. Disclosure regarding financial liabilities attributed to the Company (Cont.)

d) Classification of financial instruments attributable to the Company by fair value hierarchy

The financial instruments presented in the statements at fair value are classified into groups with similar characteristics. The fair value level set out below is determined according to the inputs used to determine fair value:

Level 1: Prices quoted (un-adjusted) on active markets of similar assets and liabilities.

Level 2: Data other than quoted prices included in Level 1, which may be directly or indirectly observed.

Level 3: Data not based on observable market information (valuation techniques not involving use of observable data).

In 2024, there were no transfers with respect to fair value measurement of any financial instrument between Level 1 and Level 2, and there were no transfers to or from Level 3 with respect to fair value measurement of any financial instrument.

C. Disclosure regarding financial liabilities attributed to the Company (Cont.)

e) Derivative financial instruments

1. The following table presents information about cross-currency swaps, interest rate swaps, forward contracts, options and other derivative financial instruments:

Type of	Currency of	Outstanding notional NIS million		Linkage basis/interest receivable		Linkage basis/interest payable		Remainin Life Average	Fair value NIS million	
		December 31, 2024	December 31, 2023						December 31, 2024	December 31, 2023
Cross currency swaps	EUR-NIS	2,313	2,778	CPI-linked	4.00% - 1.29%	Fixed	5.12% - 2.12%	1.8	734	669
	USD - NIS	444	501	CPI-linked	2.80% - 1.29%	Fixed	5.84% - 4.00%	2.7	74	63
Linkage basis swaps	EUR	949	1,500	Fixed	4.40%	CPI-linked	3.12% - 2.38%	6.2	(229)	(342)
Forward contracts	Different currencies	3,345	3,304					Short term	(110)	(163)
									469	227
CSA proceeds, net									(532)	(459)
									(63)	(232)

C. Disclosure regarding financial liabilities attributed to the Company (Cont.)

f) Sensitivity analysis of financial instruments for changes in market risks

	Sensitivity analysis of financial balances to absolute changes in Absolute changes in interest rates			
Impact on pre-tax income (loss)	Interest USD	Interest CAD	Interest EUR	Interest NIS
Per year for 1% interest increment *)	NIS million			
December 31, 2024	-	-	-	(5)
December 31, 2023	(1)	(1)	(2)	(11)

*) Decrease in interest rates would affect profit or loss by the same amounts, but in an opposite direction.

	Sensitivity analysis of financial balances to absolute changes in Consumer Price Index			
	+2%	1%	-1%	2%-
Impact on pre-tax income (loss)	NIS million			
December 31, 2024	(210)	(105)	105	210
December 31, 2023	(173)	(87)	87	173

	Sensitivity analysis for financial derivatives - changes Disclosure regarding financial liabilities attributed to the Company (Cont.)			
	+2%	1%	-1%	2%-
Impact on pre-tax income (loss)	NIS million			
December 31, 2024	40	20	(20)	(40)
December 31, 2023	35	17	(17)	(35)

C. Disclosure regarding financial liabilities attributed to the Company (Cont.)

	Sensitivity analysis for financial derivatives - relative changes in exchange rates			
	+ 10%	**+ 5%**	**- 5%**	**- 10%**
Impact on pre-tax income (loss)	**NIS million**			
December 31, 2024				
Change in EUR exchange rate	(228)	(114)	114	228
December 31, 2023				
Change in EUR exchange rate	(290)	(145)	145	290
Change in USD exchange rate	(53)	(27)	27	53

	Sensitivity analysis for financial derivatives - relative changes in exchange rates			
	+ 10%	**+ 5%**	**- 5%**	**- 10%**
Effect on pre-tax equity (accounting hedge)	**NIS million**			
December 31, 2024				
Change in EUR exchange rate	280	138	(131)	(257)
December 31, 2023				
Change in EUR exchange rate	1,228	586	(530)	(1,003)
Change in USD exchange rate	237	113	(102)	(193)

	Sensitivity analysis for financial derivatives - absolute changes in interest rates			
	+2%	**1%**	**-1%**	**2%-**
Impact on pre-tax income (loss)	**NIS million**			
December 31, 2024				
Change in EUR interest	102	52	(55)	(112)
Change in USD interest	23	12	(12)	(25)
Change in NIS real interest	(127)	(64)	65	132
December 31, 2023				
Change in EUR interest	172	88	(93)	(192)
Change in USD interest	31	16	(17)	(35)
Change in NIS real interest	(190)	(96)	99	200

With regard to key working assumptions for sensitivity tests of financial instruments, see Note 34E to the consolidated financial statements.

D. Disclosure regarding balances of deferred tax assets / liabilities attributed to the Company, and disclosure regarding tax revenues / expenses attributed to the Company

1. Taxes on income attributed to the Company

For information regarding tax laws applicable to the Company, refer to Note 23A1 to the consolidated financial reports.

2. Tax assessments attributed to the Company

The Company has final tax assessments up to and including the 2019 tax year.

3. Tax ruling for restructure the Gazit Canada and USA group

On March 31, 2015, the Tax Authority approved a structural change in Gazit Canada and USA Group, as follows: In the first stage, Hollywood Properties Ltd. ("Hollywood") transferred 92/5% of its shares of Gazit Canada Inc. ("Gazit Canada") to a tax-exempt company pursuant to the provisions of Section 104C to the Income Tax Ordinance (New Version), 1961 ("the Tax Ordinance").

In the second stage, Golden Oak Inc. ("Golden") transferred 33.33% of its shares in MGN (USA) ("MGN") to a tax-exempt company pursuant to the provisions of Section 104C to the Tax Ordinance.

In the third stage, the Company transferred all of its interests in the shares of Gazit 2003 Inc. ("Gazit 2003") to Gazit Canada in return for an issuance of shares, pursuant to the provisions of Section 104A of the Income Tax Ordinance.

In the fourth stage, Gazit Canada and Gazit 2003 were amalgamated; within the framework of the amalgamation, Gazit 2003 transferred all its assets and liabilities to Gazit Canada.

As part of the tax ruling, terms and restrictions were prescribed in relation to a future sale of transferred shares and the manner for offsetting losses with respect to the sale of the transferred shares. It was decided, among other things, that the date of the structural change will be the date of actual transfer of the shares; rules were set out regarding the original price of the transferred shares after the transfer and with regard to the appropriate profit for distribution in each company. In addition, the tax ruling is conditional on compliance with the conditions set out in the tax ruling, and subject to all the conditions of part 2 of the Tax Ordinance.

4. Tax ruling for the merger of subsidiaries in Israel

On January 7, 2018, the Tax Authority in Israel approved the merger (the "Tax Ruling") pursuant to the provisions of Section 103C of the Income Tax Ordinance, between G Israel Commercial Centers Ltd. (the "Receiving Company") and Gazit Globe Israel (Development) Ltd., G. West Ltd., and G Kfar Saba Ltd. (the "Transferred Companies"), according to which, the transferred companies will transfer all their assets and liabilities, including their entire human resources, all their liabilities for the transferred employees, to the receiving company, thereby eliminating them without liquidation, and in return for the allotment of shares of the receiving company to the Company, (the "Merger" or "Structural Changes"). The date of merger was set for December 31, 2016.

Under the tax ruling, conditions and restrictions regarding future sale of the shares of the Receiving Company and of the properties transferred under the merger and restrictions were imposed regarding the method for offsetting losses incurred prior to the merger date and regarding losses relating to the transferred properties and the transferred companies.

In addition, the tax ruling is conditional on full compliance with the conditions set out in the tax ruling, and subject to the conditions of part 2 of the Tax Ordinance.

D. Disclosure regarding balances of deferred tax assets / liabilities attributed to the Company, and disclosure regarding tax revenues / expenses attributed to the Company (Cont.)

5. Tax ruling for the merger of subsidiaries in Israel

On July 28, 2020, the Company received from the Tax Authority in Israel, an agreed-upon tax ruling (the "Tax Ruling") regarding a merger pursuant to Section 103C of the Tax Ordinance of G Israel Commercial Centers Ltd. ("G Israel"), a wholly owned subsidiary of the Company, with and into the Company (as the receiving company). The date of the restructuring, according to the Tax Ruling, is December 31, 2018. Pursuant to the tax ruling, G Israel will transfer its all assets and liabilities including all its employees to the Company, thereby eliminating G Israel without liquidation, and all by way of a statutory merger in accordance with the first chapter of part 8 of the Israeli Companies Law. The tax ruling is conditional on compliance with the conditions set out in the ITO and the tax ruling, and among other things, the cost of the Company's investment in G Israel shares, will be deleted and fully canceled. Regarding the transferred real estate assets, a reduced purchase tax rate of 0.5% will apply. Furthermore, the tax ruling sets limitations regarding offset of losses relating to the transferred properties and the participating companies in the structural change.

6. Carry-forward losses for tax purposes attributed to the Company

The Company has losses for tax purposes that are carried over to subsequent years. With respect to the tax benefit relating to such losses, the Company has recognized deferred tax assets amounting to NIS 391 million as at reporting date (2023 - NIS 417 million), which were offset against the Company's deferred tax liabilities.

7. Deferred taxes attributed to the Company

	December 31	
	2024	**2023**
	NIS million	
Revaluation of financial investments to fair value	(18)	(44)
Carry-forward losses	391	417
Revaluation of investment property and property under development	(373)	(404)
	-	(31)

8. Taxes on income attributed to the Company included in profit or loss

	Year ended December 31		
	2024	**2023**	**2022**
	NIS million		
Current taxes	26	59	-
Deferred taxes	(4)	20	(366)
Taxes for prior years	-	-	(24)
	22	79	(390)

D. Disclosure regarding balances of deferred tax assets / liabilities attributed to the Company, and disclosure regarding tax revenues / expenses attributed to the Company (Cont.)

9. In 2024, deferred tax income was recorded in the amount of NIS 27 million, which was offset by deferred tax expenses in other comprehensive income under the adjustments arising from the translation of financial statements item (in 2023, deferred tax expenses in the amount of NIS 11 million and in 2022, deferred tax income in the amount of NIS 55 million), see Note 25D to the consolidated financial statements.

E. Loans, balances and material engagements with subsidiaries

1. Balances with subsidiaries

A. Composition:

	December 31	
	2024	2023
	NIS million	
Non-current assets		
Investments in subsidiaries	7,776	9,169
Long-term loans and debts *)	3,164	2,411
Current liabilities		
Current maturities of long-term loans *)	130	168
Non-current liabilities		
Long-term loans *)	-	430

*) Refer to section 4 below.

2. Balances with subsidiaries

	Year ended December 31		
	2024	2023	2022
	NIS million		
Management fees income 3(a) and 3(b)	3	2	2
Financing income (expenses), net	129	11	(19)

3. Agreements with Affiliates

a. The Company engaged in agreements with foreign subsidiaries under which the Company will provide the subsidiaries with services in return for a fixed fee. The fee to be charged by the Company from the subsidiaries in 2024, 2023 and 2022 is NIS 1 million.

b. For further information regarding management fees from Norstar Israel, see Note 35D to the consolidated financial statement.

E. Loans, balances and material engagements with subsidiaries (Cont.)

4. Loans to subsidiaries

	Basis	% Interest	December 31 2024	December 31 2023
	Linkage	%	NIS million	
Wholly-owned subsidiaries in USA	USD	L+ 1.25	132	11
Wholly-owned subsidiaries in Germany	EUR	E+ 0.5	3	3
Wholly-owned subsidiary in the Netherlands	EUR	-	-	722
Wholly-owned subsidiaries in Cyprus	EUR	E+ 1.5	2,361	1,281
A wholly-owned subsidiary in Cyprus	EUR	4.18	408	-
Wholly-owned subsidiaries in Israel	NIS	Without interest	260	394
			3,164	2,411

5. Loans from subsidiaries

	Basis	% Interest	December 31 2024	December 31 2023
	Linkage	%	NIS million	
Wholly-owned subsidiaries in USA	USD	Without interest	-	45
A wholly-owned subsidiary in Canada *)	CAD	C+ 1	87	500
A wholly-owned subsidiary in the Netherlands*)	USD	L+ 2	43	53
			130	598

*) The loans will be repaid in 2025.

6. Repayment Dates

Loans from wholly owned subsidiaries

	NIS million
First year	132
Second year	6
Third year	-
Fourth year	2,358
Fifth year	-
Sixth year and onwards	408
Renewable annually *)	260
	3,164

*) Loans to subsidiaries renew for an additional 1-year term, unless either party announces that the loan would not be renewed, pursuant to provisions of the agreement.

E. Loans, balances and material engagements with subsidiaries (Cont.)

7. Dividends received from subsidiaries

	Year ended December 31		
	2024	2023	2022
	NIS million		
CTY	66	102	142
Canada	499	1,169	-
Wholly-owned subsidiaries in Cyprus *)	341	-	-
	906	1,271	142

*) Received subsequent to reporting date.

F. Equity attributable to equity holders of the Company

1. For information regarding the allocation of equity compensation instruments to Company employees and officers, see Note 26 to the consolidated financial statements.
2. For further information regarding the issue of 18.2 million ordinary shares of NIS 1 par value each of the Company and 6 million marketable options convertible into shares of the Company, see Note 25I to the consolidated financial statements.
3. For update in dividend distribution policy of the Company, refer to Note 25F to the consolidated financial statements.
4. In the reporting period, the Company bought back 5.2 million shares of the Company for NIS 56.6 million. The acquired shares are treasury shares. In addition, in the period, the Company retired 4 million treasury shares. As at reporting date, 1.3 million shares are treasury shares.

G. Additional information

1. For further information concerning the terms of employment of Mr. Chaim Katzman, Vice Chairman of the Board of Directors, the controlling shareholder and CEO of the Company, see Note 35C1 to the consolidated financial statements.
2. For further information concerning the ratings granted by the rating agencies in the reporting period, see Notes 19C20, 19C21, 19C22, 19C23, 19C24, 19C25, 19C26, 19C27, 19C28 and 19C29.
3. For further information concerning the issue of debentures of the Company in the reporting period, see Notes 19C1, 19C2, 19C3, 19C4, and 19C14 to the consolidated financial statements.
4. In 2024, the Company bought back NIS 319 million par value Debentures (Series L, M, N and P) in return for NIS 301 million. Following the buyback the Company recognized gains from early redemption in the amount of NIS 30 million. The buyback debentures were canceled and delisted.

H. Subsequent events

On March 19, 2025, the Company announced the distribution of a dividend in the amount of 0.125 NIS per share (a total amount of NIS 25 million), payable on April 8, 2025 to the shareholders of the Company on April 1, 2025.

Part F

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

In Accordance with Regulation 9B of the Israeli Securities Regulations (1970)

Attached herewith is the Annual Report regarding Effectiveness of the Internal Control over the Financial Reporting and the Disclosure in accordance with Regulation 9B of the Israeli Securities Regulations (1970):

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

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

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

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

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

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

Management, under the supervision of the Board of Directors, performed an examination and evaluation of the internal control over the Corporation's financial reporting and of disclosure and its effectiveness.

The evaluation of the effectiveness of the internal control over the financial reporting and the disclosure, which management performed, under the supervision of the Board of Directors, included: assessing the financial reporting and disclosure risks at the consolidated Corporation level, assessing the processes and determining which of these are the most material for financial reporting and disclosure, assessing the relevant business units for the purpose of evaluating the effectiveness of internal control, documenting the Corporation's existing controls, evaluating the effectiveness of control planning and analyzing the existing control gaps, remedying control planning deficiencies and testing compensatory controls, evaluating the effectiveness of the operation of the controls and evaluating the overall effectiveness of internal control.

The internal control components are: entity level controls (ELC), controls over the process of preparing the financial statements and their closing, and IT general controls (ITGC). The processes identified by management as highly material processes with respect to financial reporting and disclosure are as follows: the appraisal of investment property process and the treasury process.

Based on the effectiveness evaluation performed by management under the supervision of the Board of Directors as described above, the Corporation's management and Board of Directors reached the conclusion that internal control over the Corporation's financial reporting and disclosure, as of December 31, 2024, is effective.

A) Declaration of the CEO in accordance with Regulation 9B(d)(l):

Officers' Declaration
Declaration of the CEO

I, Chaim Katzman, hereby declare that:

(1) I have reviewed the Periodic Report of G City Ltd. (the "Corporation") for 2024 (the (the "Statements");

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

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

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

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

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

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

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

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

(c) Have evaluated the effectiveness of internal control over financial reporting and disclosure, and I have presented in this report the conclusions of the Board of Directors and management regarding the effectiveness of internal control as stated as of the date of the Statements.

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

March 19, 2025

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

B) Declaration of the most senior officer in the finance area in accordance with Regulation 9B(d)(2):

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

I, Gil Kotler, hereby declare that:

(1) I have reviewed the financial statements and other financial information contained in the reports of G City Ltd., (the "Corporation") for 2024 (the (the "Statements");

(2) As far as I am aware, the financial statements and the other financial information included in the Statements do not include any misrepresentation of a material fact and no representation of a material fact that is required has been omitted, so that the representations included therein, in light of the circumstances in which such representations were included, will not be misleading with reference to the period covered by the 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 to the extent it relates to the financial statements and the other financial information included in the Statements, which could reasonably have an adverse impact on the Corporation's ability to gather, process, summarize or report financial information in such a manner that could cause doubt with respect to the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law; and -

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

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

(a) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under our supervision, which are designed to ensure that significant information relating to the Corporation, including subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 2010, 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 of controls and procedures under my supervision, which are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

(c) Have evaluated the effectiveness of internal control over financial reporting and disclosure, to the extent it relates to the financial statements and to the other financial information included in the Statements as of the date of the Statements; my conclusions regarding my evaluation as stated were presented to the Board of Directors and management and are included in this report.

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

March 19, 2025

Gil Kotler

CFO