Dear Shareholders,

2025 was another challenging year for the State of Israel. In this complex national reality, G City Group continued to operate with stability and a long term perspective, while consistently implementing our strategy: building a portfolio of high-quality urban properties in prime locations, generating stable and growing cash flow, continuously strengthening our balance sheet, and steadily improving our liquidity. The operational resilience of our assets, together with prudent and creative financial management, enabled us to continue progressing even in a demanding macroeconomic environment, by seizing opportunities to further enhance the quality of the Group's portfolio and capital structure, all while maintaining strict financial discipline.

In 2025, the Group continued to deliver strong operational performance:

* Same-property NOI increased by 6.5%
* Portfolio occupancy rates remained high and stable
* The Group recorded an increase in the value of its asset portfolio, for the first time in several years

The past five years have been among the most challenging periods for the global income generating real estate sector. The Covid-19 crisis, the sharp rise in interest rates that followed, and the concern, which ultimately proved overstated, regarding the impact of ecommerce on retail properties, led the Group to record cumulative valuation write-downs of NIS 3 billion across the asset portfolio during this period.

Nevertheless, the operational performance of our properties remained strong throughout. Same-property NOI continued to rise steadily, and occupancy rates across our portfolio remained high and stable. Tenant proceeds in our malls continued to demonstrate stability and even growth in several key markets, a trend that reflects the quality of our locations and the strength of the urban properties in our portfolio.

In practice, the evolution of the omnichannel model, which integrates online and physical operations, has reinforced the importance of urban shopping malls, and has even led to an increase in foot traffic. Together with this, we are witnessing another notable trend: many businesses that began as digitally native brands have, within a short time, reached the conclusion that incorporating brick and mortar stores improves their business performance. Accordingly, more and more such brands are seeking to open stores in high-quality shopping malls.

These trends are increasing both visitor traffic and retailer demand for retail space, and they particularly strengthen urban properties located near residential areas, transportation hubs, and municipal services. We believe that this combination of digital and physical operations will continue to support growth in tenant proceeds and our ability to further increase NOI in the coming years. The decline in concerns regarding the impact of ecommerce is also contributing to the stabilization of capitalization rates in our properties.

Against this backdrop, 2025 marks a turning point for the Group. For the first time in several years, we recorded an increase in the value of our property portfolio, driven by a combination of stable interest rate conditions and the continued, sustained growth in NOI from our properties. This development reflects both the operational resilience of our properties and the stabilization of risk perceptions in the capital market toward urban retail properties. We believe that this combination of factors is expected to continue supporting improvement in the value of our properties in the coming years.

Throughout the year, we continued to focus our property portfolio on strong urban properties in prime locations. As part of this strategy, we fully exited the Czech Republic by the sale of the Flora Mall in Prague for proceeds of EUR 201 million, and we also sold our land reserves in Turkey for EUR 53 million.

In addition, we completed the Retail Orion transaction, under which three properties outside of Warsaw were sold for EUR 450 million. These proceeds significantly strengthened the Company's liquidity and represented another step in concentrating the portfolio on higher quality properties in key urban locations.

In Northern Europe, we recently executed another important strategic move with the acquisition of an additional 27% of Citycon's shares for EUR 26 million net, increasing our holdings to 86.4% and strengthening our control over the Nordic platform, one of the Group's core platforms.

We continued to expand our activities in Israel: We sold 50% of our ownership rights in the Horev Center in Haifa for NIS 131 million, and we won the tender issued by Leumit Health Services for the sale of six floors in the office tower under construction at City G Rishon LeZion, for NIS 155 million. In the tower project itself, we have already sold more than half of the office space to private buyers, and construction is expected to be completed by the end of 2026.

In the United States, Gazit Horizons continued to expand its operations with the acquisition of an income generating property in Fort Lauderdale.

In Brazil, we continue to enhance the value of our existing property portfolio. We are currently in the midst of constructing a new parking facility at Internacional, our flagship property in that country. The parking facility is expected to be completed in 2026 and is expected to contribute meaningfully to the property's income and value. Over the coming year, we will also evaluate several strategic alternatives regarding our operations in Brazil.

Looking ahead, we continue to operate in accordance with our strategic plan for 2028. Our focus remains on increasing the weight of our activities in Israel and North America, together with the continued enhancement of our existing portfolio and steady progress toward our LTV target of 50%.

Our growth will continue to be driven by the development and improvement of high quality urban properties, maximizing building rights in our properties, and advancing complementary uses such as residential with office space above and adjacent to the Group's core assets.

I would like to thank our investors, partners, and the Group's employees for their trust, commitment, and dedication throughout this challenging year. We continue to act with long term responsibility toward our shareholders and with deep confidence in the quality of our properties, in the team leading the Group, and in our strategy.

I wish all of us better and safer days ahead, and I look forward with confidence to the continued development of the Group in the coming years.

Sincerely,

Chaim Katzman

Vice Chairman of the Board of Directors and CEO

City

Periodic Report for 2025

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.

Furthermore, in recent years the Company made efforts to increase the rate of its private real estate (i.e., operations not held through public companies), in Europe and North America, in order to get close to properties and direct the Group's operations effectively. As part of this, during and subsequent to the reporting period, the Company substantially increased its holdings in the subsidiary Citycon Oyj. (CTY), which is listed in Finland, as set out below.

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 (82.5%) a real estate investment fund[2] owned and controlled by the Company (indirectly), that operates in Brazil, ("Gazit Malls"), and through other wholly owned subsidiaries of the Company (jointly: "Gazit Brazil"). The Group also operates in Northern Europe through CTY, a public company whose securities are listed on the Helsinki Stock Exchange that is controlled by the company (59.09% and 86.4% as at the publication date of this report) and that has a similar strategy to that of the Company; in March 2026, the Company completed a tender offer for its shares, as specified in section 6.1 of the report.

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.

2028 Strategic Plan

In September 2024, the Company adopted a strategic plan for 2028 ("2028 Strategic Plan"), which refers to three-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.

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[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.

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

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

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 (to 36%) and Israel (to 28%), together with decreasing the volume of assets in Europe (to 34%) and Brazil (to 2%). 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.

Furthermore, in February 2026 CTY announced its intention to sell off its non-core properties amounting to EUR 1 billion, over the coming 24 months.

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 of the date of publication of this report, and since October 2022, the Group has completed the disposal of properties for a total amount of NIS 7.2 billion, as follows: G Europe - NIS 5.3 billion; G Israel - NIS 0.7 billion; Gazit Horizons - NIS 0.6 billion; Gazit Brazil - NIS 0.6 billion.

As part of the disposal plan, in December 2025 the Company completed the sale of three income-producing properties by sale thereof to Orion Ltd. ("Orion") and issuance of Orion securities on the Tel Aviv Stock Exchange Ltd. ("TASE") which was completed for a consideration to the Company of EUR 456 million (NIS 1,723 million). Under the issuance, Orion's entire share capital, which the Company held prior to the issuance, was distributed as a dividend in kind to the Company's shareholders. For further information, see section 7.1 of the Report.

In addition to selling these properties, in February 2024 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.

Increase of holdings in CTY

In November 2025, the Company acquired 14 million CTY shares in an off-exchange transactions, which constitutes 7.7% of CTY's share capital, for a total consideration of EUR 4 per share ("Share Acquisition Transaction"). Furthermore, between the Share Acquisition Date and December 31, 2025, the Company acquired another 3 shares as part of trading on the Helsinki Stock Exchange, and as at the publication date of this report, the Company holds (directly and through a wholly owned subsidiary) 59. 09% of CTY shares.

Following the acquisition, the Company's holdings exceeded the 50% limit and according to the provisions of the Finnish law, the Company was required to issue a tender offer for all non-controlling shares of CTY, at a price that will not fall below the price paid under the Share Acquisition Transaction. Accordingly, subsequent to the reporting period, on January 2, 2026 the Company published a full mandatory tender offer to CTY's minority shareholders at EUR 4 per share. Subsequently, following the dividend distribution declared by CTY, in January 2026 the tender offer price was adjusted to EUR 3.8 per share. The tender offer was completed in March 2026, under which 50,076,363 shares of CTY were tendered, which constitutes 27.3% of its share capital, in return for EUR 190 million (NIS 700 million). Upon completion of the tender offer, the Company's holdings in CTY increased to 86.4%.

The tender offer was financed from the Company's own resources. It should be noted that the total consideration that the Company is expected to pay in the tender offer less the proceeds of the special dividend declared by CTY during the tender offer period of which the Company expects to receive EUR 164 million, is EUR 26 million.

The Group'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 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 Group'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 and the military operations that occurred thereafter, including Operation Roaring Lion, which is ongoing as of this date. 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 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 security situation 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 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, 2025:

	Country of operation	Holding interest	Income-producing property	Properties under development	Land	GLA (sq.ms in thousands)
CTY	Finland, Norway, Sweden, Estonia and Denmark	59.1%	31	-	-	988
G Europe	Poland	100.0%	11	1	2	245
Gazit Brazil	Brazil (Sao Paulo)	82.5%	7	-	-	151
G Israel	Israel	100.0%	9	2	1	139
Gazit Horizons	USA	100.0%	12	2	1	65
Total carrying amount			**70**	**5**	**4**	**1,588**
Jointly controlled properties (proportionate consolidation)			4	-	1	75
Total			**74**	**5**	**5**	**1,663**

		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	14,142	-	-	14,142
G Europe	Poland	5,086	304	158	5,548
Gazit Brazil	Brazil (Sao Paulo)	1,754	-	-	1,754
G Israel	Israel	3,482	511	452	4,445
Gazit Horizons	USA	1,600	349	252	2,201
Total carrying amount		**26,064** [2]	**1,164**	**862**	**28,090**
Jointly controlled properties (proportionate consolidation)		1,434	-	2	1,436
Total		**27,498**	**1,164**	**864**	**29,526**

[1] Including expansion of income-producing properties.

[2] Of the expanded separate income-producing properties (excluding CTY), an amount of NIS 0.7 billion is attributed to vacant areas. For the purpose of calculating the value attributed to the vacant areas, a vacant area was defined as an area that did not generate rent during the reporting period. The value of the vacant areas was calculated in proportion to the value of the relevant property (as long as no separate value was attributed to it in the valuation of the property). The value of the vacant area is not reviewed or audited by the Company's auditors.

[3] Of the expanded separate income-producing properties (excluding CTY), an amount of NIS 1 billion is attributed to residential rental 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's share	Expected completion date	Actual investment at December 31, 2025 (1)	Inventory of offices at December 31, 2025	Fair value at December 31, 2025	Estimated cost for completion	Expected proceeds from sales	Annual NOI Expected
					(100%, NIS millions)					
G City Rishon Lezion	An office tower under construction - 75% of the tower is earmarked for sale	65,100	100%	2026	371	236	219	279	622	23
Tel Hashomer apartments for rent	Construction of 3 residential buildings with 243 rental apartments (before additional rights / betterment relief) for long term rental of 20 years.	34,800	100%	2028	50		292	380		24
		Total – 100%			**421**	**236**	**511**	**659**	**622**	**47**

(1) Excluding cost of land

(2) Expected NOI in a stable year assuming full occupancy in the remaining areas after sales.

Land for future development	Plan	Expected additional space (sq.m.)	Company's share	Expected completion date	Fair value at December 31, 2025 (100% in NIS million)
Beit Cal	Construction of mixed-use towers, 70,000 sq.m. offices, 11,000 sq.m. residential and 6,300 sq.m. commercial.	81,100	100%	TBD	403
Brickel, Miami	Construction of a 61-floor mixed-use tower, an application to increase the number of residential units in the project to 504 has been approved.	42,000	100%	TBD	252
Promenada Village, Warsaw	Promenada Village housing project, which includes 372 apartments for sale (15,400 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.	17,774	100%	Phase A - Q2/2028, Phase B - Q3/2030	97
Promenada Retail Extension 2, Warsaw	Project to extend the Promenada Mall, including the Primark brand, 35-50 other shops (additional 18,800 sq.m.) and 318 additional parking spaces.	24,453	100%	Q3/2028	110
Wolska, Warsaw	Wolska residential rental project containing up to 527 apartments (17,300 sq.m.) 105 meter high PRS building scheduled to be developed at Wola, in the heart of Warsaw's business district. The acquisition of the 3,175 sq.m plot was completed in Q4/2024.	17,946	100%	Q2/2029	61
		Total			**923**

* The foregoing data includes information about projects in planning and under construction (including expected additional space, completion schedules, expected development profit, completion costs 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, 2025, 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 S-Group, a Finish retail chain that engages in the food, hospitality and other sectors, the income from which represented 2.7% of the Company's rental income (consolidated) in 2025, and Kesko, a leading supermarket chain in the Nordic countries, the income from which represented 2% of the Company's rental income (consolidated) in 2025.

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

Israel – As at reporting date, G City owns 9 G Malls, 2 properties under construction and land in Israel worth NIS 4.5 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 the Company's G City complex in Rishon Lezion that is expected to be completed in 2026 and 75% of which is earmarked for sale. At the same time, under the Plan for Disposal of Properties and the 2028 Strategic Plan, at the end of 2024 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 interests and liabilities in four of its properties in Israel: G Tzameret, G Mikado, G Kohav Hatzafon and G Savyon for a total consideration of NIS 487 million, and also completed the sale of all of its rights in the Horev Center in Haifa and its management company (50%), for a total consideration of NIS 130 million. 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 11 income-producing properties worth NIS 5.1 billion[5]. In the reporting period, G Europe operated mainly in Warsaw in Poland and in February 2025 it completed the sale of its last property in the Czech Republic. As part of G City Group's property disposal plan, during the reporting period G Europe completed transactions for the sale of properties for a total amount of EUR 2.8 billion, as specified below, Under the plan, it also sold land in Turkey and completed its exit from this country, due to Turkey's policy towards Israel, and also sold a property in the Czech Republic and other land in Poland and Romania. During the reporting period, G Europe also completed the sale of three properties to Orion amounting to EUR 456 million, as well as an IPO of Orion on the TASE. For further information about disposal of properties by way of issuance of Orion shares as a dividend in kind, listing them on the TASE, as well as the non-competition agreement and management agreement signed with Orion, see section 7.1 of the report. Moreover, as at this date, G Europe owns 1,121 rental housing units and 550 units under development. For further information, see section 7 of the Report.

USA - Gazit Horizons, G City 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) 15 income-producing properties worth NIS 2.7 billion. During the reporting period, Gazit Horizons completed the acquisition of an income-producing property on an area of in Fort Lauderdale, Florida for USD 35.4 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 1,548 million through Gazit Malls FII, a real estate investment fund[6] controlled by the Company (indirectly) and incorporated in Brazil, of which the Company currently owns 82.5% (indirectly). The Group also has 2 properties in Brazil worth NIS 186 million that are owned through a subsidiary wholly owned by the Company (indirectly). In the reporting period, Gazit Brazil signed an agreement for the sale of the office space and parking lot in the Top Center project, similar to their carrying amount. For further information, see section 9 of the Report.

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, and it also took several significant streamlining measures.. In 2024 and 2025, CTY sold properties in the amount of EUR 354 million and EUR 62 million respectively, under the plan for disposal of properties it previously announced. Furthermore, in February 2026 CTY announced its intention to sell off its non-core properties amounting to EUR 1 billion, over the coming 24 months.

As stated above, during and subsequent to the reporting period, the Company increased its holdings in CTY substantially, under off-exchange share acquisitions, on-exchange acquisitions and a mandatory tender offer, as set out in section 1.1 above. For further information about CTY, see section 6 of the Report.

Canada - the Company operates in Canada, in Toronto, through Gazit Canada, including through the Partnership "Gazit Tripllle" (60%). As at the reporting date, the Partnership owns 33% of a property of which another 33% is held by the Company, and the balance is held by a third party, as specified in section 11.1 of the Report.

1.5. Group structure

For a description of the structure of the principal companies in the Group as at December 31, 2025, 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.

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[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.

[4] 'FII' – Fundo De Investimento Imobiliario.

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

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

2.1. 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 participation of Norstar Holdings Inc. ("Norstar") in the said issuance, as part of which it acquired 1,899,500 shares and 1,400,000 options[7].

2.2. 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.

3. <u>Dividend distribution in the last two years</u>

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 since then, it distributed three cash dividends in the amount of NIS 0.10-0.125 per share.

3.2. On November 27, 2025, the Company's board of directors also approved a distribution in kind of 100% of the shares in Orion held by the Company, as set out in section 7.1. Accordingly, the Company's board of directors decided not to distribute a cash dividend for the third quarter of 2025.

3.3. For further information regarding the dividends distributed by the Company to its shareholders from January 1, 2024 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. In March 2026, the Company's board of directors adopted a quarterly dividend distribution policy for 2026 in the amount of NIS 0.16 per share and also declared the distribution of a dividend for the first quarter of the year in this amount.

3.5. These distributions are made after the Company's board of directors reviewed its financial position, including its projected cash flows, based on the distribution tests set out in the Companies Law, 1999 and the distribution restrictions applicable to the Company under the deeds of trust of its debentures. The Company's board of directors will review the scope of the foregoing dividend distribution each quarter, based on the foregoing considerations.

3.6. The Company's remaining distributable profits (based on the profit test as defined in the Companies Law) as at December 31, 2025, amounted to NIS 2,367 million.

3.7. 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[7] 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.

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[7] 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 37 to the financial statements on the Company's operating segments.

For the year ended December 31, 2025

	Northern Europe	Central Europe	Israel	Brazil	USA	Other segments	Adjustments in consolidated report (*)	Consolidated
	NIS millions							
Operating segment revenues from external sources	1,181	514	505	163	196	30	(105)	2,484
Percentage operating segment revenues	48%	21%	20%	7%	8%	1%	(5%)	100%
Operating segment costs	459	203	403	46	134	11	(646)	610
Segment results attributable to the owners of the Company	368	311	102	101	56	19	458	1,415
Segment results attributable to non-controlling interests	354	-	-	16	6	-	83	459
Total assets attributable to the operating segment	14,612	5,708	4,846	1,799	3,447	238	2,606	33,256
Total consolidated liabilities attributable to the operating segment	239	309	74	14	26	9	23,294	23,965

(*) For details regarding adjustments made to the amounts in the consolidated financial statements, refer to Note 37 to the financial statements

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 segment	286	328	62	19	29	7	25,192	25,923

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)

(*) For information about adjustments made to the amounts in the consolidated financial statements, see Note 37 to the financial statements.

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

5.1. **General** - the real estate sector is inherently exposed to developments in the business-economic environment at the macro-economic level, and to local developments, based on the location of the properties. 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, construction of new properties competing with the Group's properties, 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, as well as other factors, can affect the value of the Group's properties, including the ability to finance them as well as the Company's investment opportunities, and 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, and with respect to each of its areas of operation, 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 -** fluctuating inflation rates, interest rates and exchange rates in Israel - In 2025, despite the high level of uncertainty, there has been a gradual improvement in Israel's economic and geopolitical conditions compared with the previous year. Economic activity recorded a moderate recovery in the first half of the year, which accelerated into sharp growth during the third quarter of 2025

The inflation and interest environment - During the year, an ongoing decline in the inflation environment was evident and the CPI increased by 2.6%[8] in 2025 (compared to 3.2% in 2024)[9]. Against this backdrop of moderation, the Bank of Israel's Monetary Committee set out on a path of interest rate reduction. In November 2025, the Bank of Israel interest rate was reduced to 4.25% and

8 The Central Bureau of Statistics https://www.cbs.gov.il/he/mediarelease/Madad/Pages/2025

9 The Central Bureau of Statistics https://www.cbs.gov.il/he/mediarelease/Madad/Pages/2026

by the publication date of this report, another 0.25% decrease was made, so that as at the reporting date, the interest rate is 4.0%[10].

Exchange rates and forecasts - in 2025, the NIS appreciated against both the USD and the Euro. According to Bank of Israel forecasts, the improvement trend is expected to continue in 2026, when the annual inflation rate is expected to be 2.2% and the monetary interest rate is expected to drop to a level of 3.75% in the third quarter of 2026.[11]

The Group's rental revenue in most of the countries (81%) in which the Group operates, are linked to the relevant CPI and accordingly, contributed to the increase in its revenues and the value of its assets. 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 as well as interest-rate swap transactions under which the Company pays index-linked differences and receives a fixed nominal interest rate in return.

5.3. **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. Israel waged war on seven fronts, including in the north of the country, against Iran and the Houthis and Yemen. Moreover, in June 2025, Operation Rising Lion commenced against Iran and waged for two weeks. In October 2025, a ceasefire was reached with the Hamas terror organization and all hostages from the Hamas assault were released. On February 28, 2026, a joint offensive named Lion's Roar was launched by Israel and the United States against government targets in Iran, which was ongoing as at the publication date of this report. This operation was met with rocket fire on Israel, followed by Hizbollah's entry into the fighting. According to Home Front guidelines, the Company's centers were closed for four days, other than essential tenants, and as of March 5, 2026, the Company's centers in Israel are operating according to the Home Front Command's current guidelines. Nevertheless, in 2025 there was a moderate growth in the proceeds of tenants in the shopping centers in Israel, following a record year reported in 2024 (in which high growth of 6% in proceeds was recorded in the Company's properties compared to the same period in 2023, net of October-November 2023, in which the effect of the war was felt.

This moderation is due to a gradual return of outbound tourism and a partial easing of logistical barriers in online shopping, which diverted some of the demand away from physical trade. However, level of proceeds in the sector clearly remained strong compared to the levels recorded in 2023. Although it should be noted that the Company's shopping centers in Israel were closed during the 12 days of Operation Rising Lion, other than essential tenants, according to Home Front Command guidelines. However, this had no material impact the Company's results in Israel, due to the short duration of the operation and improvement in tenants' proceeds in the subsequent months.

As at the publication date of this report, there is uncertainty regarding the security situation in the country. This situation affects the market extensively and its effects depend largely on the developments of the war across the various areas and different scenarios, including impacts on the domestic economy, consumption and the business sector, the capital market, and changes in exchange and interest rates. The effects of the war are regularly reviewed by the Company. Accordingly, as at this date, the Company is unable to assess the effect of the war on its business and the extent to the potential implications of the event on the Company's operations and results. However, since the value of the Company's properties in Israel constitute only 15.1% of the value of the Group's properties (consolidated), where most of the operations are mainly in Europe, North America and Brazil, the Company estimates that the Swords of Iron war and the subsequent military operations, which were ongoing as at date of this report, had no material effect on the Company's

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

11 Bank of Israel https://www.boi.org.il/publications/regularpublications

https://www.boi.org.il/publications/regularpublications/monetary-policy-reports/

business and financial results. Furthermore, the Company estimates that the situation prevailing in the country in its current format, is not expected to impact its business or its financial results in the coming quarters, as stated above, particularly due to the geographical diversification of the Company's properties worldwide. For further information, see sections 8 and 28.1.5 of this Report.

5.4. **Credit rating -** Furthermore, in July 2025, Moody's announced the reaffirmation of Israel's credit rating as Baa1 with a negative outlook and on January 30, 2026, it changed the Government of Israel's rating outlook from negative to stable. In May 2025, S&P ratified Israel's credit rating as A with a negative outlook and in November 2025, it updated Israel's credit rating outlook from negative to stable.

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 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 security situation 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 security situation in Israel 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 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 disposal 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 5.8 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, 2025, it owns 31 income-producing properties on a total GLA of 1 million square meters, as well as residential rental buildings (adjacent to the Lippulavia shopping center, which was sold subsequent to the reporting period).

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.

In the reporting period, CTY focused on implementing its strategy to develop its existing properties and retail-based centers, and to turn them into mixed-use properties and urban centers.

According to CTY's property disposal plans, in 2024 and 2025 it sold properties in the amount of EUR 354 million and EUR 62 million, respectively. Furthermore, in February 2026 CTY announced its intention to sell off its non-core properties amounting to EUR 1 billion, over the coming 24 months.

As part of the plan for the sale of properties adopted by CTY in December 2025, it completed a transaction for the sale of the Lippulavia residential buildings in Helsinki, Finland, an urban mixed-use project of commerce and rental housing connected to a subway station. The buildings sold include 275 apartments with a total area of 13,000 square meters located adjacent to CTY's Lippulavia shopping center. The buildings were sold at a carrying amount and consideration of EUR 61.5 million (NIS 232 million), which was paid in cash.

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 in 2025 and repayment of short-term debt, reduction of expenses and strengthening its balance sheet, and decreasing CAPEX costs.

Subsequent to the reporting period, in January 2026 CTY announced the distribution of a dividend to the Company in the amount of EUR 0.2 per share and a total of EUR 22 million. Furthermore, in February 2026 CTY declared the distribution of a dividend of EUR 0.9 per share and a total of EUR 98 million. The most recent distribution of dividends is subject to the approval of the general meeting of shareholders, which is expected to convene subsequent the publication date of this report[12]. The distribution proposal is according to CTY's current dividend distribution policy, as published under its annual report for 2025, according to which CTY will from time to time use its cash surpluses to distribute dividends to its shareholders, considering its financial results, expected proceeds from the sale of properties, financing and refinancing, while complying fully with the provisions of the law and the restrictions applicable to CTY.

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. One of CTY's lessees is S-Group, a Finnish chain with more than 1,800 branches throughout Finland that engages in, among other things, the food business, hospitality and others, where 5.7% of CTY’s rental revenue in 2025 are due to its contracts with S-Group (compared to 5.5% in 2024) and Kesko, a leading Nordic supermarket chain with stores across Finland, Sweden, Norway, Estonia and Denmark, where 5.2% of CTY's rental revenue in 2025 are from its engagements with various Kesko owned chains (compared to 5.1% in 2024).

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, 2025, 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. All of CTY's debt 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 for which CTY announced an early redemption at its own initiative.

As at December 31, 2025, the Company holds 59.09% (including through a wholly owned subsidiary) of CTY's issued share capital and voting rights. During and subsequent to the reporting period, the Company increased its holdings in CTY substantially, including through a tender offer (as set out below), and as at the publication date of this report, the Company holds 86.4% of CTY’s issued share capital and voting rights. For additional details refer to section 1.1 above.

[12] Distribution of the dividends is subject to the approval of CTY shareholders by ordinary majority. The Company announced that will vote for the decision.

6.2. Results of operation

Below is a breakdown of results the operating sector for the years ended December 31, 2025, 2024 and 2023 (NIS thousands and EUR thousands):

	Year ended December 31					
	2025	2024	2023	2025	2024	2023
	NIS thousand			EUR thousands		
Total income from the operation	1,181,374	1,285,542	1,156,487	303,666	321,338	290,027
Gains (losses) from revaluations (consolidated)	203,878	(471,181)	(837,634)	51,098	(121,778)	(200,257)
Gains (losses) from revaluations (Company's share)	106,000	(233,578)	(436,566)	26,567	(60,369)	(104,372)
Operating results (*)	722,523	734,369	525,152	185,234	183,592	130,999
Same property NOI (consolidated)	652,031	635,959	-	167,511	158,975	-
Same property NOI (Company's share)	339,003	315,264	-	87,092	82,654	-
Total NOI (consolidated)	814,297	858,664	781,068	209,151	214,691	195,676
Total NOI (Company's share)	423,367	425,665	407,084	108,741	106,429	101,984

(*) 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								
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Gross domestic product (PPP) (USD billion)	373	363	352	780	756	732	600	579	554
GDP per capita (PPP) (USD)	57,042	56,834	57,010	62,666	62,720	62,422	91,503	91,127	90,085
GDP per capita growth rate (PPP)	0.10%	0.40%	(0.93%)	1.80%	0.93%	0.06%	1.76%	0.67%	1.33%
Inflation rate	1.80%	0.98%	4.38%	0.68%	2.86%	8.63%	3.05%	3.16%	5.54%
Yield on long-term government debt	3.88%	3.06%	2.72%	2.82%	2.41%	2.03%	4.16%	3.85%	3.26%
Rating of long-term government debt	AA+u / Aa1	AA+u / Aa1	AA+ / Aa1	AAAu / Aaa	AAAu / Aaa	AAAu / Aaa	AAAu / Aaa	AAAu / Aaa	AAAu / Aaa
Unemployment	9.68%	8.38%	7.22%	8.80%	8.35%	7.67%	4.51%	3.96%	3.62%
Local currency to USD exchange rate at December 31	USD - Euro 1.1746	USD - Euro 1.0354	USD - Euro 1.1039	USD - SEK 9.2108	USD - SEK 11.0713	USD - SEK 10.0734	USD - NOK 10.0865	USD - NOK 11.3865	USD - NOK 10.1724

(*) 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. In addition, 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 regarding 2023 do not include data for Kista Galeria, which was jointly-controlled during that period and is therefore presented according to the equity method. In February 2024, CTY acquired the remaining holdings in this property and as at the reporting date, the property is wholly owned by CTY, 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

Below is a breakdown of the GLA of CTY's income-producing properties as at December 31, 2025 and 2024 (in sq.m thousands):

Region		At December 31, 2025	As % of total income producing property GLA	At December 31, 2024	As % of total income producing property GLA
Finland	Consolidated	326	33.1%	338	33.9%
	Company's share	193		167	
Sweden	Consolidated	265	26.8%	265	26.5%
	Company's share	157		131	
Norway	Consolidated	300	30.4%	300	30.0%
	Company's share	177		149	
Estonia and Denmark	Consolidated	97	9.7%	96	9.6%
	Company's share	57		48	
Total	Consolidated	988	100.0%	999	100%
	Company's share	584		495	

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

Below is a breakdown of data regarding the value of CTY's income-producing properties as at December 31, 2025 and 2024:

Region		At December 31, 2025	As % of total value of producing property GLA	At December 31, 2024	As % of total value of producing property GLA
Finland (in EUR thousands)	Consolidated	1,572,873	41.7%	1,651,951	44.5%
	Company's share	929,423		818,294	
Sweden (in SEK thousands)	Consolidated	1,002,831	26.6%	10,440,113	24.6%
	Company's share	592,581		5,171,512	
Norway (NOK thousands)	Consolidated	10,562,763	23.6%	10,024,124	22.9%
	Company's share	6,241,619		4,965,452	
Estonia and Denmark (in EUR thousands)	Consolidated	308,272	8.3%	296,011	8.0%
	Company's share	182,161		146,629	
Total (in NIS thousands)	Consolidated	14,142,541	100%	14,080,500	100%
	Company's share	8,356,938		6,974,779	

6.4.3. NOI

The table below provides data about CTY's NOI for 2023 through 2025:

Region		for 2025	% of total property NOI	for 2024	% of total property NOI	for 2023	% of total property NOI
Finland (in EUR thousands)	Consolidated	86,805	41.5%	80,928	37.7%	76,442	39.1%
	Company's share	45,131		40,118		39,841	
Sweden (in SEK thousands)	Consolidated	512,027	22.1%	485,493	19.8%	319,260	14.2%
	Company's share	266,212		240,677		166,397	
Norway (NOK thousands)	Consolidated	637,303	26.0%	702,717	28.1%	713,913	31.9%
	Company's share	331,345		348,358		372,083	
Estonia and Denmark (in EUR thousands)	Consolidated	21,643	10.4%	30,869	14.4%	28,933	14.8%
	Company's share	11,253		15,303		15,080	
Total (in NIS thousands)	Consolidated	814,297	100%	858,664	100%	781,068	100%
	Company's share	423,367		425,665		407,084	

6.4.4. Valuation gains (losses)

The table below provides a breakdown of CTY's revaluation gains (losses) for 2023 through 2025:

Region		for 2025	% of total property NOI	for 2024	% of total property NOI	for 2023	% of total property NOI
Finland (in EUR thousands)	Consolidated	(27,925)	(54.7%)	(59,353)	48.6%	(69,416)	34.6%
	Company's share	(14,519)		(29,423)		(36,179)	
Sweden (in SEK thousands)	Consolidated	359,511	63.6%	(330,841)	23.8%	(419,818)	18.3%
	Company's share	186,916		(164,007)		(218,804)	
Norway (NOK thousands)	Consolidated	425,169	71.0%	(323,111)	22.8%	(785,949)	34.4%
	Company's share	221,053		(160,176)		(409,628)	
Estonia and Denmark (in EUR thousands)	Consolidated	10,250	20.1%	(5,702)	4.8%	(25,475)	12.7%
	Company's share	5,329		(2,827)		(13,277)	
Total (in NIS thousands)	Consolidated	203,878	100%	(471,181)	100%	(837,634)	100%
	Company's share	106,000		(233,578)		(436,566)	

6.4.5. Average rent per square meter

The table below provides a breakdown of CTY's average monthly rent per sq.m for 2025 and 2024:

Region	Year ended December 31	
	2025	2024
Finland (in EUR)	30.0	28.6
Sweden (in SEK)	287.7	286.7
Norway (NOK)	257.8	249.6
Estonia and Denmark (in EUR)	23.5	23.1

6.4.6. Average occupancy rates

The table below provides a breakdown of occupancy rates of CTY's properties as at December 31, 2025, and average occupancy rates for 2025 and 2024:

Region	At December 31, 2025	Year ended December 31,	
		2025	2024
Finland	95.6%	95.4%	94.4%
Sweden	91.0%	91.2%	90.9%
Norway	95.2%	94.8%	94.9%
Estonia and Denmark	95.8%	96.0%	97.0%

(*) 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

Below is a breakdown of data regarding the number of CTY's income-producing properties as at December 31, 2025 and 2024:

Region	At December 31	
	2025	2024
Finland	10	10
Sweden	6	6
Norway	11	11
Estonia and Denmark	4	4
Total	31	31

6.4.8. Average yields

The table below provides a breakdown of CTY's actual average yields as at December 31, 2025 and 2024 (based on property value at the end of the year):

Region	Year ended December 31	
	2025	2024
Finland	6.2%	5.9%
Sweden	6.1%	6.0%
Norway	6.6%	6.7%
Estonia and Denmark	7.0%	7.1%

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)
2026	Q1	81,795	1,458	1,092	81
	Q2	43,081	985	347	42
	Q3	45,209	1,898	243	46
	Q4	43,298	5,084	207	49
2027		186,451	3,883	546	153
2028		167,403	4,861	487	136
2029		128,416	2,742	295	100
2030 and thereafter		299,941	5,071	390	265
Total		**995,594**	**25,982**	**3,607**	**872**

(*) 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 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		
		2025	2024	2023
Sweden	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)	-	-	12,950
	Total costs invested in the current period (consolidated) (SEK thousands)	-	-	5,467
	The amount at which the properties are stated in the financial statements at the end of the period (consolidated) (SEK thousands)	-	-	74,627
	Construction budget in the subsequent period (estimate) (consolidated) (SEK thousands)	-	-	648,373
	Total estimated construction budget for completion of construction work (estimate to end of the period) (consolidated) (SEK thousands)	-	-	648,373
	Expected annual revenue (estimate) (consolidated) (SEK thousands)(*)	-	-	19,753

(*) 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 about investment real estate in the operating segment as at December 31, 2025 and 2024, 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 2023 through 2025:

			Year ended December 31		
			2025	**2024**	**2023**
Finland	Properties sold	Number of properties sold during the period	1	-	-
		Proceeds from the realization of properties sold during the period (consolidated) (in EUR thousands)	61,152	-	-
		Profit (loss) recorded from the sale of properties (consolidated) (in EUR thousands)	(271)	-	-
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 Properties acquired	Number of properties acquired during the period	-	1	-
		Cost of properties acquired during the period (consolidated) (SEK thousands)	-	679,022	-
		Area of properties acquired during the period (consolidated) (sq.m thousands)	-	13	-
Norway	Properties sold	Number of properties sold during the period	-	3	-
		Proceeds from the properties sold during the period (consolidated) (NOK thousands)	-	1,918,250	-
		Area of properties sold during the period (consolidated) (in sq.m thousands)	-	55	-
		NOI of properties sold (consolidated) (NOK thousands)	-	10,058	-
		Profit (loss) recorded from the sale of properties (consolidated) (NOK thousands)	-	(592,351)	-
Estonia and Denmark	Properties sold	Number of properties sold during the period	-	1	-
		Proceeds from the realization of 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, a substantial income producing asset (*) of the Group as at December 31, 2025:

Iso Omena	General data
Region	Espoo, Finland
Functional currency	EUR
Primary use	Retail (shopping center)
Construction costs (EUR million)	670.9
Company's share in property (%) (capital rights/voting rights)	Wholly owned through a 59.1% held subsidiary
Gross area (sq.m)	102,055
Retail GLA (sq. m)	84,635

Operational data	2025	2024	2023
	EUR million, unless stated otherwise		
Carrying value at end of period (NIS million)	2,940	2,993	3,230
Fair value at end of period (EUR million)	783.7	788.6	805.6
Rental revenue in the period	37.7	37.6	37.1
Actual NOI in the period	39.5	36.9	36.2
Actual yield rate (%)	5.0%	4.7%	4.5%
Adjusted yield rate (%)	5.3%	4.8%	4.5%
Yield rate over cost (%)	5.9%	5.5%	5.4%
Valuation gains (losses)	(5.8)	(20.6)	17.6
Occupancy rate at end of the period (%)	97.1%	96.7%	96.9%
Average rent per sq.m / month (EUR)	40.6	39.3	37.8
Average income per sq.m / year (EUR) (*)	4,137.6	4,130.5	3,905.8
Additional information required under Regulation 8B(i), in the event that a material valuation or very material valuation was used to determine the value of the data			
Valuation date	December 31, 2025	December 31, 2024	December 31, 2023
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 (%)	5.9%	5.6%	5.1%

(*) As defined in the Investment Property Regulations.

(**) 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, 2025, CTY had 156 employees (164 in 2024), as per the following distribution: In Norway - 45; Finland and Estonia - 44; Sweden and Denmark - 22; and 45 in various headquarters positions. These employees are employed under personal contracts according to which they receive a basic monthly salary and various benefits, according to their seniority. Additionally, CTY's key employees and executives are entitled to long-term compensation in the form of CTY securities.

6.10.2. In November 2024, CTY announced the appointment of Oleg Zaslavsky as CEO of CTY, who took up office in March 2025, (replacing Henrica Ginström). In September 2025, CTY announced the appointment of Eshel Pashti as CEO of CTY in place of Oleg Zaslavsky. For information about the compensation terms of Mr. Pashti, see Regulation 21 in Chapter D to 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 and some are conditioned on meeting certain targets.

6.11. Credit and financing

6.11.1. **Credit rating** - 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 September 2025, the rating agency downgraded the rating for CTY's debentures to BB+ and its issuer rating to BB with stable outlook. In November 2025, the rating agency downgraded CTY debentures to BB- and its issuer rating to B+, and announced placing CTY's ratings on the watch list with negative outlook due to the uncertainty regarding the final scope of the Company's offer to acquire the non-controlling shares of CTY and its impact on the rating. Subsequent to the reporting period, with completion of the tender offer, S&P downgraded CTY's rating as an issuer from B+ to B- and its unsecured debentures from BB- to B+.

6.11.2. **Capital raising and share buybacks** - In the reporting period, CTY completed a share buyback plan and bought back 695 thousand of its shares for a consideration of EUR 2.6 million. In 2025, CTY did not raise any capital.

6.11.3. **Financing from financial institutions** – In October 2025, CTY extended and increased a revolving credit line in the amount of EUR 250 million, which is secured by properties. As at the reporting date, CTY did not utilize the credit line and subsequent to the reporting date, it was canceled at its initiative.

In May 2024, CTY extended the loan for the Krista Galeria property that is to be repaid in May 2029 and in May 2025 it repaid the loan in full.

Subsequent to the reporting period, CTY signed a new financing agreement consisting of a credit line of EUR 520 million, of which EUR 270 million are for a 3-year term until January 2029, with two one-year extension options, and the remaining EUR 250 million includes an extension option. In February 2026, CTY withdrew the loan of EUR 270 million.

6.11.4. **Debentures** – as at December 31, 2025, CTY has unsecured debentures in an amount of EUR 1,705 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 345 million par value debentures to be repaid in 2025, 2026 and 2027 on the market below their par value.

In April 2025, CTY completed an issuance of unsecured Green Bonds in an amount of EUR 450 million, the proceeds of which were earmarked, among other things, for refinancing existing debt as well as other general purposes. The debentures bear fixed interest at an annual rate of 5.375%, and are redeemable in 2031.

Subsequent to the reporting date, CTY announced an early redemption of the outstanding debentures maturing during 2026, which currently amount to EUR 123 million.

For the debenture ratings, see section 6.11.1 above. For further information regarding CTY's debentures, see Note 20C to the financial statements.

6.11.5. **Hybrid debentures** - as at December 31, 2025, CTY has three hybrid debenture series in a total amount of EUR 576 million, subordinate to any other debt and unsubordinated compared to the CTY's ordinary share capital, which are considered to be part of CTY's equity.

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, 2025:

	Balance (EUR millions)	Weighted interest rate (*)	Average repayment period (years)(**)
Loans at fixed interest - SEK	92	5.60%	4.9
Debentures at fixed interest – EUR	1,680	4.20%	3.5
	1,772		

(*) 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, 2025
Interest coverage ratio (ICR)	Will not fall below 1.8	2.40
Net debt to total assets ratio	Will not exceed 60%	42%
Solvency ratio	Will not exceed 65%	42%
Secured solvency ratio	Will not exceed 25%	2%

As at December 31, 2025 and immediately prior to the date of approval 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[13]

7.1. General

In Central Europe, the Group operates through G Europe (100%), which is incorporated in Jersey Island[14]. G Europe has debentures that are listed for traded on the Luxembourg Stock Exchange.

G Europe owns and operates retail shopping centers and rental residential buildings in Central Europe, mainly in Warsaw, Poland. As at December 31, 2025, it owns 10 income-producing properties on a total GLA of 250 thousand square meters and plots of land.

As part of G Europe's disposal plan, from 2022 until the publication date of the report, G Europe sold properties in the amount to EUR 5.3 billion, while focusing on quality mixed-use properties mainly in Warsaw.

As part of this, during the reporting period it sold the following properties:

- 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 in Turkey, which was sold as part of its strategic business focus plan and due to Turkey's policy towards Israel.
- In February 2025, G Europe completed the sale of the Flora shopping center in Prague, Czech Republic in return for EUR 201 million (following customary price adjustments), including in respect of capital investments and amendments, as well as rentals. The property sold was G Europe's last property in the Czech Republic.
- In November 2025, G Europe completed the sale of the Jastrzebie-Zdroj plot of land in Poland in return for EUR 3.9 million.
- In December 2025, G Europe sold the Biala, Focus and Dominikanska properties in Poland at a gross value of EUR 456 million, through the sale thereof to Orion Ltd and issuance of Orion securities on the TASE, which was used to pay the consideration of these properties, as specified below.

On November 27, 2025, Orion issued a prospectus for completion, a prospectus for splitting and distribution as a dividend in kind, and a shelf prospectus (the "Prospectus"). Under the Prospectus, the Company distributed its total holdings in Orion to its shareholders as a dividend in kind, at a distributable value of EUR 34 million. Furthermore, under the issuance, Orion raised debt secured by first and second degree liens on the properties sold to it by G Europe, for an amount of NIS 1,370 million par value. Furthermore, the Company and Orion have engaged in several agreements (including through subsidiaries of the Company) under which the Company will provide Orion with property management services, a loan agreement from the Company to Orion in the amount of EUR 25 million (that is subordinate to Debentures Series A and Series B of Orion) and a guarantor agreement under which the Company provides a bank with guarantees with respect to a currency hedging transaction for Orion. In addition, a 5-year non-competition agreement[15] was signed between Orion and G City Europe setting out principles for division of the business activity and limiting competition between the parties in the shopping center sector in Poland. Under the agreement, among other things, G Europe undertook not to engage, whether directly or through affiliates, in any activity of holding, development, acquisition, financing, sale or provision of

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[13] 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) and is managed by G Europe. For the purpose of this Report, G Targowek will be considered part of G Europe's properties.

[14] 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.

[15] It is clarified that the non-competition agreement only applies to shopping centers, commercial centers and malls in which 25% or more of the total rental space is leased to retail businesses.

services in respect of shopping centers, commercial centers or malls in Poland, except in the metropolitan area of Warsaw. However, G Europe may continue to strengthen, develop, finance, sell or act in respect of properties that it owns outside Warsaw. G Europe also undertook to transfer any new business opportunity in the shopping center sector outside Warsaw to the Company, and Orion may decide whether to exercise the opportunity within a period of 21 business days. If Orion relinquishes it, G Europe may pursue the opportunity itself. At the same time, Orion and company owed by Orion undertook not to engage, whether directly or through affiliates, any activity of holding, development, acquisition, financing, sale or provision of services in respect of shopping centers, commercial centers or malls in the metropolitan area of Warsaw.

- Subsequent to the reporting period, G Europe completed the sale of the Constanta plot of land in Romania for a consideration of EUR 9 million.

Upon completion of these transactions, all of G Europe's properties are located in major cities in Poland, mainly in Warsaw (94% of the portfolio).

G Europe acts to focus its operations on income-producing residential real estate for rent, primarily in Warsaw. As part of this, G Europe takes measures to improve and develop its asset portfolio by building residential real estate or in specific cases, offices, above or adjacent to its existing properties. In the reporting period, G Europe continued to focus on strengthening its rental housing real estate portfolio, and as at the reporting date, it owns 1,121 income-producing residential units. G Europe also acquired land in Warsaw, Poland for development of 550 rental residential units on an area of 17,000 square meters. Furthermore, during the reporting period, a building permit was received for the first phase of expansion of the Promenada mall in Warsaw, one of G Europe's core properties. Its expansion is expected to begin in the first quarter of 2026 and is expected to be completed at the beginning of 2027. The first phase of the expansion will include addition of 6,000 square meters of commercial space, at an investment of EUR 10 million, which is expected to generate additional NOI of more than EUR 1 million and an increase of 1.5 million visitors per year. Later on, another substantial expansion of the property is planned[16].

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, which has a number of stores and different fashion brands and whose revenue constitutes 7% of the total rental income of G Europe, and LPP that includes various fashion stores brands whose revenue constitutes 4% of the total rental income of G Europe.

[16] The above data include information that constitutes forward-looking information, as defined in the Securities Law, 1968. These estimates are based on the Company's assessments, uncertain, may not materialize and are largely beyond the Company's control.

G Europe manages its properties. G Europe also provides property management services to Orion in return for management fees and a success fee, which constitute an additional source of income for the Company using its infrastructure and workforce.

7.2. Results of operation

	Year ended					
	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2025	December 31, 2024	December 31, 2023
	NIS thousand			EUR thousands		
Total income from the operation	513,585	593,303	648,781	131,983	148,359	163,040
Gains (losses) from revaluations	257,429	433,413	188,128	65,890	108,987	46,733
Operating results (*)	310,549	367,774	390,225	79,753	92,007	98,339
Same property NOI	186,632	172,835	-	49,384	43,205	-
Total NOI	366,186	410,956	440,191	94,070	102,744	110,593

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

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, 2025	December 31, 2024	December 31, 2023	December 31, 2025	December 31, 2024	December 31, 2023
Gross domestic product (PPP) (USD billion)	2,020	1,910	1,811	653	623	600
GDP per capita (PPP) (USD)	47,461	45,815	44,353	51,331	50,032	49,809
GDP per capita growth rate (PPP)	3.60%	3.00%	0.20%	2.50%	1.23%	0.06%
Inflation rate(**)	3.64%	3.65%	11.57%	2.46%	2.45%	10.80%
Yield on long-term government debt	5.16%	5.88%	5.19%	4.62%	4.16%	3.75%
Rating of long-term government debt	A- / A2	A- / A2	A- / A2	AA- / Aa3	AA- / Aa3	AA- / Aa3
Unemployment	5.43%	5.09%	5.18%	4.43%	3.84%	3.62%
Local currency to USD exchange rate at December 31	PLN - USD 0.2786	PLN - USD 0.2421	PLN - USD 0.2541	CZK - USD 0.048586	CZK - USD 0.041077	CZK - USD 0.044716

(*) According to Bloomberg data.

(**) The leases for the Company's properties in Poland are mainly linked to the European index (HICP). The annual rates of change are as follows: 2025- 1.9%, 2024- 2.3%, 2023- 2.8%.

Additional macro-economic data

Poland - in 2025, the Polish economy reflected growth, including an increase in the real GDP of 3.6% in 2025 compared to 2024, when the real GDP was 3%. This trend is expected to continue in 2026 and 2027, and accordingly, the real GDP for those years is expected to increase to 3.7% and 3.4%, respectively. The inflation rate in Poland also declined to 3.6% in 2025, compared to 2024, when the inflation rate was 3.7%. According to macroeconomic forecasts, the annual inflation rate in the European Union in 2025 was 2.3% compared to 2.5% in 2024. The inflation rate is expected to decrease in 2026 and 2027 to 2% and 2%, respectively.

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 2025 includes G Europe's office building in Cyprus.

7.4.1. GLA of income-producing properties

Below is a breakdown of the GLA of G Europe's income-producing properties as at December 31, 2025 and 2024 (in sq.m thousands):

Region	At December 31, 2025	As % of total income producing property GLA	At December 31, 2024	As % of total income producing property GLA
Poland	209	100.0%	323	89.0%
Czech Republic	-	-	40	11.0%
Total	209	100.0%	363	100.0%

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

Below is a breakdown of data regarding the value of G Europe's income-producing properties as at December 31, 2025 and 2024:

Region	At December 31, 2025	As % of total value of producing property GLA	At December 31, 2024	As % of total value of producing property GLA
Poland (EUR thousands)	1,355,283	99.8%	1,689,742	89.4%
Czech Republic (EUR thousands)	-	-	200,988	10.6%
Other (EUR thousands)	2,666	0.2%	-	-
Total (NIS thousands)	5,086,190	100%	7,177,971	100%

7.4.3. NOI

Below is a breakdown of G Europe's NOI for 2023 through 2025:

Region	for 2025	% of total property NOI	for 2024	% of total property NOI	for 2023	% of total property NOI
Poland (EUR thousands)	91,860	97.7%	87,782	85.4%	76,298	69.0%
Czech Republic (EUR thousands)	2,204	2.3%	14,962	14.6%	24,549	22.2%
Russia (*) (EUR thousands)	-	-	-	-	9,746	8.8%
Other (EUR thousands)	6	0.0%	-	-	-	-
Total (NIS thousands)	366,186	100%	410,956	100%	440,191	100%

(*) 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 2023-2025:

Region	for 2025	% of total property NOI	for 2024	% of total property NOI	for 2023	% of total property NOI
Poland (EUR thousands)	64,250	100.0%	123,017	100.0%	19,402	43.8%
Czech Republic (EUR thousands)	-	-	-	-	14,771	33.4%
Russia (**) (EUR thousands)	-	-	-	-	10,107	22.8%
Total (NIS thousands)	251,043	100%	492,109	100%	176,600	100%

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

(**) In April 2023, G Europe sold its entire portfolio of properties in Russia.

7.4.5. Average rent per square meter

The table below provides a breakdown of G Europe's average monthly rent in 2024-2025:

Region	Year ended	
	December 31, 2025	December 31, 2024
Poland (in EUR)	25.9	24.7
Czech Republic (in EUR)	-	28.3

7.4.6. Average occupancy rates

The table below provides a breakdown of occupancy rates of G Europe's properties as at December 31, 2025, and average occupancy rates for 2025 and 2024:

Region	At	Year ended (*)	
	December 31, 2025	December 31, 2025	December 31, 2024
Poland	95.0%	94.7%	94.8%
Czech Republic	-	-	92.0%

(*) 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

Below is a breakdown of a number of G Europe's income-producing properties as at December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Poland	10	13
Czech Republic	-	1
Other	1	-
Total	11	14

7.4.8. Average rate of return

The table below provides a breakdown of G Europe's actual average rates of return as at December 31, 2025 and 2024 (based on property value at the end of the year):

Region	Year ended	
	December 31, 2025	December 31, 2024
Poland	6.2%	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)
2026	Q1	51,948	2,212	34	10
	Q2	52,918	1,991	27	3
	Q3	52,205	1,921	21	5
	Q4	51,566	1,888	21	2
2027		181,275	6,749	96	27
2028		147,810	6,476	108	24
2029		122,748	5,584	116	18
2030 and thereafter		648,638	46,473	78	17
Total		**1,309,108**	**73,294**	**501**	**106**

(*) 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 properties under construction in the operating segment in 2025 through 2025

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	
		2025	**2024**
Poland	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)	-	15.6
	Total costs invested in the current period (consolidated) (in EUR thousands)	-	17,328
	Amount at which the properties are stated in the financial statements at the end of the period (consolidated) (in EUR thousands) (*)	-	74,114
	Construction budget during the subsequent period (estimate) (consolidated) (in EUR thousands)	-	13,221
	Total balance of estimated construction budget for completion of the construction works (estimated for the end of the period) (consolidated) (EUR thousands)	-	38,979

(*) Excluding expansions of existing properties which as at December 31, 2025 and 2024 were worth NIS 304 million and NIS 349 million, respectively.

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

Below are aggregate data concerning G Europe's land (that are classified in the Company's financial statements as investment property under development) in 2024 through 2025 (*):

		Year ended	
		December 31, 2025	**December 31, 2024**
Poland	Amount at which the plots of land are stated in the financial statements at the end of the period (consolidated) (in EUR thousands)	33,999	60,712
	The total area of land at the end of the period (in sq.m thousands)	84	237
	Total construction rights on land according to approved plans (in sq.m thousands)	-	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)	8,300	60,000
	The total area of land at the end of the period (in sq.m thousands)	65	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. Acquisition and sale of properties

Below is a breakdown of data concerning properties sold and acquired by G Europe in 2023 through 2025:

			Year ended		
			December 31, 2025	December 31, 2024	December 31, 2023
Poland	Properties sold	Number of properties sold during the period	4	1	2
		Proceeds from the realization of properties sold during the period (consolidated) (in EUR thousands)	447,688	20,100	43,500
		Area of properties sold during the period (consolidated) (in sq.m thousands)	224	5	71
		NOI of properties sold (consolidated) (in EUR thousands)	28,648	700	586
		Profit (loss) recorded from the sale of properties (consolidated) (in EUR thousands)	(3,961)	5,500	(2,138)
	Properties Properties acquired	Number of properties acquired during the period	-	1	-
		Cost of properties acquired in the period (EUR thousands)	-	12,936	-
		Area of properties acquired during the period (consolidated) (sq.m thousands)	-	25	-
Czech Republic	Properties sold	Number of properties sold during the period	1	1	1
		Proceeds from the realization of properties sold during the period (consolidated) (in EUR thousands)	59,000	120,700	107,700
		Area of properties sold during the period (consolidated) (in sq.m thousands)	40	40	26
		NOI of properties sold (consolidated) (in EUR thousands)	2,204	1,391	3,146
		Profit (loss) recorded from the sale of properties (consolidated) (in EUR thousands)	(11,900)	(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
		Area of properties acquired during the period (consolidated) (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	1	-	-
		Proceeds from the realization of properties sold during the period (consolidated) (in EUR thousands)	53,000	-	-
		Area of properties sold during the period (consolidated) (in sq.m thousands)	89	-	-
		NOI of properties sold (consolidated) (in EUR thousands)	(6)	-	-
	Properties Properties acquired	Number of properties acquired during the period	1	-	-
		Cost of properties acquired in the period (EUR thousands)	3,495	-	-
		NOI of properties acquired (consolidated) (in EUR thousands)	6	-	-
		Area of properties acquired during the period (consolidated) (sq.m thousands)	1	-	-

(*) The consideration in 2025 is net of a mortgage on the property of EUR 123,531 thousand that was transferred to the buyer.

7.9. Human capital

As at December 31, 2025, G Europe (and its wholly-owned subsidiaries) have 138 employees (compared to 138 employees in 2024 and 158 employees in 2023). These employees are employed under personal contracts and are entitled to a base salary, various benefits and annual bonuses, according to seniority.

In September 2025, Or Ackerman was appointed as CEO of G Europe in place of Eshel Pashti (who was appointed as CEO of CTY).

7.10. Credit and financing

7.10.1. Credit rating - in the third quarter of 2025, Moody's announced that it was revising G Europe's rating from B3 (with a stable outlook) to B3 (with a positive outlook).

7.10.2. Funding from financial institutions - as at December 31, 2025, G Europe and its wholly owned subsidiaries have two long-term loans totaling (including current maturities) an amount of EUR 340 million.

7.10.3. Debentures - during the reporting period, the Company continued to implement its strategy of transitioning from unsecured debentures to secured long-term loans. As at December 31, 2025, G Europe has a series of debentures that are not secured by mortgages, in an amount of EUR 120 million. The debentures bear fixed interest at an annual rate of 2.625%, and are redeemable in 2027. For information about the debenture ratings, see section 7.10.1 above. In the reporting period, the G Europe acquired debentures redeemable in 2027 in a total amount of EUR 103 million par value, in return for EUR 99 million. Moreover, in February 2025, board of directors of G Europe approved a buyback plan for its debentures for a volume of EUR 100 million. In the reporting period, G Europe redeemed all debentures that were redeemable in 2025.

7.10.4. 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 November 2025, G Europe's board of directors approved a buyback plan for the hybrid debentures of G Europe held by a subsidiary of the Company, in an amount of EUR 150 million. This plan was completed through the acquisition and cancellation of EUR 149.7 million par value hybrid debentures and profits of EUR 26.1 million, which were recognized in the financial statements as an increase in capital attributed to the shareholders in accordance with their date of acquisition by the subsidiary. As at December 31, 2025, the Company holds hybrid debentures of G Europe amounting to EUR 200 million par value.

7.10.5. Intercompany financing - there is a 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 credit line for an amount of up to EUR 350 million. G Europe also undertook to provide the Company with a credit line of up to EUR 200 million. As at December 31, 2025, G Europe did not make use of this credit line. Subsequent to the reporting period, the said credit lines were extended to August 2027 and the credit line provided by G Europe to the Company was increased to EUR 350 million.

7.10.6. G Europe has unmortgaged properties to a value of EUR 187 million.

7.10.7. The following table presents long-term credit and loans received by G Europe to finance its operations, as at December 31, 2025:

	Balance (EUR in thousands)	Weighted interest rate (*)	Average repayment period (years)(**)
Secured variable interest loans	340,287	4.47%	2.2
Unsecured debentures at fixed interest	115,075	3.08%	1.7
Total	**455,362**		

(*) 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.

7.10.8. 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, 2025
Solvency ratio	Will not exceed 60%	27.6%
Secured solvency ratio	Will not exceed 40%	18.6%
Interest coverage ratio (ICR)	Will not fall below 1.5	2.41

As at December 31, 2025 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 mainly 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, 2025, the Company owns 9 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, it has several projects in the planning, construction and development stages, including an office tower under construction in the Company’s complex in Rishon Lezion, a rental housing project in Tel Hashomer and the land on which Beit Cal is located in the Korazin complex in Givatayim, as described 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 reporting date, the remaining approved construction rights in existing properties are for a total area of 226,000 square meters (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.

In November 2021, 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 three residential complexes for long-term rental of 20 years, that will contain 291 residential units covering a total area of 23.4 thousand square meters, with 11.3 thousand square meters of service areas. Half of the residential units 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 has started shoring and excavation work on the land and is preparing to start construction during 2026.

Disposal of properties - as part of 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[17].

Furthermore, in August 2025 the Company completed the sale of its rights in the Horev Center in Haifa, and in its management company (50%) for consideration of NIS 130 million. During the year the Company also started marketing and selling part of the office tower it is constructing in Rishon Lezion. As at December 31, 2025, contracts were signed for the sale of 26,000 square meters in return for NIS 347 million.

8.2. Results of operation

Below is a breakdown of operating results for the operating segment for the years ended December 31, 2025, 2024 and 2023 (in NIS thousands):

	Year ended		
	December 31, 2025	**December 31, 2024**	**December 31, 2023**
	NIS thousand		
Total income from the operation	319,928	355,387	304,154
Gains (losses) from revaluations	112,773	86,091	(137,031)
Operating results (*)	187,231	219,539	185,948
Same property NOI	172,881	164,232	-
Total NOI	197,863	239,832	197,567

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

17 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 provision of alternative collateral. For further information see section 6 of the Board of Directors Report.

8.3. Economic data regarding geographic regions

In 2025, there was a moderate growth in the proceeds of tenants in the shopping centers in Israel, following a record year reported in 2024 (in which high growth of 9%-12% in proceeds was recorded). This moderation is due to a gradual return of outbound tourism and a partial easing of logistical barriers in online shopping, which diverted some of the demand away from physical trade. However, level of proceeds in the sector clearly remained strong compared to the levels recorded in 2023. In June 2025, with the outbreak of the war with Iran, there was a temporary impact on the tenants' proceeds and the number of visitors due to closure of many shopping centers for a short period. However, this impact was temporary and subsided quickly with the return to normal routine. In the third quarter of 2025, including the holiday period, most companies in the sector showed a return to a growth trend in revenues compared to the same period last year. This trend continued with good operational performance, high occupancy rates and an increase in real rent in renewal of contracts. In line with sectoral trends, no significant change in tenants' proceeds in the Company's properties was recorded during the reporting period. In the Company's opinion, its reliance on strong anchor tenants, long-term CPI-linked leases and diversification across operating segments constitutes a significant supporting factor in its financial stability in face of the commercial market volatility.

The Company believes that no significant decline in demand or rent is expected in 2026. This assumption is based on Bank of Israel forecasts and industry reviews indicating an expected rise in output of 5.2% in 2026[18], along with estimates of a gradual decline in the inflation rate and stabilization of interest rates at a level of 4%. It should be noted that these forecasts assume that the security situation will stabilize and private consumption will continue to increase due to the real population growth.

Further to the foregoing, it should be noted that on February 28, 2026, Operation Lion's Roar began with Israel launching a preemptive strike in Iran. As a result, the Company's shopping centers in Israel are operating according to the Home Front Command's current guidelines. At the same time, fighting also broke out on the northern border against Hezbollah. As at reporting date, the ceasefire agreement with Hamas is still in effect, but given the circumstances, there remains some uncertainty regarding renewal of fighting in Gaza and escalation of hostilities on the northern border, and therefore the Company is unable to assess the impact of the war on its businesses, however it estimates that in its current format the war is not expected to have a material effect on the Company's businesses and its financial results in the coming quarters, based on the foregoing, particularly due to the geographical diversification of the Company's properties worldwide.

For further information concerning the effects of macro-economic events on the Company's operations in Israel and the effects of the security events in 2025, see sections 5.1-5.5 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, 2025	December 31, 2024	December 31, 2023
Gross domestic product (PPP) (USD billion)	568	541	523
GDP per capita (PPP) (USD)	47,826	47,549	47,782
GDP per capita growth rate (PPP)	3%	0%	2%
Inflation rate	3%	3%	4%
Yield on long-term government debt	4%	4%	4%
Rating of long-term government debt	A / Baa1	A / Baa1	AA- / A1
Unemployment	3%	3%	3%
NIS-USD exchange rate as at Dec. 31	0.314	0.275	0.276

(*) According to Bloomberg data.

18 Macroeconomic Forecast of the Research Division, January 2026, Bank of Israel (www.boi.org.il)

8.4. Principal aggregate data G Israel's properties

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

<table>
<tr><th rowspan="2"></th><th colspan="2">At</th></tr>
<tr><th>December 31, 2025</th><th>December 31, 2024</th></tr>
<tr><td>Total GLA of income-producing properties (consolidated) (sq.m thousands)</td><td>139</td><td>144</td></tr>
<tr><td>Fair value of income-producing properties (consolidated) (in NIS thousands)</td><td>3,461,088</td><td>3,414,479</td></tr>
<tr><td>Average monthly rent per sq.m (in NIS)</td><td>126.7</td><td>124.3</td></tr>
<tr><td rowspan="2">Actual average occupancy rate (*)</td><td>At 2025
98.4%</td><td>At 2024
98.0%</td></tr>
<tr><td>As at December 31, 2025
98.6%</td><td>As at December 31, 2024
98.0%</td></tr>
<tr><td>Number of income-producing properties</td><td>9</td><td>10</td></tr>
<tr><td>Average yields according to the actual end-of-year value</td><td>5.8%</td><td>5.7%</td></tr>
</table>

(*) 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.

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

<table>
<tr><th colspan="2">Period of recognition of income</th><th>Income from fixed components (in NIS thousands)</th><th>Number of terminating lease agreements</th><th>Area in the terminating agreements (in sq.m thousands)</th></tr>
<tr><td rowspan="4">2026</td><td>Q1</td><td>61,139</td><td>46</td><td>5</td></tr>
<tr><td>Q2</td><td>58,772</td><td>50</td><td>4</td></tr>
<tr><td>Q3</td><td>55,300</td><td>45</td><td>10</td></tr>
<tr><td>Q4</td><td>51,806</td><td>53</td><td>8</td></tr>
<tr><td colspan="2">2027</td><td>164,958</td><td>170</td><td>35</td></tr>
<tr><td colspan="2">2028</td><td>115,859</td><td>132</td><td>15</td></tr>
<tr><td colspan="2">2029</td><td>82,184</td><td>61</td><td>14</td></tr>
<tr><td colspan="2">2030 and thereafter</td><td>74,494</td><td>68</td><td>44</td></tr>
<tr><td colspan="2">Total</td><td>664,512</td><td>625</td><td>135</td></tr>
</table>

(*) 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		
	2025	2024	2023
Number of properties under construction at the end of the period	2	1	1
Total area under construction (planned) at the end of the period (in sq.m thousands)	99.6	65.1	65.1
Total costs invested in the current period (consolidated) (in NIS thousands)	147,118	82,789	112,003
Amount at which the properties are stated in the financial statements at the end of the period (consolidated) (NIS thousands) (*)	510,768	416,600	364,200
Construction budget during the subsequent period (estimate) (consolidated) (in NIS thousands)	448,615	292,871	179,737
Total balance of estimated construction budget for completion of the construction works (estimate as of the end of the period) (consolidated) (in NIS thousands)	684,000	548,000	630,000

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

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): -

	Year ended	
	December 31, 2025	December 31, 2024
The amount at which the plots of land are stated in the financial statements at the end of the period (consolidated) (in NIS thousands)	452,100	739,629
The total area of land at the end of the period (in sq.m thousands)	20	49
Total construction rights on land according to approved plans (in sq.m thousands)	98	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 operations in each of the years 2025, 2024 and 2023: -

		Year ended		
		December 31, 2025	**December 31, 2024**	**December 31, 2023**
Properties sold	Number of properties sold during the period	1	4 (*)	1
	Proceeds from the realization of properties sold during the period (consolidated) (in NIS thousands)	130,000	487,000	154,000
	Area of properties sold during the period (consolidated) (in sq.m thousands)	5,215	12,345	10,673
	NOI of properties sold (consolidated) (in NIS thousands)	7,902	26,110	2,467
	Profit (loss) recorded from the sale of properties (consolidated) (in NIS thousands)	30,659	10,879	2,800

(*) At the end of 2024, 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 Report19.

8.10. In May 2025, the Company classified a NIS 340 million investment property under development as inventory of offices held for sale, based on the inventory value on date of classification. During the year, the Company signed 94 sales agreements for a total consideration of NIS 334 million. From date of the report until the end of the reporting period, the Company signed 7 sales agreements for a total consideration of NIS 15.9 million. In respect of these sales, the Company recognized gross profit of NIS 28 million.

[19] The property is a 'material property' as defined in the .Investment Property Regulations and a "very material property' due to being pledged to secure the Company's debentures.

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 82.5%, and through real estate investment funds and other subsidiaries in Brazil wholly owned by the Company (100%). Gazit Brazil engages in the development, management and operation of commercial real estate.

As at December 31, 2025, Gazit Brazil focuses all its operations in the city of Sao Paulo where it holds and manages six dominant commercial centers and one rental residential building, worth a total of BRL 2,991 million (NIS 1,754 million) (of which five commercial centers and adjoining land worth a total of BRL 2,714 million (NIS 1,591 million) are held by Gazit Malls, as set out 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). For further information, see Note 19G to the financial statements.

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 date of publication of the report, Gazit Brazil holds 82.5% of the share capital of Gazit Malls. In March 2026, Gazit Malls announced a rights offering in a total amount of BRL 72 million (of which the Company's proportional share amounts to BRL 59 million, with the option to increase it should the minority fail to exercise its share). The proceeds are earmarked for completion of the expansion of the parking lot for the Internacional property, which is expected to contribute to increasing the number of visitors and NOI of the property.

Disposal of properties - As part of the Company's property disposal plan, in January 2026 the Company announced that it has signed an agreement for the sale of the office space and parking lot in the Top Center project for BRL 167 million (NIS 97 million), similar to their carrying amount. The office space includes rental areas totaling 13.5 thousand square meters and parking areas totaling 9.7 thousand square meters. The payment will be made in several stages through issuance of shares of the Brazilian REIT fund that purchase the property, as well as a deferred cash payment.

Furthermore, in July 2025 Gazit Brazil completed the sale of land in Paulista in Sao Paulo for consideration of BRL 49 million.

Moreover, in December 2025, Gazit Brazil completed the sale of interests in a parking lot that was owned by Gazit Malls to a wholly-owned subsidiary of Gazit Brazil in return for BRL 43 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, 2025, 2024 and 2023 (in NIS thousands and in BRL thousands):

	Year ended					
	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2025	December 31, 2024	December 31, 2023
	NIS thousand			BRL thousand		
Total income from the operation	163,056	177,597	192,219	264,453	258,886	260,960
Gains (losses) from revaluations	(7,915)	(57,096)	36,004	(13,183)	(92,530)	43,911
Operating results (*)	116,653	129,547	140,078	189,209	188,479	191,113
Same property NOI	121,552	133,067	-	197,162	194,074	-
Total NOI	132,426	147,316	161,585	214,800	214,856	219,357

(*) 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*:

	Year ended		
	December 31, 2025	**December 31, 2024**	**December 31, 2023**
Gross domestic product (PPP) (USD billion)	4,973	4,742	4,475
GDP per capita (PPP) (USD)	19,991	19,594	19,030
GDP per capita growth rate (PPP)	2.3%	3.4%	3.3%
Inflation rate	5.0%	4.4%	4.6%
Yield on long-term government debt	13.7%	15.2%	10.4%
Rating of long-term government debt	BB / Ba1	BB / Ba1	BB / Ba2
Unemployment	6.0%	6.9%	8.0%
BRL-USD exchange rate at December 31	0.182	0.162	0.206

(*) According to Bloomberg data.

Additional macro-economic factors:

In 2025, the Brazilian economy experienced a slowdown in growth, when the GDP was 2.3% compared to 3.4% in 2024. Inflation, as measured by the ICPA, was 4.26%, within the limit set by the Central Bank. The Central Bank increased the SELIC interest rate to 15% per year, in order to restrain the ongoing inflation and restore the credibility of the monetary policy. On the fiscal front, the government met its main deficit target and recorded a deficit equivalent to 0.1% of GDP, after excluding payments approved by the court. This outcome is within the tolerance range of the government's fiscal target. This deficit contributes to the continued upward trend of the country's debt-to-GDP ratio, which is expected to amount to 83% in 2025. It should be noted that analysts warn of future fiscal challenges due to the rise in Brazil's debt servicing costs together with expansionary fiscal policy, particularly in 2026, which is an election year.

The employment market in Brazil continued to strengthen, while the unemployment rate dropped to 5.2% in 2025, the lowest annual rate since the start of historical measurement in 2012. Despite the challenging in the fiscal 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

<table>
<tr><th></th><th colspan="2">At</th></tr>
<tr><th></th><th>December 31, 2025</th><th>December 31, 2024</th></tr>
<tr><td>Total GLA of income-producing properties (consolidated) (sq.m thousands)</td><td>151</td><td>165</td></tr>
<tr><td>Fair value of income-producing properties (consolidated) (in BRL thousand)</td><td>2,990,939</td><td>3,158,630</td></tr>
<tr><td>Average monthly rent per sq.m (in BRL thousands)</td><td>70.4</td><td>69.9</td></tr>
<tr><td rowspan="2">Actual average occupancy rate (*)(**)</td><td>At 2025
96.1%</td><td>At 2024
97.1%</td></tr>
<tr><td>As at December 31, 2025
96.8%</td><td>As at December 31, 2024
97.4%</td></tr>
<tr><td>Number of income-producing properties</td><td>7</td><td>8</td></tr>
<tr><td>Average yields according to the actual end-of-year value</td><td>7.2%</td><td>6.8%</td></tr>
</table>

(*) 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

<table>
<tr><th colspan="2">Period of recognition of income</th><th>Income from fixed components (in NIS thousands)</th><th>Income from variable components (in NIS thousands)</th><th>Number of terminating lease agreements</th><th>Area in the terminating agreements (in sq.m thousands)</th></tr>
<tr><td rowspan="4">2026</td><td>Q1</td><td>28,426</td><td>1,718</td><td>94</td><td>1</td></tr>
<tr><td>Q2</td><td>28,426</td><td>2,721</td><td>54</td><td>5</td></tr>
<tr><td>Q3</td><td>28,426</td><td>2,381</td><td>59</td><td>6</td></tr>
<tr><td>Q4</td><td>28,426</td><td>3,564</td><td>69</td><td>7</td></tr>
<tr><td colspan="2">2027</td><td>101,710</td><td>10,790</td><td>115</td><td>18</td></tr>
<tr><td colspan="2">2028</td><td>91,979</td><td>11,189</td><td>122</td><td>21</td></tr>
<tr><td colspan="2">2029</td><td>78,591</td><td>11,603</td><td>162</td><td>27</td></tr>
<tr><td colspan="2">2030 and thereafter</td><td>316,207</td><td>37,450</td><td>167</td><td>42</td></tr>
<tr><td colspan="2">Total</td><td>702,191</td><td>81,416</td><td>842</td><td>127</td></tr>
</table>

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-producing properties under construction in the operating segment. In 2023 through 2025, Gazit Brazil did not have any income-producing properties under construction.

9.6. Aggregate data about investment real estate in the operating segment as at December 31, 2024. Gazit Brazil owned investment land on a total area of 5,887 square meters. In July 2025, Gazit Brazil completed the sale of land on a total area of 5,887 square meters for a consideration of BRL 49 million (NIS 29.7 million).

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 2025, 2024 and 2023 –

		Year ended		
		December 31, 2025	**December 31, 2024**	**December 31, 2023**
Properties sold	Number of properties sold during the period	2	1	1
	Proceeds from properties sold during the period (consolidated) (in BRL thousands)	216,430	19,172	562,000
	Area of properties sold during the period (consolidated) (in sq.m thousands)	15	5	16
	NOI of properties sold (consolidated) (in BRL thousands)	7,598	-	22,043
	Loss recorded from the sale of properties (consolidated) (in BRL thousands)	(11,049)	1,736	(78,528)

9.8. Human capital

As at December 31, 2025, Gazit Brazil has 49 full-time employees (compared to 52 employees in 2024), as per following division: Management and Administration - 7; Accounting and Finance Department - 16; Operations and Properties Department - 9; Legal Department - 8; 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 5.9 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, 2025, the outstanding CRI amounted to BRL 811 million (NIS 470 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 development and acquisition of income-producing properties in the residential and commercial rental sector, 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, 2025, Gazit Horizons owns 18 properties (of which 6 are co-owned with third parties).

Gazit Horizons' assets[20] are high quality properties in urban and central areas, that are rented to individual tenants 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 2024, Gazit Horizons completed the construction of a luxury rental residential building in downtown Tampa Bay in Florida, USA (which is co-owned with a local partner that holds 6%) at a total investment of USD 175 million. The project includes a building of 334 apartments located on the riverfront in the growing artists quarter of the city, 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, 2025, 247 residential units are leased (74%).

In December 2025, the refinancing of the development loan was completed, and a new three-year loan was obtained.

In March 2025, Gazit Horizons completed the acquisition of an income-producing commercial property in Fort Lauderdale, Florida for USD 35.4 million.

In February 2024, the Company issued debentures from a new series (Series R) in the amount of NIS 410 million par value that is secured, among other things, by a lien on Gazit Horizons' full rights in GHI Alpha Portfolio LLC ("G Alpha"), a subsidiary of Gazit Horizons, that holds seven real estate properties in the US. For further information about G Alpha, see Appendix A to this Report. For further information about issuance of the debentures, see Note 20C4 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.

[20] Including co-ownership with a wholly-owned subsidiary of the Company.

10.2. Results of operation

Below is a breakdown of operating results for the operating segment for the years ended December 31, 2025, 2024 and 2023 (in NIS thousands and in USD thousands) (*):

	Year ended					
	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2025	December 31, 2024	December 31, 2023
	NIS thousand			USD thousands		
Total income from the operation	121,269	111,014	114,716	35,211	30,010	31,055
Gains (losses) from revaluations	107,395	46,861	(3,046)	31,829	12,706	(1,119)
Operating results (**)	139,372	87,110	59,384	40,055	23,634	16,132
Same property NOI (***)	64,907	65,332	-	18,856	17,661	-
Total NOI	78,411	71,948	74,104	22,779	19,451	20,094

(*) 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.

In addition, as of 2025, including the profits of an affiliate that started generating revenue in 2025.

(***) The same property NOI including jointly controlled properties of Gazit Horizons amounted in 2025 and 2024 to USD 31,248 thousand (NIS 99,681 thousand) and USD 29,836 thousand (NIS 108,813 thousand), respectively.

10.3. Macro-economic parameters*:

	Year ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Gross domestic product (PPP) (USD billion)	30,616	29,298	27,812
GDP per capita (PPP) (USD)	76,842	75,676	74,295
GDP per capita growth rate (PPP)	2.20%	2.80%	2.90%
Inflation rate	2.69%	2.95%	4.14%
Yield on long-term government debt	4.85%	4.78%	4.03%
Rating of long-term government debt	AA+u / Aa1	AA+u / Aaa	AA+u / Aaa
Unemployment	4.26%	4.03%	3.63%
NIS-USD exchange rate as at Dec. 31	3.190	3.647	3.627

(*) According to Bloomberg data.

Additional macro-economic data

The USA enters 2026 with a slowdown in economic growth and slightly lower inflation, with GDP growth for 2026 estimated at 2%. Despite these challenges, commercial real estate investment activity is expected to increase by 16% in 2026 to USD 562 billion, almost in line with the pre-pandemic annual average (2015-2019). Total returns will be driven by income, and asset selection and management will be key factors in performance. The discount rate for most types of properties is expected to decrease by 5 to 15 basis points (bps). In 2026, the commercial real estate rental activity is expected to continue to recover from the 2024 low point. In the retail sector, demand is expected to be driven by retail expansions of grocery stores, discount stores and services that rely on physical locations in order to reach consumers[21].

The economy in Miami remained stable thanks to a strong hospitality and tourism industry, a combination of health care positions, and ongoing growth in the financial, professional services and logistics sectors. The residential market in Miami continued to increase new supply at an excellent pace, the occupancy rate is expected to improve if the supply continues to be met, and rent is expected to rise in 2026. Central urban areas continued to show better performance than most metro areas, reflecting strong demand for products in a central location with high-quality related services.

The Tampa area experienced rapid growth in recent years, and succeeded in attracting both residents and businesses to a point where it is now the second-largest market in the country in terms of population. If the supply continues to be met, rent is expected to increase after 2026. The residential market in Tampa is one of the most active in Florida, with a total sales volume of USD 1.8 billion in the past year, a figure that underscores the strong confidence institutional investors have in this market.

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, 2025	**December 31, 2024**
Total GLA of income-producing properties (consolidated) (sq.m thousands)	65.0	55.0
Fair value of income-producing properties (consolidated) (USD thousands) (***)	501,750	434,521
Monthly average rent per sq.ms (USD) (**)	49.7	60.2
Actual average occupancy rate (*)	As at December 31, 2025 96.4%	As at December 31, 2024 92.7%
	At 2025 94.5%	At 2024 92.6%
Number of income-producing properties	12	11
Average yields according to the actual end-of-year value	4.14%	4.07%

*) 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 109,543 thousand.

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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)
2026	Q1	19,351	60	4
	Q2	19,497	73	7
	Q3	17,700	83	8
	Q4	15,848	65	6
2027		57,503	31	10
2028		46,273	10	3
2029		42,880	7	3
2030 and thereafter		209,627	31	17
Total		**428,679**	**360**	**58**

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 above 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 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 2023 through 2025, Gazit Horizons had no buildings under construction.

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

	Year ended	
	December 31, 2025	December 31, 2024
The amount at which the plots of land are stated in the financial statements at the end of the period (consolidated) (USD thousands)	79,100	75,300
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 information concerning properties sold and acquired by Gazit Horizons in 2023 through 2025:

		Year ended		
		December 31, 2025	**December 31, 2024**	**December 31, 2023**
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)	35,562	-	-
	NOI of properties acquired (consolidated) (USD thousands)	1,532	-	-
	Area of properties acquired during the period (consolidated) (sq.m thousands)	10	-	-

(*) 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, 2025, Gazit Horizons employs 18 full-time employees (compared to 15 employees in 2024). Furthermore, Gazit Horizons receives services from several employees of an associate, Gazit Group USA.

These employees are engaged by the Company and Gazit Group USA, and are primarily entitled to a base salary, various benefits and annual bonuses.

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 secured by liens as at December 31, 2025, amounted to USD 124 million at a weighted interest rate of 3.5% and with average repayment period 3 years, as well as a revolving credit agreement of USD 20 million at a variable interest rate of 7.25%.

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, 2025 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%) and Dor J. Segal (40%), former director and CEO of the Company, and current CEO of the Partnership.

As part of the Company's disposal plan, in 2024 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 of CAD 50 million 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 11 to the financial statements.

12. Required adjustments at the Company level

Adjustment to the Consolidated Statements of Financial Position

		December 31, 2025	December 31, 2024
		(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	12,232,486	13,772,576
	Total value of investment properties whose development was completed in Central Europe	5,086,190	6,414,941
	Total value of investment properties whose development was completed in Israel	3,461,088	3,414,479
	Total value of investment properties whose development was completed in Gazit Brazil (consolidated)	1,733,152	1,853,800
	Total value of investment properties whose development was completed in Gazit Horizons	1,600,583	1,584,698
	Total investment properties classified as held for sale in Central Europe	-	763,031
	Total investment properties classified as held for sale in Northern Europe	1,910,055	307,922
	Total investment properties under development in Israel	510,768	416,600
	Total investment properties under development in Gazit Horizons	349,442	383,395
	Total investment properties under development in Central Europe	303,678	349,223
	Total plots of land classified as investment properties under development in Central Europe	115,182	230,487
	Total plots of land classified as investment properties under development in Israel	452,100	739,629
	Total plots of land classified as investment properties under development in Gazit Brazil	-	29,345
	Total plots of land classified as investment properties under development in Gazit Horizons	252,329	274,619
	Total plots of land classified as property held for sale in Central Europe	43,249	227,780
	Total (consolidated)	**28,050,302**	**30,762,525**
Presentation in the statement of financial position	The investment property item in the statement of financial position	24,113,499	27,040,494
	Investment property classified as property held for sale	1,910,055	1,070,953
	The investment property under development item in the statement of financial position	1,163,888	1,149,218
	Land	819,611	1,274,080
	Plots of land classified as property held for sale	43,249	227,780
	Total	**28,050,302**	**30,762,525**

Reconciliation to FFO

For further information regarding FFO for the years ended December 31, 2025, 2024 and 2023, see section 2.3 of the Board of Directors Report.

D. Issues relevant to all areas of operation of the Group

13. Marketing and Distribution

The Company and its consolidated subsidiaries use, from time to time, several marketing, sales promotion and advertising channels, as is customary in the sectors and regions in which they operate. The Group operates through internal marketing staff, conducts activities in its complexes, including community and commercial activities. These 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 centers for attracting consumers in the area. Marketing of commercial units is usually through internal marketing and ongoing interactions with realtors.

14. Competition

14.1. In the opinion of the Company, the operating sectors are characterized by a particularly high level of competition, due to the large number of firms active in these sectors. The Group is exposed to competition from all types of real estate owners and developers, real estate companies (including public companies in the regions in which the Company operates), pension funds and financial entities, real estate developers, private equity funds, retail chains, and other owners and developers of all types of real estate in areas where the Group's properties are located or which it is trying to enter. According to the Company's management, the Company's primary competition is location, with respect to the surroundings of each of its properties. Therefore, the Company is unable to identify any material competitors at a global level.

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

14.2. Some of these competitors have considerably greater financial 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 tenants 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 emergency situations; a broad mix of tenants; establishing and maintaining a strong network of relations with tenants on an ongoing basis, and a wide tenant base (as of the reporting date, the Company and its subsidiaries have more than 6,500 lease agreements, and the rental income from the largest tenant represents 2.7% of the total rental income in the report year (2.8% in 2024)); 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 the advantage of open air malls; regional dominance that facilitates a variety of investment opportunities and enhances the ability to contend with cyclical changes in the economic conditions in the various markets; substantial financial capabilities and access to various capital markets, including a high credit rating; holding an inventory of land close to some of the Group's properties and the ability to generate additional building rights for mixed-use in existing properties located in urban areas with high demand for such properties, and experience in the improvement, development and redevelopment of properties.

14.3. For information regarding the non-competition agreement between G Europe and Orion, which restricts G Europe's activities in Poland (except in Warsaw), see section 7.1 of the Report

15. Property and equipment

For information about the fixed assets of the Company and its subsidiaries, see Note 14 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.
LOCATION LOCATION LOCATION (design). As of 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, 2025, the Company and its wholly owned subsidiaries (that are not described separately in this Report) employ 100 full-time permanent employees, as follows: 92 employees are employed in Israel (of which 23 are employed in the head office and 69 in the real estate management division (total of 89 employees in 2024)), who are mainly employed in the accounts, finance, legal, analyst and business development departments, and administration and head office; and 8 employees are employed in the United States (9 employees in 2024).
The Company's management consists of the CEO (who is also the controlling shareholder of the Company and serves as Deputy Chairman of the Board), the Deputy CEO and Chief Operating Officer, who also serves as CEO of the Israel Real Estate Division, the Chief Financial Officer, the Chief Legal Counsel and Corporate Secretary, the VP of Economics and Capital Markets, as well as six additional Vice Presidents at the Real Estate Operations Division level.

17.2. Compensation policy and terms of employment

The Company employees are employed under personal contracts, and are usually entitled to a base salary, customary social benefits and bonuses, at Company management's discretion. Some of the foregoing employees are eligible for various benefits based on the seniority of their position, including long-term compensation through mechanisms based on the Company's securities.

17.3. In August 2023, the Company adopted an officers' compensation policy (replacing the previous compensation policy). The compensation policy applies to the Company's officers and directors, including those who serve in other positions in the Company (with the exclusion of the Company's controlling shareholder and his relatives). Under the compensation policy, the compensation package for the Company's officers will include three main components: (a) monthly salary and related components; (b) annual bonuses; and (c) long-term equity-based compensation, by calculating the correlation between them, as set out in the compensation policy. The compensation policy also sets out maximum amounts for the compensation package. For further information regarding the Company's approved compensation policy, see the notice of convening of a general meeting dated June 29, 2023 (Ref. No.: 2023-01-060697).

17.4. For information regarding the compensation of the Company's directors and senior officers, see Regulation 21 of Part D to the Periodic Report.

17.5. The Company's directors and officers are eligible for officers' insurance, indemnification and exemption (for details, see Regulation 29A of Part D to the Periodic Report)

17.6. The Company is dependent to a certain extent on the continued service of the Deputy Chairman of the Company's Board and the Company CEO, and its controlling shareholder, Mr. Chaim Katzman[22]

17.7. Security-based compensation in the Company - from time to time, the Company grants officers and employees of the Company and its wholly-owned subsidiaries, shares and securities that are convertible into shares.

a) 2011 Plan

In December 2011, the Company adopted an equity-based compensation plan (as amended from time to time; the "2011 Plan"), under which the Company was authorized to allot to officers, employees, directors, consultants and service providers and those of its affiliates, up to 13.2 million shares or securities convertible into shares of the Company. The 2011 Plan expired at the end of 2025, and in February 2026 the Company adopted a new equity-based compensation plan, under which the Company is authorized to grant to its officers, employees, directors, consultants and service providers, and those of its affiliated companies, up to 10 million shares or securities convertible into shares of the Company, valid for 10 years (the "2026 Plan", and jointly, the "Compensation Plans"). The Compensation Plans are managed by the compensation committee and the Board of Directors, which determine the terms of the securities granted thereunder. According to the Compensation Plans, eligible parties may be allotted share options, restricted shares, restricted share units (RSU) or any other share-based compensation, at the discretion of the Company's compensation committee and board of directors. Share options allotted by virtue of the Compensation Plans 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 Compensation Plans 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 plans, 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 further information regarding the allotment of securities to the directors, officers and employees of the Company under the compensations plan, see Note 26 to the financial statements and Regulation 21 in Part D of the Report.

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

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

[22] In addition, for information concerning the effects of changes of control of the Company, see section 28.3.5 to the Report.

c) Obligation of the officers to hold the Company shares

Under the Company's compensation policy, its board of directors adopted binding guidelines to hold a minimum quantity of the Company's shares as set by the Company's compensation committee and Board of Directors, for the duration of their employment in the Company. In this context, on the date of granting of RSUs that are non-performance based, the officers undertake to hold all the RSUs granted to them for a minimum holding period (and/or to continue holding the Company shares that they own) and on the allotment date to purchase a quantity of the Company shares equivalent to 25% of the quantity of shares underlying the RSUs allotted to them on the allotment date, in case of an allotment to the Company's CEO, or a quantity equivalent to 15% of the quantity of shares underlying the RSUs 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 Group and its subsidiaries conduct an annual training program on various topics, including ethics, prevention of sexual harassment, bribery and corruption, securities, information security, and antitrust, safety and road safety, among others.

18. Working capital

18.1. The Company and its privately held subsidiaries customarily finance their operations, among other methods, through the receipt of dividends from their investee companies, the granting and receipt of interest-bearing inter-company loans, credit lines, loans and debentures from external sources, as well as from the operating cash flows of these companies For further information see section 2.2 of the Board of Directors Report. For further information concerning the Company's policy regarding working capital as well as the balances of the current assets and current liabilities of the Company and of 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 Directors' Report.

18.2. Breakdown of the composition of working capital – as at December 31, 2025, the Company and its consolidated companies' working capital with respect to the assets consists mainly of cash and cash equivalents, deposits, short-term loans including marketable securities in the amount of NIS 2.3 billion, trade and other receivables in the amount of NIS 0.4 billion, inventory of offices in the amount of NIS 0.2 billion, and held-for-sale properties in the amount of NIS 2 billion. With respect to liabilities, the Company and its subsidiaries' working capital consists mainly current maturities of liabilities in a total amount of NIS 2.6 billion, and trade payables and other payables in an amount of NIS 0.6 billion.

18.3. As at December 31, 2025, the Company and its consolidated subsidiaries have available long-term approved credit lines, unutilized and available for immediate drawdown, as well as liquid balances in a total amount of NIS 3.8 billion, including cash and cash equivalents, deposits and short-term investments in an amount of NIS 2.3 billion.

18.4. In and after the reporting period, the Company acted to extend its existing credit facilities, as described in section 19.3 below.

19. Financing

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

Below is a breakdown of data regarding the financing activities of the Company and its subsidiaries, as well as concerning the Company and its wholly-owned subsidiaries. For figures on the financing activities of the Company's subsidiaries in the various operating segments, see sections 6.11, 7.10, 9.9 and 10.10 above.

For information concerning macro-economic effects, including inflation rates, changes in interest rates and fluctuations in foreign currency exchange rates, see section 5.2 of the Report.

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

As at December 31, 2025, the interest-bearing liabilities of the Company and its consolidated subsidiaries to banks and others amounted to NIS 21.6 billion (as at December 31, 2024 to NIS 23.5 billion).

As at December 31, 2025, the Company and its consolidated subsidiaries had revolving credit facilities in a total amount of NIS 1.6 billion, of which as at that date an amount of NIS 0.1 billion had been utilized.

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

As at December 31, 2025, the Company and its wholly-owned subsidiaries have such revolving credit facilities from several local and international banks and local and international financial institutions, for a total amount of NIS 0.6 billion, of which NIS 01. billion have been utilized as at the foregoing date. As at the date of publication of the Report, the credit facilities of the Company and its wholly-owned subsidiaries are secured by marketable shares (CTY), non-marketable shares (mainly G Europe) and real estate properties. These credit facilities are from financing entities with which the Company has engaged in long term agreements and are renewed from time to time, rescheduled for periods of three to four years, and as at reporting date, they end in 2026-2027, of which in December 2026 the Company will be required to refinance a credit line of NIS 63.8 million, with the remainder maturing in 2027. In 2025, the Company extended and amended several credit agreements through to 2027, and secured loans to 2030, in a total amount of NIS 0.67 billion.

The credit facilities bear an annual margin at a weighted rate as of December 31, 2025 of 2.3% and a total average interest rate of 7%. As at December 31, 2025, the Company has pledged in favor of such credit facilities, among other things, 32 million CTY shares (which constitute 17% of CTY's share capital) and 27 million G Europe shares (which constitute 9% of its share capital). As of the publication date of the report, 32 million CTY shares (which constitute 17% of its share capital) and 27 million G Europe shares (which constitute 9% of its share capital) have been pledged in favor of those credit facilities. In addition, 232 million G Europe shares are pledged in favor of the holders of the Company's Debentures (Series P) (representing 77% of G Europe's share capital), and 54.7 million CTY shares are pledged in favor of the holders of the Company's Debentures (Series U) (representing 29.8% of CTY's share capital). For further information, see Note 21 to the Financial Statements.

G Europe has several means for transferring funds to G City, including by distribution of dividends and inter-company loans. A distribution of a dividend 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 of December 31, 2025, G Europe's gross leverage ratio was 39.7%), and distribution tests as set out in the relevant laws. For information about the credit agreements signed between the Company and G Europe, see section 7.10.5 of the Report. Moreover, distributions from CTY are subject to regulatory restrictions.

19.4. Debentures of the Company and its wholly owned subsidiaries: as at December 31, 2025, the Company has NIS 6.0 billion in unsecured debentures and NIS 4.6 billion in secured debentures.

In the reporting period, the Company issued debentures in an amount of NIS 1.89 billion par value (for gross proceeds of NIS 1.95 billion) through expansions of existing series.

The Company's debentures are secured by real estate properties in Israel (Series O, secured by several properties, and Series S, secured by a second ranking lien on a property), by a pledge over the shares of G Europe (Series O), by a pledge over the shares of a that holds a property in the United States (Series R), by a pledge over a property in Poland and over the share capital of the company that holds such property, as well as by a pledge over the proceeds of shareholder loans granted to the property company (Series T), and by a pledge over the shares of CTY (Series U), including the rights attached to these properties. For further information, see Note 20C to the financial statements.

According to the S&P Maalot rating agency's updated rating report from November 2025, S&P Maalot announced it placed the Company's ratings on the CreditWatch with negative outlook in view of the uncertainty regarding the final scope of the Company's tender offer to acquire the CTY non-controlling shares and its potential impact on the rating. Accordingly, S&P Maalot ratified the ratings of the Company's unsecured debenture series, including (Series P) secured by G Europe shares and (Series U) secured by a pledge over the sale of CTY, as ilA-, with negative outlook. S&P Maalot also ratified the ratings of debenture series secured by properties and by shares of a property company (Series O, R and T) as ilA with a negative outlook. In March 2026, S&P Maalot announced the removal of the Company's ratings from CreditWatch with negative implications and ratified the Company's issuer rating as ilA- with stable outlook.

According to the rating report from November 2025, Midroog published an Issuer Caveat with regard to the tender offering for CTY shares. Midroog assesses that all the effects resulting from the tender offer are expected to maintain the financial ratios and the rating is not expected to change in the short term. Accordingly, Midroog ratified the ratings of the Company's debenture series (Series K, L, 13, M, P, Q, S and U) as A3.il with stable outlook, and ratified the ratings of the debenture series (Series O, R and T) as A2.il with stable outlook. Further to the Issuer Caveat, in March 2026 Midroog announced that it does not expect any change in the Company's rating in the short term. For further information regarding the rating history of the Company's debentures, see section 6C of the Board of Directors' Report.

For further information regarding the Company's debentures, including the financial covenants applicable to the debentures and details concerning the properties pledged in favor of certain debenture series, see Appendix B to the Board of Directors' Report and Note 20 to the financial statements.

The Company adopted a debenture buyback plan, under which it bought back some of its debentures, as described in section 3.9 of the Board of Directors' Report.

The Company's debentures (Series L, M, N, P, T and U) constitute material credit of the Company. For further information regarding these series, see Note 20 to the financial statements and section 6 of the Board of Directors' Report

19.5. Mortgage loans and lines of credit against mortgaging of real estate in Israel:

The Company's total mortgages and lines of credit in the G Israel operating segment, which are secured by liens on the Company's assets in Israel, as at December 31, 2025, amounted to NIS 2.0 billion (as at December 31, 2024, NIS 2.9 billion). The foregoing debt bears fixed interest at a weighted rate of 3.40% and average duration of 3 years.

In addition, for information regarding the Company's debentures (Series O and Series S) that are secured by liens over the Company's properties in Israel, see section 6 and Appendix B to the Board of Directors' Report.

19.6. 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, etc, as set out in Note 20D to the financial statements. Furthermore the financing agreements contain additional conventional 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 of subsidiaries, structural changes, certain material legal proceedings (including with regard to liquidation, receivership and asset sale and execution), discontinuation of operations, termination of trading of the securities pledged in favor of the credit or securities of the Company, termination or downgrading of a rating, among others.

Some of the Company's financing agreements (which are not 'material credit') also include covenants and other terms and conditions (such as causes relating to the trading of shares used to secure financing and the Company shares and their price, cause relating to real estate properties that are used as collateral, 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, (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.

As part of the Company's liabilities in favor of debenture holders, it also assumed various undertakings. For further information, see Note20 to the financial statements.

The Company's credit agreements include cross default mechanisms which do not link specific loans, but that state that the minimum amount for activation thereof is a call for the immediate repayment of another credit agreement of an amount of USD 40-50 million. Furthermore, with regard to a number of entities that provide credit to the Company under several separate agreements, such agreements contain cross-default mechanisms relating to various credit provided to the Company by the same entity, in such a manner that calls for immediate repayment of a credit line or loan provided by a specific entity will cause calling for the immediate repayment of other credit provided by the same entity. In addition, the foregoing agreements include cross collateralization mechanisms where, in the event of a certain financing agreement being called for immediate repayment, the lender may also be able to receive repayment from the collateral placed in its favor under another financing agreement it has with the Company. Furthermore, some of the marketable debenture series of the Company contain a cross default mechanism with regard to calling for immediate repayment of other debenture series and most of the debentures also with regard to calling for immediate repayment of material bank financing (as defined in the applicable deeds of trust).

As at reporting date, all the credit agreements of the Company (and of its wholly owned subsidiaries, other than G Europe), that are cross-credit agreements subject to the foregoing cross default conditions, amount to NIS 2.3 billion. In addition, as aforesaid, the Company's marketable debentures that include a cross default mechanism (with regard to other debenture series or substantial bank financing) amounted to NIS 9.5 billion.

19.7. As at December 31, 2025, and immediately prior to the date of approval of this Report, the Company and its wholly-owned subsidiaries are in compliance with all covenants prescribed with respect to them. In addition, as at December 31, 2025, 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.

19.8. 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, 2025
Minimum shareholders' equity	NIS 4 billion	NIS 5.0 billion
Average EPRA direct result in two consecutive quarters	More than NIS 60 million	NIS 94.5 million
Net interest bearing liabilities to total balance sheet (consolidated)	Will not exceed 75%	60%
Net interest bearing liabilities to total balance sheet (expanded separate information)	Will not exceed 77.5%	67.6%
Value of non-pledged assets (expanded separate information)	Will not fall below USD 200 million	USD 2,586 million
Minimum rating	BBB rating by S&P Maalot or Baa2 rating by Midroog	A A3

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.

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

Below is a breakdown of the long-term credit and loans (including current maturities) received by the Company and its wholly-owned subsidiaries to finance their operations, that are not intended for specific use, as at December 31, 2025:

	Balance (NIS in millions)	Weighted interest rate	Effective Interest rate	Average repayment period (years)(*)
Secured loans from financial institutions at variable interest	1,908	5.50%	5.50%	2.20
Secured loans from financial institutions at fixed interest	2,307	2.96%	2.96%	4.88
Unsecured loan from financial institutions at fixed interest	223	6.00%	6.00%	1.75
Secured debentures at fixed interest	4,574	3.00%	3.89%	3.58
Unsecured debentures at fixed interest	5,978	3.17%	4.26%	2.55
Total	**14,990**	**3.42%**	**4.13%**	**3.17**

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

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

Below is a breakdown regarding the outstanding credit of the Company[(1)], the Company and its wholly-owned subsidiaries (in NIS millions), as at December 31, 2025:

	The Company (1)	CTY	Total
Outstanding debentures (tradable and non-tradable)	10,552	6,291	**16,843**
Balances regarding credit from banks and financial institutions (2)	4,438	347	**4,785**
Total liabilities	14,990	6,638	**21,628**
Approved revolving credit facilities	590	993	**1,583**
Utilized credit facilities (3)	87	-	**87**
Balance for utilization	503	993	**1,496**
Guarantees in the ordinary course of business	422	-	**422**

(1) The Company and its wholly-owned subsidiaries
(2) Including the utilization of approved credit facilities.
(3) Includes utilization with respect to the provision of guarantees.

19.11. Swap transactions:

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 issues on the local capital market are not CPI-linked. At the same time, the Company has CPI-linked NIS-denominated liabilities, while most of its properties are foreign currency denominated in accordance with the Group's active currencies. To mitigate the currency exposure of the equity to changes in the exchange rates, the Company conducts, among other things, short-term and long-term swap transactions, as necessary, and in most of them, it replaces the NIS liability with foreign currency liability, in accordance with 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 the swap transactions as described above, and short term CPI interest rate swap transactions, the Company's CPI-linked debt amounts to 68% In addition, for most of the swap transactions the Company generally engages in CSA (credit support annex) agreements that provide for ongoing accounting mechanisms between the Company and the bank that is the counterparty to the swap transaction, with regard to the fair value of such transactions. For further information 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, tax assessment agreements of the Company, assessments in dispute, and the implications of tax laws for Group companies abroad, see Note 24 to the financial statements.

21. Environmental protection

21.1. The Group aspires to conduct its business in accordance with sustainability principles and in an environment-friendly manner, 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 many resources in protecting the environment, while setting future goals that express its commitment and builds environment-friendly shopping centers. The Group believes that in the long term, the consumers, the retailers and other companies will benefit from this course of action. Thus, for example, the use of green energy and the recycling of various materials will benefit the community, preserve the environment, and in the long term save costs for the Company. In addition, the Group believes the growing awareness of the need to preserve the sustainability will lead the population to prefer visiting "green" commercial centers over regular shopping centers, thereby increasing the value of the Group's properties.

21.2. In light of recent trends in the sector, and with the aim of moving forward with them, as of 2024 the Company re-assessed, restructured and focused its corporate responsibility activities. As part of this process, the Company carried out a gap analysis to review and update its material ESG issues, with the objective of guiding the Company's conduct while emphasizing the issues most significant to its operations and stakeholders. Furthermore, the Company formulated and published an ESG Policy, which sets out the core principles that align with the Company's values and vision, and defines the guiding rules for adopting and implementing responsible and beneficial practices across environmental, social and corporate governance issues. As part of this effort, the Company appointed a VP responsible for this topic, as well as a Corporate Responsibility Manager, and established a Board of Directors' corporate responsibility committee.

21.3. The Company has participated in the Ma'aleh rating since 2006 and as of the reporting date, it has the highest Platinum Plus rating. Since 2011, the Company publishes a corporate responsibility (ESG) report based on 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 implemented 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), air quality. In accordance with CTY's sustainability policy, and in order to better reflect CTY's priorities and its impact on the surrounding community, ambitious goals and targets have been set for the coming years, including a zero-carbon plan by 2030. CTY's sustainability report for 2024 was declared one of the best in the industry, and won the EPRA Gold Award for Sustainability Best Practices for the twelfth 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 seeks to optimize its operations and assets through actions aligned with sustainability principles. To this end, it has developed an action plan per property, which is incorporated into the Company's business plans, with the aim of monitoring and managing the environmental performance of its properties and raising awareness among employees, tenants, as well as suppliers and contractors with whom the Company engages. G Europe 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. As at reporting date, more than 95% of G Europe's property portfolio is certified in accordance with the foregoing standard. 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, 2025, 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, 2025, the Company believes that the costs expected to be incurred with respect to 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 various regions in which it operates concerning 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 regarding 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 the protection of the environment and antitrust laws. Moreover, as part of their ongoing operations, Group companies are subject to regulation in additional areas such as labor laws, laws pertaining to protection of privacy, taxation, intellectual property and others.

22.2. The Company, G Europe, CTY[23], 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 enforcement plan with respect to the Securities Law. 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 for the Company's internal and external relationships with the different interested parties, investors, suppliers, tenants and others.

[23] In February 2022, G Europe was 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.

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, among other things, 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 interests in a significant financial corporation, while the Company are defined as a "significant non-financial corporation"[24] and a "concentrated entity", and accordingly, among others, the restrictions on interests in significant financial corporations above a specific threshold apply to them and their interested parties. In addition, as the Company's controlling shareholder is a reporting corporation, the Company is considered a second-tier company, which prevents it from controlling another reporting corporation in Israel.

22.5. The provisions of the Concentration Law require the legally competent regulator[25] to assign rights 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.

In addition, under the Law, the Minister of Finance and the Governor of the Bank of Israel were tasked with setting forth provisions for limitations on the accumulated credit provided in Israel to a corporation or a business group (a controlling shareholder and the companies under his control) by Israeli financial entities, taking into account, inter alia, the liability of each corporation or all companies of the business group. The Minister of Finance and the Governor of the Bank of Israel may prescribe that such provisions will also apply to borrower groups and to related companies in circumstances as will be set forth.

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 its controlling shareholder obtain loans and credit from Israeli banks, and therefore, such restrictions could affect the volume 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

23.1. Reorganization agreement with Norstar Group

The Company, Norstar Holdings, and Norstar Israel Ltd. (a wholly owned subsidiary of Norstar Holdings ("Norstar Israel"); Norstar Holdings and Norstar Israel are the controlling shareholders of the Company and are referred to collectively as "Norstar Group") are parties to an agreement that includes the arrangements as set out below (the "G City–Norstar Agreement"): (a) a service agreement under which the Company provides Norstar Group with various services: (b) a non-competition undertaking on behalf of Norstar Group towards 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 approval by the general meeting of the Company on December 3, 2023.

[24] 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.

[25] The regulator authorized to assign rights in specific resources.

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

A. Non-competition stipulation

Under the revised version of the G City-Norstar Agreement, Norstar undertook that, as long as Norstar Group continues to be the sole controlling shareholder (as defined in Section 1 of the Securities Law, -1968) of the Company and the Company continues to engage, as its primary operating sector, in the ownership, management and development of shopping malls 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.

B. Agreement for Receipt of Services

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 Israeli CPI with duly added VAT ("Management Fees"). Under the agreement, the Company provides Norstar the following services: secretarial services, bookkeeping services (including reporting to authorities), accounting services, IT and information systems services, communications, legal services, and dealing with bank financing, the capital markets and investments of Norstar Israel and its Group companies (including Norstar and companies under its control). As at the reporting date, the Service Agreement is in effect for a period of three years starting 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 either party may refrain from such 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).

23.2. For information regarding the non-competition agreement between G Europe and Orion, which restricts G Europe's activities in Poland (except in Warsaw), see section 7.1 of the Report

24. Legal proceedings

For information about legal proceedings to which the Company and its subsidiaries are party, see 25D to the financial statements.

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

25.1. The Company and its consolidated subsidiaries usually review their business strategy and goals, from time to time, due to the developments in its business and the macro-economic environment. Below is a breakdown of core strategy issues of the Company and its consolidated subsidiaries, regarding real estate operations and the structure of the Company, and their financial activities:

- 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, buses, etc.) 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 the property and its geographic location, and while

designating the consideration to enhancing its growth in urban areas and improving the Company's 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 primarily 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.
- Providing property management services to third parties, including partners in the Company's properties, regarding disposal (full or partial) of properties in accordance with the Company's disposal plan, leveraging the Company's capabilities and expertise in the sector, in return for appropriate management and success fees.
- Exploring merger and acquisition opportunities involving real-estate companies, including public companies, as well as companies partially owned by the Group, and including potential offerings of parts of the Group's activities.
- Using the Company's existing management and financing infrastructure to assess entering other investment areas that invest in the Company's operating sector and/or that have similar attributes in terms of the nature of investment, by joining an expert in the sector or by establishing independent management infrastructure.
- Continuing the creation of cooperation with institutional investors 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 operating sectors 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 further information regarding the Company's credit policy, see section 4 of the Directors' Report.
- Expanding financial flexibility in the international capital markets and to gain greater exposure to local and international institutional investors, including improving the credit rating of the Company by seeking to obtain an international credit rating, with the aim of reducing the cost of debt 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 consolidated 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 their shareholders.

25.2. In September 2024, the Company's Board of Directors adopted a strategic plan for 2028 ("2028 Strategic Plan"), that refers to multi-departmental 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; 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.

When presenting its strategic plan, the Company outlined its goals for 2028 as follows: (a) equity of approximately NIS 8.5 billion; (b) a leverage ratio below 50%; and (c) an IRR of 17%.

These goals are based on continued enhancement of the Company's existing property portfolio, the acquisition and development of new properties in its strategic focus areas and their subsequent improvement, as well as the sale of NIS 10 billion for other properties (including interests in development projects and the construction of properties for sale).

With respect to the geographic deployment of the Group's properties (in terms of the value of expanded standalone properties), the Company anticipates an increase in the scope of properties in North America (to 36%) and in Israel (to 28%), alongside a decrease in the scope of properties in Europe (to 34%) and in Brazil (to 2%). The foregoing changes in the geographic deployment 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.

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

25.4. At the same time, pursuant to the Company's foregoing 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 further information regarding development projects in the various territories, see the description of operations in each of the segments in which the Company operates, under sections 6–10 of the Report.

25.5. Furthermore, the Company considers renewable energy as a segment that coincides with its operations and will therefore assess the possibility of entering this segment, both as part of its properties and as a separate business, including as part of its 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 from disposing of the Company's other 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 Swords of Iron War and its effects on the Group's operations, as set out in sections 5.1-5.5 of the Report.

The Company's estimates regarding the manifestation of its foregoing strategy, and attaining its foregoing goals, constitute forward-looking information as defined in the Securities Law – 1968. These estimates are based on the Company's plans and assumptions as may be at this date, where the goals of the Company constitute a vision and goal, which are based to a significant extent on its expectations and assessments, among others, with respect to 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, including the effects of inflation and interest rates, as well as special situations such as the wars in Israel. The Company's expectations and assessments, including with regard to their ability to realize its vision 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 security situation in Israel), and the outcome of materialization of the risk factors applicable to the Company's operations as set out in section 5 and section 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.

26. Material Subsequent Events

For details regarding material events that occurred subsequent to the date of the statement of financial position, refer to Note 37 to the financial statements.

27. Financial information regarding geographic regions

See Note 36 to the financial statements.

28. The Company's risk factors

28.1. Macro risks

28.1.1. **Changes in financing terms and conditions –** the operations of the Company and its consolidated subsidiaries are financed through equity issues and debt raising in various capital markets, as well as through 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 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 set out in section 5.2 of the Report), although in view of the fact that most of the debts of the Company and subsidiaries are at fixed interest rates, changes in the rates of interest have only a limited impact. 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 their ability to allocate resources to their operations, development and acquisition of properties, and their ability to distribute dividends and raise capital. In addition, the Company has CPI-linked NIS-denominated liabilities and thus has exposure to CPI changes. The Company routinely conducts swap transactions for part of the liabilities, replacing the CPI linkage with fixed interest. Furthermore, a 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 market factors outside the control of the Company and its subsidiaries, and restrictions with respect to change of control (including the possibility that calling for immediate repayment pursuant to one financing agreement could lead to calling for immediate repayment of other credit, as set out in section 19.8 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, any change (or expected change) in the credit rating of the consolidated companies could affect their access to financial markets and increase their cost of credit, and could also affect the market price and marketability of their debentures, and could adversely affect their ability to raise debt or capital in the capital markets and/or from financial institutions.

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

28.1.2. **Exchange rate fluctuations** – the Company has currency exposure of its equity, mainly EUR, USD, BRL, SEK, NOK and CAD, in such a manner that strengthening of the foreign currencies against the NIS increases their equity and weakening of the exchange rates decreases equity. Such effects are offset by the Company's CPI and interest swap and forward transactions, as well as partially by Put/Call option transactions, all in accordance with the Company's risk-management policy (as described in section 4 of the Board of Directors' Report) In addition, changes in the exchange rates affect the fair value of derivative financial instruments (mainly forward, SWAP and Put/Call options), that provide financial hedging. The Company's profitability could be materially adversely affected by the absence of hedging or at least partial hedging against changes in the exchange rates. For further information regarding divergence 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 engaged in agreements that provide for mechanisms for the current settling of accounts in connection with the fair value of such 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. **Capital-market fluctuations** – part of the Company's assets consists of shares of CTY, a public company held by the Company, most of which serve as collateral for the Company's liabilities, as well as shares of Gazit Brazil, part of which are traded on the São Paulo Stock Exchange. In addition, the Company holds a securities portfolio (as described in Section 11.2 of the Report). Accordingly, fluctuations in the capital markets and share price volatility resulting from changes in market conditions and other factors beyond the Company's control, may affect the value of the Company's and the Group's shares and may impact the Company's performance and operating results, which may, among other things, moderately reduce the amount of credit secured by such shares, limit the Group companies' ability to raise additional financing, and expose the Company to the risk of failure to comply with financial covenants set out in its credit agreements.

28.1.4. **Macro-economic conditions that affect certain geographical regions** – the Group's properties are geographically widely dispersed in various cities worldwide, each one of which is exposed to different macro-economic conditions that affect the operation and value of the properties. A significant part of the Group's leasable space is located primarily in the metropolitan areas of Helsinki, Stockholm, Oslo, Warsaw, São Paulo, Boston, Miami, New York, and in the Tel Aviv metropolitan area. This concentration increases the risk that the Group may be materially adversely affected by changes in the economic conditions prevailing in these regions or in any one of them, for example the Swords of Iron war and the subsequent military operations, and their effects as described in section 5.3 of the Report

28.1.5. **Risk of natural disasters, pandemics, war, terror attacks, and uninsured risks** – terror attacks and war could adversely affect the properties of the Group. Among other things, as aforesaid the Israeli economy and in particular the key commercial operations, are impacted by the prevailing security and political situations. The political instability in the Middle East that has deteriorated since the outbreak of the Swords or Iron War and the subsequent military operations, as well as terror attacks and armed conflicts that may erupt in other regions in which the Group operates, could have a significant adverse impact on the state of the economy, which may lead to impairment of the Company's business results in Israel and other relevant territories, from the aspect of the functioning of the properties and the aspect of the Company's head office operations that are mainly carried out from Israel (for further information see section 5.3 of this 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 lessees 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 manner that could lead to limited insurance coverage of Group companies.

Furthermore, widespread epidemics that generate high morbidity rates, such as the Covid pandemic, have an adverse effect on demand and consumption for some of the business enterprises in the commercial centers, and they could adversely affect the income of the Group, ongoing cash flows, and the Company's financing ability and debt refinancing.

28.1.6. **Investment in developing countries** – some of the Group's investments are in emerging markets, mainly in Central Europe and Brazil. The Group's investments in emerging markets are exposed to higher risks compared with its investments in markets in North America and in Northern and Western Europe; this includes legal, economic and political risks to which the Company's investments in these countries are exposed.

28.2. Sector-specific risks

28.2.1. **Changes in consumer habits** – most of the Group's properties are shopping malls, which are based on food, pharma, fashion and services, particularly medical services, gyms and movie theaters. Changes in buying habits in the regions surrounding those shopping centers, such as a move toward buying in different types of malls or platforms or a move toward online buying (e-commerce), have a material impact on the lessee mix, on commercial space allocated for consumer and entertainment sectors, and on the Company's income from various lessees. These trends also impact the mechanisms for setting rent in future lease agreements and their total impacts could have an adverse effect on the Company's operations and financial results. As part of the main consumption trends in recent years, some of the Group companies are witnessing increasing growth in the volumes of online purchases, in a way that could adversely affect sale volumes of certain tenants and affect the demand for commercial space by such tenants. In addition, such changes could reduce proceeds received by Group companies, which are based on the sales volume in the property. This trend significantly strengthened during the Covid pandemic, but eased once it was over.

28.2.2. **Financial robustness of tenants, including anchor tenants** – among the factors affecting the Group's revenues is the financial strength of the tenants in its properties, and particularly of major tenants, including anchor tenants. 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 financial recession in some of the Group's operating markets, wars (such as the Swords of Iron War) and disruptions in the chain of supply, could adversely impact the business activity and financial robustness 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 occupancy of the Group's properties, delay or failure to pay rent, etc., and as a result could have an adverse impact 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 in which they operate or the expansion of the e-commerce platforms of such retail chains or major tenants instead of physical stores

28.2.4. **Demographic changes -**the Group focuses on densely populated urban areas in major cities, and the Group's 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 could harm the Company's income from the property.

28.2.5. **Statutory and regulatory requirements with respect the Companies Law, Securities Law and Centralization Law** – the Company and some of the Group companies (Gazit Malls, G Europe, CTY) whose securities are traded on various stock exchanges worldwide, 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 and the foregoing Group companies, and any breach thereof could lead to these companies being fined and even expose them to criminal offenses, and could therefore adversely affect the Group. The Company has a plan for enforcing the Securities Law, aimed at identifying and preventing violation of such laws

Furthermore, the Concentration Law also includes, among other things, reference to means of control through 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, within the framework of in the provisions of the Concentrations Law, the Minister of Finance and the Bank of Israel Governor were tasked with setting forth 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. In addition, the Company is controlled by Norstar Holdings Inc., which is a public company and, as such, is considered a second-tier company under Concentration Law. Accordingly, the Company is prohibited from controlling other public companies listed for trading in Israel, which may limit its ability to pursue certain business opportunities.

28.2.6. **Statutory and regulatory requirements, including with respect to the environment and business licensing** –the Group companies, including those involved in construction, development and redevelopment operations, are subject to statutory and regulatory environmental protection requirements (environmental hazards, underground and above-ground pollution, toxic waste, etc.), business licensing provisions, and provisions requiring the adaptation of buildings to provide convenient access for the people with disabilities, and are responsible for bearing the costs involved in complying with such requirements, in a manner that could affect their results. The Group's responsibility and exposure to damages and costs (e.g., with regard to tax, environmental protection and regulatory aspects) could also result from actions or oversights related to earlier periods when the relevant property was owned by previous owners and held by other holders, including operations that are not in line with the provisions of the Law and also as a result of incomplete or insufficient tests conducted by the Group prior to purchasing a property. 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** – the Group operates, among other things, in the property development sector, 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 obligations with regard to the development of its properties are subject to the risks that are generally involved in such operations and include, among others: 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. Moreover, during certain periods there is a shortage of manpower and raw materials, which may affect development costs, including in Israel due to the impacts of the Swords of Iron war and subsequent military operations.

28.2.8. **Risks inherent in the management of the Group's properties** – the Group is exposed to risks entailed in providing management services to its tenants, including third party damage 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. 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 (for a description of the competition in the Group's operating sectors see section 14 above).

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 Group 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 set out 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 taxes, transfers and other payments, and an increase in operational expenses (including energy expenses). These and other risks could lead to leasing at lower than planned rental rates, higher operating costs than planned for the lower occupancy 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 time 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 response to changes in market conditions.

28.3. Company-specific risks

28.3.1. **Changes 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 its subsidiaries, 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. In addition, the Group is engaged in several proceedings with various tax authorities (as described in Note 24 to the financial statements).

28.3.2. **Dependence on management** – the Company has a certain degree of dependence on the continued service of the Deputy Chairman of the Board and Company CEO. For further information, see section 28.3.3 below. In addition, for information concerning the effects of changes of control of the Company, see section 28.3.3 to the Report.

28.3.3. **Control of the Company** – the Company's controlling shareholder, Norstar, holds a high stake, close to the 50% threshold, thus, under certain circumstances (depending on the percentage of shareholders participating in the Company's general meeting), this may facilitate the approval of certain resolutions at the general meeting despite significant opposition from minority shareholders, including the ability to appoint directors (other than external directors) to the Company's Board of Directors. Nevertheless, under the provisions of the Companies Law, Norstar's ability to act as controlling shareholder is limited, in view of its obligations to the Company and to the minority interests as well as in view of the need to obtain the consent of the minority interests on certain issues in which the controlling shareholder has a personal interest, all as set out in the provisions of the law.

Furthermore, most of Norstar's holdings in the Company are pledged to the financial institutions financing its operations, including as collateral for Norstar's publicly traded debentures. 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 traded debentures, a change of control (as defined in these agreements) may constitute grounds for immediate repayment of the relevant credit.

Furthermore, in some of the employment agreements of the Group's 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 entry into new sectors and regions of operations, where the Group 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 such sectors and regions, including regulatory aspects, the business and macro-economic environment, new currency exposure, etc., as well as the establishment of new systems and administrative headquarters at substantial costs and their integration into the Group. Moreover, many years may elapse before the desired results from entering such new sector and/or region 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 the purchase of a sufficient number of properties to generate income that will cover the establishment and management costs. Among others, the Company's entry into the rental-housing sector, and any future decision to enter the renewable-energy sector, involves risks inherent in the development, operation, and management of such assets.

28.3.5. **Failure to implement acquisition strategy** – the Company and its consolidated subsidiaries have a strategy for selective acquiring of additional 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 of suitable properties to purchase, the availability of financing at convenient terms for such acquisition, development and redevelopment of the acquired properties, and also requires the assimilation of businesses, systems and staff, which could consume management resources and distract management from attending to the Group's 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. **Structure of holdings in the Group and the Company's control of the Group's companies** – the Company operates, among other things, through companies that are not wholly-owned by it and as at the date of publication of this Report, part of CTY's share capital is held by the public, and as of February 2024, Gazit Malls has issued part of its shares in an IPO in Brazil. To date, G City Europe's debentures are held by the public and are traded on the Luxembourg Stock Exchange. As reporting companies, these companies are subject to legal and regulatory limitations that are customary for public and reporting companies. The Company, notwithstanding as the controlling shareholder in CTY and Gazit Malls, may find itself unable to take specific courses of action without the required approval from other shareholders in the foregoing subsidiaries (whether by law or incorporation documents). The existence of other shareholders in the said company could limit the Company's ability to take certain actions, including to increase its interests in that company, to consolidate similar operations, to generate synergies that may exist between the various companies or reorganize the Group's structure. Furthermore, the Company may not be able to determine the date and scope of dividends paid by some of its consolidated subsidiaries, in a manner that could reduce G City'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 such properties to make decisions, and the possibility of disagreements between the Group and said partners, as well as risks deriving from the insolvency of such partners, exposure to financing of the partner's share of the investment in the shared properties, and the implications of these risks on the management 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, as well as 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 the essential information it requires from the subsidiaries. Furthermore, CTY is listed on the stock exchange in Helsinki, Finland (OMX) and Gazit Malls is listed on the stock exchange in Sao Paulo, are subject to reporting obligations that are not uniform, and therefore, it is possible that the Company might not be able to present certain information as is presented by other real estate companies in certain regions.

In addition, following the outbreak of the Swords of Iron war, a wave of antisemitism emerged worldwide, manifested, among other things, in violent incidents as well as in calls to boycott Israeli companies. As the Company is an Israeli company, there is concern that this wave of antisemitism may also be directed toward Group companies operating outside Israel.

28.3.7. **Legal proceedings** – the Group companies are involved in several legal proceedings, including proceedings vis-à-vis the tax authorities, as set out in Note 24D to the financial statements. If such proceedings as set out in Note 24D to the financial statements (or any of them) are decided against the Group, 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 and aims to disrupt, steal, disable or damage the computing infrastructure or the information therein. Such attack on the Group computer infrastructures may have an adverse effect on the Company's operations and business, including leaking of business or private information, damage to the Group's reputation, financial damage, and similar. Leaking of private information may expose the Company to legal exposure for violations of privacy-protection laws in the territories in which it operates, including the imposition of significant fines. In view of the security situation in Israel, warnings arise concerning cyber-attacks originating from foreign security forces whose purpose is to harm large companies in the Israeli economy. Consequently, the Group believes that its information systems have been and will continue to be the target of attacks by malware and other cyber-attacks, including terror attacks due to being an Israeli company. To the best of the Group's knowledge, as of reporting date, the Group has not experienced and loss or disruption of information or other significant harm due to a cyber-attack on 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. Furthermore, the Group companies ensure to backup most of their information, with the aim of minimizing potential damage to their systems from cyber-attacks and to increase their ability to recover from such disaster. Furthermore, from time to time, the Company examines new advanced protective measures required against such risks and acts to adapt them to the existing risks and to increase awareness of its staff on this issue. However, the nature of cyber-attacks and unauthorized hackers accessing IT systems is constantly changing and becoming ever-more sophisticated, reducing the Company's ability to fully deal with sophisticated cyber-attacks. Therefore, it is possible that despite the security measures adopted by the Company, it will not be able to protect itself fully and prevent all of the damage that could be caused due to a breach of its systems or the financial implications of such breach. As aforesaid, the Company adopts measures to improve its ability to respond to cyber-attacks by constantly improving the defense system, increasing awareness among Group employees, allocating dedicated resources and strengthening its IT system in order to maintain the integrity of the information, its reliability and availability while minimizing business damage. Among other measures, the Company conducts periodic and ongoing cyber-risk assessments aimed at identifying, mapping, and mitigating security exposures across the Group's networks and processes, and it engages a 24/7 monitoring service to detect suspicious security events. In addition, the Company has a dedicated Board of Directors' committee for IT and information security, and the Board receives comprehensive briefings on the matter and discusses the committee's 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 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 surroundings 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			+
The Group's holding structure and the Company's control over its subsidiaries		+	
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.

On June 26, 2025, Gazit Horizons Inc. transferred to G Alpha its rights in the property company 41 Winter Street LLC, which owns an income generating property in Boston valued at USD 20 million. The transfer was made without cash consideration, by way of shareholders' investment in the company.

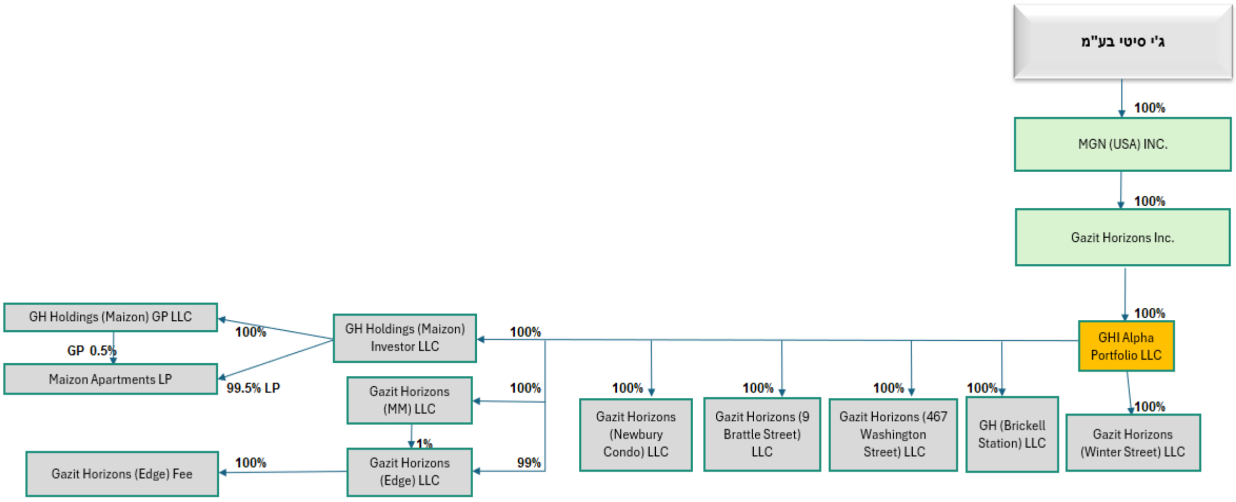
As at December 31, 2025, G Alpha holds seven wholly owned private subsidiaries, each of which owns an income generating property, as set out in the diagram in section 1.3 (Contribution Agreement).

To date, G Alpha holds (indirectly) seven income generating properties with an aggregate value of USD 321.4 million. For information concerning G Alpha properties, see section 6 below.

1.2. Due to the establishment of G Alpha on October 23, 2023, and the transfer of consolidated subsidiaries previously controlled by Gazit Horizon under G Alpha, as described above, G Alpha prepared pro forma condensed financial statements. These include a balance sheet as of December 31, 2023, and statements of profit or loss and cash flows for the year ended December 31, 2023, in accordance with Regulations 9A and 38B of the Securities Regulations (Periodic and Immediate Reports), 1970. These statements reflect the consolidated operating results of G Alpha as if its consolidated subsidiaries had been included in its financial statements during the said periods. The description of G Alpha's activities for 2023 presented in this section is per pro forma.

1.3. Structure of G Alpha.

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 7 income-generating properties worth USD 321.4 million. For further information concerning G Alpha's areas of operations, see section 6.1 below.

In July 2025, Gazit Horizons transferred to G Alpha its rights in the property company 41 Winter Street LLC, which owns an income generating property in Boston valued at USD 20 million, without cash consideration, by way of a shareholder's investment in the Company.

2. Investments in the Company's capital and transactions in its shares in the last two years - Since the establishment of G Alpha, as described above, no equity investments have been made in G Alpha, and no transactions of any kind have been carried out by interested parties in G Alpha, other than the equity allocation made to Gazit Horizons pursuant to the Contribution Agreement with respect to the transfer of the properties to G Alpha.

3. Distribution of dividends

3.1. In the reporting period, G Alpha distributed a dividend in the amount of USD 11 million.

3.2. 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. The comparable data for 2023 and financial information presented above that refer to a period prior to the transfer of the private companies to it, are proforma information.

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

3.4. 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 20C4 to the Financial Statements.

B. Other information

4. Financial information concerning the Company's operating segments

Below are financial data regarding G Alpha's operating income and expenses, based on its pro forma financial statements as at December 31, 2025 (in USD thousands)

For the year ended December 31, 2025

	Commercial Segment	Residential and Rental Segment	Consolidated
Revenue from external sources	8,147	10,109	18,256
Costs	1,632	3,834	5,466
Operating income	6,515	6,275	12,790
Total assets attributable to the operating segment	175,336	154,828	330,164
Total liabilities attributable to the operating segment	27,229	64,271	91,500

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

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

For key information regarding trends, events, and developments in the macroeconomic environment in the United States, including entry and exit barriers in the relevant areas of activity, which, in the Company's assessment, have had or are expected to have a material effect on G Alpha's business results or developments, see sections 5.1, 5.2, 5.4, 5.6–5.10 and section 10.3 of Part A of the Company's 2025 Periodic Report, to which this Appendix is attached ("the Periodic Report" and "Description of the Corporation's Business," as applicable)

C. Description of G Alpha's operating segments

6. General

Through companies under its control, GHI 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, 2025, G Alpha holds seven properties through wholly owned subsidiaries.

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 regarding the establishment of G Alpha and the transfer of Gazit Horizons' consolidated subsidiaries to G Alpha, see section 1 above.
Below is a breakdown of the operating results (pro forma) for the years ended December 31, 2025, 2024, and 2023 (in USD thousands), broken down into G Alpha's two operating segments:

Commercial Segment

	Year ended		
	December 31, 2025	**December 31, 2024**	**December 31, 2023**
	USD thousands		
Total income from the operation	8,147	6,676	6,296
Gains (losses) from revaluations	13,874	6,041	3,187
Operating profit (*)	6,515	5,492	5,124
Same property NOI	6,515	5,492	-
Total NOI	6,515	5,492	5,134

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

Residential and Rental Segment

	Year ended		
	December 31, 2025	**December 31, 2024**	**December 31, 2023**
	USD thousands		
Total income from the operation	10,109	10,116	9,654
Gains (losses) from revaluations	4,345	(7,824)	(3,900)
Operating profit (*)	6,275	6,266	5,557
Same property NOI	6,275	6,266	-
Total NOI	6,275	6,266	5,557

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

6.3. Macro-economic parameters*:

For further information regarding macroeconomic parameters in the United States for 2025 and 2024, see sections 5(A) and 10.3 of the Description of the Corporation's Business as at December 31, 2025:

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

The table below provides a breakdown of key data about G Alpha's income-producing properties (*):

Commercial Segment	**At**		
	December 31, 2025	**December 31, 2024**	**December 31, 2023**
Total GLA of income-producing properties (consolidated) (sq.m thousands)	13.3	10.4	10.4
Fair value of income-producing properties (consolidated) (USD thousands)	168,041	133,708	126,339
Monthly average rent per sq.ms (USD)	50.99	49.07	44.66
Actual average occupancy rate	at December 31, 2025 99.1%	at December 31, 2024 95.7%	at December 31, 2023 97.0%
	for 2025 97.8%	for 2024 96.4%	for 2023 94.0%
Actual average occupancy rate(***)	6	5	5
Average yields according to the actual end-of-year value	3.9%	4.1%	4.1%

Residential and Rental Segment	**At**		
	December 31, 2025	**December 31, 2024**	**December 31, 2023**
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)	153,338	148,906	156,600
Monthly average rent per sq.ms (USD)	41.1	41.1	40.4
Actual average occupancy rate	at December 31, 2025 95.0%	at December 31, 2024 92.4%	at December 31, 2023 92.8%
	for 2025 93.7%	for 2024 92.7%	for 2023 94.4%
Actual average occupancy rate(***)	1	1	1
Average yields according to the actual end-of-year value	4.1%	4.2%	3.5%

* It is clarified that among the properties included in this table, a property valued at USD 20 million consists of land leased to the owners of the existing structure under a ground lease arrangement, as well as an income generating property valued at USD 31 million, the fair value of which is derived primarily from the value of the land. Accordingly, the current yield from these properties is lower than the yield generated by 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 USD thousands)	Number of terminating lease agreements	Area in the terminating agreements (in sq.m thousands)
2026	Quarter 1	1,752	-	-
	Quarter 2	1,774	-	-
	Quarter 3	1,793	-	-
	Quarter 4	1,787	1	-
2027		7,042	3	2
2028		5,836	2	-
2029		5,594	4	2
2030 and thereafter		38,815	12	8
Total		**64,393**	**22**	**12**

(*) Revenue from variable components is negligible.

Residential and Rental Segment

Period of recognition of income		Income from fixed components (in USD thousands)	Number of terminating lease agreements	Area in the terminating agreements (in sq.m thousands)
2026	Quarter 1	1,969	46	3
	Quarter 2	1,496	57	4
	Quarter 3	870	70	5
	Quarter 4	250	49	4
2027		85	15	1
Total		**4,670**	**237**	**17**

*) 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 through 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, 2025, G Alpha has no land inventory held for investment.

6.8. As at December 31, 2025, G Alpha has no principal tenant[26]

[26] 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 G Alpha in 2023-2025:

		Year ended		
		December 31, 2025	December 31, 2024	December 31, 2023
Properties Properties acquired	Number of properties acquired during the period	1	-	-
	Cost of properties acquired during the period (USD thousands)	19,730	-	-
	NOI of properties acquired (consolidated) (USD thousands)	519	-	-
	Area of properties acquired during the period (consolidated) (sq.m thousands)	3,143	-	-

*) The property was acquired by non-cash transaction in consideration for a shareholder's investment

6.10. Of the property portfolio, one property is a very material property, and one property is a material property, and both together constitute 70% of the value of G Alpha's property portfolio, as set out below:

6.10.1. Maizon Apartments - Presentation of the property

A. Details of the company's property as at December 31, 2025:

Name and location of property	Maizon Apartments, Brickell, Miami, Florida, USA
Area of the property - divided according to uses	Rental residential apartments - 22,996 m^2 (262 apartments); Parking - 13,251 m^2; Retail - 1,243 m^2 [1]
The Company's share in the property	100%
Holding structure of property	The property is held directly (100%) by Maizon Apartments LP, a limited partnership, 99.95% of which is held by GH Holdings (Maizon) Investor LLC, and the remainder is held 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.
	Nonetheless, it should be noted that the property is registered as a condominium, with the retail areas located on the ground floor owned by a third party [2].
Details of legal title to the property	Wholly owned (free simple)
Legal title registration status	The title rights are registered in favor of the holders of the rights in the property.
Substantial unused building rights	In accordance with the Max Gross Building Area plan, a development right exists for 11,000 m^2, subject to the payment of a municipal tax. These rights are not included in the value of the building.
Special matters (exceptions, material construction, soil pollution, etc.)	--
Financial statement presentation method	IFRS (Fair Value)

[1] The retail areas are owned by a third party and are not reflected in the property's valuation.
[2] For details regarding restrictions applicable to the use of the property under the agreement with the owner of the retail areas, see section G below.

B. Principal data

Data according to 100% (the company's share in the property - 100%)	2025	2024	2023
Fair value at the end of the period (in USD thousands)	153,337	148,906	156,600
Revaluation gains or losses (in USD thousands)	4,345	(7,824)	(3,900)
Average occupancy (%)	95%	92%	91%
Total revenue (in USD thousands)	10,109	10,116	9,654
Average rent per sq.m (monthly) (USD)	41.13	41.1	40.4
Average rental per sq.m in leases signed in the period (USD)	44.29	44.4	43.1
NOI (in USD thousands)	6,275	6,266	5,557
Adjusted NOI (in USD thousands)	7,441	7,410	6,430
Actual yield rate (%)	4.12%	4.21%	3.50%
Adjusted rate of return (%)	4.85%	4.98%	4.10%
No. of tenants at end of reporting year	249	242	243
Exchange rates	3.19	3.647	3.627

C. Analysis of revenues and costs structure

Below is information regarding income and expenses related to the property as at December 31, 2025, based on the Company's share in the property (100%), in USD thousands:

	2025	2024	2023
From rentals – Fixed	8,748	9,270	8,871
From rentals – Variable	1,361	846	783
Total revenue	10,109	10,116	9,654
Management, maintenance and operation	3,834	3,850	4,097
Total Expenses	3,834	3,850	4,097
NOI:	6,275	6,266	5,557

D. Principal tenants of the property

The property does not have a principal tenant.

E. Expected income from signed lease agreements

Data according to 100% (the company's share in the property - 100%)	2026	2027*
Fixed components	4,585	85

* As the agreements with the tenants of the residential apartments are for a period of up to 15 months.

** Revenue from variable components is negligible.

F. Specific financing

<table>
<tr><th colspan="3">Specific financing</th><th>Loan A</th></tr>
<tr><td rowspan="2">Balance in the statement of financial position</td><td rowspan="2">December 31, 2025</td><td>Presented as short-term loans</td><td></td></tr>
<tr><td>Presented as a long-term loan (USD million)</td><td>63.75</td></tr>
<tr><td colspan="2">Fair value as at December 31, 2025 (USD million)</td><td colspan="2">63.2</td></tr>
<tr><td colspan="2">Date of receipt of original loan</td><td colspan="2">June 08, 2021</td></tr>
<tr><td colspan="2">Amount of original loan (USD million)</td><td colspan="2">63.75</td></tr>
<tr><td colspan="2">Effective interest rate at December 31, 2025 (%):</td><td colspan="2">Fixed interest of 2.71%</td></tr>
<tr><td colspan="2">Repayment dates of principal and interest</td><td colspan="2">Monthly interest payments, principal will be repaid on January 7, 2028</td></tr>
<tr><td colspan="2" rowspan="2">Key financial covenants</td><td colspan="2">Minimal net value [1] of Gazit Horizon may not fall below USD 60 million.</td></tr>
<tr><td colspan="2">Gazit Horizon liquidity will not fall below USD 2 million.</td></tr>
<tr><td colspan="2">Other key terms (including value of land, progress of construction, leasing progress, presence of anchor tenants, and similar matters):</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Note wither a key covenant or other criteria has been violated as at the end of the reporting period</td><td colspan="2">No</td></tr>
<tr><td colspan="2">Is it non-recourse:</td><td colspan="2">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 further information concerning guarantees, see section 6.16 below.</td></tr>
</table>

G. Pledges and material legal restrictions on property

Below is a breakdown of liens and material restrictions related to the property as at December 31, 2025:

Class	Description	The amount is secured by a lien as at December 31, 2025 (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	N/A	
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, etc.	
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.

H. Details regarding the valuation

Details regarding property valuations by external appraisers and by the Company over the past 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
2025	153,300	Newmark	Yes	No	June 30 2025	Discounting of revenue
2024	148,800	Newmark	Yes	No	June 30 2024	Discounting of revenue
2023	156,600	Newmark	Yes	No	June 30 2023	Discounting of revenue

Main parameters taken into account for the valuation

(Discounted cash flow method):

Item	2025	2024	2023
Gross leasable area used in the calculation (m^2)	19,209	19,209	19,209
Occupancy rate in year +1 (%)	N/A	N/A	N/A
Occupancy rate in year +2 (%)	N/A	N/A	N/A
Representative occupancy rate of the leasable area used for the valuation (%)	99%	96%	95%
Average monthly rentals per sq.m leased in year 1 for valuation purposes (USD)	N/A	N/A	N/A
Average monthly rentals per sq.m leased in year 2 for valuation purposes (USD)	N/A	N/A	N/A
Average representative monthly rentals per sq.m leased for valuation purposes (USD)	41.1	46.29	45.93
Representative cash flow / representative NOI used for valuation (USD thousands)**	6,318	6,696	6,655
Discounting rate used for valuation purposes (%)	4.5	4.5	4.25
Sensitivity analysis for value	**Changes in value (in USD thousands)**		
Occupancy Rates			
Rise of 5%	11,729	11,191	11,130
Fall of 5%	(12,819)	(11,165)	(12,382)
Discounting rate			
Rise of 0.25%	(8,028)	(7,262)	(8,707)
Fall of 0.25%	7,492	7,705	9,779
Average rent per square meter			
Rise of 5%	11,275	11,838	11,811
Fall of 5%	(11,189)	(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 is a retail center of 5.5 thousand m2, forming part of a mixed-use project located on the waterfront in the Williamsburg neighborhood of Brooklyn, New York. As at December 31, 2025, its value is USD 71 million The property is rented at a rate of 94.6%. 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	2025	2024	2023
	USD million, unless stated otherwise		
Carrying value at end of period (NIS million)	227	222	221
Fair value at end of the period	71	63	61
Rental revenue in the period	3.4	3.3	3.4
Actual NOI for the period	3.0	2.9	2.9
Actual yield rate (%)	4.2%	4.5%	5.2%
Adjusted yield rate (%)	4.3%	4.6%	5.3%
Yield rate over cost (%)	5.8%	6.0%	6.8%
Loan to value ratio (LTV) (%)	37%	41%	43%
Valuation gains (losses)	8.0	1.9	3.4
Occupancy rate at end of the period (%)	94.6%	94.2%	94.5%
Average rent per sq.m / month	47.68	46.48	46.06
Average income per sq.m / year (*)	572.2	557.8	552.68
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, 2025	September 30, 2024	September 30, 2023
Name and experience of valuator	Newmark Valuation & Advisory	Newmark Valuation & Advisory	Newmark Valuation & Advisory
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 5.75%	Terminal Cap 6.0%	Terminal Cap 5.75%
	DCF Discount Rate 6.75%	DCF Discount Rate 7.0%	DCF Discount Rate 6.75%

(*) 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 55.8%. The rental agreements with these tenants are for periods ranging from 2 to 7 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, 2025, G Alpha has 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. Property and equipment

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, 2025, G Alpha's working capital with regard to assets consists mainly of cash and cash equivalents, trade receivables and other receivables totaling USD 7,177 thousand. With regard to liabilities, G Alpha's working capital includes trade payables, other payables, and current maturities of non-current liabilities, totaling USD 26,678 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, 2025, G Alpha's interest-bearing liabilities to banks and other financial institutions amounted to USD 90 million (with no change in liabilities compared to December 31, 2024 and December 31, 2023). 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 2025 they amounted to USD 90 million (unchanged compared to December 31, 2024 ,and December 31, 2023). The foregoing debt bears fixed interest at a weighted rate of 2.98% and average duration of 1.87 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.[27] 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.[28]

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

[27] The guarantees provided by the Company and by Gazit Horizons for the loans are expanded Bad Boy guarantees, meaning guarantees under which, in certain circumstances (including, among others, breaches of the agreement relating to insolvency of the relevant borrowing entity, an unauthorized transfer of the property, and similar events), the lender is entitled to seek recourse against the guarantor.

[28] See footnote 1 above.

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, etc.) 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, etc.). 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 that grounds arise for immediate repayment, the relevant lender will be entitled to exercise any right available to it under the applicable loan agreement, including declaring all outstanding debt immediately due and payable, including early repayment penalties, initiating foreclosure proceedings[29], including the appointment of a receiver, and other additional remedies customary in agreements of this type, which may result in a breach of G Alpha's other financing agreements. Nonetheless, G Alpha's financing agreements do not include a cross default mechanism.

d) As at December 31, 2025, and immediately prior to the date of publication 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, 2025
Minimal net value [1] of Gazit Horizon	USD 60 million	USD 602 million
Gazit Horizon liquid balances	USD 2 million	USD 13 million
Net value [2] of G City	USD 50 million	USD 1.2 billion
G City liquid balances	USD 1 million	USD 728 million

[1] Net value is defined as the total assets minus the total liabilities of Gazit Horizons.

[2] This value will be determined by the Company in accordance with GAAP and reasonably approved by the lender.

f) From December 31, 2025 through to shortly before reporting date, G Alpha has not assumed any new loans.

6.17. Taxation

For further information regarding the tax laws applicable to GHI Alpha and the Company's consolidated subsidiaries in the United States see Note 24 to the Company's consolidated financial statements for 2025.

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, which also applies to G Alpha, and which, among other things, outlines the Company's approach to environmental and community-related matters. Environmental responsibility was and will continue to be an issue that reflects the Company's positive and active approach to environmental and community issues.

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

29 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.

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, 2025, G Alpha and its subsidiaries are acting to correct environmental defects or hazards that they may 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, 2025, G Alpha believes that the costs expected to be incurred with respect to its liability for environment-related damages are not material to G Alpha and its incorporated 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 projected developments for 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, bus stops, etc.) 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 foregoing 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). Neither the Company nor G Alpha can be certain that their expectations and assessments will in fact materialize, including with respect to their ability to realize their vision and achieve the goals they have set for themselves, including G Alpha's investment plan, which is significant, based on factors that, by their nature, are not within their control. It is further clarified that the management of the Company and of G Alpha will review G Alpha's plans from time to time and will update them in accordance with these 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).

City

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, 2025

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, 2025 (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 the 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 key urban cities.

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

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

In recent years, the Company has worked to increase the proportion of its privately held real estate (i.e., properties not held through publicly traded companies) in Europe and North America, with the aim of being closer to the properties and for effectively directing the Group's operations. As part of this strategy, during and subsequent to the reporting period, the Company significantly increased its holdings in its subsidiary, Citycon Oyj. ("CTY"), incorporated in Finland.

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

In addition, the Group's operations in Northern Europe are carried out through CTY, a public subsidiary controlled by the Company that has a similar strategy as that of the Company.

1.2. 2028 Strategic Plan

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

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

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

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

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

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

Furthermore, in February 2026, CTY announced its intention to sell off its non-core properties at a total value of EUR 1 billion over the coming 24 months.

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, and including the ability/non-ability to fully direct the businesses of the Group companies.

The 2028 Strategic Plan follows the disposal plan announced by the Company in October 2022 for disposal of non-core properties or properties that Company has accomplished their improvement. For further information, see section 1.1 to the Description of the Corporation's Business in the annual report.

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 7.2 billion, as follows: G Europe - NIS 5.3 billion; G Israel - NIS 0.7 billion; Gazit Horizons - NIS 0.6 billion; Gazit Brazil - NIS 0.6 billion.

1.3. The Orion Transaction

In accordance with the Company's strategy as set out above, in December 2025 the Group completed the disposal of 3 income generating properties in Poland with total value (as at September 30, 2025) of EUR 456 million, by selling them to Orion Retail Properties Ltd. ("Orion"), and issuing Orion securities on the Tel Aviv Stock Exchange Ltd., with the proceeds of the issue used to repay loans that the Company had extended to Orion for the purpose of acquiring the foregoing properties.

As part of this process, on November 27, 2025, Orion published to the public a supplementary prospectus, a spin-off and dividend-in-kind prospectus, and a shelf prospectus, pursuant to which all of the Company's holdings in Orion were distributed to the Company's shareholders as a dividend in kind. The amount in the Company's books of the investment in Orion immediately prior to distribution was EUR 34 million (NIS 127 million) and based on GAAP, the Company recognized a capital loss on this investment based on the value reflected by the share price at the end of the first trading day, amounting to NIS 53 million, with the remaining amount recorded as a dividend in kind of NIS 76 million. Furthermore, under the tender offer, Orion is acting to raise debt secured by first and second degree liens on the properties sold to it as aforesaid, for an amount of up to NIS 1,370 million par value.

The dividend in kind was distributed pro rata, among the Company's shareholders, such that each holder of one Company share on date of record received 0.1208932 ordinary shares of Orion.

Furthermore, the Company and Orion have engaged in several agreements (including through G Europe subsidiaries) under which the Group provides Orion with property management services in Poland, a loan agreement from the Company to Orion in the amount of EUR 25 million (that will be subordinate to Orion's Debentures Series A and Series B) and a guarantor agreement under which the Company provides a bank guarantees with respect to a currency hedging transaction for Orion. Furthermore, the parties engaged in a non-competition agreement, as described in section 7.1 of the chapter on the Description of the Corporation's Business.

1.4. Increased holdings in CTY

On November 3, 2025, the Company acquired 14,188,052 CTY shares, constituting 7.7% of CTY's share capital, for EUR 4 per share (and at a total of EUR 56.75 million), under an ex-stock exchange deal ("Share Acquisition Transaction"). This price reflects a discount of 44% on the share capital of CTY as at September 30, 2025. This price also reflects a premium of 35.8% compared to the closing price per CTY share as at October 31, 2025 and premium of 18.9% and 17.6% compared to the average closing price per CTY share over the 3-12 months prior to October 31, 2025, close to the date of this transaction.

Subsequent to the acquisition, the Company's holdings in CTY (including through a wholly owned subsidiary) amounted to 57.4% of the issued share capital of CTY. Moreover, from the date of the share acquisition transaction through the date of this Report, the Company acquired, through trading on the Helsinki Stock Exchange, 3 million additional CTY shares, increasing the Company's holdings in CTY to 59.1%.

The share acquisition transaction, together with the additional shares acquired from said date through the end of the reporting period, resulted in an increase of NIS 214 million in the Company's equity, improvement in FFO, and an immaterial change in the leverage ratio.

Under the provisions of Finnish law, as the Company's holdings exceed the limit of 50% of CTY's share capital, the Company was required to issue a tender offer for all of the non-controlling shares of CTY, at a price that will not fall below the price paid under the Share Acquisition Transaction.

Accordingly, on December 31, 2025, the Company published a tender offer specification, under which it offered to purchase all minority interests in CTY (including securities convertible into CTY shares) at a price of EUR 4 per share (the "Tender Offer"). In January 2026, CTY announced a dividend distribution by way of a capital reduction in the amount of EUR 0.2 per share, and in accordance with the terms of the Tender Offer specification, the consideration under the Tender Offer was adjusted to EUR 3.80 per share.

In March 2026, the results of the Tender Offer were published, indicating that holders of 50 million CTY shares, representing about 27.3% of its share capital, accepted the offer. Upon completion of the Tender Offer, the Company's holdings in CTY increased to 86.4%. The total consideration paid under the Tender Offer amounted to EUR 190 million (NIS 700 million). The consideration is financed primarily from the Company's internal resources.[1]

It should be noted that the total consideration the Company is expected to pay in the tender offer, net of special dividends declared by CTY and expected to be received by G City in the amount of EUR 164 million[2], is EUR 26 million.

The acquisition of shares under the Tender Offer is expected to result in an increase of NIS 640 million in the Company's equity (NIS 3.57 per share), an addition of NIS 38 million to FFO for 2026 (NIS 0.21 per share), a reduction of 2.1% in the expanded standalone leverage ratio, and an increase of 2.7% in the consolidated leverage ratio, all based on the Company's financial results as at December 31, 2025, and on the dividend distributions announced by CTY as of the date of the Tender Offer through the date of publication of this Report.

The Company's estimates regarding the manifestation of the foregoing strategic plan, including the sale of properties (including disposal as set out in section 1.3 above) and injection of 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 and the military operations that followed it, including Operation Lion's Roar, which is ongoing at the present time. 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 security situation in Israel), and the outcome of materialization of the risk factors applicable to the Company's operations as set out in sections 28 of the chapter on the Description of the Company's Business in the Periodic Report. At the same time, it is clarified that the Company's management will from time to time assess their plans and revise them according to such changes and others.

[1] Prior to the completion of the Tender Offer, the Company engaged in an agreement with a financial institution for financing the acquisition of CTY shares, for an amount of EUR 195 million, of which, to date, the Company is entitled to draw EUR 100 million.

[2] On January 12, 2026, CTY announced a dividend distribution of EUR 0.2 per share, which resulted in an adjustment to the Tender Offer price as described above. In addition, on March 1, 2026, CTY announced a dividend distribution of EUR 0.9 per share, subject to approval by CTY's general meeting convened for March 23, 2026, by a simple majority, which the Company has stated it will support. Since the Company holds the required majority for approving the dividend distribution, for the purposes of this report the Company assumes the dividend proceeds will be adopted.

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

	Country of operation	Holding interest	Income-producing property	Properties under development	Land	GLA (sq.ms in thousands)
CTY	Finland, Norway, Sweden, Estonia and Denmark	59.1%	31	-	-	988
G Europe	Poland	100.0%	11	1	2	245
Gazit Brasil	Brazil (Sao Paulo)	82.5%	7	-	-	151
G Israel	Israel	100.0%	9	2	1	139
Gazit Horizons	USA	100.0%	12	2	1	65
Total carrying amount			**70**	**5**	**4**	**1,588**
Jointly controlled properties (proportionate consolidation)			4	-	1	75
Total			**74**	**5**	**5**	**1,663**

		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	14,142	-	-	14,142
G Europe	Poland	5,086	304	158	5,548
Gazit Brasil	Brazil (Sao Paulo)	1,754	-	-	1,754
G Israel	Israel	3,482	511	452	4,445
Gazit Horizons	USA	1,600	349	252	2,201
Total carrying amount		**26,064** [2]	**1,164**	**862**	**28,090**
Jointly controlled properties (proportionate consolidation)		1,434	-	2	1,436
Total		**27,498**	**1,164**	**864**	**29,526**

1 Including extensions to income-generating properties.

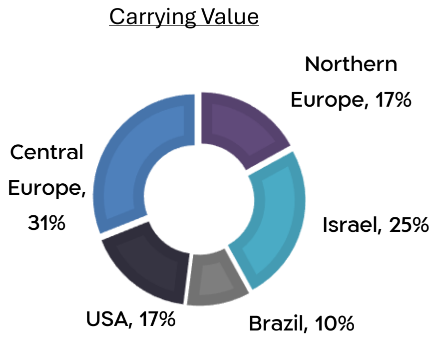
2 The balance of the yielding assets attributed to the expanded separate information (not incl CTY), an amount of NIS 0.7 billion is attributed to vacant space. For the purpose of calculating the value attributed to vacant spaces, vacant space was defined as space that did not generate rent during the 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.

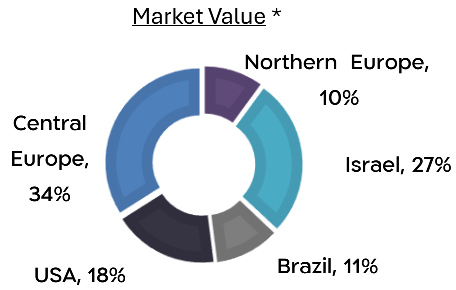
3 The balance of the income generating properties attributed to the expanded separate information (excluding CTY), an amount of NIS 1.0 billion is attributed to income generating rental residential properties.

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

	Country	Number of properties	Carrying amount NIS millions
G Europe	Poland and Romania	3	43
CTY	Finland, Sweden and Denmark	6	1,910
Total carrying amount		9	1,953

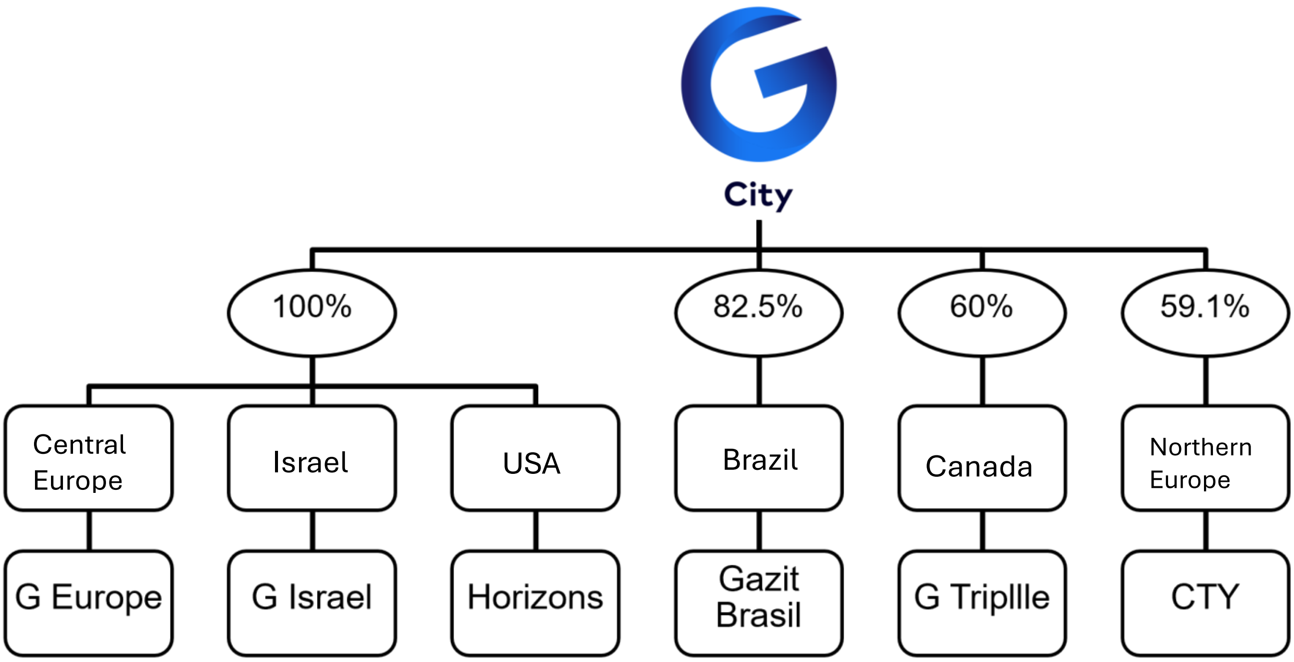
1.6. Breakdown of the Company's investments in its operating segments (on an expanded separate basis) as of December 31, 2025:





* The investment in CTY is presented as market value.

1.7. The Company's Major Holdings (holding structure and interests as of December 31, 2025):



1.8. 2025 Highlights ("Reporting Period")

(NIS millions, other than per share data)	December 31,		
	2025	**2024**	
Net debt to total assets ratio (expanded separate information) [1,9]	68.4%	68.7%	
Net debt to balance sheet ratio (consolidated) [2,9]	62.4%	62.4%	
Equity attributable to equity holders of the Company [9]	3,920	4,180	
Equity per share attributable to shareholders of the Company	21.1	21.0	
	Year ended December 31		
	2025	**2024**	**Change**
Rental and other income	2, 299	2,533	(9.2%)
NOI [3]	1,617	1,734	(6.7%)
NOI net of properties sold in the functional currency [4]	1,493	1,393	7.2%
Funds from operations (FFO) per share (expanded separate	2.48	2.40	3.3%
FFO [6.9]	368	490	(24.9%)
FFO per share (in NIS) [6]	1.90	2.65	(28.3%)
FFO from the income generating properties segment [7]	387	375	3.2%
FFO per share from the income generating properties segment [7]	2.00	2.03	(1.5%)
Number of shares used in calculating the FFO per share	193,584	184,892	4.7%
Disposal of investment property [8]	3,017	1,791	-
Net income to shareholders of the Company	70	52	-
Diluted net earnings per share (NIS)	0.36	0.28	-
Comprehensive loss, including to the Company's shareholders	(165)	(803)	-
Cash flows from operating activities	638	696	-

1 Since Q1 2025, the Company has revised the method used for calculating the net debt to total balance sheet ratio also in the expanded separate financial information. For further information on the revised method of calculation see Footnote 6 to section 2.1 below.

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

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

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

5 See section 2.2 below.

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

7 See section 2.3 below.

8 Based on the Company's consolidated statements of cash flows, with the addition of the proceeds from the sale of three properties under the Orion transaction, received subsequent to the reporting date.

9 For information concerning the expected effect of the results of the CTY share tender offer on these indices, see section 1.4 above.

- Net operating income from identical properties increased by 6.3% in 2025 compared with 2024 (6.5% based on proportionate consolidation). For further information, see section 3.2 below.
- In the reporting period, the number of visitors to the Group's properties increased by 0.9%. Furthermore, tenant revenue increased by 1.4% compared with the corresponding period last year.
- As at December 31, 2025, the Company and its subsidiaries have liquid balances and unutilized lines of credit available for immediate withdrawal amounting to NIS 3.8 billion (of which NIS 2.5 billion in the Company and its wholly owned subsidiaries, and includes cash and cash equivalents, marketable securities and short term deposits of NIS 2.0 billion).
- As a result of the changes in the exchange rates of the USD, CAD, EUR and BRL against the NIS, and of the NOK and SEK against the EUR, the equity attributable to Company shareholders decreased in 2025 by NIS 268 million (net of the effect of currency hedging transactions) (NIS 195 million in the fourth quarter of the year).
- In general, the strengthening of the NIS against the currencies in which the Group operates has a negative effect on the Company's equity, and conversely, the weakening of the NIS against those currencies has a positive effect on equity.

1.9. International debt rating of subsidiaries:

Rating Agency	G City	CTY	G Europe
Moody's	ilA3/ Stable(1)(3)	-	B3/ Positive
S&P Maalot	ilA-/ Stable(1)	B+/ Stable(2)	-

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

(2) CTY issuer rating as set by S&P Maalot was B/ Stable.

(3) In November 2025, the Midroog rating agency published an Issuer Caveat due to the tender offer for CTY shares, which remained in effect following the publication of the results of the tender offer in March 2026. According to Midroog's assessment, the rating is not expected to change in the short term.

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

2.1. Breakdown of the Company's holdings (the Company's balance sheet with the investment in CTY presented according to the equity method), as at December 31, 2025

Properties	NIS millions	
Investment in CTY (OMX shares) 1	2,906	
Investment in real estate properties in Central Europe 2	5,507	
Investment in real estate properties in Israel	4,445	
Investment in real estate properties in the USA 2	2,937	
Investment in real estate properties in Brazil	1,754	
Investment in real estate properties in Canada 2	47	
Total investment in investment property		**17,596**
Other assets 3		**1,259**
Total assets		**18,855**
Liabilities:		
Interest-bearing liabilities *	14,990	
Net of cash and cash equivalents, marketable securities and short term investments	(1,977)	
Net of the balances of currency exchange derivative transactions, net	(107)	
Interest-bearing liabilities, net		**12,906**
Other liabilities 4		**866**
Total liabilities		**13,772**
Capital		
Equity attributable to the Company's shareholders		**3,920**
Non-controlling interests 5		**1,163**
Total expanded separate equity		**5,083**
Net interest bearing liabilities to total balance sheet 6		**68.4%**

(*) 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	Unsecured	Secured	Unsecured			
2026	99	1,173	-	36	32	779	2,119	14.1%
2027	782	838	430	84	191	340	2,665	17.8%
2028	871	1,343	-	27	-	1,170	3,411	22.8%
2029	1,069	1,362	-	32	-	311	2,774	18.5%
2030	839	-	-	38	-	1,075	1,952	13.0%
2031	914	833	-	44	-	-	1,791	11.9%
2032	-	-	-	50	-	-	50	0.3%
2033	-	-	-	54	-	-	54	0.4%
2034 onwards	-	-	-	174	-	-	174	1.2%
Total	**4,574**	**5,549**	**430**	**539**	**223**	**3675**	**14,990**	**100%**

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

	2023	2024	2025
Opening balance	**17,635**	**17,029**	**15,501**
Receipt of loans or lines of credit / issue of debentures	2,049	3,936	2,472
Repayment of loans, lines of credit and debentures	(3,295)	(5,439)	(3,185)
CPI linkage and exchange rate differentials	750	67	323
Other changes[7]	(110)	(92)	(121)
Closing balance	**17,029**	**15,501**	**14,990**
Net of cash and cash equivalents, marketable securities and short term investments and foreign currency derivatives	(594)	(1,211)	(2,084)
Closing balance	**16,435**	**14,290**	**12,906**

1 Investments presented using the equity method. The Company holds 108.5 million shares of CTY (59.1%). The market value of the investment in CTY as at December 31, 2025, is NIS 1,619 million (EUR 3.99 per share).

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

3 Including mainly loans and receivables in an amount of NIS 1.1 billion, and inventory of offices for sale in an amount of NIS 0.2 billion.

4 Including mainly trade payables and other payables in an amount of NIS 0.6 billion and deferred tax liabilities of NIS 0.3 billion.

5 Includes G Europe hybrid debentures in an amount of NIS 0.7 billion, and non-controlling interests in part of the Company's properties amounting to NIS 0.5 billion. It is noted that these properties also have loans amounting to a total of NIS 0.5 billion that are fully consolidated in this balance sheet as part of the interest bearing liabilities (NIS 0.1 billion of which are attributable to non-controlling rights).

6 As of Q1 2025, the Company has revised the method used for calculating the net debt to total balance sheet ratio also in the expanded separate financial information. In the revised calculation method, the net debt consists of interest bearing liabilities net of cash and cash equivalents, marketable securities, and short term investments only and does not include other liabilities and deduction of other properties (also including held for sale investment properties) as were included in the previous calculation method. The revised calculation method is consistent with the calculation in the consolidated report and is the customary calculation for this ratio. As at December 31, 2025, based on the previous method of calculation this ratio is 69.2%.

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

2.2. FFO - expanded separate information

	Year ended December 31		For the 3 months ended December 31	
	2025	2024	2025	2024
	(NIS millions, other than per share data)			
Available sources for distribution from a public subsidiary (CTY) [1]	155	175	43	37
Available sources for distribution from public companies [2]	705	843	169	234
Total income	860	1018	212	271
General and administrative expenses	(64)	(67)	(18)	(15)
Interest expenses, net	(301)	(492)	(70)	(125)
Taxes	(14)	(15)	(3)	(4)
Total expenses	(379)	(574)	(91)	(144)
FFO	481	444	121	127
FFO per share (in NIS)	2.48	2.40	0.65	0.70

1 Calculated based on adjusted FFO net of current capex.

In 2024, CTY distributed dividends in an amount totaling NIS 111 million, and in the three months ended December 31, 2024, an additional dividend of NIS 29 million was distributed. In 2025 and in the 3 months ended December 31, 2025, no dividends were distributed. It is hereby noted that based on the resolution of the general meeting of CTY shareholders, the CTY board of directors have the authority to distribute dividends, where the Board was given the authority to distribute up to EUR 0.30 per share until the next annual meeting of CTY shareholders. Subsequent to the reporting date, CTY distributed EUR 0.2 per share (the Company's share was EUR 22 million). In addition, in February 2026, CTY published a distribution policy stating that it will use its excess cash to distribute dividends from time to time, taking into account its financial results, proceeds from sale of properties, financing, and refinancing. Furthermore, in March 2026, CTY's board of directors announced the convening of a general meeting to approve a special dividend of EUR 0.9 per share (the Company's share is EUR 143 million), and the Company intends to vote in favor of this dividend distribution.

2 Includes revenue from early redemption of interest bearing debentures (excluding hybrid debentures) and capex in properties in an amount of NIS 45 million in 2025 and 2024 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 generating real estate companies, providing an adequate basis for comparison between income generating 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 inco`me (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	
	2025	2024	2023	2025	2024
	(NIS millions, other than per share data)				
Net profit (loss)	390	96	(1,320)	160	(305)
Adjustments:					
Net of (profit) loss from secondary operations [1]	(13)	-	-	(5)	-
Impairment (appreciation) in investment property and investment property under development, net	(674)	(38)	767	(172)	427
Capital loss on sale of investment property	206	330	681	139	218
Change in fair value of financial instruments, including derivatives, measured at fair value through profit or loss	277	(15)	130	27	(92)
Adjustments with respect to equity-accounted investees	(75)	(108)	(48)	4	8
Deferred taxes and current taxes with respect to disposal of properties	267	53	94	57	(92)
Nonrecurring or exceptional expenses/income [2]	9	39	18	2	12
FFO as per Securities Authority method	387	357	322	212	176
Non-controlling interests' share in above adjustments	(246)	(280)	(158)	(51)	(76)
Interest on hybrid debentures paid to non-controlling interests	(101)	(96)	(113)	(25)	(24)
FFO as per the Security Authority method attributed to the Company's shareholders	40	(19)	51	136	76
Additional adjustments (attributable to the Company's shareholders)					
CPI and exchange rate linkage differentials [3]	256	328	328	(66)	5
Depreciation and amortization	17	20	24	5	7
Earnings from early redemption of hybrid debentures	(4)	92	97	-	5
Other adjustments [4]	59	69	5	10	36
FFO according to management method (AFFO)	368	490	505	85	129
AFFO per share (in NIS)	1.90	2.65	2.85	0.46	0.71
Number of shares used in calculating the FFO per share (in thousands)[5]	193,584	184,892	177,052	186,115	182,298

1. Attributed to sale of offices activity.
2. 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.
3. See also section 2.4 below.
4. 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.
5. Average weighted for the period.

Below is a breakdown of FFO sources

	Year ended December 31		
	2025	2024	2023
	(NIS millions, other than per share data)		
FFO from the income generating properties segment			
Revenue			
NOI from investment property	743	844	886
The Group's share of CTY's FFO [1]	167	192	174
The Group's share of the FFO of subsidiaries other than CTY	27	20	32
Total income	937	1056	1092
Expenses			
Real financing, net	(340)	(470)	(572)
Profits for hybrid debentures	(32)	(30)	(53)
General and administrative	(163)	(165)	(185)
Current taxes	(15)	(16)	(16)
Total expenses	(550)	(681)	(826)
FFO from the income generating properties segment	387	375	266
FFO per share from the income generating properties segment (NIS)	2.00	2.03	1.50
FFO from special financing activities			
Revenue			
Gains from buyback of debentures and hybrid debentures	22	139	245
Expenses			
Financing expenses from buyback of debentures and hybrid debentures [2]	(41)	(24)	(6)
FFO from special financing activities	(19)	115	239
FFO per share from special financing activities (NIS)	(0.10)	0.62	1.35
FFO as per management approach	368	490	505
FFO per share according to management approach (in NIS)	1.90	2.65	2.85
Gains from buyback of debentures and hybrid debentures using the long term spread method [3]	121	106	36

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

Forecast of same property NOI and FFO from income generating real estate operations

The forecast of same property NOI and FFO from income generating real estate operations are provided below to present the Company management's estimations with respect to the Company's business and operating results. Below is a forecast of the increase in same property NOI and FFO from income generating real estate operations for 2026, which is based on public information and the management's estimations, including CTY's forecasts, if published, and the following assumptions:

- Known exchange rates and interest rates at the reporting date.
- Acquisitions, sales and investments in property development, pursuant to the Company's work plan.
- Excluding unanticipated material events that affect the Group's operations.

	For the year ended December 31	Year ended December 31
	2025	2026
	Actual	**Forecast**
FFO per share from the income generating properties segment (NIS)	2.00	1.98-2.08
Rate of increase in same property NOI	6.3%	6%

Below is a breakdown of the results of compliance with the Company's goals

	For the year ended December 31, 2025	
	(NIS millions, other than per share data)	
	Actual	**Forecast**
NOI Consolidated	1,617	1,590-1,630
FFO per share from the income generating properties segment (NIS)	2.00	1.95-2.01

The Company believes that, in view of the property disposal plan for 2026 and for the subsequent years, as well as the high volatility in exchange rates, the forecasted growth rate in same property NOI, which offsets the effects of foreign exchange rates, provides a more appropriate reflection of the Company's operations compared with the Company's consolidated NOI for 2026 as compared to 2025. Accordingly, the forecast will be presented in terms of the growth rate in same property NOI.

The Company's forecast for same property NOI and FFO from income generating real estate operations for 2026 is forward-looking information, as defined in the Securities Law, 1968, based on the foregoing assumptions, including the estimations and assessments of the Company management and Group companies with respect to future events or matters whose materialization is uncertain and beyond the Group's control. There is no certainty that the forecast will be realized, in whole or in part, and actual results may differ from the forecast as set out above, due, among other things, to dependence on events beyond the control of the Company and the Group, including changes in exchange rates and interest rates, as well as the Company's ability to execute its plans for the realization, acquisition, and development of properties at the prices, under the conditions, or within the time frames set out in the work plan

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

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

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

In the first quarter of 2025, the Company began engaging in such CPI swap transactions to create a higher correlation between CPI-linked revenue and CPI-linked debt, and as at date of publication of this report, the Company has engaged in swap transactions for an amount of NIS 4.7 billion.

The effect of the transactions carried out in 2025 amounted to an increase of NIS 83 million in interest income (of which NIS 23 million was recorded in the fourth quarter).

2.5. Buyback of debentures and hybrid debentures

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

Period	Par value Acquired in the period	Total gains recognized in the period	Total cash flow savings over the useful life of the debentures
		NIS millions	
2023	958.3	220.1	36.1
2024	1,521.4	140.7	105.9
2025	602.4	25.2	121.4
2026			86.1
2027 onwards			36.5
Total	**3,082.1**	**386.0**	**386.0**

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 provides 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, 2025	December 31, 2024
	NIS millions	
EPRA NRV		
Equity attributable to the shareholders of the Company, per the financial statements	3,920	4,180
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	809	671
Fair value asset adjustment for financial derivatives, net [2]	24	(21)
EPRA NRV	4,753	4,830
EPRA NRV per share (in NIS)	25.5	24.2
EPRA NTA		
Equity attributable to the shareholders of the Company, per the financial statements	3,920	4,180
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	454	378
Goodwill adjustment attributable to assets	(199)	(169)
Fair value asset adjustment for financial derivatives, net [2]	24	(21)
EPRA NTA	4,199	4,368
EPRA NTA per share (in NIS)	22.5	21.9
EPRA NDV		
Equity attributable to the shareholders of the Company, per the financial statements	3,920	4,180
Goodwill adjustment attributable to assets	(199)	(169)
Adjustment of financial liabilities to fair value	823	348
EPRA NDV	4,544	4,359
EPRA NDV per share (in NIS)	24.4	21.8
Number of issued shares of the Company used in the calculation (in thousands) [3]	186,202	199,554

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

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

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

3.1.1. Key investments and disposals of investment real estate

- **Europe:**

  Significant property disposals were completed, including the sale of land in Turkey for an amount of EUR 53 million, and in the Czech Republic for an amount of EUR 201 million (the Flora property)[1].

  In addition, three properties with total value of EUR 450 million were sold as part of the Orion transaction, as set out in section 1.3.

- **Israel:**

  Rishon Le-Zion G City Tower: Marketing of the office space has commenced; as of the date of this Report, offices with transaction value of NIS 356 million (26.6 thousand m^2) have been sold, including a significant transaction signed with Leumit (six floors, NIS 155 million). Following these sales, the inventory was reclassified, and the Company began recognizing gross profit based on the pace of sales and completion.

[1] After price adjustments relating, among other things, to capital investments, repairs, and lease arrangements.

Haifa: The sale of the Company's share in the Horev Center (50%) was completed for proceeds of NIS 131 million.

- **USA:** The income generating properties portfolio was expanded with the purchase of a commercial property in Fort Lauderdale (USD 35.4 million).
- **Brazil:** The sale of land in São Paulo was completed (BRL 49 million), and an agreement was signed for the sale of the office and parking areas in Top Center (BRL 167 million), realizing the property's book value. Payment for the office and parking areas will be made in installments, partly through the issue of shares of the Brazilian REIT that acquired the property (the first installment was received in December 2025) and part in cash.

3.1.2. Financing activities and other significant events

- **Debt management, debt raisings, and debenture buybacks** (for further details, see Note 20 to the financial statements):

  G City (Standalone) – In the year, the Company executed several expansions of its marketable debenture series in an aggregate amount of NIS 1.9 billion par value, including a secured debt (secured by Group real estate properties and shares of Group subsidiaries) in an amount of NIS 0.8 billion, and unsecured debt in an amount NIS 1.1 billion par value. Furthermore, during the reporting period, the Company bought back NIS 190 million par value debentures of the Company for a consideration of NIS 211 million, and subsequent to the reporting period, it executed additional buybacks of NIS 343 million par value debentures of the Company for NIS 353 million.

  G Europe - full early redemption was executed of the Debentures (Series 2025) for an amount of EUR 85 million, as well as executed buybacks of EUR 103 million par value Debentures (Series 2027), for consideration of EUR 98 million.

  CTY - buybacks were executed of EUR 340 million par value Debentures (Series 2026–2027) for consideration of EUR 332 million, alongside the issue of new debt in an amount of EUR 450 million, repayable in 2031. In addition, CTY bought back EUR 35 million par value hybrid debentures for EUR 36 million. Subsequent to the buyback, the Company recorded a loss of NIS 5 million, carried to capital reserves.

  In March 2026, CTY announced its intention to carry out full early redemption of its Debentures (Series 2026) on April 7, 2026. As of the reporting date, EUR 123 million par value remains outstanding.

- **Equity transactions and holdings structure (for further details, see Notes 9 and 26 to the financial statements):**

  Orion – a prospectus was published for the spin-off and distribution of the Company's entire holdings in Orion as a dividend in kind to the Company's shareholders. As part of this process, property disposals for a total amount of EUR 456 million were completed, and a dividend in kind of Orion shares was distributed to the Company's shareholders, as set out in section 1.3.

  Increase in holdings in CTY – the Company acquired 7.7% of CTY's shares under an off-exchange transaction, increasing its holding to 57.4%. This transaction triggered a mandatory tender offer for the remaining minority interests, as described in Section 1.4, under which the Company acquired 50 million shares. After publication of the tender offer and through the date of this Report, the Company has acquired an additional 3 million CTY shares on the stock exchange. As a result of these acquisitions (including under the tender offer, which was executed subsequent to the reporting date), the Company recorded a gain of NIS 854 million, recognized in equity reserves.

  Rights issue in Brazil - in March 2026, Gazit Malls announced a rights offering for a total amount of BRL 72 million (of which the Company's pro-rata share is BRL 59 million, with the option of increasing it should the minority interests not exercise their share). The proceeds are designated for completing the expansion of the parking facility at the Internacional property, which is expected to contribute to increased footfall and NOI in the property.

  Share Buybacks – in the reporting period, the Company bought back 13.2 million of its shares for a consideration of NIS 165 million. Subsequent to the reporting period, the Company bought back an additional 7.5 million shares for a consideration of NIS 63.7 million.

- **Credit rating:**

  The Company – following publication of the tender offer to CTY's minority shareholders in November 2025, the rating agency S&P Maalot announced that the Company's ratings had been placed on CreditWatch with negative implications, due to uncertainty regarding the final scope of the tender offer (see above) and its potential impact on the rating. After the publication of the tender offer results in March 2026, the rating agency removed the Company's rating from the CreditWatch list, ratified the existing rating, and revised the rating outlook to Stable. At the same time, the rating agency Midroog published an Issuer Caveat with respect to the CTY tender offer, and following the publication of the tender offer results, Midroog announced that, according to its assessment, the rating is not expected to change in the short term.

  CTY – during the year, several changes occurred in CTY's credit rating, as reflected in updates issued by the rating agency S&P Maalot:

  March 2025: Ratification of the debenture rating at BBB- and downgrade of the issuer rating to BB+ (stable outlook);

  September 2025: Downgrade of the debenture rating to BB+ and of the issuer rating to BB (stable outlook);

  November 2025: downgrade of the debenture rating to BB- and of the issuer rating to B+.

  In addition, CTY's ratings were placed on CreditWatch with negative implications due to the uncertainty regarding the final scope of the Company's tender offer to purchase CTY's minority shares. Following the publication of the tender offer results in March 2026, the rating agency removed CTY's ratings from the CreditWatch list and upgraded CTY's debt rating to B+ and its issuer rating to B.

3.2. Real estate operations

Key operating information and projects under development

	Income-generating properties [1]	GLA (square meters in thousands)	Occupancy rates December 31, 2025	Occupancy rates December 31, 2024
G Israel	9	139	98.6%	98.0%
Gazit Brazil	7	151	96.8% [2]	97.4%[2]
Gazit Horizons	14	79	96.4%	92.7%
CTY	31	988	95.5%	95.3%
G Europe	11	245	95.0%	95.2%

	Average basic monthly rent December 31, 2025	Average basic monthly rent December 31, 2024	Change in net cash flow from similar properties [3] For reporting period	OCR [4] 2025	Net property NOI (millions) Q4.2025	Net property NOI (millions) Q4.2024
G Israel	NIS 126.7 [7]	NIS 124.3 [7]	5.3%	11.2%	NIS 58.5	NIS 62.3
Gazit Brazil	R$ 70.4	R$ 69.9	1.6%	10.7%	R$ 59.6	R$ 62.0
Gazit Horizons	USD 49.7 [5]	USD 60.2 [5]	5.6%	[4]	$ 5.7	$ 4.5
CTY	€ 27.7	€ 25.0	5.4%	9.2%	€ 53.5	€ 54.3
G Europe	EUR 31.4 [6]	EUR 26.8 [6]	14.3%	12.2%	€ 21.9	€ 26.1

1. Includes jointly controlled properties.
2. For the shopping centers only.
3. Change in NOI of similar properties in 2025 compared with 2024.
4. OCR (Occupancy Cost Ratio) is the rent and management to proceeds ratio. The Company does not receive proceeds data in the commercial properties of Horizons.
5. Without residential properties. The decrease in average monthly apartment rents compared to the corresponding period is mainly due to a new property with lower rents acquired during the reporting period.
6. For shopping centers only, without leases based solely on revenue.
7. The decrease in average monthly rent compared to the corresponding period is mainly due to the sale of 50% of four high rent residential properties at the end of 2024.

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, 2025 (1)	Inventory of offices as at December 31, 2025	Fair value at December 31, 2025	Estimated Cost to Completion	Proceeds expected from sales	nnual NOI Expe cted
					(100% in NIS million)					
G City Rishon LeZion	An office tower under construction - 75% of the tower is earmarked for sale	65,100	100%	2026	371	236	219	279	622	23
Tel Hashomer Rental Apartments	Construction of 3 residential buildings with 243 rental apartments (before additional rights betterment relief) for long term rental of about 20 years.	34,800	100%	2028	50		292	380		24
		Total – 100%			421	236	511	659	622	47

(1) Without the cost of land

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

Land for future development	Plans	Expected Additional Space (sq.m)	Company's share	Estimated Date of Completion	Fair value at December 31, 2025 (100% in NIS million)
Beit Cal	Construction 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.	81,100	100%	TBD	403
Brickel, Miami	Construction of a 61floor mixed use tower, the application to increase the number of residential apartments to 504 units in the project was approved.	42,000	100%	TBD	252
Promenada Village, Warsaw	The Promenada Village residential apartments project includes 372 apartments for sale (15,400 sq.m) and 2,400 sq.m commercial space on the ground floor (the commercial space will remain under the Company's ownership), close to the existing Promenada Shopping Mall. It is built on a plot of land owned by the Company that currently uses it as a parking lot.	17,774	100%	Phase A - Q2/2028; Phase B - Q3/2030	97
Promenada Retail Extension 2, Warsaw	The project for extending the Promenada Shopping Mall includes the Primark brand, 35-50 additional stores (addition of 18,800 sq.m) and 318 additional parking spaces.	24,453	100%	Q3/2028	110
Wolska, Warsaw	The Wolska residential rental project includes up to 527 apartments (17,300 sq.m), intended for the development of the 105 meter high PRS building in the heart of Warsaw's business district. The acquisition of the 3,175 sq.m plot was completed in the fourth quarter of 2024.	17,946	100%	Q2/2029	61
		Total			923

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

3.3. Effect of the 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. Moreover, in March 2025, the Company's Board of Directors approved a quarterly dividend distribution policy for 2025 at 0.125 agurot per share (reflecting an annual rate of NIS 0.50 per share for 2025). On November 27, 2025, the Company's Board of Directors approved a distribution of 100% of the shares in Orion Retail Properties Ltd. held by the Company, as set out in section 1.3 above. Accordingly, the Company's Board of Directors decided not to distribute a cash dividend for the third quarter of 2025.

In March 2026, the Company's Board of Directors approved a quarterly dividend distribution policy for 2026 for an amount of NIS 0.16 per share (reflecting annual rate of NIS 0.64 per share). The decision was made after the Board reviewed the Company's financial position, including its projected cash flows, as well as other relevant considerations, and in accordance with the distribution tests set out in the Israel Companies Law, 1999 (the "Companies Law"), and distribution restrictions applicable to the Company under the deeds of trust for its debentures.

3.5. Financial Position

Item in the statement of financial position	December 31, 2025	December 31, 2024	Notes and explanations
	NIS million		
Cash and cash equivalents	796	1,991	For explanations regarding cash flows, see section 3.8 below.
Short-term investments and loans	1,412	538	The increase is primarily attributable to an increase of NIS 1.3 billion in short term loans provided, with respect to the Orion transaction, which was repaid subsequent to the reporting date, and was offset by a decrease of NIS 440 million in restricted cash, mainly due to proceeds from property sales that was deposited in trust until the conditions for their release were fulfilled; the cash was released in 2025.
Equity accounted investments	943	982	The decrease is mainly attributable to the appreciation of the shekel against the Group's operating currencies, offset by the Company's share in the profits of equity-accounted investees (primarily revaluation gains).
Investment property and investment property under development (including properties held for sale)	28,049	30,801	The decrease in the balance is primarily attributable to property disposals (including the properties sold to Orion) in a total amount of NIS 3.2 billion, as well as the effect of exchange rates of NIS 420 million, and the reclassification of a portion of the office tower under construction in Rishon LeZion to inventory in the amount of NIS 320 million, partially offsetting the effect of the increase in the fair value of investment property by NIS 674 million and by investments in properties in an amount of NIS 590 million.
Other assets	2,056	1,709	Significant movements in the period: An increase in long term loans in an amount of NIS 95 million provided to Orion, as well as the reclassification of investment property to inventory in the amount of NIS 236 million.
Total assets	**33,256**	**36,021**	
Interest bearing liabilities and debentures	21,628	22,994	Significant movements in the period: Repayment of loans and debentures in an amount of NIS 5.7 billion that was offset by receipt of loans and issue of debentures in an amount of NIS 4.0 billion and increase in index differentials for linked debt in the amount of NIS 0.3 billion
Liabilities attributed to assets held for sale	-	494	The decrease is due to the disposal of properties and their related liabilities during the year.
Other liabilities	2,337	2,435	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	**23,965**	**25,923**	
Equity attributable to the Company's shareholders	3,920	4,180	The decrease is primarily attributable to other comprehensive loss of NIS 235 million (mainly from the translation of financial statements), the buyback of treasury shares, and dividend payments totaling NIS 314 million, partially offset by net profit of NIS 70 million and gains from transactions with non-controlling interests, mainly relating to the acquisition of CTY shares, totaling NIS 221 million.
Non-controlling interests	5,371	5,918	The decrease is mainly attributable to transactions with non-controlling interests, mainly through the acquisition of CTY shares, which had an impact of NIS 493 million, as well as the buyback of hybrid debentures with an effect of NIS 144 million, and dividend and interest payments to holders of hybrid debentures in an amount of NIS 189 million, partially offset by the share of non-controlling interests in total comprehensive income, in the amount of NIS 279 million.
Equity	**9,291**	**10,098**	
Total liabilities and equity	**33,256**	**36,021**	

3.6. Operating Results

A. Breakdown of the operating results for 2023-2025:

	Year ended December 31		
	2025	2024	2023
	NIS million (Other than earnings (loss) per share)		
Rental and other income	2,299	2,533	2,438
Property operating and other expenses	710	799	771
Net income from rental of buildings	1,589	1,734	1,667
Revenue from the sale of offices	185	-	-
Cost of sales of offices	157	-	-
Net income from the sale of offices	28	-	-
Operating income, net	1,617	1,734	1,667
Fair value gain (loss) from investment property and investment property under development, net	674	38	(767)
General and administrative expenses	(284)	(321)	(349)
Sales and Marketing Expenses	(6)	-	-
Other income	3	222	5
Other expenses	(208)	(549)	(686)
Company's share in earnings (losses) of equity-accounted investees, net	78	114	(2)
Operating profit (loss)	1,874	1,238	(132)
Financing expenses	(1,345)	(1,285)	(1,340)
Financing income	147	219	272
Income (loss) before taxes on income	676	172	(1,200)
Income tax	286	76	120
Net profit (loss)	390	96	(1,320)
Attributable to:			
Equity holders of the Company	70	52	(1,203)
Non-controlling interests	320	44	(117)
	390	96	(1,320)
Net earnings (loss) per share attributable to equity holders of the Company (NIS)			
Total basic net earnings (loss)	0.36	0.28	(6.79)
Total diluted net earnings (loss)	0.36	0.28	(6.79)

Statement of Comprehensive Income for 2023-2025:

	Year ended December 31		
	2025	**2024**	**2023**
		NIS million	
Net profit (loss)	390	96	(1,320)
Other comprehensive income (loss) (net of tax effect):			
Amounts not subsequently reclassified to profit or loss			
Profit (loss) with respect to financial assets at fair value through other comprehensive income	28	(31)	(51)
Amounts classified or reclassified to profit or loss			
Adjustments for conversion of financial statements of foreign operations	(316)	(1,230)	1048
Loss with respect to cash flow hedges	(19)	(15)	(81)
Exercise of foreign currency translation reserve with respect to subsidiaries consolidated in the past	31	-	-
Total other comprehensive income (loss)	(276)	(1,276)	916
Total comprehensive income (loss)	114	(1,180)	(404)
Attributable to:			
Equity holders of the Company	(165)	(803)	(665)
Non-controlling interests	279	(377)	261
	114	(1,180)	(404)

B. Analysis of operating results for 2025

	December 31,		
	2025	2024	
Item in the consolidated statements of income	NIS million		Notes and explanations
Net operating income (NOI)	1,617	1,734	A decrease of 6.7% compared to corresponding period last year The decrease is mainly due to exchange rate changes and NOI from properties sold in the past year, offset by an increase in revenue from similar properties of 6.3%.
Rate of revenue	69.1%	68.5%	
Fair value gain from investment property and investment property under development	674	38	The appreciation in value in the reporting period was due to higher net cash flows from the properties, including the effect of the CPI increase. In addition, there were slight changes in the average capitalization rates in the Group's operating regions.*
Administrative and general, and sales and marketing expenses	(290)	(321)	The decrease is mainly due to the costs of the structural changes recorded in CTY in the corresponding period.
Other expenses, net	(205)	(327)	In the reporting period, the decrease is mainly attributable to a capital loss of NIS 82 million related to the Orion transaction, which includes a fair value adjustment based on Orion's share price on the first trading day, as well as the exercise of a foreign currency translation reserve to profit or loss, and due to the closing of property sale transactions, arising from price adjustments and transaction costs. In the corresponding period, 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.
The Company's share in earnings of equity-accounted investees	78	114	The decrease is mainly due to the revaluation of investment real estate recorded in the corresponding period last year at a higher amount compared to the revaluation recorded in the reporting period with respect to a property in the US.
Operating profit	**1,874**	**1,238**	
Financing expenses, net	(1,198)	(1,066)	The increase in financing expenses is mainly due to expenses with respect to the revaluation of derivatives in an amount of NIS 178 million in the reporting period, compared with income of NIS 52 million in the corresponding period last year, and revaluation expenses on marketable securities in an amount of NIS 80 million, compared with NIS 7 million in the corresponding period last year, offsetting a decrease in interest and linkage differential expenses of NIS 164 million compared with the corresponding period last year.
Income tax	(286)	(76)	The increase in expenses is mainly due to an increase in deferred tax expenses (mainly due to a positive revaluation of investment properties and a change in the tax rate at which deferred taxes were calculated for an income-generating property in Poland), which amounted to NIS 246 million in the reporting period, compared to NIS 5 million in the corresponding period last year, offsetting a decrease in current tax expenses of NIS 43 million in the reporting period, compared to NIS 72 million in the corresponding period.
Net profit	**390**	**96**	

* 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, 2025	6.3	6.2	6.5	7.7	5.4
31 December 2024	6.2	6.3	6.7	7.7	5.2

* Reflecting a weighted average of the capitalization rate applied to retail and residential assets.

C. Quarterly operating results for 2025

	Quarter 4 2024	Quarter 1 2025	Quarter 2 2025	Quarter 3 2025	Quarter 4 2025	Year 2025
	NIS millions					
Rental and other income	**637**	569	589	574	**567**	2,299
Property operating and other expenses	**202**	184	177	172	**177**	710
Net income from rental of buildings	**435**	385	412	402	**390**	1,589
Revenue from the sale of offices	**-**	-	-	130	**55**	185
Cost of sales of offices	**-**	-	-	110	**47**	157
Net income from the sale of offices	**-**	-	-	20	**8**	28
Operating income, net	**435**	385	412	422	**398**	1,617
Appreciation (impairment) of investment property and investment property under development, net	**(427)**	63	350	89	**172**	674
General and administrative expenses	**(88)**	(75)	(65)	(74)	**(70)**	(284)
Sales and Marketing Expenses	**-**	-	(2)	(3)	**(1)**	(6)
Other income	**37**	3	-	-	**-**	3
Other expenses	**(246)**	(65)	(2)	(3)	**(138)**	(208)
Company's share in earnings (losses) of equity-accounted investees, net	**(12)**	(1)	53	30	**(4)**	78
Operating profit (loss)	**(301)**	310	746	461	**357**	1,874
Financing expenses	**(259)**	(511)	(332)	(374)	**(250)**	(1,345)
Financing income	**169**	32	72	49	**116**	147
Income (loss) before taxes on income	**(391)**	(169)	486	136	**223**	676
Taxes on income (tax benefit)	**(86)**	37	119	67	**63**	286
Net profit (loss)	**(305)**	(206)	367	69	**160**	390
Attributable to:						
Equity holders of the Company	**(69)**	(246)	236	(11)	**91**	70
Non-controlling interests	**(236)**	40	131	80	**69**	320
	(305)	(206)	367	69	**160**	390

Breakdown of quarterly comprehensive income for 2025

	Quarter 4 2024	Quarter 1 2025	Quarter 2 2025	Quarter 3 2025	Quarter 4 2025	Year 2025
			NIS millions			
Net profit (loss)	**(305)**	(206)	367	69	**160**	390
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)**	-	3	-	**25**	28
Amounts classified or reclassified to profit or loss						
Adjustments for conversion of financial statements of foreign operations	**(1,456)**	916	(607)	(199)	**(426)**	(316)
Profit (loss) for cash flow hedges	**(3)**	(17)	(7)	3	**2**	(19)
Exercise of foreign currency translation reserve with respect to subsidiaries consolidated in the past	**-**	-	-	-	**31**	31
Total other comprehensive income (loss)	**(1,490)**	899	(611)	(196)	**(368)**	(276)
Total comprehensive income (loss)	**(1,795)**	693	(244)	(127)	**(208)**	114
Attributable to:						
Equity holders of the Company	**(992)**	223	(188)	(105)	**(95)**	(165)
Non-controlling interests	**(803)**	470	(56)	(22)	**(113)**	279
	(1,795)	693	(244)	(127)	**(208)**	114

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, 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, 2025, the Company and its subsidiaries have unutilized approved credit facilities[1] available for immediate withdrawal and liquid balances of NIS 3.8 billion (of which NIS 2.5 billion for the Company and its wholly-owned subsidiaries) which includes cash and short-term deposits of NIS 2.3 billion and unutilized approved credit facilities available for immediate withdrawal in the amount of NIS 1.5 billion.

[1] 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.

Moreover, as at December 31, 2025, the Company and its subsidiaries also have investment property and investment property under development that may be pledged, which are carried in the books at its fair value of NIS 13.1 billion (46.7% of the total investment property and investment property under development).

Of these, regarding the expanded separate information, the Company has properties that can be pledged worth NIS 2.2 billion[1] (NIS 1.2 billion in G Europe, NIS 0.7 billion in the US, NIS 0.2 billion in Brazil and NIS 0.1 billion in Israel).

As at December 31, 2025, the Company had negative cash flows from operating activities based on its separate (standalone) financial statements. Conversely, the Company has positive working capital based on both its consolidated financial statements and its separate financial information. Moreover, the Company has (extended separate) positive FFO, see section 2.2 below. In addition, the Company has at its disposal, on a consolidated and expanded separate basis (including wholly-owned subsidiaries), approved long-term credit lines[1] available for immediate withdrawal amounting to NIS 1.4 billion and NIS 0.5 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 cash flows from current operations, and tested whether this could indicate a liquidity problem in the Company, and this by reviewing the Company's cash flow projections, and determined that, in light of the positive working capital, scope of the foregoing sources available to the Company and its subsidiaries, including the scope of properties that can be pledged, as set out above, the ability to refinance debts secured by real estate, and the positive FFO, consolidated and extended separate, including other cash flows, its existence does not indicate that the Company or its subsidiaries have a liquidity problem, and therefore it is unnecessary to attach cash flow projections.

3.8. Cash flows

Cash flows from operating activities in 2025 totaled NIS 638 million, compared with NIS 696 million in 2024. In 2025, the Company and its subsidiaries financed their operations mainly by disposing of investment properties for a net amount of NIS 730 million. These cash flows were mainly used to repay loans and lines of credit in a net amount of NIS 1,853 million, to execute transactions with non-controlling interests for a net amount of NIS 272 million, for the acquisition of treasury shares in an amount of NIS 165 million, for payment of dividends by Group companies in the amount of NIS 101 million, and for payment of interest to holders of hybrid debentures in an amount of NIS 161 million.

3.9. Buyback plan

A. In February 2026, the Company adopted a new debenture buyback plan (replacing a previous plan), for an amount of up to NIS 300 million par value, of which NIS 244 million par value had been utilized as of the date of this Report. On March 16, 2026, the Company approved a new debenture buyback plan for an amount of up to NIS 500 million par value, which replaces the plan from February 2026. Acquisitions are to be made under the plan from time to time, at the discretion of the Company's management.

Previously, the Company had a debenture buyback plan (that replaced an earlier plan) from March 2025, for an amount of up to NIS 300 million par value, which was fully utilized.

B. The Company has a new share buyback plan for up to NIS 200 million, effective as of February 24, 2026 through the end of March 2027. Through to date of publication of this Report, under this plan, the Company has bought back 5.2 million shares at a cost of NIS 47 million.

This plan replaced a previous buyback plan of up to NIS 120 million, which was in effect for one year beginning in August 2025 and was replaced in February 2026 by the plan described above, and under this plan, the Company acquired 10 million shares at a cost of NIS 115 million.

[1] In addition, the Company has 2 income generating properties in Europe, worth a total of NIS 3.6 billion used to secure existing debts in the amount of NIS 1.3 billion, with expected maturity dates within the next three years and which the Company intends to sell and to provide new debt collateral for in an amount that is expected to generate cash flow surplus of NIS 0.9 billion over the current existing debt.

This plan replaces a previous share buyback plan adopted in March 2025, for an amount of up to NIS 100 million for a period of one year, after which it was replaced by the foregoing plan, under which the Company acquired 5.6 million shares during the reporting period, at a total cost of NIS 67 million 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.

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 35A 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 35A 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 relatively high volatility of forex rates against the NIS, which significantly increases liquidity risks, the Company has taken steps to temporarily hedge the bulk of the derivatives portfolio. As of Q1 2025, the Company is working to gradually re-increase the scope of hedging transactions in order to improve the foregoing correlation.

For further information concerning the Company's currency exposure to its operating currencies (EUR, USD, CAD, NIS and BRL) as at December 31, 2025 and close to the date of signing of the financial statements, 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 engage in financial derivative instruments solely for hedging purposes.

e) Credit Risks: As at December 31, 2025, 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, 2025, the Company has to its credit bank deposits of NIS 155 million (in USD/EUR) that constitute cash collateral.

f) Price risk: As at December 31, 2025, 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 2025, there were no changes to the Company's market risk management policy, other than as set out above.

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

4.4. Changes in foreign exchange rates – below is a breakdown of the changes in the NIS exchange rate against the principal currencies in which the Group operates:

Currency	In reporting period	Subsequent to reporting period through to close to publication date
EUR	(1.3)%	(3.9)%
USD	(12.5)%	(1.3)%
BRL	(1.2)%	1.7%
NOK	(1.6)%	1.7%
Swedish Krona	4.6%	(3.8)%

Moreover, some of the Company's liabilities are linked to CPI changes in Israel (mainly for its operations in Israel). From January 1, 2025 through December 31, 2025, the CPI (known) rose by 2.4%. Moreover, as of December 31, 2025 through to immediately prior to the date of approval of this report, the CPI (known) declined by 0.1%.

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).

In the period from January 1, 2025 through to the date of approval of the financial statements, the individuals responsible for reporting and managing the Company's market risks have held and continue to hold regular discussions concerning exposure to market risks, including changes in exchange rates and interest rates. In addition, during the foregoing period, the Company's Board of Directors discussed these market 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 more than 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 2025, the Group's donations amounted to NIS 2 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	
	2025	2024
	NIS thousands	
Fees for audit and related services	2,731	2,772
Other fees	764	654
Total	3,495	3,426

The data include the fees and hours for the Company's wholly-owned companies in Canada, USA and Germany.

B. Deloitte Finland (CTY):

	For the year ended December 31	
	2025	2024
	NIS thousands	
Fees for audit and related services	4,519	5,484
Other fees	700	-
Total	5,219	5,484

C. Ernst & Young Canada (Gazit Canada Inc. and Gazit America):

	For the year ended December 31	
	2025	2024
	NIS thousands	
Other fees	142	93
Total	142	93

D. Ernst & Young Brazil:

	For the year ended December 31 2025	2024
	NIS thousands	
Fees for audit and related services	348	376
Other fees	161	165
Total	509	541

E. Ernst & Young Israel (G Europe):

	For the year ended December 31 2025	2024
	NIS thousands	
Fees for audit and related services	2,359	2,480
Total	2,359	2,480

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, 2025, 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, 2025	par value Outstanding debentures plus linkage differences as at December 31, 2025	Total accrued interest as at December 31, 2025	Balance in the financial statements as at December 31, 2025	Market value at December 31, 2025	Interest type and rate	Principal payment date	Interest payment date	Base linkage and linkage terms (Principal + interest)
		NIS thousands			NIS millions						
Debentures (Series L) (1)	October 2013 (2)	2,957,801	1,418,567	1,669.8	-	1,674	1,636.3	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)	2,519,810	1,417,497	1,693.7	-	1,679	1,584.3	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)	2,505,997	1,669,010	1,956.9	7.6	1,749	1,573.9	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)	472,800	289,030	341.2	1.1	334	331.8	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 2021 (5)	1,898,282	1,704,344	1,972.7	8.7	1,900	1,783.8	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	516,269	516.3	14.3	446	485.3	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	434.5	5.3	428	445.8	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	484,123	511.1	5.4	506	517.7	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	670.1	7.2	659	699.1	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) (1)	November 2024 (11)	740,000	740,000	758.2	7.6	747	717.7	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 2031 at the rate of 41%.	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

(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, September and October 2024, and July 2025, 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, NIS 115 million par value and NIS 354 million par value, respectively, pursuant to shelf offering memoranda.

(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, November 2024, June 2025 and October 2025, the Company issued by way of expansion of series, NIS 400 million par value, NIS 273 million par value, NIS 200 million par value, NIS 305 million par value, NIS 430 million par value, and NIS 298 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 and May 2025, the Company issued by way of a series expansion, NIS 74 million par value and NIS 295 million par value, respectively. 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, November 2024, and March 2025, the Company issued by way of the expansion if series, NIS 327 million par value, NIS 177 million par value, NIS 350 million par value, NIS 295 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 20C5 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. In May 2025, the Company issued by way of a series expansion, NIS 440 million par value 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) (10)	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	March 11, 2026 - Ref. No.: 2026-15-021761	July 24, 2025 - Ref. No.: 2025-15-055217
Debentures (Series M)	February 2018	AA-/ Stable	Aa3/ Stable	A-/ Stable	A3/ Stable	March 11, 2026 - Ref. No.: 2026-15-021761	July 24, 2025 - Ref. No.: 2025-15-055217
Debentures (Series N)	January 2020	AA-/ Stable	Aa3/ Stable	A-/ Stable	A3/ Stable	March 11, 2026 - Ref. No.: 2026-15-021761	July 24, 2025 - Ref. No.: 2025-15-055217
Debentures (Series O) (3)	October 2020	AA/Negative	Aa2/ Negative	A/ Stable	A2/ Stable	March 11, 2026 - Ref. No.: 2026-15-021761	July 24, 2025 - Ref. No.: 2025-15-055217
Debentures (Series P) (4)	August 2021	AA-/ Watch Negative	Aa3/ Negative	A-/ Stable	A3/ Stable	March 11, 2026 - Ref. No.: 2026-15-021761	July 24, 2025 - Ref. No.: 2025-15-055217
Debentures (Series Q) (5)	July 2023	A-/ Negative	A3/ Negative	A-/ Stable	A3/ Stable	March 11, 2026 - Ref. No.: 2026-15-021761	July 24, 2025 - Ref. No.: 2025-15-055217
Debentures (Series R) (6)	February 2024	A/ Negative	A2/ Negative	A/ Stable	A2/ Stable	March 11, 2026 - Ref. No.: 2026-15-021761	July 24, 2025 - Ref. No.: 2025-15-055217
Debentures (Series S) (7)	April 2024	A-/ Negative	A3/ Negative	A-/ Stable	A3/ Stable	March 11, 2026 - Ref. No.: 2026-15-021761	July 24, 2025 - Ref. No.: 2025-15-055217
Debentures (Series T) (8)	July 2024	A/ Stable	A2/ Stable	A/ Stable	A2/ Stable	March 11, 2026 - Ref. No.: 2026-15-021761	July 24, 2025 - Ref. No.: 2025-15-055217
Debentures (Series U) (9)	November 2024	A-/ Negative	A3/ Negative	A-/ Stable	A3/ Stable	March 11, 2026 - Ref. No.: 2026-15-021761	July 24, 2025 - Ref. No.: 2025-15-055217

(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 O) 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 seven 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 the Company and a wholly owned subsidiary of the Company.
(10) In November 2025, the Midroog rating agency published an Issuer Caveat due to the tender offer for CTY shares, which remained in effect following the publication of the results of the tender offer in March 2026. According to Midroog's assessment, the rating is not expected to change in the short term.

D. Information concerning the history of credit ratings of the outstanding debenture series

S & P Maalot			Midroog [(*)]		
Date	**Debenture series**	**Rating**	**Date**	**Debenture series**	**Rating**
October 24, 2013	L	AA-/ Stable	October 24, 2013	L	Aa3 Stable
December 24, 2013	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 04, 2016	L	AA-/ Stable	November 22, 2016	L	Aa3 Stable
August 02, 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 08, 2021	L, M, N, P	AA-/ Watch Negative	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, 2022	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 07, 2023	L, M, N, P, Q	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
July 10, 2025	L, M, N, P, Q, S, U	A-/ Stable	November 24, 2024	L, M, N, P, Q, S, U	A3 Stable
	O, R, T	A/ Stable		O, R, T	A2 Stable
November 06, 2025	L, M, N, P, Q, S, U	A-/ Watch Negative	July 24, 2025	L, M, N, P, Q, S, U	A3 Stable
	O, R, T	A/ Watch Negative		O, R, T	A2 Stable
March 11, 2026	L, M, N, P, Q, S, U	A-/ Stable			
	O, R, T	A/ Stable			

[*] In November 2025, the Midroog rating agency published an Issuer Caveat due to the tender offer for CTY shares, which remained in effect following the publication of the results of the tender offer in March 2026. According to Midroog's assessment, the rating is not expected to change in the short term.

E. In 2025 and as at December 31, 2025, 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. **Collateral for debentures (Series O)**

The Company's obligations under the deed of trust for Debentures (Series O) are secured by a first degree fixed lien recorded on the Company's share in several income generating properties in Israel, as follows: 50% in G Kochav Hatzafon, 50% in G Savyon, 51% in G Rothschild, 100% of a property in Dizengoff Street Tel Aviv, and 100% of a property in Rishon LeZion; (below, jointly in this section the "Pledged Properties"). The value of the Company's share in the properties pledged for Debentures (Series O) as at December 31, 2025, is NIS 460 million.

Two of the foregoing pledged assets (in Tel Aviv and Rishon LeZion) with a total value of NIS 131 million were pledged for the benefit of the holders of Debentures (Series O)[37], under the expansion of the Debentures (Series O) series by the Company in the reporting period, as set out in Section 3.1.2B of this report, concurrent with the release of a bank guarantee in the amount of NIS 15 million.

Furthermore, in August 2025, the Company engaged in an agreement for the sale of its rights (50%) in the Horev property and its management company, which were pledged in favor of the holders of Debentures (Series O). Based on the provisions of the deed of trust for the debentures, the proceeds of the transaction were deposited into a trust account and were released to the Company concurrently with the deposit of an unconditional autonomous bank guarantee for an amount of NIS 104 million, according to the amount required to meet the loan-to-value (LTV) ratio condition as stipulated in the terms of the debentures Subsequent to the reporting period, in view of the decrease in the debenture principal, and in accordance with the provisions of the deed of trust for the debentures, the bank guarantee was canceled.

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 20C7 to the financial statements, and the valuations attached to the periodic report.

Collateral for debentures (Series P)

Debentures (Series P) are secured by a first ranking fixed charge on G Europe shares. As at the date of this report, 232 million G Europe shares are pledged in favor of the holders of Debentures (Series P).

For further information concerning the terms of Debentures (Series P) see Note 20C6 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, 2025 as published in an immediate report issued by the Company on February 26, 2026 (Ref. No.: 2026-01-018024), whereby the information contained therein is hereby presented by way of reference. The EPRA NRV per G Europe share as at December 31, 2025 is EUR 3.4.

Collateral for debentures (Series R)

Debentures (Series R) are secured by a first ranking fixed charge over all of the Company's holdings (through Gazit Horizons) in GHI Alpha Portfolio LLC ("G Alpha") and the attached rights, a lien on G Alpha's bank account, as well as a guarantee provided by G Alpha. G Alpha operates in the income generating real estate sector in the United States.

In the reporting period, Gazit Horizons transferred to G Alpha its holdings (100%) in an income generating property in Boston worth USD 20 million, free of charge. In view of the foregoing transfer of this property, G Alpha holds seven income generating properties in the US, which as at reporting date are worth USD 321 million.

Furthermore, in the reporting period G Alpha distributed a dividend to its shareholders in an amount of USD 11 million, which was transferred to the Company from the trust account.

[37] For further information regarding additional collateral provided in favor of debenture holders see the immediate reported issued on May 21, 2025 (Ref. No.: 2025-01-035888) noted here by way of reference.

For further information concerning the terms of Debentures (Series R) see Note 20C4 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.

Collateral for debentures (Series S)

Debentures (Series S) are secured by a second ranking mortgage over all of the Company's rights in a real estate property owned by the Company (the G Rishon LeZion complex), as well as by a second ranking fixed charge over the pledged revenues derived from the pledged assets (as these terms are defined in the deed of trust)[38]. The value of the foregoing pledged property as of December 31, 2025 is NIS 2,078 million. The Company is taking steps to sell parts of the office tower under construction in the G Rishon LeZion complex, and prior to such sales, the Company from time to time coordinates with the debenture trustee to release the relevant portions from the existing charge, in accordance with the provisions of the deed of trust. Accordingly, thus far the trustee has signed a letter excluding 17 floors and two underground levels, and 326 parking spaces in the office tower from the second degree lien registered to secure the debentures.

For further information concerning the terms of Debentures (Series S) see Note 20C3 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)

Debentures (Series T) are secured by: (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[39]. The value of the foregoing pledged property as of December 31, 2025 is EUR 250 million.

For further information, see Note 20C2 to the 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)

Debentures (Series U) are secured by a first degree fixed lien on custodian accounts in which CTY shares held by the Company and a wholly owned subsidiary of the Company and all the foregoing Pledged Companies' rights are deposited, with everything deposited therein (other than exceptions)[40].

In May 2025, the Company carried out a private offering of Debentures (Series U) under which the Company pledged 35 million additional CTY shares. To date 54.7 million CTY shares are held in the custodian accounts.

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[38] As set out in section 5 of the deed of trust for (Series S), attached as Appendix B to the Company's shelf offering memorandum issued on April 9, 2024 (Ref. No.: 2024-01-041019), and the amendment to the deed of trust published on October 28, 2024 (Ref. No.: 2024-01-612201), where the information presented therein is noted here by way of reference.

[39] As set out in section 5 of the deed of trust for Debentures (Series S), attached as Appendix B to the Company's shelf offering memorandum issued on July 14, 2024 (Ref. No.: 2024-01-073495), and the amendment to the deed of trust published on February 06, 2025 (Ref. No.: 2025-01-009257), where the information presented therein is noted here by way of reference.

[40] For further information, including with regard to the custodian agreement, see section 5 of the deed of trust, attached as Appendix B to the Company's shelf offering memorandum as amended on October 28, 2024 (Ref. No.: 2024-01-611780), where the information contained therein is presented here by way of reference.

For further information concerning the terms of Debentures (Series U) see Note 20C1 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, 2025 as published in an immediate report issued by the Company on February 26, 2026 (Ref. No.: 2026-01-018024), whereby the information contained therein is hereby presented by way of reference.

G. For further information concerning the Company's expansion of existing debenture series, for an amount of NIS 1.9 billion par value, see Note 20C to the financial statements.

H. 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:

Debenture Series	Revision date	Additional interest	Revised annual interest
Series M	January 01, 2023	0.5%	3.28%
Series N	April 01, 2023	0.5%	1.79%
Series O	April 01, 2023	0.25%	1.33%
Series P	April 01, 2023	0.5%	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 rating agency, pursuant to the provisions of the deed of trust.

I. 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	At December 31, 2025
Minimum equity (excluding non-controlling interests) (USD million)	L - higher than 650 for 4 consecutive quarters M, R - higher than 800 for 3 consecutive quarters N, O, P, Q, S, T, U - higher than 850 for 3 consecutive quarters	1,229
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	1,229
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	63.2%[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	63.2%[1]
Minimum rating for debentures	N, Q, S and U ilBaa3 / ilBBB O, R, and T	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, 2025 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 16, 2026		
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, 2025

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, 2025. The following table presents the assets and the liabilities presented in the Company's statement of financial position (in the original currency and in NIS[(1)]) and the percentages that they represent of the total assets and liabilities, respectively, on a proportionate consolidation basis[(2)], and the total financial adjustments made by the Company by means of cross-currency swap transactions, to correlate, to the extent possible, the Company's equity to the Company's assets (from a currency perspective). As illustrated by the table, the assets and liabilities for each particular currency do not fully correlate, and the exposure to each such currency is reflected in the differences, as presented in the table.

Data presented in millions	NIS	USD	EUR [3]	CAD	BRL Brazilian	Total in NIS
Assets in original currency	4,734	1,054	3,751	102	3,182	-
Assets in NIS	4,734	3,362	14,050	237	1,845	24,228
% of total assets	**20**	**14**	**57**	**1**	**8**	**100**
Liabilities in original currency	10,584	395	2,000	63	850	-
Cross-currency swap transactions in original currency	7,057	(666)	(1,251)	-	-	-
Liabilities in original currency	3,527	1,061	3,251	63	850	-
Liabilities in NIS adjusted for swaps	3,527	3,385	12,176	147	493	19,728
% of total liabilities	**18**	**17**	**62**	**1**	**2**	**100**
Total equity in original currency	1207	(7)	500	39	2,332	-
Total financial equity in NIS [4]	1,207	(23)	1,874	90	1,352	4,500
% of total equity [5]	**27**	**(1)**	**42**	**2**	**30**	**100**

1 According to currency exchange rates as of December 31, 2025.

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

3 The exposure to the EUR also includes the Group's exposure for its operations in Sweden whose currency is the Swedish krona (SEK) - 15%, the operations in Norway whose currency is the Norwegian crown (NOK) - 28% and for the residential rental operations in Poland whose currency is the zloty (PLN) - 8%. 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, 2025.

5 The Group's foreign currency exposure as of the date of publication of the financial statements (following the acquisition of CTY shares under the tender offer; see section 1.4 above) is as follows:

Data presented in millions	NIS	USD	EUR	CAD	BRL Brazilian	Total
% of total equity	39	(13)	46	2	26	100

Appendix B to the Directors' Report - Information relating to the properties pledged for Debentures (Series O, S and T)

G Savyon

A. Presentation of the property

Data per 100% (the Company's share in the property - 50%)	Details as at December 31, 2025
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	Held 50% by the Company[41]
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 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.[42]
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. G Israel Shopping Malls 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 before the Israel Lands Administration, for a lease until April 14, 2059. Furthermore, G Israel Shopping Malls is registered at the Lands Registration Office as the owner of the capitalized leasing rights in 410/279/279 non-specific parts in the rights in Plot 147, and that by virtue of a capitalized lease agreement dated September 17, 2008 signed before the Israel Lands Administration, for a lease until June 17, 2049. 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: half of non-specific parts of Lots 55 and 63 in Block 6691 and 205/279,279, non-specific parts regarding the lease until June 17, 2049 on Lots 147 in Block 6722 and 7,419/279,279, non-specific parts with regard to the lease until April 14, 2059, on Lot 147 in Block 6722. Pursuant to the provisions of the agreement between the Company and Menora, a caveat and additional first degree mortgage unlimited in amount, have been registered in favor of Menora. Furthermore, the Company worked on amending its first degree mortgage, unlimited in amount, that the Company gave in favor of the

[41] 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 transfer of rights to G Israel has been completed; however, the transfer of rights to the Company in the Land Registry, with respect to the merger, has not yet been finalized.

[42] 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 below.

trustee, Reznik Paz Nevo Trusts Ltd.[43] ("(Reznik Trusts"), in a way that it applies to the non-specific half of the rights that the Company sold to Menora.

Lots 55 and 63 in Block 6691:

(1) A first degree mortgage, unlimited in amount, was registered on March 5, 2025,on the rights of G Israel in the Lots, in favor of Reznik Trusts under Deed No. 13862/2025/1 with the same terms and conditions as the original Deed No. 333/2025/2.
(2) A first degree mortgage, unlimited in amount, was registered on March 5, 2025, on the rights of G Israel in the Lots, in favor of Menora under deed 13862/2025/2.
(3) A caveat has been registered on March 5, 2025, on G Israel's rights in the Lots in favor of Menora, under Deed No. 13862/2025/3, pursuant to the agreement dated December 1, 2024.
(4) A caveat has been registered on November 21, 2023, on G Israel's rights in Lot 63 in favor of G City, under Deed No. 55813/2023/1 pursuant to the agreement dated December 26, 2018.
(5) There are transfer and inheritance restrictions on the leasing rights of the Lot.
(6) A caveat has been registered on the Lots since December 23, 2018 regarding non-compliance pursuant to Regulation 29 in favor of the local planning and building committee of Mitzpe Afek under deed 52412/2018/13.
(7) 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).
(8) 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.

Lot 147:

(1) There are various lessees and mortgages on their rights registered on Lot 147, that are irrelevant to this document.
(2) Transfer and inheritance restrictions apply for the leasing rights of G Israel with respect to Lot242, which is leased until April 14, 2059.
(3) Transfer restrictions apply for the leasing rights of G Israel with respect to Lot 147, which is leased until June 17, 2049, without inheritance restrictions.
(4) A first degree mortgage, unlimited in amount, was registered on the rights of G Israel in Lot 147, on March 19, 2025, in favor of Reznik Trusts under Deed No. 16543/2025/1, under the same terms and conditions as the original Deed No. 60251/2020/2.
(5) A first degree mortgage, unlimited in amount, was registered on the rights of G Israel in Lot 147 as of March 19, 2025, in favor of Reznik Trusts under Deed No. 16543/2025/2, under the same terms and conditions as in the original Deed No. 333/2021/2.
(6) A first degree mortgage, unlimited in amount, was registered on March 19, 2025,on the rights of G Israel in the Lot 147, in favor of Menora under Deed No. 16543/2025/3 (with respect to a lease until June 17, 2049), and Deed No. 16543/2025/4 (with respect to a lease until April 14, 2059).
(7) A caveat was registered on March 19, 2025, on G Israel's rights in Lot 147, in favor of Menora, pursuant to the agreement dated December 1, 2024.
(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 29 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.

43 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.

B. Principal data

Data per 100% (the Company's share in the property - 50%)	2025	2024	2023	At property acquisition date	
Fair value at end of period (NIS thousands) Income-producing portion	263,099	250,738	218,218		
Fair value of land reserves at end of period (NIS thousands)	15,800	16,100	15,700		
Total fair value (NIS thousand)	278,899	266,838	233,918	Acquisition costs (NIS thousands) (including a plot adjacent to the building rights)	117,150
Revaluation of gains (losses) - Company's share	1,093	27,709	18,719	Acquisition date	August 21, 2018
Average occupancy (%)*	99.4%	92.3%	92.4%		
Actual areas leased (sq.m)	7,951	7,063	7,442		
Total revenue (NIS thousands)	18,379	15,646	6,843		
Average rent per sq. m. (per month) (NIS)	167.7	162.2	154.5		
Average rent per sq.m. (monthly) in contracts signed in the period (NIS)	172	125	151		
NOI (NIS thousands)	13,804	11,580	5,202		
Adjusted NOI[44] (NIS thousands)	13,843	11,580	5,280		
Actual rate of return - income generating share (%)	5.24%	4.6%	5.8%		
Actual rate of return - income generating share (%)	5.26%	4.6%	5.9%		
No. of tenants at end of reporting year	62	58	49		
Average proceeds (monthly) per sq.m**	3,367	2,871	3,438		

C. Analysis of revenues and costs structure

Data based on 100%	2025	2024	2023
	NIS thousands		
Revenues:			
From rentals – Fixed	14,107	12,089	5,824
From management fees	2,599	2,278	900
From rentals – Variable	1,673	1,279	120
Total revenues	**18,379**	**15,646**	**6,843**
Costs:			
Management, maintenance and operating, including marketing and excluding downward allocations	4,575	4,066	1,641
Total costs:	**4,575**	**4,066**	**1,641**
NOI:	**13,804**	**11,580**	**5,202**

D. Principal tenants of the property

None.

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 2026	Year 2027	Year 2028	Year 2029	2030 onwards
			NIS thousands		
Fixed components	14,378	10,436	5,508	646	510
Variable components (estimate)	-	-	-	-	-
Total	14,378	10,436	5,508	646	510

The Company's foregoing assessments regarding the expected revenues constitute forward-looking information, as defined in the Israeli Securities Law, 1968, and are based on a calculation of revenues arising from valid lease agreements as at the date of publication of this document. The Company's assessments regarding the expected revenues are uncertain and may not materialize, in whole or in part, or may materialize differently, including materially differently, due to various factors that are not necessarily within the Company's control. These factors include, among others, special arrangements, such as discounts, that may be agreed between the Company and certain tenants, early termination and/or breach of lease agreements, the security situation in Israel, the financial resilience of the tenants, and/or the realization of all or some of the risk factors as described in section 28 of the Company's periodic report.

* For commercial and office space only, without a building under construction

44 In 2025, including offsetting of credits granted following Operation Rising Lion.

** 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 60% of the commercial space.

F. Pledges and material legal restrictions on property

Class	Description	Amount secured by lien as at December 31, 2025 (NIS million)
Transfer and inheritance restrictions	Apply for the leasing rights of G Israel with respect to land (as leased until April 14, 2059).	
Transfer restriction	Apply for the leasing rights of G Israel with respect to land, (as leased until June 17, 2049) without inheritance restrictions.	
A first degree mortgage unlimited in amount	A first degree mortgage, unlimited in amount, was registered on the rights of G Israel (with respect to a lease until April 14, 2059), in favor of Reznik Trusts under Deed No. 13862/2025/1 (with respect to Lots 55 and 63) and Deed No. 16543/2025/2 (with respect to Lot 147), under the same terms and conditions as the original Deed No. 333/2021/2.	**Unlimited in amount**
A first degree mortgage unlimited in amount	A first degree mortgage, unlimited in amount, was registered on the rights of G Israel in Lot 147 (with respect to a lease until April 14, 2059), in favor of Reznik Trusts under Deed No. 16543/2025/1, under the same terms and conditions as the original Deed No. 60251/2020/2.	**Unlimited in amount**
A first degree mortgage unlimited in amount	A first degree mortgage, unlimited in amount, was registered on March 5, 2025, on the rights of G Israel in the Lots 55 and 63, in favor of Menora.	**Unlimited in amount**
A first degree mortgage unlimited in amount	A first degree mortgage, unlimited in amount, was registered on March 19, 2025, on the rights of G Israel in Lot 147, in favor of Menora.	**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 October 22, 2025).	**Unlimited in amount**
Caveat	A caveat was registered on March 5, 2025, on G Israel's rights in Lots 55 and 63 in favor of Menora, pursuant to the agreement dated December 1, 2024.	
Caveat	A caveat was registered on March 19, 2025, on G Israel's rights in Lot 147, in favor of Menora, pursuant to the agreement dated December 1, 2024.	
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 partnership agreement may be made subject to the first refusal right given to the other party, as set out in 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 has 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.

G. Details regarding the valuation

		December 31, 2025	31 December 2024	31 December 2023
The value fixed as at the end of the period (NIS thousands)[45]		**277,500**	**263,300**	**235,200**
Identity of appraiser		Sefi Raviv	Sefi Raviv	Sefi Raviv
Is the appraiser independent		Yes	Yes	Yes
Is there an indemnification agreement[46]		Yes	Yes	Yes
Effective date of valuation		June 30, 2025	June 30, 2024	September 30, 2023
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 area (GLA) used for the calculation (sq.m) - all unit categories excluding foreign ownership**	8,021	7,999	7,991
	Occupancy rate in year +1 (%)	100%	91%	73%
	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	164.5	159.2	155.6
	Average base monthly rent per leased sq.m used for valuation in year +2 + (NIS) - net of units without floor space	166.9	162.1	157.2
	Average representative base monthly rent per leased sq.m used for valuation (NIS) - net of units without floor space	166.9	162.1	157.2
	Weighted rate of return for valuation purposes (%)	6.18%	6.18%	6.3%
	Representative NOI	16,680	16,239	15,005
Sensitivity analysis to value[47]		**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%	(10,492)	(10,200)	(9,081)
	Decline of 0.25%	11,377	11,070	9,832
Average rental per sq. meter	Rise of 5%	13,463	13,010	11,700
	Decline of 5%	(13,463)	(13,010)	(11,700)

45 The value includes the value of the remaining land, without building rights, of 13,000 sq.m, for future planning.

46 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.

47 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, 2025
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[48]
Company's effective share in property	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 presentation method	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.

[48] 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%)	2025	2024	2023	At property acquisition date
Fair value at end of period (NIS thousands)	249,804	246,069	229,014	
Fair value of the building rights (NIS thousand)	7,500	7,500	9,346	
Total fair value (NIS thousand)	257,304	253,569	238,360	117,150
Revaluation gains (losses) (NIS thousands) - Company's share	1,809	7,212	(1,266)	**Acquisition date** June 01, 2005
Average occupancy (%)[*] With respect to commercial and office space only.	97.9%	98.8%	96.4%	
Actual areas leased (sq.m)	12,669	12,754	12,398	
Total revenue (NIS thousands)	25,999	24,934	22,606	
Actual average rent per sq. m. (per month) (NIS)	108.1	106.0	101.5	
Average rent per sq.m. (monthly) in contracts signed in the period (NIS)[49]	96	87	86	
NOI (NIS thousands)	15,403	14,870	13,493	
Adjusted NOI (NIS thousands) [1]	15,483	14,870	13,903	
Actual rate of return (%)	6.2%	6.0%	5.9%	
Adjusted rate of return (%)[50]	6.2%	6.0%	6.1%	
No. of tenants at end of reporting year	82	84	86	
Average proceeds (monthly) per sq.m[51]	1,576	1,518	1,386	

C. Analysis of revenues and costs structure

Data based on 100%	2025	2024	2023
	NIS thousands		
Revenues:			
From rentals – Fixed	15,978	15,230	15,124
From management fees	7,050	6,696	6,444
From rentals – Variable	2,971	3,007	1,038
Total revenues	**25,999**	**24,934**	**22,606**
Costs:			
Management, maintenance and operating, including marketing and excluding downward allocations	10,596	10,064	9,114
Total costs:	**10,596**	**10,064**	**9,114**
NOI:	**15,403**	**14,870**	**13,493**

D. Principal tenants of the property

None.

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 2026	Year 2027	Year 2028	Year 2029	2030 onwards
			NIS thousands		
Fixed components	13,298	9,078	5,283	2,961	901
Variable components (estimate)	771	640	364	202	-
Total	14,069	9,718	5,646	3,163	901

The Company's foregoing assessments regarding the expected revenues constitute forward-looking information, as defined in the Israeli Securities Law, 1968, and are based on a calculation of revenues arising from valid lease agreements as at the date of publication of this document. The Company's assessments regarding the expected revenues are uncertain and may not materialize, in whole or in part, or may materialize differently, including materially differently, due to various factors that are not necessarily within the Company's control. These factors include, among others, special arrangements, such as discounts, that may be agreed between the Company and certain tenants, early termination and/or breach of lease agreements, the security situation in Israel, the financial resilience of the tenants, and/or the realization of all or some of the risk factors as described in section 28 of the Company's periodic report.

[*] With respect to commercial and office space only.

[49] New agreements were signed during the period for offices only.

[50] In 2025, including net of credits granted due to Operation Rising Lion and in 2023 including net of credits granted due to Swords of Iron war.

[51] 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.

F. Pledges and material legal restrictions on property

Class	Description	Amount secured by lien as at December 31, 2025 (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 November 19, 2020 in favor of Reznik Trusts (all as set out in Lien No. 96 and as revised on October 26, 2025).	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 November 19, 2020 in favor of Reznik Trusts (all as set out in Lien No. 102 and as revised on October 23, 2025).	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, 2025	31 December 2024	31 December 2023
The value fixed as at the end of the period (NIS thousands)		**257,200**	**254,746**	**237,812**
Identity of appraiser		Sefi Raviv	Yehuda Zisser	Yehuda Zisser
Is the appraiser independent		Yes	Yes	Yes
Is there an indemnification agreement[52]		Yes	Yes	Yes
Effective date of valuation		September 30, 2025	September 30, 2024	September 30, 2023
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 area (GLA) used for the calculation (sq.m) - all unit categories excluding foreign ownership**	13,169	13,136	13,120
	Occupancy rate in year +1 (%)	98%	98%	96%
	Occupancy rate in year 2 (%)	100%	98%	98%
	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	109.0	106.6	101.7
	Average base monthly rent per leased sq.m used for valuation in year +2 + (NIS) - net of units without floor space	109	106.6	101.7
	Average representative base monthly rent per leased sq.m used for valuation (NIS) - net of units without floor space	109	107.2	102.2
	Weighted rate of return for valuation purposes (%)	7.10%	7.10%	7.25%
	Representative NOI	17,816	17,587	16,842

Sensitivity analysis to value[53]		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%	(8,533)	(8,420)	(7,732)
	Decline of 0.25%	9,156	9,030	8,285
Average rental per sq. meter	Rise of 5%	12,501	12,290	11,444
	Decline of 5%	(12,501)	(12,290)	(11,444)

52 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.

53 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, 2025
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[54]
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
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 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 April 23, 2025, the rights were registered in the name of Menora under Deed No. 23311/2025/2. 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.

[54] 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.

B. Principal data

Data per 100% (the Company's share in the property - 50%)	2025	2024	2023	At property acquisition date	
Fair value at end of period (NIS thousands)	116,042	110,663	108,411		
Revaluation of gains (losses) - Company's share	2,415	2,146	3,217		
Average occupancy (%)	100%	90.8%	90.2%	**Acquisition costs (NIS thousands) (including a plot adjacent to the building rights)**	105,000
Actual areas leased (sq.m)	2,179	2,112	2,098	**Acquisition date**	July 18, 2017
Total revenue (NIS thousands)	7,914	7,540	6,806		
Average rent per sq. m. (per month) (NIS)	297.1	285.6	277.5		
Average rent per sq.m. (monthly) in contracts signed in the period (NIS)	325	-	324		
NOI (NIS thousands)	5,819	5,629	5,474		
Adjusted NOI (NIS thousands)[55]	5,823	5,629	5,630		
Actual rate of return - income generating share (%)	5.0%	5.1%	5.0%		
Actual rate of return[56] - income generating share (%)	5.0%	5.1%	5.2%		
No. of tenants at end of reporting year	26	25	25		
Average revenue (monthly) per sq.m [2]	5,068	3,843	3,728		

C. Analysis of revenues and costs structure

Data based on 100%	2025	2024	2023
	NIS thousands		
Revenues:			
From rentals – Fixed	6,680	6,360	5,784
From management fees	1,086	1,059	1,022
From rentals – Variable	148	121	-
Total revenues	**7,914**	**7,540**	**6,806**
Costs:			
Management, maintenance and operating, including marketing and excluding downward allocations	2,095	1,911	1,332
Total costs:	2,095	1,911	**1,332**
NOI:	**5,819**	**5,629**	**5,474**

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	12%	Yes	No	Catering	8/5 [3]	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 - 100%)	Year 2026	Year 2027	Year 2028	Year 2029	2030 onwards
			NIS thousands		
Fixed components	6,759	5,590	4,970	3,238	68
Variable components (estimate)	-	-	-	-	-
Total	6,759	5,590	4,970	3,238	68

55 In 2025, including net of credits due to Operation Rising Lion and in 2023 including net of credits granted due to Swords of Iron war.

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.

The Company's foregoing assessments regarding the expected revenues constitute forward-looking information, as defined in the Israeli Securities Law, 1968, and are based on a calculation of revenues arising from valid lease agreements as at the date of publication of this document. The Company's assessments regarding the expected revenues are uncertain and may not materialize, in whole or in part, or may materialize differently, including materially differently, due to various factors that are not necessarily within the Company's control. These factors include, among others, special arrangements, such as discounts, that may be agreed between the Company and certain tenants, early termination and/or breach of lease agreements, the security situation in Israel, the financial resilience of the tenants, and/or the realization of all or some of the risk factors as described in section 28 of the Company's periodic report.

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	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 October 23, 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.	
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 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, 2025	31 December 2024	31 December 2023
The value fixed as at the end of the period (NIS thousands)		**120,885**	**110,600**	**108,400**
Identity of appraiser		Sefi Raviv	Sefi Raviv	Sefi Raviv
Is the appraiser independent[57]		Yes	Yes	Yes
Is there an indemnification agreement		Yes	Yes	Yes
Effective date of valuation		September 30, 2025	September 30, 2024	September 30, 2023
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 area (GLA) used for the calculation (sq.m) - all unit categories excluding foreign ownership**	2,301	2,307	2,307
	Occupancy rate in year +1 (%)	97%	89%	91%
	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	289.5	273.5	271.4
	Average base monthly rent per leased sq.m used for valuation in year +2 + (NIS) - net of units without floor space	297.8	284.3	274.4
	Average representative base monthly rent per leased sq.m used for valuation (NIS) - net of units without floor space	297.8	284.3	274.4
	Weighted rate of return for valuation purposes (%)	6.0%	6.0%	6.0%
	Representative NOI	7,323	6,787	6,575

Sensitivity analysis to value[58]		Change of value in NIS thousands		
Cap rates	Rise of 0.25%	(4,879)	5,094	4,917
	Decline of 0.25%	5,304	5,811	4,640
	Rise of 5%	6,044	(5,811)	(4,640)
Average rental per sq. meter	Fall of 5%	(6,044)	(4,686)	(4,523)

57 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.

58 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 Rishon Le-Zion

A. Presentation of the property

	Details as at December 31, 2025
Name of property	G Rishon Le-Zion
Location of property	Industrial Zone West, Rishon Le-Zion
Area of property - for marketing	Commercial - 74,516 Other - 3,574 Total - 78,090
Area of the property under construction*	Offices - 31,047 Commercial - 4,951
Holding structure of property	Indirectly held by the Company
Company's effective share in property	100%
Names of the partners in the property:	-
Date of acquisition of the property	2006-2007
Details of legal title to the property	The title rights in the real estate located on Lots 342, 349, 391 and 520 in Block 3946 are fully registered in the name of the Company. Mortgages registered over the Company's title rights in the real estate are as follows: - For Lots 342, 349 and 391, first ranking mortgages unlimited in amount are registered in favor of Shine Trust Services Capital Markets Ltd., effective as of December 23, 2019. - For Lot 520, a first ranking mortgage unlimited in amount is registered in favor of Shine Trust Services Capital Market Ltd., effective as of June 1, 2021 - For Lots 342, 349 and 520, second ranking mortgages unlimited in amount are registered in favor of Reznik Trust, effective as of May 2, 2024. - For Lot 391, a second ranking mortgage unlimited in amount is registered in favor of Reznik Trusts, effective as of June 10, 2024 In section 1.8 below is further breakdown of mortgages and liens registered on the Company rights in this property.
Substantial unused building rights:	-
Special matters (exceptions, material construction, soil pollution, etc.)	-
Financial statement presentation method	Fair value

* The information presented for the pledged part indicates that the total office space of the property is 61,067 m^2.

** Excluding construction and development costs invested after the acquisition date.

B. Principal data

Data per 100% (the Company's share in the property - 100%)	2025	2024	2023	At property acquisition date	
Fair value at end of period of the income generating part (NIS thousands)	1,725,500	1,628,700	1,483,796	-	
Fair value at end of period of land and buildings under construction reserves (NIS thousands)	352,303	416,600	364,204	-	
Carrying value at end of year (NIS million)[59]	2,077,803	2,045,300	1,848,000	265,827 (**)	
Revaluation gains (losses) (NIS thousands) - Company's share	134,244	106,753	60,574	**Acquisition date**	2006 - 2007
Average occupancy (%)[60]	99%	98%	98%		
Actual areas leased (sq.m)[61]	77,328	76,628	75,530		
Total revenue (NIS thousands)	140,247	136,559	124,171		
Actual average rent per sq.m. (per month) (NIS) (*)	109.6	106	100		
Average rent per sq.m. (monthly) in contracts signed in the period (NIS)	183	87	86		
NOI (NIS thousands)	103,812	97,995	87,689		
Adjusted NOI (NIS thousands)[62]	104,600	99,695	93,813		
Actual rate of return (%)	6.0%	6.0%	5.9%		
Adjusted rate of return (%)	6.1%	6.1%	6.3%		
No. of tenants at end of reporting year	116	119	117		
Revenue per sq.m (NIS)[63]	1341	1422	1256		

C. Analysis of revenues and costs structure

Data based on 100%	2025	2024	2023
	NIS thousands		
Revenues:			
From rentals – Fixed	97,898	94,546	84,401
From management fees	21,361	21,246	20,087
From rentals – Variable	20,989	20,768	19,683
Total revenues	**140,247**	**136,559**	**124,171**
Costs:			
Management, maintenance and operating, including marketing and excluding downward allocations	36,435	36,864	36,482
Total costs:	**36,435**	**36,864**	**36,482**
NOI:	**103,812**	**99,695**	**87,689**

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	12%	Yes	No	Cinemas	1.2/17	12	CPI-linked	Bank Guarantees	

59 The information presented relates to the pledged part. The valuation of the property as a whole, as at December 31, 2025, amounts to NIS 2,352,000 thousand.

60 With respect to commercial space only. (Without areas under construction).

3 Including offsetting of credits granted under the Operation Rising Lion in 2025; net of a provision for doubtful-debts in the amount of NIS 1.7 million in 2024; net of credits granted in connection with the Swords of Iron war; and net of expenses with respect to doubtful-debts totaling NIS 6.1 million in 2023.

4 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 69% of the commercial space.

E. Expected rental income from signed lease agreements

Below is a breakdown of expected revenues (from rental income only) under lease agreements for the property that, as at the date of publication of this Report, are signed and valid. The data below are based on the assumption that tenants will not exercise their options to extend the lease term.

	Year 2026	Year 2027	Year 2028	Year 2029	2030 onwards
			NIS thousands		
Fixed components	98,149	71,325	51,627	44,821	44,579
Variable components (estimate)	1,921	522	181	173	33
Total	100,170	71,848	51,807	44,994	44,612

The Company's foregoing assessments regarding the expected revenues constitute forward-looking information, as defined in the Israeli Securities Law, 1968, and are based on a calculation of revenues arising from valid lease agreements as at the date of publication of this document. The Company's assessments regarding the expected revenues are uncertain and may not materialize, in whole or in part, or may materialize differently, including materially differently, due to various factors that are not necessarily within the Company's control. These factors include, among others, special arrangements, such as discounts, that may be agreed between the Company and certain tenants, early termination and/or breach of lease agreements, the security situation in Israel, the financial resilience of the tenants, and/or the realization of all or some of the risk factors as described in section 28 of the Company's periodic report.

F. Planned improvements and alterations to the property*

Description	
Nature of improvement	Construction of a 32 floor office tower above 2 commercial floors
Additional areas to be added (in sq.m.)	Offices - 31,047 ** Commercial - 4,951
Statutory status	Building permit received
Construction budget (NIS thousands)	715,000
Balance of planned budget not yet invested (NIS thousands)	342,000
Areas for which leases have been signed, out of total added areas	To date, 1,520 m^2 have been leased for commercial use
Expected additional annual NOI	14,000,000
Performance status	Completion of structure
Expected date of completion	Q4 2026

* The Company's assessments regarding the construction of the office building, including with respect to the additional areas to be added, the expected increase in NOI, the construction budget, and the estimated completion date, constitute forward-looking information as defined in the Israeli Securities Law, 1968. Such assessments are uncertain, may not materialize, and are largely beyond the Company's control. They depend, among other factors, on economic conditions and the real estate market, as well as on the risk factors applicable to the Company, as described in section 28 of Part A of the Company's 2023 periodic report. Should market conditions change, delays and/or changes in the construction timetable may occur, and the data presented in the table above may also change.

** The information presented relates to the pledged part; the total office space of the property is 61,067 m^2.

G. Pledges and material legal restrictions on property

Class		Description	Amount secured by lien as at December 31, 2025 (NIS million)
Mortgage	First degree	A first ranking mortgage unlimited in amount is registered in favor of Shine Trust Services Capital Market Ltd., as set out below: - For Lots 342, 349 and 391 pursuant to Deed No. 55862/2019/1 dated December 23, 2019. - For Lot 520 pursuant to Deed No. 295/2014/4 dated June 1, 2021. For further details, see sections 5.1–5.3 of the Deed of Trust.	Unlimited in amount
	Second ranking	A first ranking mortgage unlimited in amount is registered in favor of Reznik Trusts, as set out below: - For Lots 342, 349 and 520 pursuant to Deed No. 20371/2024/1 dated May 2, 2024. - For Lot 391 pursuant to Deed No. 26883/2024/1 dated June 10, 2024. For further details, see sections 5.1–5.3 of the Deed of Trust.	Unlimited in amount
Liens	First degree	On April 20, 2021, Liens Nos. 90 and 91, created on December 18, 2019, and Lien No. 92, created on December 23, 2019, were registered in favor of Shine Trust Services Capital Market Ltd. (all as set out in Liens Nos. 90–92)	Unlimited in amount
	Second ranking	- On May 2, 2024, Lien No. 129, created on May 2, 2024, was registered in respect of Lots 342, 349 and 520, in favor of Reznik Trusts (all as set out in Lien No. 129 and pursuant to the revision dated October 22, 2025). - On June 10, 2024, Lien No. 130, created on June 10, 2024, was registered in respect of Lot 391 in favor of Reznik Trusts (all as set out in Lien No. 130 and pursuant to the revision dated October 23, 2025).	Unlimited in amount

H. Details regarding the valuation

Data based on 100% (Company's share in property - 100%)		December 31, 2025	31 December 2024	31 December 2023
The value fixed as at the end of the period (NIS thousands)[64]		**2,077,803**	**2,045,300**	**1,848,000**
Identity of appraiser		Barak, Friedman, Kapelner, Shimkevitz & Co.	Barak, Friedman, Kapelner, Shimkevitz & Co.	Barak, Friedman, Kapelner, Shimkevitz & Co.
Is the appraiser independent		Yes	Yes	Yes
Is there an indemnification agreement[65]		Yes	Yes	Yes
Effective date of valuation		December 31, 2025	December 31, 2024	December 31, 2023
Valuation model		Income capitalization and Residual methods[66]	Income capitalization and Residual methods	Income capitalization and Residual methods
Main parameters taken into account for the valuation				
Valuation according to the DCF (income approach)	**Rentable area taken into account for the calculation (sq.m) – income generating part**	Commercial - 74,483 Other - 3,867 Total - 78,350	Commercial - 74,516 Other - 3,574 Total - 78,090	Commercial - 74,207 Other - 3,417 Total - 77,624
	Occupancy rate in year +1 (%)	99.0%	98.1%	98.4%
	Occupancy rate in year 2 (%)	100%	100%	100%
	Representative occupancy rate of the leasable area used for the valuation (%)	100%	100%	100%
	Average monthly base rentals per sq.m leased in year +1 for valuation purposes (NIS)[67]	108	106	100
	Average monthly base rental per sq.m leased in year +2 + for valuation purposes (NIS) [3]	110	107	100
	Average monthly base rentals per sq.m leased for valuation purposes (USD) [3]	110	107	100
	Weighted discounting rate used for valuation purposes (%)	6.63%	6.79%	6.81%
	Representative NOI (NIS thousands)	113,884	109,915	100,234

64 The value presented relates to the pledged part. The valuation of the property as a whole, as at December 31, 2025, amounts to NIS 2,352,000 thousand.

65 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.

66 The income capitalization method for income generating properties and the residual method derived from the cost method, were applied for the valuation of the office tower under construction.

Sensitivity analysis to value*		Change of value in NIS thousands		
Cap rates	Rise of 0.25%	(62,480)	(57,417)	(52,200)
	Decline of 0.25%	67,380	61,804	56,200
Average rental per sq. meter	Rise of 5%	85,930	80,890	58,700
	Decline of 5%	(85,930)	(80,890)	(58,700)

I. Specific financing

On December 15, 2019, G Israel (which was merged into the Company in 2021) engaged in a financing agreement with entities of the Clal Insurance Group for the provision of three loans for a total amount of up to NIS 1 billion. The first loan, in the amount of NIS 400 million, was drawn in December 2019; the second loan, in the amount of NIS 480 million, was drawn in March 2020; and the third loan, in the amount of NIS 120 million, was drawn in February 2023. The data in the table below relates to all three loans drawn under the financing agreement.

Non-specific Financing (Company's share - 100%)			
Loan balances in statements of financial position (NIS thousand)	At December 31, 2025	Presented as a short-term loan	35,856 (including accrued interest)
		Presented as a long term loan	995,039 (net of deferred expenses - 988,361)
	At December 31, 2024	Presented as a short-term loan	33,179 (including accrued interest) (net of deferred expenses - 29,388)
		Presented as a long term loan	1,003,246 (net of deferred expenses - 994,950)
Fair value at December 31, 2025			NIS 927,774
Date of receipt of original loan			December 15, 2019
Amount of original loan			NIS 1,000,000,000 For information concerning amounts drawn as part of the loan, see details above.
Effective average interest rate as at December 31, 2024			1.23%
Repayment dates of interest and principal			Interest is paid quarterly Principal - 0.81% quarterly amortization, and the remaining 84% as a bullet payment in January 2030.
Key financial covenants			The LTV ratio may not exceed 75% at any time (the LTV ratio was 53% as at December 31, 2025). The Debt Service Coverage Ratio (DSCR) may not fall below 1.25 (the DSCR was 2.15 as at December 31, 2025). The borrower rating may not fall below BBB or baa2 by S&P Maalot or Midroog (the lower of the ratings in effect at the give time)
Other key covenants:			Standard conditions for immediate repayment of the credit facility (for details, see section 19.7 of the Company's 2022 periodic report)
Does the Company comply with the key covenants and financial ratios as at December 31, 2025			Yes
Is it non-recourse:			No

* 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.

Unit in Dizengoff Center (G Dizengoff) - Parts of Lot 191, Block 7092

A. Presentation of the property

Data according to 100% (the Company's share in the property - 100%)	Breakdown as at December 31, 2025
Name of property	Commercial unit in the Dizengoff Center shopping center, 50 Dizengoff Street, Tel Aviv, Israel
Location of property	Store in Northern Section B of the shopping center with a storefront on Dizengoff Street.
Area of the property:	Area of 691 sq. m (according to the lease plan registered at the Land Registration Office) plus storefront. The total area is divided into two levels as follows: Ground floor - 326 sq.m, 1st floor - 365 sq.m.
Holding structure of property:	100%
Company's actual share in property:	100%
Partners of the property:	-
Date of acquisition of the property	October 8, 2018
Details of legal title to the property(1)	The Company is registered as the lessee of part of the land for a 999-year term according to plan A, 1 in red. Under the Land Registry extract, the following caveat is registered on the Company's lease right: "Right of possession of part of the building located on the lot exists in the management agreement for the specified areas (S1, S2, S4 and S5) on an area of 391.4 sq.m + storefront"
Legal title registration status	Lease rights in part of the land known as Lot 191, Block 7092, registered in the Company's name under Deed No. 28553/2024/1 dated May 29, 2024 under the terms of Original Deed No. 4913/1977/0 and two amendments deeds - Nos. 2560/2024 and 48443/2019 With regard to the above lease rights, there are no restrictions on the transfer and/or inheritance at the Land Registration Office, but transfer is subject to the consent of the management company of Dizengoff Center Ltd. ("Management Company") regarding the proper operation of the business and as a condition to its registration in the name of the transferee, under the management contract dated August 6, 2020 and the amendment appendix attached to it.
Substantial unused building rights	-
Special matters (exceptions, material construction, soil pollution and others)	-
Financial statement presentation method:	Fair value

B. Principal data

The table below provides key data about the property for 2023, 2024 and 2025:

Data according to 100% (the company's share in the property - 100%)	2025	2024	2023
Fair value at end of period (NIS thousands)	60,800	60,800	58,800
Carrying value at end of year (NIS million)	60,800	60,800	58,800
Revaluation gains (losses) (NIS thousands) - Company's share	-	2,000	(700)
Average occupancy (%)	100%	100%	100%
Actual areas leased (sq.m)	696	696	696
Total revenues (NIS thousands)	3,647	3,538	3,437
Actual average rent per sq.m (monthly) (USD)	428.8	419	405
Average annual rent per sq.m in leases signed in the period (NIS)	-	-	-
NOI (NIS thousands)	3,597	3,504	3,396
Actual yield rate (%)	5.9%	5.8%	5.7%
No. of tenants at end of reporting year	1	1	1
Average proceeds (per month) per sq.m*	2,000-3,500	2,250-3,300	2,150-3100

C. Analysis of revenues and costs structure

The table below provides data about revenues and costs related to the property, for 2023, 2024 and 2025:

Data according to 100% (the Company's share of the property - 100%)	2024	2024	2023
	NIS thousands		
Revenues:			
From rentals – Fixed	3,647	3,538	3,437
From management fees		-	-
From rentals – Variable		-	-
Total revenues	3,647	3,538	3,437
Costs:			
Management, maintenance and operation, including marketing and excluding head office allocation	50	34	41
Allocation of management costs		-	-
Total Expenses	50	34	41
NOI:	3,597	3,504	3,396

* The figures reflect the average rent range per square meter of pharmacies in the Group's properties in Tel Aviv

D. Principal tenants of the property

Data according to 100%	% 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	100%	Yes	Yes	Pharma	4.3/10	(10)	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 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 100% (the company's share in the property - 100%)	2026	2027	2028	2029	2030 onwards
	NIS thousands				
Fixed components	3,581	3,581	3,581	3,581	1,099
Variable components	-	-	-	-	-
Total	3,581	3,581	3,581	3,581	1,099

The Company's above assessments regarding expected revenue for signed lease agreement in G Dizengoff 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 this document. 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 discounts to be agreed upon between the Company and specific tenants, early cancellation and/or breach of leases, the security situation in Israel, 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 Company's periodic report.

F. Pledges and material legal restrictions on property

Class	Description	Amount secured by lien as at December 31, 2025 (NIS millions)
Restriction on transfer and inheritance	Transfer is subject to consent of the management company of Dizengoff Center Ltd ("Management Company") regarding the proper operation of the business and as a condition to its registration in the name of the transferee, under the management contract dated August 6, 2020 and the amendment appendix attached to it.	
First-degree mortgage	Unlimited first degree mortgage registered in favor of Reznik Paz Nevo Trusts Ltd. under Deed No. 32811/2025/1 dated June 10, 2025	**Unlimited**
Lien	June 11, 2025, lien no. 138 was registered at the Registrar of Companies at creation date of June 10, 2025 in favor of Reznik Paz Nevo Trusts Ltd. (all as specified in lien no. 138)	**Unlimited**

G. Details regarding the valuation

Below is information about the valuation of the property for 2025, 2024 and 2023:

Data according to 100%. (the company's share of the property - 55%)		2025	2024	2023
Determined value at end of the period (NIS thousands)		60,800	60,800	58,800
Identity of appraiser		Sefi Raviv	Sefi Raviv	Yehuda Zisser
Is the appraiser independent?[68]		Yes	Yes	Yes
Is there an indemnification agreement?		Yes	Yes	Yes
Effective date of valuation		December 31, 2025	December 31, 2024	December 31, 2023
Valuation model		Discounted cash flow (DCF)	Discounted cash flow (DCF)	Discounted cash flow (DCF)
Main parameters taken into account for the valuation				
Valuation using the discounted cash flow (DCF) approach	**Gross leasable area (GLA) taken into account in the calculation (sq.m) - all types of units**	696	696	696
	Representative occupancy rate of the leasable area used for the valuation (%)	100%	100%	100%
	Average representative base monthly rent per sq.m leased for valuation purposes (NIS)	428.8	419	405
	Weighted rate of return for valuation purposes (%)	5.75%	5.75%	5.75%
	Representative NOI	3,581	3,498	3,383
Sensitivity analysis to value		**Change of value in NIS thousands**		
Cap rates	Rise of 0.25%	(2,595)	(2,535)	(2,451)
	Fall of 0.25%	2,831	2,766	2,674
Average rent per sq.m	Rise of 5%	3,114	3,042	2,941
	Fall of 5%	(3,114)	(3,042)	(2,941)

[68] 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.

Plots 16, 21 and 23 on Lot 139, Block 3946 ("1 Lishansky") + parts of Lot 475, Block 3946 ("3 Lishansky").

1 Lishansky and 3 Lishansky will be referred jointly as: "Lishansky"

A. Presentation of the property

Data according to 100% (the company's share in the property- 100%)	Breakdown as at December 31, 2025
Name of property	Buildings at 1 and 3 Lishansky Street, Mabat Maarav (West Industrial Zone), Rishon Lezion
Location of property	1 and 3 Lishansky Street, Rishon Lezion
Area of the property:	1 Lishansky - 340 sq.m for marketing 3 Lishansky - 5,608 sq.m for marketing 71 parking spaces
Holding structure of property:	100%
Company's actual share in property:	100%
Partners of the property:	-
Date of acquisition of the property	1 Lishansky (the property was purchased in stages as follows) 1. An agreement dated December 19, 2019 between the Lessor, Dr. Couch Ltd., and the buyer, the trust company Lishansky Holdings Ltd. ("Lishansky Holdings", that purchased the property in trust for the Company, as set out below) regarding Plot 16 in Lot 139, Block 3946, also known as a unit in 1 Lishansky Building, with all its fixtures and rights. 2. An agreement dated March 11, 2020 between the seller, Hannah Aviva, Moshe Miriam, Shabi Roi, Shabi Ronen, Shabi Ben Elisha, Shabi Uri and Goldberg Eitan and Lishansky Holdings (that purchased the property in trust for the Company, as set out below) regarding Plots 1-11, 13, 14, 21, 23, 24 and 31 on Lot 139, Block 3946, also known as units in 1 Lishansky Building, with all its fixtures and rights. Subsequently, on April 11, 2022, Lishansky Holdings issued notice of termination of the trust agreement dated December 18, 2019 signed with the Company, and transferred all rights purchased in trust in 1 Leshinsky Building, as aforesaid, to the Company.
	3 Lishansky (the property was purchased in stages as follows) 1. An agreement dated December 19, 2019 between the seller, Dr. Couch Ltd. and Lishansky Holdings (that purchased the property in trust for the Company, as set out below) regarding the seller's rights in 3 Lishansky (7,038/8,628 parts of land of Lot 475, Block 3946) with all its fixtures and rights. 2. An agreement dated March 26, 2020 between the seller, Netzivim Assets and Equipment Ltd. and Lishansky Holdings (that purchased the property in trust for the Company, as set out below) regarding the seller's rights in 3 Lishansky (280/8,628 parts of land of Lot 475, Block 3946) with all its fixtures and rights. 3. An agreement dated August 3, 2020 between the seller, AA Avior Ltd. and Lishansky Holdings (that purchased the property in trust for the Company, as set out below) regarding the seller's rights in 3 Lishansky (110/8,076 parts of land of Lot 475, Block 3946) with all its fixtures and rights. 4. An agreement dated August 17, 2020 between the seller, Telemedia Properties and Holdings Ltd. and Lishansky Holdings (that purchased the property in trust for the Company, as set out below) regarding the seller's rights in 3 Lishansky (146/8076 parts of land of Lot 475, Block 3946) with all its fixtures and rights. 5. An agreement dated October 26, 2023 between the seller, S.A.G. Malls Management Ltd. and Lishansky Holdings (that purchased the property in trust for the Company, as set out below) regarding the seller's rights in (310/8,072 parts of land of Lot 475, Block 3946) with all its fixtures and rights. Subsequently, on April 11, 2022, Lishansky Holdings issued notice of termination of the trust agreement dated December 18, 2019 signed with the Company, and transferred all rights purchased in trust in 3 Leshinsky Building (851513/967774 parts of land of Lot 475, Block 3946), as aforesaid, to the Company.
Details of legal title to the property	1 Lishansky - free simple ownership of Plots 16, 21 and 23
	3 Lishansky - ownership of 91.8% in joint ownership (851513/967774 and 310/8072 parts of the land). The Company is working to complete registration of the property as a condominium.

Legal title registration status	1 Lishansky - 1. Ownership rights registered in the Company's name in Plots 16, 21 and 23, Lot 139, Block 3946, including 4 parking spaces attached to Plots 21 and 23 (2 parking spaces per plot) 2. A principal lease right is resisted in favor of Rishon Lezion Municipality over the common property of the building, under Deed No. 57273/2009/1043, according to Marking 1 in red on the plan. Furthermore, a caveat is recorded regarding amendments made in connection with the above lease right under Deed No. 57273/2009/1034 and according to publication in Official gazette No. 4190 dated February 6, 1995, pages 2051-2052, regarding part of the plot pursuant to correction of an error in Official Gazette No. 4239 dated August 11, 1994, page 4682. 3. Caveats are recorded regarding the zoning of the land and expropriation regarding the entire property, as follows: 3.1. A caveat on the zoning of the land under Regulation 27 in favor of the Chairperson of the subcommittee of the Rishon Lezion Local Planning and Building Committee under Deed No. 57273/2009/1035 and according to an application dated February 14, 2001 regarding zoning and use of the land. 3.2. A caveat on expropriation according to sections 5 and 7 in favor of Rishon Lezion Municipality under Deed No. 57273/2009/1036 and as published in Official Gazette No. 5402 dated May 31, 2005, page 2854 on part of the lot. 4. Caveats are registered regarding easement as servient estate, as follows: 4.1. A caveat regarding amendment of the easement of vehicular access and passage rights at ground level only on an area of 138 sq.m marked in A and in yellow on the plan in favor of 3 Lishansky Building (Block 3946, Lot 475), under Deed No. 39383/2018/31. 4.2. A caveat regarding amendment of the easement of vehicular access and passage rights at third basement level only on an area of 99 sq.m marked in B and in yellow on the plan in favor of 3 Lishansky Building (Block 3946, Lot 475), under Deed No. 39383/2018/32. 4.3. A caveat regarding amendment of the easement of vehicular access and passage rights at second basement level only on an area of 258 sq.m marked in C and in yellow on the plan in favor of 3 Lishansky Building (Block 3946, Lot 475), under Deed No. 39383/2018/33. 4.4. A caveat regarding amendment of easement of the right of use for a garden, free pedestrian access and passage at ground level only on an area of 133 sq.m marked in D and in blue on the plan in favor of 3 Lishansky Building (Block 3946, Lot 475), under Deed No. 39383/2018/34. 4.5. A caveat regarding amendment of easement of the right of use for a garden, free pedestrian access and passage at ground level only on an area of 94 sq.m marked in E and in blue on the plan in favor of 3 Lishansky Building (Block 3946, Lot 475), under Deed No. 39383/2018/35. 4.6. A caveat regarding amendment of easement for free pedestrian access and passage at ground level only on an area of 196 sq.m marked in F and in red on the plan in favor of 3 Lishansky Building (Block 3946, Lot 475), under Deed No. 39383/2018/36. 5. A caveat is recorded regarding easement as servient estate, as follows: Easement of the right of use for a garden, free pedestrian access and passage at ground level only on an area of 222 sq.m marked in A and in green on the plan in favor of 3 Lishansky Building (Block 3946, Lot 475), under Deed No. 56892/2023/2.

	3 Lishansky - 1. Registered ownership rights in joint ownership in the name of the Company on part of the land known as Lot 475, Block 3946, as set out below ("3 Lishansky Property"). 1.1. 851513/967774 non-specific parts under Deed No. 30418/2024/1 registered on June 30, 2024. 1.2. 310/8072 non-specific parts under Deed No. 32264/2024/1 registered on July 9, 2024. 2. It should be noted the remaining rights in the land are owned by other owners (159612213/1952967932 non-specific parts on the 3 Lishansky Property). At this stage, the owners of the remaining rights of the land is registered in the name of the previous owners, Avnei Hoshen Shlomo 2000 Ltd. ("Avnei Hoshen"), for which two caveats have been recorded in favor of the buyers of the remaining rights of the land as follows: 2.1. Hashavshevet (Manufacturing) (1988) Ltd. under Deed No. 1140/2021/1 dated January 6, 2021 according to the terms of Original Deed No. 39383/2018/9 2.2. Ben Yitzhak Ilan under Deed No. 1140/2021/2 dated January 6, 2021 according to the terms of Original Deed No. 39383/2018/10 It should be noted that when registration of the condominium is complete, registration of the rights in the name of the buyers of the remaining rights in the above land will also be completed. 3. Caveats are recorded regarding the zoning of the land and expropriation regarding the entire property, as follows: 3.1. A caveat on the zoning of the land under Regulation 27 in favor of the Chairperson of the subcommittee of the Rishon Lezion Local Planning and Building Committee under Deed No. 39383/2018/4 and according to an application dated February 14, 2001 regarding zoning and use of the land. 4. Caveats are registered regarding easement as servient estate, as follows: 4.1. Easement of vehicular access and passage rights at ground level only on an area of 138 sq.m marked in A and in yellow on the plan, in favor of 1 Lishansky Building (Block 3946, Lot 139), under Deed No. 39383/2018/21 that was registered on August 30, 2018 and under the terms of the Original Dead No. 39507/2006/1. Type of property: Common property 4.2. Easement of vehicular access and passage rights at third basement level only on an area of 99 sq.m marked in B and in yellow on the plan, in favor of 1 Lishansky Building (Block 3946, Lot 139), under Deed No. 39383/2018/22 that was registered on August 30, 2018 and under the terms of the Original Dead No. 39507/2006/2. Type of property: Common property 4.3. Easement of vehicular access and passage rights at second basement level only on an area of 258 sq.m marked in C and in yellow on the plan, in favor of 1 Lishansky Building (Block 3946, Lot 139), under Deed No. 39383/2018/23 that was registered on August 30, 2018 and under the terms of the Original Dead No. 39507/2006/3. Type of property: Common property 4.4. Easement of the right of use for a garden, free pedestrian access and passage at ground level only on an area of 133 sq.m marked in D and in blue on the plan, in favor of 1 Lishansky Building (Block 3946, Lot 139), under Deed No. 39383/2018/24 that was registered on August 30, 2018 and under the terms of the Original Dead No. 39507/2006/4. Type of property: Common property 4.5. Easement of the right of use for a garden, free pedestrian access and passage at ground level only on an area of 94 sq.m marked in E and in blue on the plan, in favor of 1 Lishansky Building (Block 3946, Lot 139), under Deed No. 39383/2018/25 that was registered on August 30, 2018 and under the terms of the Original Dead No. 39507/2006/5. Type of property: Common property 4.6. Easement of the right of free pedestrian access and passage at ground level only on an area of 196 sq.m marked in F and in blue on the plan, in favor of 1 Lishansky Building (Block 3946, Lot 139), under Deed No. 39383/2018/26 that was registered on August 30, 2018 and under the terms of the Original Dead No. 39507/2006/6. Type of property: Common property 5. Caveats are registered regarding easement as servient estate, as follows: 5.1. Right of free pedestrian passage on an area of 157 sq.m marked as A and in blue on the plan under the terms noted in the deed, in favor of the public under Deed No. 39383/2018/20 registered on August 30, 2018 and under the terms of the Original Deed No. 93268/2018/1. Right of use for a garden, free pedestrian access and passage at ground level only on an area of 222 sq.m marked in A and in green on the plan under terms as noted in the deed, in favor of 1 Lishansky Building (Block 3946, Lot 139), under Deed No. 56892/2023/2 that was registered on December 12, 2023. Type of property: Common property
Substantial unused building rights	2,369 sq.m
Special matters **(exceptions, material construction, soil pollution and others)**	-
Financial statement presentation method:	Fair value

B. Principal data

The table below provides key data about the property for 2023, 2024 and 2025:

Data according to 100% (the company's share in the property - 100%)	2025	2024	2023
Fair value at end of period (NIS thousands)[69]	70,375	70,271	78,351
Carrying value at end of year (NIS million)	70,375	70,271	78,351
Revaluation gains (losses) (NIS thousands) - Company's share	(1,409)	(12,176)	(3,272)
Average occupancy (%)	98.7%	26%	32%
Actual areas leased (sq.m)[70]	6,338	1,645	1,645
Total revenues (NIS thousands)	2,556	2,420	2,668
Actual average rent per sq.m (monthly) (USD)	87.3	117	112
Average annual rent per sq.m in leases signed in the period (NIS)	-	-	-
NOI (NIS thousands)	1,495	1,364	206
Actual yield rate (%)	2.1%	1.9%	0.26%
No. of tenants at end of reporting year	4	4	4
Average proceeds (per month) per sq.m	The tenants are not required to report proceeds		

C. Analysis of revenues and costs structure

The table below provides data about revenues and costs related to the property, for 2023, 2024 and 2025:

Data according to 100% (the company's share in the property - 100%)	2024	2024	2023
	NIS thousands		
Revenues:			
From rentals – Fixed	2,363	2,180	2,303
From management fees	186	41	146
From rentals – Variable	8	199	219
Total revenues	**2,556**	**2,420**	**2,668**
Costs:			
Management, maintenance and operation, including marketing and excluding head office allocation[71]	(1,062)	(1,056)	(2,462)
Allocation of management costs	-	-	-
Total Expenses	**(1,062)**	(1,056)	(2,462)
NOI:	1,495	1,364	206

D. Principal tenants of the property

Data according to 100%	% 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	19%	No	Yes	Furniture	0.2/2	8	Partially CPI-linked		-
Tenant B *	70%	Yes	Yes	Entertainment	6.25/7	10	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 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 100% (the company's share in the property - 50%)	2026	2027	2028	2029	2030 onwards
	NIS thousands				
Fixed components	3,526	3,710	3,081	3,071	7,373
Variable components (estimate)	-	-	-	-	-
Total	3,526	3,710	3,081	3,071	7,373

The Company's above assessments regarding expected revenue from 2026 onwards for signed leases in the property 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 this document. 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

[69] The value presented is for the entire 3 Lishansky property and only the commercial part of 1 Lishansky (as set out in section 1.1).

[70] The leased space does not include storage areas.

[71] Including payment of rates and taxes for previous years.

* The agreement was signed in the first quarter of 2025.

Company's control, including special arrangements, such as discounts to be agreed upon between the Company and specific tenants, early cancellation and/or breach of 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 Company's periodic report.

F. Pledges and material legal restrictions on property

Class	Description	Amount secured by lien as at December 31, 2025 (NIS millions)
First-degree mortgage	1. 1 Lishansky - Unlimited first degree mortgage registered in favor of Reznik Paz Nevo Trusts Ltd. under Deed No. 36916/2025/1 dated July 8, 2025 2. 3 Lishansky - Unlimited first degree mortgage registered in favor of Reznik Paz Nevo Trusts Ltd. under Deed No. 36917/2025/1 dated July 8, 2025	**Unlimited**
Lien	1. 1 Lishansky - July 9, 2025, lien no. 140 was registered at the Registrar of Companies at creation date of July 8, 2025 in favor of Reznik Paz Nevo Trusts Ltd. (all as specified in lien no. 140). 2. 3 Lishansky - July 9, 2025, lien no. 139 was registered at the Registrar of Companies at creation date of July 8, 2025 in favor of Reznik Paz Nevo Trusts Ltd. (all as specified in lien no. 139)	**Unlimited**

G. Details regarding the valuation

Below is information about the valuation of the Lishansky property for 2025, 2024 and 2023:

Data according to 100%		2025	2024	2023
Determined value at end of the period (NIS thousands)		70,375	70,271	78,351
Identity of appraiser[72]		Barak Friedman Kapelner Shimkevitz & Co.	Barak Friedman Kapelner Shimkevitz & Co.	Erez Aviran
Is the appraiser independent?[73]		Yes	Yes	Yes
Is there an indemnification agreement?		Yes	Yes	Yes
Effective date of valuation		December 31, 2025	December 31, 2024	December 31, 2023
Valuation model		Discounted cash flow (DCF)	Discounted cash flow (DCF)	Discounted cash flow (DCF)
Main parameters taken into account for the valuation				
Valuation using the discounted cash flow (DCF) approach	**Gross leasable area (GLA) taken into account in the calculation (sq.m) - all types of units**	6,383	6,446	6,299
	Representative occupancy rate of the leasable area used for the valuation (%)	99%	99%	32%
	Average representative base monthly rent per sq.m leased for valuation purposes (NIS)	100%	100%	100%
	Weighted rate of return for valuation purposes (%)	87	73	112
	Weighted rate of return for valuation purposes (%)	7.0%	7.3%	7.3%
	Representative NOI	6,433	5,829	4,970
Sensitivity analysis to value		**Change of value in NIS thousands**		
Cap rates	Rise of 0.25%	(3,160)	(2,664)	(2,278)
	Fall of 0.25%	3,394	2,853	2,441
Average rent per sq.m	Rise of 5%	4,588	4,007	3,422
	Fall of 5%	(4,588)	(4,007)	(3,422)

[72] The value presented in the valuation is for the 1-3 Lishansky property, the pledged part of 1 Lishansky (as set out in section 1.1) refers to the value of the commercial areas only.

[73] 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.

Targowek G

A. Presentation of the property

Data according to 55% (company's share in the property[74])	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

B. Principal data

Data according to 55% (company's share in the property)	2025	2024	2023
Fair value at end of period (NIS thousands)	249,300	239,100	230,000
Carrying value at end of year (EUR million)	249,888	239,688	230,215
Revaluation gains (losses) (EUR thousands) - Company's share	9,748	7,380	1,664
Average occupancy (%)	99.35%	98.62%	98.45%
Actual areas leased (sq.m)	40,306	40,115	40,057
Total revenues (EUR thousands)	19,430	18,256	17,298
Actual average rent per sq. m. (monthly) (EUR)	34.50	33.41	30.17
Average annual rent per sq.m in leases signed in the period (EUR)	45.8	24.6	37.7
NOI (EUR thousands)	14,199	14,421	13,487
Adjusted NOI (EUR thousands)	14,361	14,372	14,008
Actual yield rate (%)	5.7%	6.0%	5.9%
Adjusted rate of return (%)	5.7%	6.0%	6.1%
No. of tenants at end of reporting year	152	152	151
Average proceeds (per month) per sq.m(*)	285.1	214.0	236.0

(*) 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.

[74] 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.

C. Analysis of revenues and costs structure

Data according to 55% (company's share in the property)	2025	2024	2023
	EUR thousands		
Revenues:			
From rentals – Fixed	13,609	12,412	12,482
From management fees	0	0	0
From rentals – Variable	5,821	5,844	4,816
Total revenues	**19,430**	**18,256**	**17,298**
Costs:			
Management, maintenance and operation, including marketing and excluding head office allocation(1)	3,748	3,485	3,204
Allocation of management costs	1,482	350	607
Total Expenses	**5,231**	**3,835**	**3,811**
NOI:	**14,199**	**14,421**	**13,487**

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	14.4 / 14.8	--	--	Bank guarantees	--
H&M	8%	Yes	No	Fashion	24.4 / 25.5	--	--	Parent company guarantees	--
ZARA	7%	Yes	No	Fashion	8.7 / 15.8	--	--	--	--

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)	2026	2027	2028	2029	2030 onwards
			EUR thousands		
Fixed components	11,388	8,407	6,310	5,236	14,539
Variable components (estimate)	1,340	1,341	1,288	1,265	11,498
Total	**12,728**	**9,748**	**7,598**	**6,501**	**26,037**

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)		2025	2024	2023
Determined value at end of the period (EUR thousands)		249,300	239,100	230,000
Identity of appraiser		Savilis	Savilis	Savilis
Is the appraiser independent?[75]		Yes	Yes	Yes
Is there an indemnification agreement?		Yes	Yes	Yes
Effective date of valuation		December 31, 2025	December 31, 2024	December 31, 2023
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**	40,464	40,462	40,462
	Occupancy rate in year +1 (%)	95.4%	98.1%	96.2%
	Occupancy rate in year 2 (%)	94.1%	94.2%	96.7%
	Representative occupancy rate of the leasable area used for the valuation (%)	99.6%	98.3%	98.4%
	Average base monthly rent per sq.m leased in a year +1 for valuation purposes (EUR)	373 / 31.1	363.2 / 30.2	330.5 / 27.5
	Average base monthly rent per sq.m leased in a year +2 for valuation purposes (EUR)	380 / 31.7	362.2 / 30.2	362.8 / 30.2
	Average representative monthly rentals per sq.m leased for valuation purposes (EUR)	366 / 30.5	362.2 / 30.2	362.8 / 30.2
	Discount Rate (%)	7.45%	7.20%	7.50%
	Exit Cap. Rate (%)	6.45%	6.35%	6.00%
	Net (Initial) Yield At Current Rent (%)	6.35%	6.19%	5.91%
	Representative NOI	15,824	14,799	12,730
Sensitivity analysis of value:		**Change in EUR**		
Occupancy rate[76]	--	--	--	--
Discounting rate	**Rise of 0.25%**	243,900	233,800	224,500
	Fall of 0.25%	255,000	244,700	235,900
Average rent per sq.m	**Rise of 5%**	260,000	249,000	240,000
	Fall of 5%	239,000	229,100	219,900

H. Planned improvements and alterations to the property

N/A

75 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.

76 The appraiser did not conduct a sensitivity analysis of the value under the assumption of occupancy rate changes.

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:

<table>
<tr><th colspan="3">Specific financing[77]</th><th></th></tr>
<tr><td rowspan="4">Balance in the consolidated statement of financial position (EUR thousands)</td><td rowspan="2">December 31, 2025</td><td>Presented as a short-term loan</td><td>7,490,005</td></tr>
<tr><td>Presented as a long-term loan</td><td>70,843,762</td></tr>
<tr><td rowspan="2">December 31, 2024</td><td>Presented as a short-term loan</td><td>2,256,246</td></tr>
<tr><td>Presented as long-term loans (*)</td><td>67,787,106</td></tr>
<tr><td colspan="3">Fair value at December 31, 2024</td><td>--</td></tr>
<tr><td colspan="3">Date of receipt of original loan (*)</td><td>July 15, 2024</td></tr>
<tr><td colspan="3">Amount of original loan</td><td>PLN 300,000,000</td></tr>
<tr><td colspan="3">Effective interest rate as at December 31, 2024:</td><td>6.8%</td></tr>
<tr><td colspan="3">Due dates of interest and principal</td><td>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.</td></tr>
<tr><td colspan="3">Key financial covenants</td><td>--</td></tr>
<tr><td colspan="3">Other key covenants</td><td>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.</td></tr>
<tr><td colspan="3">Does the Company comply with the key covenants and financial criteria as at December 31, 2024</td><td>--</td></tr>
<tr><td colspan="3">Is it non-recourse?:</td><td>No</td></tr>
</table>

(*) 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.

[77] 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 Board of Directors Report - Disclosure regarding the Internal Auditor

The Internal Auditor of the Corporation:

Mr. Doron Cohen has been serving as the internal auditor of the Company since July 22, 2019. Mr. Cohen is a Certified Accountant, a Certified Internal Auditor and is a partner of Fahn Kanne Control Management Ltd.

The internal auditor provides internal audit services in the format of an external service provider, through the company Fahn Kanne Control Management Ltd.

Compliance of internal auditor with statutory requirements:

The internal auditor is in compliance with the provisions of section 146(b) of the Companies Law and with the provisions of section 8 of the Internal Audit Law.

As of the date of this report, 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 Company's controlling shareholder. Furthermore, the internal auditor serves as the internal auditor of the subsidiary CTY. According to the Company and the internal auditor, this does not create a conflict of interest with the internal auditor's role 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:

The internal auditor reports directly to the Chairman of the Board of Directors.

The internal auditor's work plan:

The internal auditor's annual work plan for 2025 is based on a risk survey conducted in January 2025. The plan took into account the subjects examined and expected to be examined over the years in accordance with an annual plan. The work plan was prepared in coordination with the Audit Committee and the Company's management, and was discussed and approved by the Audit Committee.

The annual audit plan reflects the activities of the private companies owned by the Company in Israel and abroad and the order of priority of the subjects 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.

Examination of the Company's material transactions in 2025 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 abroad in the reporting period. In 2025, the internal auditor conducted an audit of the activity of the private companies Gazit Brasil, Gazit Horizons and G Europe, according to the work plan approved by the Company's Audit Committee.

Public subsidiaries – the audit of the Company's public subsidiaries listed abroad are subject to the restrictions of the law applicable to them. In the fourth quarter of 2024, the Company's internal auditor was appointed to serve as internal auditor for CTY.

To the best of the Company's knowledge, in 2025 the internal auditor conducted a comprehensive risk survey, which was presented to the members of CTY's board of directors, and a multi-year work plan was approved by the Company based on the survey findings.

During the year, the internal auditor carried out the audit work, in accordance with the work plan, and reported the audit findings to the authorized governing bodies at CTY.

Scope of the internal auditor's engagement:

The scope of the internal auditor's engagement varies in accordance with the annual audit plan. In 2025, 3,500 hours were spent on audit activity, in accordance with the breakdown presented in the table below:

	Work hours
Internal audit in Israel	1,610 hours
Internal audit of the Company's private subsidiaries abroad	1,890 hours
Total	3,500 hours

The scope of the internal auditor's work hours were set at 3,500 hours, based on the audit topics included in the 2025 annual audit plan, similar to 2024. It should be noted that the scope of the internal auditor's engagement is flexible, meaning that, throughout 2025, and as the various audit reports are discussed, the audit committee is authorized to permit the internal auditor to increase the number of audit hours beyond the scope initially set in the annual audit plan.

Professional standards in accordance with which the internal auditor performs the 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 of 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:

The audit committee discussed the audit reports in its meetings on July 15, 2025, October 20, 2025, December 23, 2025, and January 19, 2026.

The Company's Board of Directors evaluation of internal auditor's work:

In the opinion of the Company Board of Directors, the scope, nature and continuity of the internal auditor's activities and his work plan are reasonable under the circumstances, and are sufficient to attain the internal audit objectives of the Company.

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 assessment, this compensation does not influence the professional judgment of the internal auditor.

G City Ltd.

Chapter C - Consolidated Financial Statements as at December 31, 2025

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INDEPENDENT
AUDITORS' REPORT

To the Shareholders of G City LTD.

We have audited the components of internal control over financial reporting of G City Ltd. And its subsidiaries (collectively, "the Company") as of December 31, 2025. 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 financial reporting, and for their assessment of the effectiveness of the components of internal control over financial reporting included in the accompanying periodic report for said date. Our responsibility is to express an opinion on the Company and subsidiaries' components of internal control over financial reporting based on our audit.

The components of internal control over financial reporting audited by us were determined in conformity with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel, "Audit of Components of Internal Control over Financial Reporting" ("Auditing Standard 911"). These components consist of: (1) entity level controls, including financial reporting preparation and close process controls and information technology general controls ("ITGCs"); (2) controls over the Treasury process; (3) controls over the valuation of investment properties process.

We conducted our audit in accordance with Auditing Standard 911. That Standard requires that we plan and perform the audit to identify the audited control components and obtain reasonable assurance about whether these control components have been effectively maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the audited control components, assessing the risk that a material weakness exists regarding the audited control components and testing and evaluating the design and operating effectiveness of the audited control components based on the assessed risk. Our audit of these control components also included performing such other procedures as we considered necessary in the circumstances. Our audit only addressed the audited control components, as opposed to internal control over all the material processes in connection with financial reporting and therefore, our opinion addresses solely the audited control components. Moreover, our audit did not address any reciprocal effects between the audited control components and unaudited ones and accordingly, our opinion does not take into account any such possible effects. We believe that our audit provides a reasonable basis for our opinion within the context described above.

Because of its inherent limitations, internal control over financial reporting as a whole, and specifically the components therein, may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company effectively maintained, in all material respects, the audited control components as of December 31, 2025.

We have also audited, in accordance with generally accepted auditing standards in Israel, the consolidated financial statements of the Company as of December 31, 2025, and our report dated March 16, 2026 expressed an unqualified opinion thereon.

Tel-Aviv, Israel
March 16, 2026

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with confidence

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INDEPENDNT AUDITORS' REPORT

To the Shareholders of G City LTD.

Regarding the Audit of Components of Internal Control over Financial Reporting

Pursuant to Section 9b(c) to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

We have audited the consolidated financial statements of G City Ltd. ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2025, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

We did not audit the financial statements of a consolidated subsidiary whose assets included in the consolidated statement of financial position represent approximately 46% of total consolidated assets as of December 31, 2025, and whose revenues included in the consolidated statement of profit or loss and other comprehensive income represent approximately 52% of total consolidated revenues for the year then ended. The financial statements of this subsidiary were audited by another independent auditor, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for this subsidiary, is based solely on the reports of the other auditor.

In our opinion, based on our audit and on the reports of the other independent auditor, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2025, and the consolidated results of operations and consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards and the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010.

Basis for Opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed under the Israeli Certified Public Accountants Regulations (Auditor's Mode of Operation), 1973. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiary in accordance with the independence requirements and conflict-of-interest rules applicable in Israel to audit professionals. We have also fulfilled our other ethical responsibilities in accordance with the Israeli Certified Public Accountants Law, 1955, and the regulations promulgated thereunder. We believe that the audit evidence we have obtained, including the reports of the other independent auditor, is sufficient and appropriate to provide a basis for our opinion.

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, 12 and 13 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, 2025, the Company's investment properties total approximately NIS 26,096 million, accounting for 78% of the Company's assets.

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.

Responsibilities of the Board of Directors and Management for the Consolidated Financial Statements

The Board of Directors and management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010, as well as for such internal control as the Board of Directors and management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and management are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors and management either intend to liquidate the Company or cease its operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In performing an audit, including reliance on the work of another independent auditor, in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. As part of the audit, we:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report; however, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities included in the consolidation, including verifying that the accounting principles applied in the financial statements audited by another independent auditor are consistent with those applied by the Company, that the reporting framework used complies with the legal and regulatory requirements applicable to the Company, and that all necessary adjustments for consolidation have been properly reflected in the consolidated financial statements.

We communicate with the Board of Directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during our audit.

We also provide the Board of Directors and management with a statement that we have complied with the relevant ethical requirements regarding our independence, and communicate with them all relationships and matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards that have been applied.

From the matters communicated with the Board of Directors and management, we determine those matters that were of most significance in the audit of the current period's consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure of the matter.

Linking Paragraph

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, 2025, and our report dated March 16, 2026, included an unqualified opinion on the effective maintenance of those components.

The engagement partner for the audit resulting in this independent auditor's report is **Assaf Rabinovitz**.

Tel-Aviv, Israel
March 16, 2026

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

	Note	December 31, 2025	December 31, 2024
		NIS millions	
Assets			
Current assets			
Cash and cash equivalents	3	796	1,991
Short-term investments and loans	4	1,412	538
Financial assets	11	114	43
Financial derivatives	35C	80	69
Trade receivables and accrued income	5	229	98
Other receivables	6	205	376
Inventory of offices	7	236	-
Current tax assets		2	2
		3,074	3,117
Assets held for sale	8	1,953	1,337
		5,027	4,454
Non-current assets			
Equity accounted investments	9	943	982
Other investments, loans and receivables	10	581	381
Financial assets	11	26	69
Financial derivatives	35C	114	173
Investment property	12	24,113	27,041
Investment property under development	13	1,983	2,423
Fixed assets, net	14	75	94
Intangible assets, net	15	336	341
Deferred taxes	24F	58	63
		28,229	31,567
		33,256	36,021

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

	Note	December 31, 2025	December 31, 2024
		NIS millions	
Liabilities and Equity			
Current liabilities			
Borrowings from banks and others	16	-	38
Current maturities of non-current liabilities	17	2,610	1,870
Financial derivatives	35C	9	15
Trade payables and service providers	18	54	89
Other payables	19	572	648
Current tax liabilities		7	10
		3,252	2,670
Liabilities attributed to assets held for sale	8	-	494
		3,252	3,164
Non-current liabilities			
Debentures and convertible debentures	20	15,110	14,941
Interest-bearing loans from banks and others	21	3,908	6,145
Financial derivatives	35C	147	222
Other liabilities	22	313	335
Deferred taxes	24F	1,235	1,116
		20,713	22,759
Equity attributable to shareholders of the Company	26		
Share capital		253	253
Share premium		4,984	4,981
Retained earnings		2,367	2,446
Adjustments due to translation of financial statements of foreign operations		(5,316)	(4,763)
Other reserves		1,813	1,279
Treasury shares		(181)	(16)
		3,920	4,180
Non-controlling interests	26E	5,371	5,918
Total equity		9,291	10,098
		33,256	36,021

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

March 16, 2026			
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

	Note	Year ended December 31 2025	2024	2023
		NIS millions (Other than earnings (loss) per share)		
Rental and other income	29	2,299	2,533	2,438
Property operating and other expenses	30	710	799	771
Net income from rental of buildings		1,589	1,734	1,667
Revenue from the sale of offices		185	-	-
Cost of sales of offices		157	-	-
Net income from the sale of offices		28	-	-
Operating income, net		1,617	1,734	1,667
Revaluation of investment property and investment property under development, net	12.13	674	38	(767)
General and administrative expenses	31	(284)	(321)	(349)
Sales and Marketing Expenses		(6)	-	-
Other income	32A	3	222	5
Other expenses	32B	(208)	(549)	(686)
Company's share in earnings (losses) of equity-accounted investees, net	9B	78	114	(2)
Operating profit (loss)		1,874	1,238	(132)
Finance expenses	33A	(1,345)	(1,285)	(1,340)
Finance income	33B	147	219	272
Profit (loss) before taxes on income		676	172	(1,200)
Taxes on income	24G	286	76	120
Net profit (loss)		390	96	(1,320)
Attributable to:				
Shareholders of the Company		70	52	(1,203)
Non-controlling interests		320	44	(117)
		390	96	(1,320)
Net earnings (loss) per share attributable to equity holders of the Company (NIS)	34			
Total basic net earnings (loss)		0.36	0.28	(6.79)
Total diluted net earnings (loss)		0.36	0.28	(6.79)

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Net profit (loss)	390	96	(1,320)
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	28	(31)	(51)
Amounts classified or reclassified to profit or loss			
Foreign currency translation differences of foreign operations	(316)	(1,230)	1048
Loss for cash flow hedges	(19)	(15)	(81)
Exercise of foreign currency translation reserve attributable to subsidiaries previously consolidated	31	-	-
Total other comprehensive income (loss)	(276)	(1,276)	916
Total comprehensive income (loss)	114	(1,180)	(404)
Attributable to:			
Shareholders of the Company (1)	(165)	(803)	(665)
Non-controlling interests	279	(377)	261
	114	(1,180)	(404)

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

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Net profit (loss)	70	52	(1,203)
Foreign currency translation differences of foreign	(272)	(809)	667
Loss for cash flow hedges	(22)	(15)	(78)
Profit (loss) for financial assets at fair value through other comprehensive income	28	(31)	(51)
Exercise of foreign currency translation reserve attributable to subsidiaries previously consolidated	31	-	-
	(165)	(803)	(665)

(*) 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.

	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 millions								
Balance as at January 1, 2025	253	4,981	2,446	(4,763)	1279	(16)	4,180	5,918	10,098
Net profit	-	-	70	-	-	-	70	320	390
Other comprehensive loss	-	-	-	(241)	6	-	(235)	(41)	(276)
Total comprehensive income	-	-	70	(241)	6	-	(165)	279	114
Exercise of options for Company shares	-*)	3	-	-	(3)	-	-*)	-	-*)
Acquisition of treasury shares	-	-	-	-	-	(165)	(165)	-	(165)
Cost of share-based payment	-	-	-	-	2	-	2	-	2
Buyback of hybrid debentures from non-controlling interests	-	-	-	-	(4)	-	(4)	(144)	(148)
Interest on hybrid debentures paid to non-controlling interests interests	-	-	-	-	-	-	-	(161)	(161)
Dividend announced **)	-	-	(149)	-	-	-	(149)	-	(149)
Acquisition of non-controlling interests and an issuance of subsidiary's shares	-	-	-	(312)	533	-	221	(493)	(272)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(28)	(28)
Balance as at December 31, 2025	253	4,984	2,367	(5,316)	1813	(181)	3,920	5,371	9,291

*) Represents an amount of less than NIS 1 million

**) In the year ended December 31, 2025, the Company announced distribution of a dividend in the amount of NIS 0.375 per share (total amount of NIS 73 million), NIS 25 million (NIS 0.125 per share) was paid on April 8, 2025, NIS 23 million (NIS 0.125 per share) was paid on June 16, 2025, and NIS 23 million (NIS 0.125 per share) was paid on September 8, 2025. Furthermore, on November 27, 2025, the Company declared a dividend in kind to its shareholders, consisting of shares of Orion Retail Properties Ltd. (“Orion”) in the amount of NIS 76 million. The distribution was actually made on December 8, 2025. For further information, see Note 9D to the financial statements.

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

	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 millions								
Balance as at January 1, 2024	239	4,754	2,430	(3,998)	1413	(1)	4,837	6,493	11,330
Net profit	-	-	52	-	-	-	52	44	96
Other comprehensive loss	-	-	-	(809)	(46)	-	(855)	(421)	(1,276)
Total comprehensive loss	-	-	52	(809)	(46)	-	(803)	(377)	(1,180)
Issue of share capital and options (less issue costs)	18	236	-	-	14	-	268	-	268
Exercise and forfeiture of options for Company shares	-*)	29	-	-	(29)	-	-*)	-	-*)
Acquisition of treasury shares	-	-	-	-	-	(57)	(57)	-	(57)
Write-off of treasury shares	(4)	(38)	-	-	-	42	-	-	-
Cost of share-based payment	-	-	-	-	5	-	5	-	5
Buyback of hybrid debentures from non-controlling interests	-	-	-	-	87	-	87	(344)	(257)
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(168)	(168)
Dividend announced	-	-	(36)	-	-	-	(36)	-	(36)
Acquisition of non-controlling interests and an issuance of subsidiary's shares	-	-	-	44	(165)	-	(121)	449	328
Dividend paid to 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

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

	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 millions								
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	-	-	-	-	-	-	-	(166)	(166)
Classification of capital reserve of exercised financial assets to surplus	-	-	(41)	-	41	-	-	-	-
Acquisition of non-controlling interests and an issuance of subsidiary's shares	-	-	-	37	(55)	-	(18)	105	87
Dividend paid to 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.

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Cash flows from operating activities			
Net profit (loss)	390	96	(1,320)
Adjustments required for presentation of cash flows from current			
Adjustments to profit or loss			
Finance expenses, net	1,198	1,066	1,068
Company's share in earnings of equity-accounted investees, net	(78)	(114)	2
Revaluation of investment property and investment property under development, net	(674)	(38)	767
Depreciation and amortization	22	25	29
Income tax	286	76	120
Other expenses, net	205	327	682
Cost of share-based payment	2	5	5
	961	1,347	2,673
Changes in items of assets and liabilities:			
Decrease (increase) in trade receivables and other receivables	(37)	113	(45)
Decrease in inventory of offices	104	-	-
Increase (decrease) in trade and other payables	(139)	(25)	32
	(72)	88	(13)
Net cash provided by operating activities before interest, dividend,	1,279	1,531	1,340
Cash paid and received during the period for:			
Interest paid	(768)	(873)	(767)
Interest received	127	112	83
Dividends received	21	74	33
Taxes paid	(32)	(152)	(64)
Taxes received	11	4	25
	(641)	(835)	(690)
Net cash from operating activities	638	696	650

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

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Cash flows from investment activities			
Proceeds from the sale of investees	5	-	-
Investments and loans to investees	(1)	(11)	(39)
Acquisition, construction, and development of investment property	(563)	(779)	(1,491)
Investments in property, plant and equipment and other assets	(11)	(8)	(29)
Proceeds from sale of investment property	1,293	1,791	1,386
Proceeds from the sale of fixed assets	-	-	27
Grant of long-term loans	(19)	-	(123)
Repayment of long-term loans	26	243	116
Short-term investments, net	2	-	-
Investments in other financial assets	(47)	(45)	-
Proceeds from the sale of financial assets and withdrawal of deposits	23	36	215
Net cash provided by investing activities	708	1,227	62
Cash flow from financing activities			
Issue of share capital and options (less issue costs)	-	268	150
Exercise of warrants for Company shares	-*)	-*)	-*)
Acquisition of treasury shares	(165)	(57)	-
Acquisition of non-controlling interests and an issuance of subsidiary shares	(272)	328	-
Dividend paid to Company shareholders	(73)	(36)	(53)
Dividend paid to holders of non-controlling interests	(28)	(135)	(164)
Receipt of long-term loans	304	879	1,812
Repayment of long-term loans	(1,061)	(817)	(211)
Receipt (repayment) of long-term credit from banks, net	(1,056)	(1,479)	469
Repayment of short-term credit from banks, net	(40)	(141)	(848)
Repayment and early payment and redemption of debentures	(3,560)	(4,459)	(2,767)
Issue of debentures	3,737	5588	611
Buyback of hybrid debentures from non-controlling interests	(153)	(241)	(200)
Interest on hybrid debentures paid to non-controlling interests	(161)	(168)	(166)
Net cash used for financing activities	(2,528)	(470)	(1,367)
Exchange differences for cash and cash equivalents	(13)	(100)	(81)
Increase (decrease) in cash and cash equivalents	(1,195)	1353	(736)
Cash and cash equivalents at the beginning of the year	1,991	638	1,374
Cash and cash equivalents at the end of the year:	796	1991	638

*) Represents an amount of less than NIS 1 million

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

	Year ended December 31		
	2025	2024	2023
	NIS millions		
(A) Significant non-cash activities			
Sale of investment properties against receivables and deposits	1,821	611	245
Acquisition of hybrid shares in return for the issue of shares	-	-	91
Acquisition of hybrid debentures in return for issue by a subsidiary	-	-	87
Distribution of a dividend in kind	76	-	-

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, 2025, the consolidated financial statements present positive working capital of NIS 1.8 billion, and in its separate financial information the Company presents a positive working capital of NIS 0.3 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, 2025, 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 0.6 billion, of which NIS 01. billion have been utilized as at the foregoing date. Shortly prior to the publication date of this Report, the total and unutilized balance of these credit facilities was NIS 0.6 billion.

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.

In addition, subsequent to the reporting date, the Company is expected to receive NIS 0.51 billion in dividends from CTY, subject to approval by CTY's shareholders' meeting; see Note 9D(7).

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 21D, as at December 31, 2025, and immediately prior to the date of publication of this report, the Company and its subsidiaries are in compliance with all these financial covenants.

For information regarding the acquisition of CTY shares in the reporting period, as well as the results of the tender offer to acquire all minority shares of CTY subsequent to the reporting date, see Note 9D6.

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:

(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 LTV ratio to 50% by the end of 2028.

Note 1 – General (Contd.)

The scope of disposal of properties and the pace at which the Group progresses in executing such disposals, including the rate at which properties are offered for sale in the various territories in which the G City Group operates, are dynamic and are carried out based on market conditions in those territories

and at the discretion of the Company's management, while taking into account macroeconomic considerations as well as Company-specific factors, and by balancing the Company's needs with the objective of maximizing the value of the properties and may change as a result of macroeconomic developments, as well as

the emergence or absence of business opportunities to advance certain components of the strategic plan, including the ability or inability to fully steer the operations of the Group's subsidiaries.

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

As of date of publication of this report, the Group completed the disposal of properties for a total amount of NIS 7.2 billion, as follows: G Europe - NIS 5.3 billion; G Israel - NIS 0.7 billion; Gazit Horizons - NIS 0.6 billion; Gazit Brazil - NIS 0.6 billion.

In accordance with the Company's strategy described above, as part of its property disposal plan, the Company completed the disposal of three income generating properties through their sale to Orion, and the issue of Orion securities on TASE, which was completed in December 2025, for total consideration to the Company of EUR 456 million. As part of the issue, the entire share capital of Orion was distributed as a dividend in kind to the Company's shareholders. For further information regarding the completion of the sale and the distribution of a dividend in kind in December 2025, see Note 9G.

C. The effects of Swords of Iron war, and the Rising Lion and Roar of the Lion operations, and the security and political situation in Israel:

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. The State of Israel waged war on seven fronts, including in the north of the country, against Iran and the Houthis and Yemen. Moreover, in June 2025, Operation Rising Lion commenced against Iran and waged for two weeks. In October 2025, a ceasefire was reached with the Hamas terror organization, including the release of the hostages taken by Hamas. On February 28, 2026, a joint preemptive offensive was launched by the State of Israel and the United States, known as the Roar of the Lion, against government targets in Iran, and is ongoing as of the date of publication of this report. This offensive was met with missile fire toward Israel, followed by Hezbollah's entry into the conflict. In accordance with Home Front Command directives, the Company's centers were closed for four days, except for essential tenants, and as of the date of publication of this report they have opened in accordance with the Home Front Command's guidelines.

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 9D)
Reporting date	-	December 31, 2025

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.

NOTE 2 - Significant Accounting Policies (contd.)

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 effect of the relevant measurement – see Notes 2C and 9D.
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 2O and 8.
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 2J.
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 13

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 2I, 12 and 13.
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 2N and 15.
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 2P and 24F.
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 35B.
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 25D.

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, in 2024 the Company consolidated CTY based on effective control, among other things, due to its 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. In 2025, the Company acquired CTY shares, increasing its interest in CTY to 59.1%. Accordingly, the Group consolidates CTY in its consolidated financial statements. Following the foregoing increase in interest to above 50%, and in accordance with Finnish law, the Company was required to submit a tender offer to all minority shareholders of CTY. For further information regarding the acquisition of CTY shares during and subsequent to the reporting period, as well as the results of the tender offer, see Note 9D6.

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.

NOTE 2 - Significant Accounting Policies (contd.)

D. Functional, presentation, and foreign currencies

1. Functional and presentation currency

The presentation currency for the Company's financial statements is the Israeli shekel (NIS).

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 two operating cycles. With regard to inventory of offices held for sale, the operating cycle exceeds one year and could continue for three or four years. With regard to other operations, the operating cycle is one year. Consequently, with regard to the construction work for the offices held for sale inventory, where the operating cycle is longer than one year, the assets and liabilities directly relating to those operations are classified in the statement of financial position under current assets and liabilities based on the operating cycle.

F. Inventory of offices

Cost of inventory of offices includes direct identifiable costs with respect to cost of land acquisition, such as purchase tax, fees and levies, as well as construction costs.

The cost of land includes borrowing costs that apply to financing the project until its completion, planning and designing costs, indirect construction costs that were allocated and other related costs.

Inventory of buildings and apartments is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated selling costs.

Costs of inventory of development real estate are allocated to each sales contract separately, as described below:

1. Identifiable direct costs are allocated individually to each office.
2. Cost of land is allocated to contracts according to the sales price ratio at the time of initial marketing.
3. Shared construction costs that are not separately identifiable for each apartment are allocated according to the size of the apartment and per meter construction costs pro rata to the costs for the entire building.
4. When investment real estate is classified as inventory, the initial cost of inventory is determined according to the estimated fair value of the inventory on the date on which it is classified as inventory.

G. 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:

NOTE 2 - Significant Accounting Policies (contd.)

(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:

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. Borrowings

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.

NOTE 2 - Significant Accounting Policies (contd.)

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.

H. 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 on a current basis 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.

NOTE 2 - Significant Accounting Policies (contd.)

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.

I. Fair value measurement

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 35B.

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 also sections 12 and 13 below.

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 35B and C.

J. 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

K. 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.

NOTE 2 - Significant Accounting Policies (contd.)

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.

L. 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 12 and 13.

M. 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.

N. 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 amount of goodwill. Impairment losses recognized for goodwill cannot be reversed in subsequent periods. For additional information, see Note 15.

NOTE 2 - Significant Accounting Policies (contd.)

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.

O. 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.

P. 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.

NOTE 2 - Significant Accounting Policies (contd.)

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.

Q. 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.

Revenue from the sale of inventory of offices

Revenue from contracts with customers for the sale of the inventory of offices is recognized in profit or loss when control of the offices is transferred 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). The Company has begun operating in the real estate sector in development, construction and sale of offices. The Company classified investment property under development as inventory of offices, based on the value of the inventory on date of classification. When engaging in a contract with a customer, the Company recognizes the residential units, offices and commercial spaces as execution obligations.

With regard to the Company's operations in the real estate development sector in Israel, the Company has concluded, based on its contracts with customers in the real estate development sector in Israel and, based on relevant legal and regulation provisions and, in accordance with legal advices obtained, that a contract with a customer does not create an alternative use asset for the Company and it is eligible to receive enforceable payment for work completed up to that date. Under these circumstances, the Company's performance regarding construction work generates or enhances a property that is controlled by the customer as it is being constructed, and therefore the Company recognizes revenue over time.

The Company applies the cost-based input method for measuring progress of execution when a commitment to execute remains in force over time. The Company believes that using the input method according to which the revenue is recognized based on inputs invested by the Company to comply with execution obligations best reflects the revenue that was actually generated. To apply the input method, the Company estimates the cost required to complete the project in order to determine the revenue to be recognized.

These estimates include the direct and indirect costs relating directly to the actual contract and that are allocated to each contract separately based on a reasonable allocation key. When measuring the "completion rate" cost, the Company does not include costs that don't reflect execution progress such as cost of land, fees, levies and taxes and credit costs. The Company determines the completion rate used to recognize revenue for each sales contract based on the overall progress of the building or project, as applicable. This approach is applied as long as the property to which the agreement applies cannot be delivered prior to full completion of the building or project.

NOTE 2 - Significant Accounting Policies (contd.)

The Company determines the amount of revenue from each contract based on the transaction price agreed with each individual customer and recognizes revenue separately for each contract.
When the Company begins working on the anticipated contract prior to formal signing with the customer, upon signing the contract, the Company recognizes cumulative revenue in an amount that reflects the stage of completion of the performance obligation on that date.

R. Provisions

In accordance with IAS 37, a provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably 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.

S. 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.

NOTE 2 - Significant Accounting Policies (contd.)

T. 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. 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 the accounting requirements (measurement and disclosure) that an entity must apply when a currency is not exchangeable into another currency.
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.
The Amendment is applicable for annual periods beginning on or after January 1, 2025. The Amendment has no material effect on the Company’s financial statements.

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

1. 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 be 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.

NOTE 2 - Significant Accounting Policies (contd.)

2. 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.

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. Early adoption is permitted, with appropriate disclosure.

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	
	2025	**2024**
	NIS millions	
Cash and deposits available for immediate withdrawal (1) (2)	710	1,910
Short-term deposits 3)	86	81
	796	1,991

(1) As at December 31, 2025, the balances are deposited in banks and bear interest rates of 1.55%-4.42%.

(2) Of the total cash and cash equivalents as at December 31, 2025, an amount of NIS 108 million are denominated in BRL (55 million in 2024), NIS 35 million are denominated in SEK (201 million in 2024), NIS 18 million are denominated in NOK (53 million in 2024), NIS 21 million are denominated in PLN (38 million in 2024), NIS 53 million are denominated in USD (90 million in 2024), and NIS 457 million in EUR (1,422 million in 2024).

(3) As at December 31, 2025, this balance includes three key deposits of NIS 38 million, NIS 2 million and NIS 43 million denominated in NIS, EUR and USD, respectively. The deposits bear interest at average rate of 4%.

Note 4 – Short-Term Options

Composition:

	December 31	
	2025	2024
	NIS millions	
Loans provided (1)	1,336	-
Current maturities of non-current loans provided	3	26
Other deposits	2	-
Restricted deposits (2)	71	512
	1,412	538

(1) Short-term loans of EUR 365 million (NIS 1,336 million) that the Company provided to Orion, as part of the transaction for the sale of three income generating properties in Poland to Orion, which were fully repaid in January 2026. For further information, see Note 9G.
(2) In 2025, NIS 45 million represented a restricted deposit relating to consideration from the sale of inventory of offices, and in 2024 NIS 487 million related to the sale of investment properties and fixed assets in Israel.

NOTE 5 – Trade and revenue receivable, and contractual assets

A. Composition:

	December 31	
	2025	2024
	NIS millions	
Open accounts, net (see sections B and C below)	91	98
Accrued income from the sale of inventory of offices (*)	138	-
	229	98

(*) For further information, see Note 7 - Inventory of Offices.

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	
	2025	2024
	NIS millions	
Balance as at 1 January	61	75
Provision during the year	24	11
Amounts repaid during the year	(14)	(15)
Write-off of accounts	(7)	(4)
Foreign currency translation differences	(3)	(6)
Balance as of December 31	61	61

Note 6 - Trade and Other Receivables

Composition:

	December 31	
	2025	2024
	NIS millions	
Government institutions	62	191
Prepaid expenses	90	110
Interest receivable	9	30
Advances to suppliers	3	3
Others	41	42
	205	376

Note 7 - Inventory of Offices

In May 2025, the Company classified a NIS 340 million investment property under development as inventory of offices, based on the inventory value on the date of classification.

During the year, the Company engaged in 94 sale agreements, with total estimated consideration of NIS 334 million. From January 01, 2026 through to the date of publication of this Report, the Company engaged in an additional 7 sale agreements, with total estimated consideration of NIS 15.9 million. These sale agreements include a project for which construction and sale had not yet been completed as at December 31, 2025.

The operating cycle of inventory of offices exceeds one year and could continue for three or four years. Consequently, with regard to the construction work for the inventory of offices, where the operating cycle is longer than one year, the assets and liabilities directly relating to those operations are classified in the statement of financial position under current assets and liabilities based on the operating cycle.

Note 8 - Assets and Liabilities classified as held for sale

A. Composition of assets held for sale

	December 31	
	2025	2024
	NIS millions	
Investment property (1)	1,910	1,071
Investment properties and land under development (2)	43	228
Other assets	-	38
	1,953	1,337

(1) In 2025, this balance was comprised of non-core income-producing properties, land, and investment property under development in North Europe.

(2) In 2025, this balance consisted mainly of non-core land in Central Europe.

B. As at December 31, 2025, there are no liabilities attributable to properties held for sale (NIS 460 million in 2024, which mainly included loans secured by properties held for sale in Europe).

Note 9 – Investments in investees

A. Composition of the investment in equity accounted investees (including purchase accounting adjustments):

	December 31	
	2025	2024
	NIS millions	
Joint ventures (1) (3)	792	832
Associates	-(*)	-(*)
	792	832
Loans (2) (3)	151	150
	943	982

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

(1) Includes, inter alia, joint ventures that manage, operate and develop income generating properties, and as of the reporting date includes NIS 736 million in United States (2024- NIS 626 million).

(2) Includes mainly, a loan granted to a partnership in Canada in an amount of CAD 12.4 million (NIS 29 million) which bears a fixed annual interest of 5% to be repaid for in November 2028 and two loans granted to a partnership in Poland in an amount of EUR 33 million (NIS 122 million) bearing a fixed annual interest of 5% to be repaid in November 2028.

(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 180 million) which is presented under Other Income, see Note 32.

B. Group's share in the results of equity-accounted investees including amortization of purchase accounting adjustment (based on the interest therein during the period):

Joint ventures

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Net profit (loss)	78	114	(2)
Other comprehensive loss	(7)	(7)	(1)
Comprehensive income (loss)	71	107	(3)

Investees:
In 2023-2025, the Company’s comprehensive income in investees was less than NIS 1 million.

Note 9 – Investments in Investees (Contd.)

Additional information regarding investees:

C. Investment in G Europe (a subsidiary)

1. As at December 31, 2025, the Company holds 100% of the share capital and voting rights of G Europe.
2. In May, 2021, G Europe issued EUR 350 million hybrid debentures (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 do 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 2025, 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 2024 - NIS 50 million of which NIS 3 million to a wholly-owned subsidiary of the Company).
3. In the reporting year a wholly owned subsidiary of the Company purchased EUR 2 million (NIS 8 million) par value hybrid debentures of G Europe for consideration of EUR 1.6 million (NIS 6 million). The effect on the Company's equity is negligible.
4. In 2024, the Group bought back EUR 67.9 million (NIS 277 million) par value hybrid debentures of G Europe for consideration 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.

D. Investment in CTY (a subsidiary)

1. As at December 31, 2025, the Company holds 59.1% of the share capital and voting rights of CTY (58.8% fully diluted). CTY's shares are listed for trading on the Helsinki Stock Exchange in Finland (OMX). As at December 31, 2025, CTY's share price is EUR 3.99.

In 2024, the Company consolidated CTY based on effective control. For further information see Note 2C.

Carrying amount and market value of the investment in CTY:

	December 31, 2025		31 December 2024	
	value Equity	value Market	value Equity	value Market
	NIS millions			
Shares	2,906	1,619	2,335	1,115

Note 9 – Investments in Investees (Contd.)

2. Condensed financial information of CTY based on IFRS

Condensed financial information of financial position -

	December 31	
	2025	2024
	NIS millions	
Current assets	2,362	1,869
Non-current assets	12,859	14,467
Current liabilities	(815)	(428)
Non-current liabilities	(7,292)	(8,853)
Net assets	7,114	7,055
Attributable to		
Shareholders of the Company	2,906	2,335
Non-controlling interests	4,208	4,720
	7,114	7,055

Condensed financial information of comprehensive income (loss) -

		Year ended December 31	
	2025	2024	2023
		NIS millions	
Revenue	1,181	1,286	1,156
Net profit	376	(144)	(490)
Other comprehensive income (loss)	74	(124)	(219)
Total Comprehensive income (loss)	450	(268)	(709)
Attributable to			
Shareholders of the Company	162	(197)	(429)
Non-controlling interests	288	(71)	(280)
	450	(268)	(709)
Dividend and repayment of investment to non-controlling interests	-	111	164
Interest paid to holders of hybrid debentures (*)	138	139	114

(*) Refer to section 4 below.

Note 9 – Investments in Investees (Contd.)

Condensed financial information of cash flow -

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Net cash from operating activities	463	520	506
Net cash flows from (used in) investment activities	127	775	(387)
Net cash from (used for) financing operations	(1,622)	29	(287)
Exchange differences for cash and cash equivalents	13	(64)	(6)
Increase (decrease) in cash and cash equivalents	(1,019)	1260	(174)

3. CTY has several RSU compensation plans for managers and employees of up to 105 thousand shares and an options compensation plan of up to 893 thousand shares, to be paid to holders, mainly in shares and partly in cash, if certain goals are met.

4. On November 22, 2019, CTY issued EUR 350 million hybrid debentures.

These debentures bore fixed annual interest at 4.5% until February 22, 2025, and thereafter, the interest rate was adjusted to 7.074% per year until February 22, 2030 In June, 2021, CTY issued EUR 350 million hybrid debentures which bear fixed interest of 3.625% per year until September 10, 2026.

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 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 2025) 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.

In the reporting period, CTY bought back another EUR 34.7 million (NIS 137.2 million) par value hybrid debentures for consideration of EUR 35.6 million (NIS 140.8 million). Subsequent to the buyback, the Company recorded a loss of NIS 5.3 million, carried to capital reserves.

As at December 31, 2025, the par value balance of the hybrid debentures is EUR 576.3 million (EUR 23.1 million par value issued in 2019, EUR 321 million par value issued in 2021, EUR -232.2 million par value issued in 2024).

5. 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.

Note 9 – Investments in Investees (Contd.)

6. On November 3, 2025, the Company acquired 14.2 million shares of CTY, constituting 7.7% of the share capital of CTY, for consideration of EUR 56.73 million (NIS 210.8 million). Following this acquisition, the Company's holding in CTY increased to 57.4% of the issued share capital of CTY, requiring the Company to issue a full tender offer to the minority shareholders of CTY, as set out below.

Furthermore, after the foregoing share acquisition and prior to completion of the tender offer as set out above, the Company acquired 3 million additional CTY shares as part of regular stock exchange trading, for consideration of EUR 12 million (NIS 45.6 million). As a result of the acquisition of the shares as aforesaid, the Company's holdings in CTY increased to 59.09% of its issued share capital and the capital attributed to the Company's shareholders increased by NIS 213 million. Under the provisions of Finnish law, as the Company's holdings exceed the limit of 50% of CTY's share capital, the Company was required to issue a tender offer for all of the non-controlling shares of CTY, at a price that will not fall below the price paid under the Share Acquisition Transaction. Accordingly, the Company issued a tender offer specification in which it offered to purchase all minority interests of CTY (including securities convertible into CTY shares) at a price of EUR 4 per share, which was later adjusted to EUR 3.8 per share following a EUR 0.2 dividend distribution to CTY's shareholders (the 'Tender Offer').

Subsequent to the balance sheet date, on March 6, 2026, the tender offer for the acquisition of CTY shares was completed. As part of the tender offer, 50 million CTY shares were acquired, representing 27.3% of CTY's share capital, at a price of EUR 3.8 per share, for total consideration of EUR 190 million (NIS 700 million). The consideration will be financed primarily from the Company's own resources.

It should be noted that the total consideration the Company is expected to pay in the tender offer, net of special dividends declared by CTY and expected to be received by G City in the amount of EUR 164 million, is EUR 26 million.

As a result of completing the tender offer, the Company's holdings in CTY increased to 86.4%, and equity attributable to the Company's shareholders is expected to increase by NIS 640 million.

Prior to the tender offer described above, the Company engaged in an agreement with a financial institution for the financing of the acquisition of CTY shares, for an amount of EUR 195 million, of which, as of the reporting date, the Company is entitled to draw EUR 100 million.

7. Subsequent to reporting date, CTY announced the distribution of a dividend to its shareholders of EUR 0.9 per share.

The distribution is subject to approval by CTY's general meeting of shareholders, by ordinary majority, which is expected to convene on March 23, 2026.

E. Condensed Proforma Financial Information of G Alpha

In February 2024 the Company issued to the public NIS 410 million par value 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. With regard to the terms of Debentures (Series R), including restrictions on G Alpha, see Note 20C4.

Note 9 – Investments in Investees (Contd.)

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

Condensed proforma financial information of financial position

	December 31	
	2025	2024
	USD thousand	
Properties		
Current assets		
Cash and cash equivalents	6,644	8,675
Trade receivables	234	64
Other receivables	299	310
	7,177	9,049
Non-current assets		
Deposits	874	871
Investment property	321,379	282,615
Fixed assets, net	734	339
	322,987	283,825
	330,164	292,874
Liabilities and Equity		
Current liabilities		
Current maturities of non-current liabilities	26,014	-
Trade payables and service providers	434	444
Other payables	230	216
	26,678	660
Non-current liabilities		
Interest-bearing loans from banks and others	63,561	89,467
Other liabilities	1,261	1,088
	64,822	90,555
Equity attributable to shareholders of the Company	238,664	201,659
	330,164	292,874

Note 9 – Investments in Investees (Contd.)

Condensed proforma financial information of profit or loss

	Year ended December 31		
	2025	**2024**	**2023**
		USD thousand	
Rental income - commercial	8,147	6,676	6,296
Rental property operating expenses - commercial	1,632	1,184	1,162
Net operating income (NOI) - commercial	6,515	5,492	5,134
Rental income - residential	10,109	10,116	9,654
Rental property operating expenses - residential	3,834	3,889	4,097
Net operating income (NOI) - residential	6,275	6,227	5,557
Total operating income, net	12,790	11,719	10,691
General and administrative expenses	(150)	(77)	(10)
Revaluation of investment property, net	18,219	(1,783)	(713)
Operating profit	30,859	9,859	9,968
Financing expenses, net	(2,556)	(2,635)	(2,783)
Net profit	28,303	7,224	7,185

Note 9 – Investments in Investees (Contd.)

Condensed proforma financial information of cash flow

	Year ended December 31		
	2025	2024	2023
	USD thousand		
Cash flows from operating activities			
Net profit (loss)	28,303	7,224	7,185
Adjustments required for presentation of cash flows from			
Adjustments to profit or loss			
Financing expenses, net	2,556	2,635	2,783
Revaluation of investment property, net	(18,219)	1,783	713
Depreciation and amortization	103	70	10
	(15,560)	4,488	3,506
Changes in items of assets and liabilities:			
Decrease (increase) in trade receivables and other receivables	(586)	(132)	(450)
Increase (decrease) in trade and other payables	176	(321)	468
	(410)	(453)	18
Net cash provided by operating activities before interest	12,333	11,259	10,709
Cash paid and received during the period for:			
Interest paid	(2,677)	(2,677)	(2,714)
Interest received	229	149	-
Net cash from operating activities	9,885	8,731	7,995
Cash flows from investment activities			
Acquisition, construction, and development of investment	(417)	(1,081)	(1,234)
Investments in property, plant and equipment and other assets	(499)	(137)	(275)
Net cash used for investment activities	(916)	(1,218)	(1,509)
Cash flow from financing activities			
Shareholders' investment	-	25	2,072
Dividend paid to Company shareholders	(11,000)	(545)	(8,440)
Net cash used for financing activities	(11,000)	(520)	(6,368)
Increase (decrease) in cash and cash equivalents	(2,031)	6,993	118
Cash and cash equivalents at the beginning of the period	8,675	1,682	1,564
Cash and cash equivalents at the end of the period	6,644	8,675	1,682
Significant non-cash activities of the Company:			
Transfer of property against injection of shareholder capital	19,730	-	-

Note 9 – 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 7 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. On June 26, 2025, Gazit Horizons Inc. transferred to G Alpha its rights in the property company 41 Winter Street LLC, which owns an income generating property in Boston valued at USD 20 million. The transfer was made without cash consideration, by way of shareholders' investment in the company.

   e. In the reporting period G Alpha distributed a dividend to its shareholders in an amount of USD 11 million, which was transferred to its parent company, Gazit Horizons, from the trust account.

   f. 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. The comparable data for 2023 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. The comparable data for 2023 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 9 – 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 20C2).

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

Condensed financial information of financial position -

	December 31,	
	2025	2024
	EUR thousands	
Properties		
Current assets		
Cash and cash equivalents	3,542	4,338
Trade receivables	391	590
Loans to related parties	10,000	1,008
Other receivables	939	1,398
	14,872	7,334
Non-current assets		
Investment property	249,888	239,688
Fixed assets, net	26	32
	249,914	239,720
Total assets	264,786	247,054
Liabilities and Equity		
Current liabilities		
Trade payables and service providers	96	247
Other payables	2,442	4,423
Interest payable to related parties	7,490	2,256
Short term liability with respect to leases	435	421
	10,463	7,347
Non-current liabilities		
Loans from affiliated parties	70,949	67,787
Other liabilities	15,315	11,632
	86,264	79,419
Equity attributable to shareholders of the Company	168,059	160,288
Total equity and liabilities	264,786	247,054

Note 9 – Investments in Investees (Contd.)

Condensed financial information of comprehensive income or loss

	Year ended December 31		
	2025	2024	2023
	EUR thousands		
Rental and other income	19,430	18,256	17,298
Property operating and other expenses	5,231	3,835	3,811
Operating income, net	14,199	14,421	13,487
Fair value gain from investment property and investment property under development, net	9,748	7,380	1,664
General and administrative expenses	665	2,428	1,584
Operating profit	23,282	19,373	13,567
Financing expenses, net	5,912	5,619	9,240
Profit before taxes on income	17,370	13,754	4,327
Taxes on income (tax benefit)	3,599	2,079	(798)
Net profit	13,771	11,675	5,125

NOTE 9 – Investments in Investees (Contd.)

Condensed financial information of cash flow

	Year ended December 31		
	2025	2024	2023
Cash flows from operating activities	EUR thousands		
Collected rents	24,502	23,157	21,891
Receipt of receivable payments	1,129	562	293
Payment to suppliers	(10,176)	(11,589)	(11,198)
Income tax paid	(579)	(568)	(82)
Income tax received	-	572	-
Net cash from operating activities	14,876	12,134	10,904
Cash flows from investment activities			
Investment in investment property	(917)	(2,038)	(1,078)
Loans granted to Group companies	(14,933)	(3,870)	(6,244)
Repayment of loans to Group companies	6,194	9,625	70
Net cash flows from (used in) investment activities	(9,656)	3717	(7,252)
Cash flow from financing activities			
Repayment of loans among Group companies	-	(6,701)	(4,474)
Reduction of Capital	(6,000)	(6,348)	-
Net cash used for financing activities	(6,000)	(13,049)	(4,474)
Exchange differences for cash and cash equivalents	(16)	14	83
Increase (decrease) in cash and cash equivalents	(796)	2,816	(739)
Cash and cash equivalents at the beginning of the period	4,338	1,522	2,260
Cash and cash equivalents at the end of the period	3,542	4,338	1,521

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 main 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, 2025.

Note 9 – Investments in Investees (Contd.)

G. In accordance with the Company's strategy, the Company disposed of 3 income-generating properties in Poland with total value of EUR 456 million, by selling them to Orion), and issuing Orion securities on the TASE, which was completed in December 2025. As part of the issue, the entire share capital of Orion was distributed as a dividend in kind to the Company's shareholders, as set out below.

On November 27, 2025, Orion issued an incomplete prospectus, a prospectus for splitting and distribution as a dividend in kind, and a shelf prospectus.

On December 8, 2025, Orion's securities were listed on the TASE. Under the issue, the Company distributed all of its holdings in Orion as a dividend in kind to its shareholders, which had pro forma equity as of September 30, 2025 of EUR 34 million (NIS 127 million). In accordance with accounting standards, the Company recognized a capital loss on this investment based on the value reflected by the share price at the end of the first trading day, amounting to NIS 53 million, with the remaining amount recorded as a dividend in kind of NIS 76 million (accordingly, as at December 31, 2025, the Company no longer holds any equity interest in Orion). Furthermore, under the tender offer, Orion raised debt secured by first and second degree liens on the properties as aforesaid, for an amount of EUR 1,370 million par value.

The dividend in kind was distributed on December 8, 2025, pro rate, among the Company's shareholders, such that each holder of one Company share on date of issue received 0.1208932 ordinary shares of Orion, in accordance with the TASE guidelines. Close to completion of the offering, the Group sold 3 income generating properties to Orion where the consideration for the issue by Orion was used to repay the loans that the Company will provide it, for the purchase of the properties. Subsequent to reporting date, in January 2026, Orion repaid the loans it received from the Company, in the amount of NIS 1,336 million (EUR 365 million).

Furthermore, the Company and Orion have engaged in several agreements (including through G Europe subsidiaries) under which the Company provides Orion with property management services, a loan agreement from the Company to Orion in the amount of EUR 25 million (NIS 94 million) (that will be subordinate to Orion's Debentures Series A and Series B) and a guarantor agreement under which the Company provides a bank guarantees with respect to a currency hedging transaction for Orion. The parties also engaged in a non-competition agreement.

In addition, as of December 31, 2025, the Company holds NIS 10 million par value of Orion's Series B debentures, which are presented at their fair value, see Note 11.

H. 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). After the issue, Gazit Brasil purchased 223,000 shares through regular trading for BRL16 million (NIS 12 million), all under a time-limited market making plan that ended 30 days after the IPO was completed.

In addition, during 2025 Gazit Brazil acquired 0.58% of the minority interests of Gazit Malls (Class A participation units). As a result of the acquisition, the Company recognized an increase in equity attributable to the shareholders of NIS 3.4 million, which was recorded in capital reserves.

As a result, to date, Gazit Brazil holds 82.5% of the share capital of Gazit Malls.

Prior to completing the Tender Offer, the Gazit Malls classified its capital according to two classes of participating units - preferred participating units that confer surplus dividend for a period of 24 months from the date on which the offering is completed (Class A; 49% of the issued capital and voting rights) and ordinary participating units (Class B; 51% of the issued capital and voting rights). Under the Tender Offer, the Company sold part of the Class A participating units. Apart from the surplus dividend, the participating units of both Classes will have the same issued capital rights and voting rights. After 24 months as aforesaid, in February 2026, the Class A participating units were converted into Class B 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.

Note 9 – Investments in Investees (Contd.)

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 March 2026, Gazit Malls announced a rights offering for a total amount of BRL 72 million (of which the Company's pro-rata share is BRL 59 million).

I. 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. Furthermore, the distribution of dividends from G Europe is subject to the restrictions set out in the terms and other undertakings of its debentures. As at December 31, 2025, the Group does not consider any of these customary conditions to be a significant restriction.

J. With regard to pledging of part of the shares of investees to secure Group liabilities, see Note 28.

Note 10 - Other investments, loans and receivables

Composition:

	December 31	
	2025	**2024**
	NIS millions	
Loans and debentures granted (1)	423	357
Other long-term deposits	40	11
Tenants and Others (2)	121	39
	584	407
Less - current maturities (Note 4)	3	26
	581	381

(1) Including an amount of NIS 286 million denominated in EUR (of which NIS 94 million is a long term loan to Orion, see Note 9G) and NIS 122 million denominated in NOK and bearing annual interest rates ranging from 4% to 6%.

(2) Including mainly, an amount of BRL 116 million (NIS 67 million) receivable in respect of the sale of a property in Brazil.

Note 11 - Financial Assets

	December 31	
	2025	2024
	NIS millions	
Financial assets at fair value through other comprehensive income		
Participating units in private equity funds	-	5
	-	5
Classified within non-current assets	-	5
	-	5
Financial assets at fair value through profit or loss		
Marketable shares (1)	105	46
Marketable debentures (2)	9	-
Participating units in private equity funds (3)	26	61
	140	107
Classified within current assets	114	43
Classified within non-current assets	26	64
	140	107
Total financial assets	140	112

(1) Presented at fair value based on quoted price in active markets (level 1 in fair value hierarchy).
(2) For information concerning the holding of Orion's Series B debentures, see Note 9G.
(3) In 2025, mainly a real estate investment fund in the UK, presented at fair value based on Net Asset Value (NAV) (level 3 in fair value hierarchy).

Note 12 - Investment Property

A. Movement and composition

	December 31	
	2025	2024
	NIS millions	
Balance as at 1 January	28,112	31,411
Acquisitions and additions	345	1,645
Moved to investment property under development, net	161	104
Disposals during the year	(2,946)	(3,259)
Value appreciation, net	683	201
Adjustments due to translation of financial statements of foreign operations	(332)	(1,990)
Balance as of December 31	26,023	28,112
Composition:		
Investment property	24,113	27,041
Assets classified as held for sale (Note 8)	1,910	1,071
	26,023	28,112

Note 12 - Investment Property (Contd.)

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, as determined based on valuation reports prepared by external independent appraisers with recognized professional expertise and vast experience with the location and type of property being valued, as well as by the managements of Group companies (in 2025 100% of the investment properties were evaluated by external appraisers). 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 2025, 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, 2025	6.3	6.2	6.5	7.7	5.4
December 31, 2024	6.2	6.3	6.7	7.7	5.2

Monthly average market rent per square meters

	EUR	EUR	NIS	BRL	USD
December 31, 2025	26.2	25.0	156.1	70.4	47.5
December 31, 2024	25.4	22.6	152.9	69.9	52.5

(*) Average rentals, as customary in these markets, excludes management fees.

Note 12 - Investment Property (Contd.)

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, 2025	NIS millions				
Increase of 25 base points (BP)					
Capitalization rate	(549)	(150)	(127)	(47)	(91)
capitalization rate					
Capitalization rate	595	162	137	50	103
Increase of 5% in expected NOI					
Net operating income (NOI)	707	201 (*)	171	150	80
Increase of 5% in average market rent	956	201 (*)	161	93	118

(*) 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 28.

Note 13 - Investment Property under Development

A. Movement and composition

	December 31	
	2025	2024
	NIS millions	
Balance as at 1 January	2,651	3,333
Additions during the year (see section C below)	242	309
Transfer from investment property, net	(161)	(104)
transfer to inventory of offices	(340)	-
Disposals during the year	(270)	(604)
Valuation losses, net	(9)	(239)
Adjustments due to translation of financial statements of foreign operations	(87)	(44)
Balance as of December 31	2,026	2,651
Composition:		
Investment property under development	1,164	1,149
Land for future development	819	1,274
Land and investment properties under development held for sale (Note 8)	43	228
	2,026	2,651

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.

Note 13 - Investment Property under Development (Contd.)

Land for future development is measured at fair value, using among others the Comparative Method (54.9% 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 2025, there were no transfers of investment property under development and land from level 3 or to level 3.

In 2025, 81.6% (in fair value terms) 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.

A. In 2025, the costs from land under development include capitalized credit costs of NIS 102 million (in 2024, NIS 115 million).

B. 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, 2025	8.0	5.3	5.9
31 December 2024	8.3	5.3	5.8

C. 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, 2025		**NIS millions**	
Increase of 5% in expected project cost	(12)	(55)	(35)
Increase of 5% in net operating income from leasing of buildings (projected NOI)	18	15	13
Increase of 25 basis points (bop) in capitalization rate	(10)	(27)	(38)
Decrease of 25 basis point in cap rate	11	29	(23)
Increase of 5% in the selling price per sq.m	3	38	-

D. For information regarding liens, see Note 28.

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT, NET

A. Composition:

	December 31	
	2025	2024
	NIS millions	
Buildings	33	18
Software, computers and office equipment	39	45
RIGHT-OF-USE ASSETS	2	13
Other (mainly leasehold improvements)	1	18
	75	94

B. Regarding fixed asset depreciation expenses recognized in profit or loss, see Note 31.

C. For information regarding liens, see Note 28.

Note 15 – Intangible Assets, Net

Composition:

	December 31	
	2025	2024
	NIS millions	
Goodwill (1) (2)	336	341

(1) Goodwill as at December 31, 2025 and 2024, relates to the properties in Norway.

(2) Breakdown of movement in goodwill for the year ended December 31, 2025:

	NIS millions
Balance as at beginning of the year	341
Foreign exchange differences	(5)
Balance as of the end of the year	336

(3) 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.

(4) The goodwill is reviewed for impairment at least once a year. No impairment of goodwill was recorded in the reporting period.

NOTE 16 - Borrowings from Banks and Others

A. Composition:

	Basis	Effective Interest rate at December 31 2025*)	December 31	
			2025	2024
	Linkage	%	NIS millions	
Borrowings from banks	EUR	3.8%	-	38
Total short-term credit			-	38

(*) Variable interest.

B. For information regarding liens, see Note 28.

Note 17 - Current Maturities of Non-Current Liabilities

Composition:

		December 31	
		2025	2024
	Note	NIS millions	
Current maturities of debentures	20	1,733	1,632
Current maturities of interest-bearing liabilities to banks and others	21	877	238
		2,610	1,870

Note 18 - Trade Payables

Composition:

	December 31	
	2025	2024
	NIS millions	
Open debts	36	76
Checks payable	18	13
	54	89

Note 19 – Other payables

Composition:

	December 31	
	2025	2024
	NIS millions	
Interest payable	244	201
Government institutions	29	147
Deferred income and deposits from tenants	68	70
Employees	44	45
Other provisions (including for legal proceedings)	4	6
Expenses payable	143	131
Other payables	40	48
	572	648

(1) Of the other payables as at December 31, 2025, an amount of NIS 257 million denominated in EUR, NIS 107 million denominated in NIS unlinked, NIS 92 million denominated in PLN, NIS 40 million denominated in SEK, NIS 41 million denominated in NOK and NIS 19 million denominated in USD.

NOTE 20 – DEBENTURES

A. Composition

	Item	Linkage basis	Par value NIS millions	Nominal interest %	Effective interest %	Carrying amount December 31 2025 NIS millions	Carrying amount December 31 2024 NIS millions
The Company:							
Debentures (Series L)	C10	CPI	1,419	4.00	3.65	1,674	2,111
Debentures (Series M)	C9	CPI	1,417	3.28	3.55	1,679	2,002
Debentures (Series N)	C8	CPI	1,669	1.79	3.83	1,749	1,023
of Debentures (Series O)	C7	CPI	289	1.33	2.22	334	420
Debentures (Series P)	C6	CPI	1,704	1.75	3.30	1,900	1,537
Debentures (Series Q)	C5	Unlinked	516	5.50	10.29	446	487
Debentures (Series R)	C4	CPI	410	4.83	5.18	428	419
Debentures (Series S)	C3	CPI	484	4.15	4.40	506	501
Debentures (Series T)	C2	CPI	645	4.24	4.53	659	641
Debentures (Series U)	C1	CPI	740	4.00	4.48	747	305
Total of the Company *)						10,122	9,446
Subsidiaries:							
CTY debentures	D	EUR	6354	4.21	4.35	6,291	5,970
CTY debentures	D	NOK	-	-	-	-	14
Debentures of G Europe (Series 2025)	E	EUR	-	-	-	-	321
Debentures of G Europe (Series 2027)	E	EUR	450	2.63	3.08	430	822
						16,843	16,573
Less - current maturities of debentures						1,733	1,632
						15,110	14,941

(* With regard to cross-currency swap transactions carried out in respect of part of the debentures, see Note 35C.

Note 20 – Debentures (contd.)

A. Maturity dates

	December 31, 2025						
	Year First	Year Second	Year Third	Year Fourth	Year Fifth	Year Sixth Onwar	Total
Linkage basis	NIS millions						
NIS	-	-	-	446	-	-	446
CPI-linked NIS	1,272	1,619	2,213	1,985	839	1,749	9,677
EUR	461	911	1,282	1,113	1,294	1,659	6,720
	1,733	2,530	3,495	3,544	2,133	3,408	16,843

B. Additional information on the Company's debentures

1. The Company has debentures (Series 21) that were initially issued in a total amount of NIS 300 million par value through a partial exchange tender offer for the Debentures (Series L) in November 2024 (the "Exchange Tender Offer"). 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 and on another account of the Company in which CTY shares are deposited, (below in this section: the "Pledged Company" and the "Pledged Custodian Account/s", 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 54.7 million CTY shares are held in the custodian accounts. 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 custodian accounts.

The Company, the Pledged Company, the trustee and the custodian engaged in custody agreements 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 custodian accounts 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.

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 BBB

Note 20 – Debentures (contd.)

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%.

Following the foregoing exchange tender offer, the Company recognized a loss in the amount of NIS 16 million.

In May 2025, the Company issued in a private placement, by means of expansion of a marketable series, NIS 440 million par value Debentures (Series U), which are secured by a fixed charge on CTY shares, for gross proceeds of NIS 436 million and at an effective annual interest of 5.05% (CPI-linked).

2. The Company has Debentures (Series T) that are 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. Furthermore, the principal will be repaid in 10 semi-annual installments, as follows: 9 payments of 2% each of the principal, to be made on March 31 and September 30 of each of the years 2026 through 2030 (as of March 31, 2026 through March 31, 2030), and a final payment of 82% of the principal. The size of the series at issuance was determined based on a weighted loan-to-value ratio (LTV) of 0.70, calculated according to the value of the pledged income generating property, as set out in the debenture trust deed 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.

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;

Note 20 – Debentures (contd.)

(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 9F.

3. The Company has debentures (Series S) secured by a second-ranking lien on a real estate property owned by the Company (G Rishon LeZion), the value of which as at reporting date (the Company's share) is NIS 2,078 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 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%.

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.

The Company is acting to sell most of the office tower that it is building in the G Rishon Le-Zion complex, which is pledged under a second-ranking lien in favor of Debentures (Series S). Prior to the sale of sections of the tower, the Company negotiates from time to time with the trustee for Debentures (Series S) to release the foregoing sections from the lien, pursuant to the provisions of the deed of trust. Accordingly, up to date of publication of this report, the trustee has signed letters excluding 17 floors and two basement levels from the lien as described above.

4. The Company has 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

Note 20 – Debentures (contd.)

provided a guarantee for the Company’s liabilities under the deed of trust of Debentures (Series R). G Alpha is the owner of seven income generating properties in the United States, which at the present time are valued at USD 321 million. For information concerning the condensed financial information of G Alpha, see Note 9E.

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; (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 and/or loan.

Note 20 – Debentures (contd.)

Other than existing loans on the date of signing the deed of trust, the Company will not engage in any agreement to obtain such financing and/or loans, 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.

In June 2025, the holdings in the Winter 41 property in Boston were transferred from Gazit Horizon to G Alpha (whose shares are pledged in favor of Debentures Series R). At the same time, G Alpha distributed a dividend in the amount of USD 11 million. In addition, subsequent to the reporting period, following buybacks of Debentures (Series R), an amount of USD 4 million was released to the Company from the trust account

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 16.1567) 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%.

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.

Accordingly, in the event of non-compliance with certain financial covenants, and before the expiry of the applicable remedy period, the Company will be entitled to remedy the breach

by pledging assets, under the conditions set out in section 4.3 of the trust of deed.

Note 20 – Debentures (contd.)

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, 233 million G Europe shares are pledged in favor of the holders of Debentures (Series P), which at this date constitute 77.4% 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 ratio 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 P), the Company undertook to comply, among other things, with financial covenants, and the provisions of the deed of trust with respect to Debentures (Series P), 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%.

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

7. As at reporting date, 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 in Tel Aviv and Rishon LeZion (the "Pledged Properties") with aggregate value as at reporting date (Company's share) of NIS 460 million.

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

Note 20 – Debentures (contd.)

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.

In addition, in the reporting period the Company completed the sale of its interests in the Horev Center property in Haifa and in its management company (50%), which had been pledged in favor of the Debentures (Series O), pursuant to the provisions of the deed of trust.

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 65%, 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 ratio 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%.

In May 2025, the Company issued in a private placement, by means of expansion of a marketable series, NIS 71 million par value Debentures (Series O), for a gross total consideration of NIS 78.8 million, bearing effective annual interest of 3.59%, (CPI-linked). Under the expansion of the series, the Company pledged two additional income generating properties (in Tel Aviv and Rishon Le-Zion) in favor of Debentures (Series O).

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.

Note 20 – Debentures (contd.)

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%.

In June 2025, the Company issued to the public, by means of expansion of a marketable series, NIS 430 million par value Debentures (Series N) (unsecured) for gross consideration of NIS 423 million and at effective annual interest of 5.65% (CPI-linked).

In October 2025, the Company issued in a private placement, by means of expansion of a marketable series, NIS 298 million par value Debentures (Series N) (unsecured) for gross consideration of NIS 301 million and at effective annual interest of 5.21% (CPI-linked).

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%.

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.

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%.

In July 2025, the Company issued in a private placement, by means of expansion of a marketable series, NIS 354 million par value Debentures (Series M) (unsecured) for gross proceeds of NIS 404 million and at effective annual interest of 5.03% (CPI-linked).

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%.

Note 20 – Debentures (contd.)

11. Under the deeds of trust for the Company's debentures, the Company undertook to comply with the following key financial covenants:

(in addition to specific covenants described above).

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 **In combination with**	L - lower than 80% for 4 consecutive quarters M - lower than 75% for 3 consecutive quarters
Minimum rating for debentures	K 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, 2025 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).

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.

Note 20 – Debentures (contd.)

12. In the reporting period the Company bought back NIS 190.3 million par value Debentures (Series L, M, N, O, P, Q), for proceeds of NIS 211.4 million. Following the buyback, the Company recognized an early redemption gain in the amount of NIS 7.4 million. The buyback debentures were canceled and delisted.
13. Subsequent to reporting period the Company bought back NIS 343 million par value Debentures (Series L, M, N, P, R, U), in return for NIS 353 million. Following the buyback, the Company is expected to recognize an early redemption gain in the amount of NIS 27.2 million. The buyback debentures were canceled and delisted.
14. In November 2025, the rating agency Midroog published an issuer caveat regarding the Company regarding the tender offer for CTY shares. According to Midroog, the overall effects of the tender offer are expected to preserve the financial ratios, and the rating is not expected to change in the short term. Subsequent to the publication of the results of the tender offer in March 2026, Midroog announced that the rating is not expected to change in the short term.
15. In November 2025, the S&P Maalot rating agency announced it was placing the Company's ratings on the watch list with negative outlook reflecting the uncertainty regarding the final scope of the Company's acquisition the CTY non-controlling shares under a tender offer and its impact on the Company's financial risk profile and liquidity.

    Subsequent to the publication of the results of the tender offer in March 2026, the rating agency removed the Company's rating from the watch list, ratified the existing rating, and revised the rating outlook to stable.

16. On February 2, 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, 2027. 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 March 19, 2025, in the amount of up to NIS 300 million par value, which was valid until March 31, 2026, and was utilized in full.

C. <u>CTY debentures</u>

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 2025, CTY bought back, under a tender offer, EUR 100 million (NIS 402 million) par value debentures for an amount of EUR 97.5 million (NIS 392 million).

3. In March 2025, CTY bought back, under a tender offer, EUR 100 million (NIS 406 million) par value debentures of CTY for a consideration of EUR 97.2 million (NIS 395 million).

4. In April 2025, CTY issued NIS 450 million par value Debentures (unsecured) that bear annual interest of 5.375%, and are redeemable in July 2031.

5. In June 2025, CTY bought back, under a tender offer, EUR 100 million (NIS 406 million) par value debentures for EUR 97.5 million (NIS 396 million).

6. In December 2025, CTY bought back EUR 40 million (NIS 148 million) par value debentures for consideration of EUR 39.6 million (NIS 146.5 million).

Note 20 – Debentures (contd.)

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

8. In September 2025, the S&P Maalot rating agency downgraded the rating for CTY's debentures to BB+ and downgraded CTY’s issuer rating to BB-, with stable outlook.

9. In November 2025, the S&P Maalot rating agency downgraded the rating for CTY's debentures to BB- and downgraded CTY's issuer rating to B+ with stable outlook, and placed it on a watch list with negative outlook.

10. In March 2026, following the increase in the Company’s holdings in CTY, the rating agency S&P Maalot downgraded CTY’s Series B debentures to B+, and downgraded CTY’s issuer rating to B.

D. 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 the reporting date, G Europe bought back EUR 103 million (NIS 401 million) par value Debentures (Series 2027), of which EUR 96 million (NIS 373 million), through a tender offer for consideration of EUR 98 million (NIS 381 million). Following these acquisitions, the Company recognized an early redemption gain in the amount of EUR 3.5 million (NIS 14 million).

3. In February 2025, G Europe completed the proactive full early redemption of outstanding Debentures (Series 2025) for an amount of EUR 85 million par value (NIS 341 million).

4. In August 2025, Moody’s rating agency ratified the rating for G Europe debentures at B3 and upgraded the rating outlook from stable to positive.

Note 21 - Interest-bearing loans from banks and others

A. Composition:

	CPI-linked NIS	Unlinked NIS	US dollar	EUR	SEK	PLN	BRL	Total
At December 31, 2025				NIS millions				
Banks	31	472	175	1,223	345	69	-	2,315
Other financial	1,505	-	509	-	-	-	456	2,470
Total	1,536	472	684	1,223	345	69	456	4,785
Current maturities	60	-	176	602	-	1	38	877
Less current maturities	1,476	472	508	621	345	68	418	3,908
At December 31, 2024								
Total	1,473	541	810	2,053	995	70	441	6,383
Less current maturities	1,422	519	684	2,043	995	69	413	6,145

	CPI-linked NIS	Unlinked NIS	US dollar	EUR	SEK	PLN	BRL	Total
At December 31, 2025				NIS millions				
Fixed interest rate	1,536	-	541	-	345	-	456	2,877
Weighted average effective interest rate (%)	2.1	-	4.2	-	5.6	-	5.9	
Variable interest rate	-	472	143	1,223	-	69	-	1,908
Weighted average effective interest rate (%)	-	8.0	6.4	4.3	-	7.2	-	

Note 21 - Interest-bearing loans from banks and others (cont.)

B. Maturity dates

	CPI-linked NIS	Unlinked NIS	US dollar	EUR	SEK	PLN	BRL	Total
At December 31, 2025	NIS millions							
Year 1 - current maturities	60	-	176	602	-	1	38	877
Second year	61	272	236	28	-	1	42	640
Third year	495	24	197	449	-	1	45	1,211
Fourth year	35	176	-	36	-	66	47	360
Fifth year	885	-	75	108	345	-	51	1,464
Sixth year and onwards	-	-	-	-	-	-	233	233
Total less current maturities	1,476	472	508	621	345	68	418	3,908
Total	1,536	472	684	1,223	345	69	456	4,785

	CPI-linked NIS	Unlinked NIS	US dollar	EUR	SEK	PLN	BRL	Total
At December 31, 2024	NIS millions							
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	2043	995	69	413	6,145
Total	1,473	541	810	2053	995	70	441	6,383

C. For information regarding liens, see Note 28.

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:

Note 21 - Interest-bearing loans from banks and others (cont.)

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 shareholders' equity (excluding non-controlling interests) of USD 950 million for the Company.

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.

L. Debt coverage ratio in various loans will not fall below 1.15 - 1.50.

M. CTY's secured debt to total assets ratio will not exceed 60%.

N. 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).

O. 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.

P. 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.

Note 21 - Interest-bearing loans from banks and others (cont.)

2. CTY

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, 2025, 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 22 – Other Liabilities

Composition:

	December 31	
	2025	**2024**
	NIS millions	
Tenants' security deposits (1)	21	25
Lease liabilities (2)	247	278
Other liabilities (3)	45	32
	313	335

(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 EUR and USD.
(2) Lease liabilities as at December 31, 2025 include mainly NIS 161 million in PLN, NIS 96 million in NOK and SEK, and NIS 9 million in EUR.
(3) Includes a deferred payment for land purchased in Poland for an amount of EUR 5.4 million (NIS 21 million).

Note 23 - 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 it 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 24 – 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 generated 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 for 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.

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 a 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 2023 through 2025 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 Corona virus 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 estate.

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% and 30%. A Canadian resident company that realizes a capital gain may be taxed only on half of the company's capital gain. Subject to certain conditions, the 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

Note 24 - Taxes on Income (contd.)

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 2025 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.

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 2025 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 2025 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 2023 the corporate tax rate in the Netherlands on an income greater than EUR 395,000 was 25.8% (the corporate tax rate on an income less than EUR 395,000 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.

Note 24 - Taxes on Income (contd.)

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.

10. Taxation in Poland

Operations in Poland are carried out through Polish companies indirectly owned by G Europe and by the Company. 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.

The Polish tax authorities are reviewing the treatment for withheld tax in Polish real estate companies that are, or were (and for which the Company still has indemnification obligations for certain periods), wholly owned by G Europe in the years 2018–2024, in respect of interest payments made by the Polish real estate companies to other Group companies. The Polish tax authorities claim that interest was paid by the Polish property companies to another company which, in their view, is not the beneficial owner of the interest payments. Based on this position, the Polish tax authorities are demanding a 20% withholding tax on the relevant interest payments.

For the years 2019–2020, the cases are at the second-instance tax authority decisions stage, which are expected to be issued in February 2026. These decisions are enforceable, and G Europe's management intends to file an appeal with the Polish court.

With respect to one Polish real estate company, in January 2026 the Polish court rejected the appeal filed against the tax authority's decision. In 2026, G Europe's management intends to file an appeal with the Supreme Court in Poland regarding this decision.

In the opinion of the managements of the Company and of G Europe, based on the opinion of their legal advisors, the likelihood of the appeal being accepted is higher than the likelihood of it being dismissed.

With respect to the years 2021-2024, an audit is being carried out with regard to withholding of taxes in Poland.

Note 24 - Taxes on Income (contd.)

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 for 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 25D5.

12. Taxation in the Czech Republic

Operations in the Czech Republic were carried out through Czech companies that were 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 other Group subsidiaries are tax resident in Cyprus. Generally, in 2025, the corporate tax rate in Cyprus is 12.5%. On December 31, 2025, Cyprus enacted a comprehensive tax reform under which the corporate tax rate will increase from 12.5% to 15%, effective January 1, 2026. 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 black list 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 black list, a 17% withholding tax will be applied.

14. Taxation in Estonia

As a rule, the corporate tax rate in Estonia is 22%, 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.

15. 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% for foreigners and 20% for locals, respectively, on the profit component.

B. Final tax assessments

The Company has received assessments deemed final up to and including the 2023 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.

Note 24 - Taxes on Income (contd.)

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 regarding offset of losses relating to the transferred assets and the participating companies in the structural change.

E. Carry-forward losses for tax purposes as of December 31, 2025

The Company has tax loss carried forward for future years, for which deferred tax assets of NIS 205 million have been recognized (compared with NIS 465 million in 2024), which were offset against the tax provision balance.

The Company's USA resident subsidiaries have carry-forward losses for tax purposes for the coming years amounting to NIS 187 million (in 2024, NIS 148 million), for which deferred tax assets in the amount of NIS 61 million have been recorded (in 2024, NIS 54 million).

The Company's wholly-owned Jersey Island resident subsidiary and its subsidiaries have carry-forward losses for tax purposes amounting to NIS 189.9 million (in 2024, NIS 267 million), for which deferred tax assets have been recognized at an amount of NIS 18 million (in 2024 NIS 27 million). Deferred tax assets were not recognized for losses amounting to NIS 34 million (in 2024 NIS 44 million).

The Company's partially-owned Finnish resident subsidiary and its subsidiaries have carry-forward losses for tax purposes amounting to NIS 588 million (2024, NIS 756 million), for which deferred tax assets have been recognized at an amount of NIS 97 million (in 2024 NIS 104 million). Deferred tax assets were not recognized for losses totaling NIS 118 million out of the foregoing losses (compared with NIS 246 million in 2024).

Note 24 - 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 millions			
Balance as at January 01, 2023	(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)
Amounts carried to foreign currency translation reserve	35	(14)	8	29
Amounts carried to other comprehensive income	-	-	7	7
Amounts carried to profit or loss	(147)	(257)	158	(246)
Movement in deferred taxes due to disposal of properties	90	-	(4)	86
Balance as at December 31, 2025	(1,578)	381	20	(1,177)

The deferred taxes are calculated at tax rates ranging between 9% and 25.80% (the tax rates applicable include federal and state tax).

Deferred taxes are presented as follows

	December 31	
	2025	2024
	NIS millions	
Within non-current assets	58	63
Within non-current liabilities	(1,235)	(1,116)
	(1,177)	(1,053)

Note 24 - Taxes on Income (contd.)

G. Taxes on income (tax benefits) in the statements of income

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Current taxes (1)	38	72	153
Taxes for previous years	2	(1)	-
Deferred taxes	246	5	(33)
	286	76	120

(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 relate 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 Note 24F.

I. Below is the reconciliation between the statutory tax rate and the effective tax rate:

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Income (loss) before taxes on income	676	172	(1,200)
Statutory tax rate	23.0%	23.0%	23.0%
Tax computed at the statutory tax rate	155	40	(276)
Increase (decrease) in taxes for:			
Tax exempt income, income taxable at special tax rates, and non-deductible expenses	20	(8)	(12)
Change in taxes resulting from carry-forward tax losses and other temporary differences for which no deferred taxes were provided, net	151	150	306
Deferred taxes for tax losses and other temporary differences with respect to previous years	(10)	14	17
Deferred taxes due to changes in the tax rates	27	-	-
Taxes for previous years	2	(1)	-
Taxes with respect to Company's share in earnings of equity-accounted investees, net	(16)	(24)	1
Difference in the tax rate applicable to income of the foreign subsidiaries and other differences	(43)	(95)	84
Taxes on income	286	76	120
Effective tax rate	42.3%	44.2%	-

NOTE 25 – 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 lease fees receivable with respect to these lease agreements:

	December 31 2025
	NIS millions
First year	803
Two to five years	1,973
Sixth year and onwards	1,220
Total	3,996

2. As for engagements with related parties, refer to Note 36.

B. Guarantees

1. As at December 31, 2025, 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 422 million (December 31, 2024, NIS 359 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 28.

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 385 million (at December 31, 2024, NIS 561 million).

As at reporting date, CTY has a contingent liability for input VAT refund received in the amount of NIS 206 million (at December 31, 2024, NIS 257 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. In January 2024, the 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 25 – CHANGES IN 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. In April 2025, the court issued its decision on the motion to dismiss the claim in limine that had been filed by the Company and other defendants, and ordered the dismissal of the claim in limine on the grounds of statute of limitations with respect to the first two periods. Regarding the third period, as well as other arguments raised by the Company in its motion to dismiss, the court held that these matters should be examined as part of the substantive proceedings and not as part of a preliminary hearing. In July 2025, the trustee filed an appeal with the Supreme Court against the decision on the motion to dismiss, arguing that the District Court erred in ordering the summary dismissal of the lawsuit on grounds of statute of limitations with respect to the first two periods (below "the Trustee's Appeal"). In November 2025, the Company filed a statement of defense, and as of the date of publication of this report, the case is in pre-trial proceedings.

The Company estimates, at this stage of the proceedings, that the chances of the claim being accepted are lower than the chances of it being dismissed.

3. Subsequent to the reporting period, the Company and Norstar Holdings Inc. ("Norstar", and together with the Company – the "Respondents") were served with a motion for disclosure and inspection of documents pursuant to Section 198A of the Israeli Companies Law, 1999, prior to filing of a motion for approval of a derivative action, which was filed by a shareholder of the Company (the "Applicant" and the "Motion for Disclosure", respectively).

4. In the Motion for Disclosure, the Applicant alleged inconsistencies in the Respondents' public disclosures regarding private holdings of Mr. Chaim Katzman, the controlling shareholder and CEO of Norstar, who also serves as the CEO and Deputy Chairman of the Board of the Company, including through his family members and entities owned by him and his family, in residential properties in the United States acquired up to and including 2018, and raised an alleged concern that Mr. Katzman had exploited a corporate opportunity of the Respondents and was unjustly enriched at their expense by not offering these opportunities to the Respondents beforehand. The motion was filed after the Company received from the Applicant a demand letter for disclosure of documents prior to filing a motion for disclosure, ahead of a motion for approval of a derivative action, and after the Company responded to that letter. In the Company's assessment, and following a review conducted prior to sending its response to the Applicant's letter, the allegations are entirely without factual or legal basis. The Company will submit its response to the Motion for Disclosure in accordance with applicable law. At this preliminary stage, it is not possible to assess the prospects of the Motion for Disclosure.

NOTE 25 – CHANGES IN CONTINGENT LIABILITIES AND AGREEMENTS (cont.)

5. In 2019, G Europe initiated liquidation proceedings for Danish subsidiaries which, until 2015, had held Polish companies that owned two properties in Poland. In 2020, the Danish company received a favorable tax ruling from the Danish tax authorities, determining that no withholding tax should be applied to a dividend in kind distributed to companies within the G Europe Group. In April 2025, the tax authorities in Denmark withdrew the binding tax decision and sent the Danish company an assessment for payment in the amount of the withheld tax for the foregoing dividend distributed, in the amount of DKK 135.6 million (EUR 18.2 million, NIS 73.2 million) with added interest. The Danish company filed an appeal against this tax decision. In the opinion of the managements of the Company and of G Europe, based on the assessment of their legal advisors, the likelihood of the appeal being accepted is higher than the likelihood of it being dismissed.

NOTE 26 – Equity

A. Composition:

	December 31, 2025		31 December 2024		January 1, 2024	
	Registered	Issued Paid up	Registered	Issued Paid up	Registered	Issued Paid up
	Number of shares					
Ordinary shares of NIS 1 par value each	500,000,000	186,114,689	500,000,000	199,230,717	500,000,000	186,151,227
Ordinary shares held by the Company		14,498,632		1,262,345		56,430
Total	500,000,000	200,613,321	500,000,000	200,493,062	500,000,000	186,207,657

B. Movement in issued and outstanding share capital

	2025	2024	2023
	No. of shares		
Balance as at the beginning of the year	200,493,062	186,207,657	166,668,682
Vesting of RSUs (employees and officers)	119,943	67,701	105,445
Cancellation of shares held by the Company	-	(3,994,196)	-
Issue of shares (see section I below).	-	18,211,900	19,433,530
Conversion of debentures to shares	316	-	-
Balance as of the end of the year	200,613,321	200,493,062	186,207,657

C. Composition of other capital reserves:

	December 31		
	2025	2024	2023
	NIS millions		
Financial assets at fair value through other comprehensive income	-	(28)	4
Transactions with controlling shareholders	147	147	147
Transactions with non-controlling interests	1,588	1,059	1,138
Share-based payment	9	10	12
Reserve for revaluation of cash flow hedges	(9)	13	26
Proceeds from options for the Company's shares	14	14	22
Equity-based component of convertible debentures	64	64	64
	1,813	1,279	1,413

NOTE 26 - Equity (Cont.)

D. Supplementary information with regard to comprehensive income (loss)

	Year ended December 31		
	2025	**2024**	**2023**
		NIS millions	
Adjustments arising from translation of foreign operations	(315)	(1,257)	1059
Realization of capital reserves relating to a company previously consolidated	31	-	-
Tax effect	(1)	27	(11)
Total	(285)	(1,230)	1048
Loss from cash flow hedges	(12)	(8)	(80)
Company's share in other comprehensive losses of equity accounted investees	(7)	(7)	(1)
Total	(19)	(15)	(81)
Profit (loss) with respect to financial assets at fair value through other comprehensive income	28	(31)	(51)
Total	28	(31)	(51)
Total other comprehensive income (loss)	(276)	(1,276)	916

E. Composition of non-controlling interests:

	December 31,		
	2025	**2024**	**2023**
		NIS millions	
Share in equity of subsidiaries *)	2,430	2,824	2,887
Hybrid debentures to non-controlling interests **)	2,923	3,075	3,580
Share options and capital reserve from share-based payments in the subsidiaries	18	19	26
	5,371	5,918	6,493

*) Including capital reserves and attributable acquisition-adjustments.
**) For further information regarding hybrid debentures, see Notes 9C2 and 9D4.

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. Moreover, in March 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 for 2025). Furthermore, on November 27, 2025, the Company’s Board of Directors approved a distribution in kind of 100% of the shares in Orion held by the Company, see Note 9G. Accordingly, the Company’s Board of Directors decided not to distribute a cash dividend for the third quarter of 2025.

In March 2026, the Company's Board of Directors approved a quarterly dividend distribution policy for 2025 at NIS 0.16 per share, after reviewing the Company's financial position, including its projected cash flow, and based on the progress of the properties 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”).

NOTE 26 - 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 extended 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

Below is a breakdown of the Company’s share buyback plans during and subsequent to the reporting period (each plan replaced its predecessor):

- a buyback plan of up to NIS 200 million, effective as of February 24, 2026 through the end of March 2027. Subsequent to reporting date and through date of publication of this Report, the Company bought back 5.2 million shares for total consideration of NIS 47 million under this plan.
- A buyback plan of up to NIS 120 million, for a period of one year as of August 2025, under which the Company bought back 10 million shares at a cost of NIS 115 million.
- This plan replaced an earlier plan of up to NIS 100 million, for a period of one year as of March 2025, under which the Company bought back 5.6 million shares at a cost of NIS 67.5 million.

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.

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 13.2 million shares of the Company for NIS 165 million. The acquired shares are treasury shares. As at reporting date, 14.5 million shares are treasury shares.

Subsequent to the reporting period, the Company acquired 7.5 million shares of the Company for consideration of NIS 63.7 million.

Note 27: - Share-based compensation

A. In December 2011, the Company adopted an equity-based compensation plan (as amended from time to time; the "2011 Plan"), under which the Company was authorized to allot to officers, employees, directors, consultants and service providers and those of its affiliates, up to 13.2 million shares or securities convertible into shares of the Company. The 2011 Plan expired at the end of 2025, and in February 2026 the Company adopted a new equity-based compensation plan, under which the Company is authorized to grant to its officers, employees, directors, consultants and service providers, and those of its affiliated companies, up to 10 million shares or securities convertible into shares of the Company, valid for 10 years (the "2026 Plan", and jointly, the "Compensation Plans"). The Compensation Plans are managed by the compensation committee and the Board of Directors, which determine the terms of the securities granted thereunder. According to the Compensation Plans, eligible parties may be allotted share options, restricted shares, restricted share units (RSU) or any other share-based compensation, at the discretion of the Company's compensation committee and board of directors. Share options allotted by virtue of the Compensation Plans 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 Compensation Plans 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 plans, 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.

B. In 2024-2025, 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, 2025		31 December 2024	
	Number options	Average weighted Price Exercise	Number options	Average weighted Price Exercise
		NIS		NIS
Options for shares at beginning of year	1,619,910	12.87	4,328,889	23.30
Options for shares granted during the year	-	-	135,888	11.09
Options for shares forfeited during the year	(33,967)	12.11	-	-
Share options expired	(198,096)	17.56	(2,844,867)	28.65
Options for shares at the beginning of the year	1,387,847	12.21	1,619,910	12.87
Share options exercisable at end of year	884,681	12.27	553,654	13.75

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.

NOTE 27 – Share-based compensation (Cont.)

D. Below is a breakdown of the number of RSUs of the Company:

	Year ended December 31	
	2025	**2024**
RSUs at beginning of the year	212,377	226,955
RSUs granted	-	53,122
RSUs forfeited	(4,753)	-
RSUs Vested	(119,946)	(67,700)
RSUs at end of year	87,678	212,377

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 three 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 awarded to the CEO of Gazit Horizon.

E. The expenses recognized in the statement of income for equity instruments as set out in sections C-D above, in 2025, 2024 and 2023, amounted to NIS 2 million, NIS 5 million, and an amount less than NIS 1 million, respectively.

F. Cash-settled transactions

On December 31, 2025, there are 400 thousand cash-settled RSUs (at December 31, 2024, 518 thousand cash-settled RSUs).

As at December 31, 2025 the carrying amount of the liability relating to the foregoing cash settled compensation plans amounts to NIS 2 million (2024, NIS 3 million).

In 2025, the Company granted its employees 366 thousand cash-settled share options, with an exercise price of NIS 12.5 per unit.

NOTE 28 – 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	
	2025	**2024**
	NIS millions	
Non-current liabilities (including current maturities)	4,563	4,263
Debentures (including current maturities)	4,574	3,823
Liabilities attributed to assets held for sale	-	466
	9,137	8,552

NOTE 29 - Rental Income

In 2023-2025, 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 37.

Note 30 - Property Management Expenses

	Year ended December 31		
	2025	**2024**	**2023**
	NIS millions		
Salaries and related expenses	26	25	34
Property tax and other fees	85	88	80
Maintenance and repairs	155	183	171
Utilities	188	217	199
Insurance and security	77	77	73
Provision for doubtful debts	10	(4)	(2)
Others	169	213	216
	710	799	771

Note 31 – General and Administrative Expenses

	Year ended December 31		
	2025	**2024**	**2023**
	NIS millions		
Salaries and management fees (1)	163	171	180
Restructuring	8	27	3
Fees for professional consultants	43	60	58
Depreciation	21	24	29
Other (including office maintenance) (2)	49	39	79
	284	321	349

(1) As for salaries and management fees to related parties, see Note 36C.
(2) Net of income management fees from related party, see Note 36D.

Note 32 - Other Income and Expenses

A. Other income

	Year ended December 31		
	2025	**2024**	**2023**
	NIS millions		
Capital gain	3	31	-
Others (1)	-	191	5
	3	222	5

(1) In 2024, including CTY gains from the acquisition of the remaining 50% of the joint venture, Kista, see Note 9A.

Note 32 - Other Income and Expenses (Cont.)

B. Other expenses

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Capital loss (1)	99	358	160
Others (2) (3) (4) (5)	109	191	526
	208	549	686

(1) Includes primarily losses from the sale of real estate assets within the Group.
(2) In 2025, includes a loss of NIS 31 million resulting from the realization of a foreign currency translation reserve with respect to companies previously consolidated. In addition, a loss of NIS 51 million was recognized with respect to the sale of three properties in Poland to Orion and measurement of Orion at fair value prior to its distribution as a dividend in kind; see Note 9G.
(3) In 2024 includes an amount of NIS 75 million resulting from amortization of goodwill due to the disposal of properties in Norway.
(4) In 2024, includes a loss of NIS 115 million due to a sale of land in Turkey, the sale of the land was completed in 2025.
(5) In 2023, includes a loss from an onerous contract arising from the sale of G Europe's entire property portfolio in Russia.

Note 33 – Financing expenses and income

A. Financing expenses

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Finance expenses on debentures	620	712	591
Finance expenses on loans from financial institutions and others	271	279	314
Revaluation of financial derivatives *)	178	-	122
Financing expenses for leasing transactions	18	6	6
Loss from investments in securities, net	80	7	1
Financing expenses for linkage differentials, net	274	351	334
Exchange rate differences and other financing expenses	6	45	28
Less - credit costs that were discounted to the cost of land under development	(102)	(115)	(56)
	1,345	1,285	1,340

*) Primarily from currency exchange swap transactions that are not accounting hedges

Note 33 – Financing expenses and income (Cont.)

A. Financing income

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Revenues from dividends	4	33	7
Interest income from investees	-	-	25
Interest income	88	100	66
Revaluation of financial derivatives *)	-	52	-
Gains from early redemption of borrowings and derivatives	53	34	160
Exchange rate differences and others	2	-	14
	147	219	272

*) Primarily from currency exchange swap transactions that are not accounting hedges

Note 34 - 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					
	2025		2024		2023	
	Quantity Shares Weighted	Net profit	Quantity Shares Weighted	Net profit	Quantity Shares Weighted	Loss
	Thousands	NIS	Thousands	NIS	Thousands	NIS
The number of shares and gains for the purpose of calculating basic net profit (loss)	193,584	70	184,892	52	17,7052	(1,203)
Effect of potential ordinary shares, diluted	123	-	139	-	-	-
The number of shares and gains for the purpose of calculating diluted net profit (loss)	193,707	70	185,031	52	17,7052	(1,203)

Note 35 - 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.

Note 35 - Financial Instruments (Cont.)

Below 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 high correlation between its property mix in the different functional currencies and the 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. Nonetheless, in view of the relatively high volatility of the exchange rates with respect to the NIS, that significantly increase its liquidity risks, the Company has acted in recent years to temporarily eliminate its derivatives portfolio and as a result exposure of equity to the EUR, USD and BRL has increased. In 2024, the Company's Board of Directors recently decided to gradually go back 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. 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, 97.4% of the Group's liabilities (91.2% excluding interest rate swaps) bear fixed interest (as at December 31, 2024, 97.5%; 85.4% excluding interest rate swaps). For further information about interest rates and the maturity dates, see also Notes 20 and 21.

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. The carrying amount of those investments as of December 31, 2025 is NIS 114 million (December 31, 2024, NIS 46 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 major financially-sound 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.

Note 35 - Financial Instruments (cont.)

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 1.5 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.

With regard to the Company’s cross-currency and interest rate swap transactions (see section C below), the Company engaged, with respect to part of these transactions, in agreements (credit support annexes, or “CSAs”) that establish ongoing settlement mechanisms relating 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 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.

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, 2025		31 December 2024	
		Balance	Fair value	Balance	Fair value
		NIS millions			
Financial assets					
Non-current deposits and loans	3	539	539	362	362
Financial liabilities					
Debentures	1/2	16,844	16,227	16,573	16,439
Interest-bearing loans from banks and others	2	4,784	4,508	6,383	6,156
		21,628	20,735	22,956	22,595
Total financial liabilities, net		(21,089)	(20,196)	(22,594)	(22,233)

Note 35 - Financial Instruments (cont.)

B. Fair value (cont.)

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, 2025, the Fair value of debentures in total amount of NIS 0.4 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, 2024: NIS 1.1 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 level)

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	
	2025	**2024**
	NIS millions	
Balance as at beginning of the year	66	91
Additions	-	14
Impairment through profit or loss	(31)	(7)
Revaluation through capital reserve	(4)	(32)
Adjustments due to translation of financial statements of foreign operations	(5)	-
Balance as of the end of the year	26	66

The balance represent the participation certificates in a private equity fund, for additional information refer to note 11.

During 2025, 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 35 - 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	
		2025	2024						Dec 31, 2025	Dec 31, 2024
Cross currency swaps	EUR - NIS	2,113	2,313	CPI-linked	4.8% - 1.3%	Fixed	5.8% - 2.1%	1.3	356	734
	USD - NIS	341	444	CPI-linked	2.8% - 1.3%	Fixed	5.8% - 4.0%	2.4	99	74
	NOK-EUR	414	420	Fixed	5.0%	Fixed	7.0%	4.2	(3)	(5)
	SEK - EUR	1,730	1,057	Fixed	5.4% - 1.6%	Fixed	5.8% - -1.7%	3.5	(52)	60
Linkage basis swaps	EUR	1,798	949	Fixed	3.2% - 3.0%	CPI-linked	1.7% - 0.0%	5.2	(236)	(229)
	USD	351	-	Fixed	3.2% - 2.7%	CPI-linked		0.4	1	-
	NIS	3,500	-	Fixed	2.0% - 1.0%	CPI-linked		0.6	12	-
Interest rate swaps fixed/variable	EUR	1,283	2,138	Variable		Fixed		2.2	(12)	(12)
	SEK	-	672	Variable		Fixed		-	-	12
Forward contracts	various currencies	9,176	5,140					Short term	58	(97)
									223	537
CSA liabilities, net									(185)	(532)
									38	5

Note 35 - Financial Instruments (cont.)

Below is the fair value of derivatives designated for hedge accounting included in the above table:

	December 31	
	2025	2024
	NIS millions	
Properties	110	-
Liabilities:	(11)	(114)
	99	(114)

D. Liquidity risk

The table below presents the maturity schedule of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):Less than one year

December 31, 2025	Up to Year	2 to 3 years	4 to 5 years	Over 5 Years	Total
	NIS millions				
Trade payables and service providers	54	-	-	-	54
Other payables	579	-	-	-	579
Debentures	2,318	7,086	6,561	3,684	19,649
Interest-bearing loans from financial institutions and others	1,047	2,109	1,942	401	5,499
Lease liabilities	27	45	37	13	123
Other financial liabilities	29	-	-	22	51
	4,054	9,240	8,540	4,120	25,955

December 31, 2024	Up to Year	2 to 3 years	4 to 5 years	Over 5 Years	Total
	NIS millions				
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

Note 35 - Financial Instruments (cont.)

E. Sensitivity analysis of market risks

Impact on pre-tax income (loss) for the year of a 1% increase in interest	**USD interest USA**	**Interest EUR**	**Interest NIS**
December 31, 2025	(1)	(12)	(5)
December 31, 2024	(1)	(21)	(5)

	Sensitivity analysis of financial balances of absolute changes in Consumer Price Index			
	2%	**1%**	**1%-**	**2%-**
Impact on pre-tax income (loss)	**NIS millions**			
December 31, 2025	(235)	(117)	117	235
December 31, 2024	(219)	(109)	109	219

	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 millions**			
December 31, 2025	(90)	(45)	45	90
December 31, 2024	40	10	(10)	(40)
Effect on pre-tax equity (accounting hedge)				
December 31, 2025	25	13	13	25

Note 35 - Financial Instruments (cont.)

	Sensitivity analysis for financial derivatives - relative changes in exchange rates			
	10%	**5%**	**5%-**	**10%-**
Impact on pre-tax income (loss)	**NIS millions**			
December 31, 2025				
Change in EUR exchange rate	170	85	(83)	(154)
Change in USD exchange rate	(29)	(21)	26	54
Change in SEK exchange rate	(175)	(87)	87	175
Change in NOK exchange rate	(103)	(51)	51	103
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

	Sensitivity analysis for financial derivatives - relative changes in exchange rates			
	10%	**5%**	**5%-**	**10%-**
Effect on pre-tax equity (accounting hedge)	**NIS millions**			
December 31, 2025				
Change in EUR exchange rate	(443)	(221)	221	441
Change in USD exchange rate	(117)	(58)	58	117
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)

Note 35 - Financial Instruments (cont.)

Impact on pre-tax income (loss)	Sensitivity analysis for financial derivatives - absolute changes in interest rates			
	2%	1%	1%-	2%-
	NIS millions			
December 31, 2025				
Change in EUR interest	(101)	(52)	54	112
Change in USD interest	14	7	(8)	(16)
Change in NIS real interest	(51)	(26)	26	53
Change in SEK interest	119	61	(64)	(131)
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)

Effect on pre-tax equity (accounting hedge)	Sensitivity analysis for financial derivatives- absolute changes in interest rates			
	2%	1%	1%-	2%-
	NIS millions			
December 31, 2025				
Change in EUR interest	64	33	(33)	(68)
Change in NIS real interest	(30)	(15)	15	30
Changes in PLN interest	5	2	(2)	(5)
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	2	(2)	(5)

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:

Note 35 - Financial Instruments (cont.)

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, 2025

	Balance as at January 01, 2025	**Cash flows**	**Effect of currency fluctuations**	**Other changes**	**Balance as at December 31, 2025**
Short-term loans	38	(43)	5	-	-
Long-term loans	6,383	(1,813)	56	159	4,785
Debentures	16,573	177	(139)	232	16,843
Total liabilities from financing operations	22,994	(1,679)	(78)	391	21,628

December 31, 2024

	Balance as at 1 January 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	1129	(433)	292	16,573
Total liabilities from financing operations	22,947	(429)	(701)	1,177	22,994

NOTE 36 – Transactions and Balances with Interested and Related Parties

A. Income of interested parties

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Management fees from the parent company (section d)	2.2	2.2	1.7
Interest income from investees	-	-	25
Interest income from related party (Note 9G)	6	-	-
Dividend income from associates	18	42	26

B. Other expenses and payments

	Year ended December 31					
	2025		2024		2023	
	Number of people	millions NIS	Number of people	millions NIS	Number of people	millions NIS
Directors' fees (1)	8	2.1	7	1.9	6	1.9
Payroll and	2	9.0	2	10.0	2	9.5

(1) In 2023 including the value of equity-based compensation granted to the directors worth NIS 0.2 million.
(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. Since February 1, 2018, Mr. Katzman has served as the Company's Deputy Chairman of the Board and Chief Executive Officer. His employment is regulated under an employment agreement that has been renewed from time to time, and was most recently renewed in April 2024, following the approval of the Company's Compensation Committee, the Board of Directors, and the general meeting. 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.

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 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.

NOTE 36 – Transactions and Balances with Interested and Related Parties (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 separately 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[78] return on equity of the Company[79] (“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 return figures, for 2025, Mr. Katzman is eligible to an annual cash bonus of NIS 1,056 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

Accordingly, in 2025, Mr. Katzman was eligible for a monthly salary that reflects the annual cost to the Company (separate, as at December 31, 2025, based on the compensation data for Mr. Katzman from the Company's subsidiaries in 2025, as set out below), in an amount of NIS 4,223 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 separate 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.

c. For 2025, 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.

2. <u>CEO of Gazit Horizon, Mr. Zvi Gordon</u>

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 CEO of Gazit Horizon.

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 consumer price index). 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 2025 Gazit Horizon’s annual Same Store NOI was 5.6% and accordingly, the total annual bonus awarded to Mr. Gordon was USD 301.3 thousand.

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[78] The FFO is FFO to be published by the Company in its Board of Directors’ Reports for 2023 through 2025.

[79] "Company equity" will be calculated as the Company's known equity as per its consolidated financial statements (excluding non-controlling interests) on the date on which the proposed compensation terms become effective, with the addition of capital raisings and less any special dividends during the period, and time weighted.

NOTE 36 – Transactions and Balances with Interested and Related Parties (cont.)

Upon termination of the agreement period, the parties are currently acting to renew it.

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 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, but not adjusted for dividend), 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. From June 2020 through April 2025, Mr. Gordon has served as a director in CTY. For his service as described above, Mr. Gordon is entitled to directors' compensation in accordance with CTY's policy, which in the reporting period amounted to EUR 2.4 thousand. This compensation is offset against the salary that Mr. Gordon is entitled to receive from the Company.

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 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.

NOTE 36 – Transactions and Balances with Interested and Related Parties (cont.)

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	
	2025	2024
	NIS millions	
Interest receivable from joint ventures and equity-accounted investees (Note 6,	6	30
Short term loans granted to a related party (see Note 4 and Note 9G)	1,336	-
Holding of debentures of a related party (Note 9G, Note 11)	9	-
Long term loans granted to a related party (Note 9G and Note 10)	94	-
Long-term loans to equity accounted investees (Note 9A)	151	150

F. Subsidiaries

For further information regarding transactions and balances with consolidated companies, see Note 9.

NOTE 37 – Segmental Information

A. General

Operating segments were determined on the basis of information reviewed by the Company's board of directors for the purpose of decision making resources allocate and performance assessment. Accordingly, for management purposes, 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 to assess the segment’s results which, in certain cases, differ from the measurements used in the consolidated financial statements, as detailed below.

Financial expenses, financial income and taxes on income are managed on a group basis and, therefore, were not allocated to the operational segments.

The Northern Europe segment is under a public subsidiary controlled by the Company, all 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.

NOTE 37:- Segmental Information (Cont.)

B. As of and for the Year ended December 31, 2015 *)

For year ended 31 December, 2025

	Northern Europe (1)	Central Europe (1)	Israel	Brazil	United States (1)	Other segments (1)	Consolidation Adjustments (2)-(7)	Consolidated
			NIS millions					
Segment revenues								
Revenue from external sources	1181	514	320	163	196	30	(105)	2299
Revenue from the sale of offices	-	-	185	-	-	-	-	185
External revenues (2)	1,181	514	505	163	196	30	(105)	2,484
Cost of sales	367	148	279	31	88	16	(62)	867
Gross profit (loss) (3)	814	366	226	132	108	14	(43)	1,617
Segment results (4)	722	311	102	117	62	19	541	1,874
Information regarding profit and loss:								
Depreciation and amortization (3)	9	8	2	1	-	-	2	22
Revaluation gain (loss) (3)	204	258	113	(8)	187	(5)	(75)	674
Other expenses (3)	29	82	3	7	-	-	84	205
Share in earnings of investees	-	-	-	-	-	-	78	78
Segment assets:								
Operating assets (5)	2,007	79	402	58	38	-	2,443	5,027
Non-current operating assets (5)	12,598	5,629	4,444	1,741	3,409	238	(773)	27,286
Investments in investees	7	-	-	-	-	-	936	943
Total assets	14,612	5,708	4,846	1,799	3,447	238	2,606	33,256
Information regarding assets:								
Investment property (9)	14,142	5,086	3,461	1,734	2,736	238	(3,284)	24,113
Investment property under development (9)	-	578	963	-	670	-	(228)	1983
Inventory of offices	-	-	236	-	-	-	-	236
Investments in non-current assets (6)	112	112	216	8	148	6	-	602
Segment liabilities (7)	239	309	74	14	26	9	23,294	23,965

NOTE 37:- Segmental Information (Cont.)

For year ended 31 December, 2024

	Northern Europe (1)	Central Europe 8) (1))	Israel	Brazil	United States (1)	Other segments (1)	Consolidation Adjustments (2)-(7)	Consolidated
			NIS millions					
Segment revenues								
External revenues (2)	1,286	593	355	178	157	34	(70)	2,533
Cost of sales	427	182	115	31	62	17	(35)	799
Gross profit (loss) (3)	859	411	240	147	95	17	(35)	1,734
Segment results (4)	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) (3)	(471)	433	86	(57)	166	(15)	(104)	38
Other expenses (income) (3)	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 37:- Segmental Information (Cont.)

For year ended 31 December, 2018

	Northern Europe (1)	Central and Eastern Europe (1)	Israel	Brazil	United States (1)	Other segments (1)	Consolidation Adjustments (2)-(7)	Consolidated
	NIS millions							
Segment revenues								
External revenues (2)	1,206	662	305	192	150	38	(115)	2,438
Cost of sales	399	212	108	30	53	17	(48)	771
Gross profit (loss) (3)	807	450	197	162	97	21	(67)	1,667
Segment results (4)	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) (3)	(1,001)	183	(137)	36	131	(21)	42	(767)
Other expenses (3)	10	667	1	-	-	-	3	681
Share in earnings (losses) of investees	6	6	1	-	-	-	(15)	(2)

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 Partnership in Canada. 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) represent 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 consolidation adjustments consolidation of the segment results, in addition to the provisions of section 3 above. The comparable figures in 2023 were retrospectively adjusted to reflect these figures comparatively. These adjustments also include general and administrative expenses not allocated to the segments, in the amounts of NIS 72 million, NIS 79 million and NIS 86 million for 2025, 2024 and 2023, respectively

NOTE 37:- Segmental Information (Cont.)

C. Notes to segmental information(cont.)

5. Current operating assets mainly include trade receivables, other accounts receivable and held for sale assets. Non-current operating assets mainly include investment property, investment 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 an adjustment related to 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 consolidation adjustments include mainly deferred taxes, financial derivatives, interest-bearing liabilities and an adjustment related to 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 a loss from an onerous contract in the amount of NIS 518 million, see Note 32B.
9. The items investment property and investment properties under development also include properties classified and held for sale, in addition to adjustments mentioned in section 1 above.

Note 38 – Subsequent Events

A. On March 16, 2026, the board of directors of the Company approved distribution of a dividend in the amount of NIS 16 per share (a total amount of NIS 28.6 million), payable in April 13, 2026, to the shareholders of the Company on March 31, 2026.

B. For information regarding the acquisition of CTY shares in the reporting period, as well as the results of the tender offer to acquire all minority shares of CTY subsequent to the reporting date, see Note 9D6.

C. For details regarding CTY's announcement of a dividend to its shareholders, which is subject to the approval of CTY's shareholders subsequent to reporting date, see Note 9D7.

D. For further information concerning the rights issue in Gazit Malls subsequent to reporting date see Note 9H.

E. For further information concerning the early redemption of the Company's debentures subsequent to reporting date, see Note 20C13.

F. For further information concerning the revised ratings for the Company's debentures subsequent to reporting date, see Note 20C15.

G. For further information concerning the revised debt rating and issuer rating for CTY subsequent to reporting date, see Note 20D10.

H. For further information regarding the buyback of the Company's shares subsequent to reporting date, see Note 26J.

List of major investees of the Group as at December 31, 2025(1)

	Holding rate December 31, 2025	Holding rate December 31, 2024	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	59.09	49.5	(4)	Finland	9D
Gazit Brasil LP	100	100	(3)	USA	
G City Europe Limited	100	100	(3)	Jersey	9C
CH Targowek sp. Z o. o.	100	100	(3)	Poland	9F
GHI Alpha LLC	100	-	(3)	USA	9E

(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.

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, 2025
Reporting Date:	March 16, 2026

Regulation 10A: Quarterly Condensed Statements of Comprehensive Income

For the quarterly condensed statements of comprehensive income for 2025, see section 3.6(c) of the Board of Directors' Report. -

Regulation 10C: Use in Exchange for Securities (*)

In 2025, the Company issued debentures of various series through series expansion to classified investors. In accordance with the shelf offering memoranda issued by the Company with respect to these issues, the proceeds are intended to be used for debt refinancing and for the Company's ongoing operations, all in accordance with the decisions of the Company's management from time to time. For further information regarding the issuances carried out by the Company in 2025, see Note 20 to the financial statements. As at reporting date, the Company is in compliance with the goals set for the proceeds in the self offering memoranda as set out below.

(*) Excluding private placements not made under 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 related companies as of the date of the statement of financial position:

Company name		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	(171,711)	100	100	-
		Deferred shares	1	-	100	100	-
C. Globe Development Ltd.		Share of NIS 0.01	100	(81,378)	100	100	-
Acad Construction and Investments Ltd.		Share of NIS 1	12,076	(2,756)	100	100	-
		Management Shares of NIS 1	500	-	100	100	-
		Extraordinary Share of NIS 1	1	-	100	100	-
GLA - Property Management Ltd.		Share of NIS 1	602,000	(4,569)	100	100	-
M.G.N. (USA) Inc.	(1)	Share USD 1	2142	2,881,038	100	100	-
Gazit Canada Inc.		Share C$ 0.01	1,206	131,391	100	100	-
Gazit Europe (Netherlands) B.V.	(2)	Share EUR 1	18,500	(625,086)	100	100	-
Gazit Europe (Asia) B.V.	(3)	Share USD 1	18,000	-	100	100	-
Gazit Midas Limited	(4)	Share EUR 1	1,000	1,564,836	100	100	-
Gazit Gaia Limited	(5)	Share EUR 1	1,000	-	100	100	-
Gazit Brasil	(6)	Participation rights	-	1,166,632	100	100	-
G Targowek Limited	(7)	Share EUR 1	2,000	238,573	100	100	-
Investments in public companies (some of which are owned by the private subsidiaries detailed above)							
Citycon oyj ("CTY").	(8)	Share EUR 0.27	108,472,355	2,905,927	49.5	49.5	EUR 3.986

(*) According to the Company's separate financial statements, as of the date of the statement of financial position.

(1) MGN (USA) Inc. holds 100% of Gazit Horizons Inc., Gazit 1995 Inc., MGN America LLC., Gazit Group USA Inc., Gazit First Generation Inc. -
(2) Gazit Europe (Netherlands) B.V. owns a group of German companies, which are not presented separately.
(3) Gazit Europe (Asia) B.V. invests in a real estate investment fund, resident in Mauritius, for in real estate investments in India. The company was liquidated in December 2025.
(4) Gazit Midas Limited and Gazit Gaia Limited together hold 100% of the share capital of G City Europe Limited.
(5) Gazit Gaia's value in the financial statements is included in the value of Gazit Midas.
(6) 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.
(7) G Targowek Limited holds 100% of CH Targowek Sp.Zo.o..
(8) Part of the holding of CTY shares is indirect 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, 2025 (NIS millions):	Maturity year (according to agreement)
M.G.N. (USA) Inc.	USD	115	2028
Gazit Midas Limited	EUR	15	2028
Gazit Gaia Limited	EUR	1,310	2028
G City Europe Limited	EUR	-	2027
Gazit Germany	EUR	3	2026
G.G. Development Ltd.	Unlinked	81	(*)
Gazit-Globe Holdings (1992) Ltd. (under voluntary liquidation)	Unlinked	172	(*)
GLA - Property Management Ltd.	Unlinked	5	(*)
Acad Construction and Investments Ltd.	Unlinked	2	(*)
G Targowek Limited	Unlinked	389	(*)

(*) 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
1-12/25	Return on Investment (**)	Gazit Brazil Ltda., FIM Norstar	Participation units and shares	50,000,000	45,142	BRL 1.00
11-12/25	Acquisition of shares	Citycon oyj.	Ordinary share	17,213,339	258,859	EUR 4.00

(*) 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 2025 comprehensive income attributed to the shareholders of each of the Company's subsidiaries or affiliates, and also the Company's income from dividends, management fees and interest from those companies (NIS thousands): -

<table>
<tr><th>Company name</th><th></th><th>Income (loss)</th><th>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></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></td><td>(7)</td><td>-</td><td>(7)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>GLA - Property Management Ltd.</td><td></td><td>(2)</td><td>-</td><td>(2)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>MGN (USA) Inc.</td><td>(1)</td><td>192,986</td><td>-</td><td>192,986</td><td>-</td><td>543</td><td>14,108</td></tr>
<tr><td>Gazit Canada Inc.</td><td></td><td>4,030</td><td>(2,701)</td><td>1,329</td><td>-</td><td>-</td><td>(2,800)</td></tr>
<tr><td>Citycon Oyj.</td><td></td><td>123,586</td><td>(38,078)</td><td>85,508</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Gazit Europe (Netherlands) B.V.</td><td>(2)</td><td>(25,851)</td><td>-</td><td>(25,851)</td><td>-</td><td>-</td><td>109</td></tr>
<tr><td>Gazit Europe (Asia) B.V.</td><td></td><td>(22,501)</td><td>(3,023)</td><td>(25,525)</td><td>20,020</td><td>-</td><td>(3,408)</td></tr>
<tr><td>Gazit Brazil Ltda.</td><td>(4)</td><td>35,295</td><td>-</td><td>35,295</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Gazit Midas Ltd.</td><td>(5)</td><td rowspan="2">104,200</td><td rowspan="2">(14,904)</td><td rowspan="2">89,296</td><td>125,838</td><td>-</td><td>56,855</td></tr>
<tr><td>Gazit Gaia Ltd</td><td>(5)</td><td>136,059</td><td>-</td><td>61,490</td></tr>
<tr><td>G Targowek Limited</td><td>(6)</td><td>37,344</td><td>-</td><td>-</td><td>-</td><td>-</td><td>18,205</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-Plovdiv EAD, G-Bulgaria 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.

(6) The results of G Targowek Limited include the results of CH Targowek.

Regulation 20: Stock Exchange Trading

In the reporting year, 120,259 ordinary shares of the Company, with a par value of NIS 1.00 each, were listed for trading. These shares were issued due to the vesting of restricted share units (RSUs) and the conversion of debentures (Series Q).

For information regarding debentures that were listed for trading during the reporting period, see Regulation 10(c) above and Appendix B to the Board of Directors' Report.

In 2025, there was no suspension of trading of the Company's securities on the stock exchange.

Regulation 21: Remuneration of Interested Parties and Executive Officers

Breakdown of the compensation paid with respect to 2025, to each of the five highest compensation recipients from among the senior officers of the 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:

Particulars 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	Former CFO and CEO of Gazit Group USA	Full-time	0.13%	2,186	2,071	1,671	-	402[(2)]	6,330
Chaim Katzman	Vice Chairman of the Board of Directors and CEO of the Company, Chairman of the boards of CTY and G Europe		0.18%[3]	3,809	2,111	-	-	-	5,921
Eshel Pesti	CEO of CTY, formerly CEO of G Europe	Full-time	-	2,333	1,613	138		1,136 [(4)]	5,220
Oleg Zaslavsky	Former CEO of CTY	Full-time	-	908	-	1,709		2,449[(5)]	5,066
Mia Stark	CEO of Gazit Brasil	Full-time	-	1,846	1,148	--	-	1,467[(6)]	4,461
Keren Kalifa	Deputy CEO and COO; CEO of the Real Estate Division	Full-time	0.0%	2,003	1,007	177	-	-	3,187
Zvi Gordon	CEO of Gazit Horizons		0.06%	1,361	1,040	655	-	-	3,056
Gil Kotler	CFO	Full-time	0.0%	1,631	820	223			2,674
DIRECTORS				1,919					1,919

(1) With regard to the directors of the Company included under this column, the directors' remuneration paid in cash for 2025

(2) Includes payment of bonus for sale of properties and retention bonus as set out in section F below.

(3) Refers to Chaim Katzman's direct holdings in the Company. For a description of Chaim Katzman's interests in Norstar Holdings Inc., the controlling shareholder of the Company, see Regulation 21A below.

(4) Including a special bonus with respect to the sale of properties, as well as reimbursement of past expenses, as described in section D below.

(5) Including payment in respect of termination of employment and reimbursement of past expenses, as set out in section E below

(6) Includes payment of a bonus for the sale of properties, a retention bonus, and reimbursement of past expenses, as set out in section F below.

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 and his son-in-law, Mr. Zvi Gordon).

B. Additional information and explanations to the table - Particulars 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 a wholly owned subsidiary of the Company had other private Group companies, and for directors compensation from CTY and for his service as chairman of the board of directors of CTY. -

4. 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.

According to the agreement, the maximum total annual cost of employment to be paid to Mr. Katzman will not exceed NIS 5.75 million, linked to the CPI ("Maximum Compensation"), assuming the payment of the maximum bonus for a given year, and including the compensation to be paid to him for his term in office in subsidiaries (including subsidiaries that are not wholly owned by the Company), as may be from time to time, where the fixed salary component and related benefits will not exceed maximum annual cost to the Company (standalone) of NIS 3,450 thousand (linked to the CPI).

Accordingly, in 2025 Mr. Katzman was eligible for an annual salary that reflects the cost to the Company (separate, as at December 31, 2025, based on the compensation figures of Mr. Katzman from CTY in 2025, as noted in subsections 3 below) of NIS 4,223 thousand (including the annual bonus in respect of 2025), 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 (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, as set out in section 3 below (the foregoing differs "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 equivalent to 40% of the annual employment cost in the Company separately in a specific year, as may from time to time, up to the maximum amount 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 (i.e., 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%.

[1] The FFO is 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 interests) 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.

(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 2025, Mr. Katzman is eligible to an annual cash bonus of NIS 165 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 payment is subject to compliance with the foregoing 3-year FFO return goal In addition to the fixed salary, Mr. Katzman will be entitled to sick leave and convalescence days as stipulated by law and to 30 vacation days per year, which may be accumulated up to 60 days, and ancillary benefits as customary in the Company, and all provided that the total annual cost of employment in the Company does not exceed the standalone annual salary in the Company (as defined above).

Mr. Katzman is entitled to reimbursement of expenses actually incurred in the performance of his duties as CEO, in accordance with the Company’s customary practice (such as travel services and similar expenses). He is also subject to the Company’s business-travel policy, including with respect to his spouse accompanying him on business trips for Company purposes at no cost, 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) early notice period of 180 days, during which Mr. Katzman will be entitled to receive his fixed salary; (b) fixed salary for an additional six months; and (c) a pro-rata portion of the annual bonus based on the termination date and subject to achievement of the FFO goal (with the deferred portion of the bonus to be paid at the end of the three-year term, subject to achievement of the three-year goal (as described in section (B)(2) above), even if the agreement is terminated earlier 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).

5. Details of the compensation of Mr. Chaim Katzman from G Europe

Chaim Katzman, who serves as chairman of the board of directors of G Europe, provides consultation services to G Europe Group under an agreement with a wholly owned subsidiary of G Europe since August 2008. The agreement is renewed from time to time for further periods of one year each time, unless either of the parties gives notice of its desire not to renew the agreement. For his services, Mr. Chaim Katzman is entitled to annual compensation which, for 2025, amounted to EUR 700 thousand. Mr. Katzman is also entitled to reimbursement 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.

6. Details of the directors' fees of Mr. Katzman from CTY

Commencing June 2010, Mr. Katzman has served as chairman of the board of directors of CTY. For his service as chairman of CTY in 2025, Mr. Katzman is eligible for annual fees in the amount of EUR 165 thousand (which is offset from the maximum compensation paid to him in accordance with section 1 above).

7. In addition, Mr. Katzman is eligible for indemnification and insurance arrangements from the Company 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 - Information regarding the former EVP and CFO of the Company and CEO of Gazit Group USA Inc., Adi Jemini

1. From January 2016 through August 2023, Mr. Jemini served as CFO and EVP of the Company. Also, since September 2018, Mr. Jemini serves as the CEO of a wholly-owned subsidiary of the Company, Gazit Group USA Inc. ("Gazit USA"), and he presently continues to serve in this and other positions in the Group, as noted 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-day prior 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, a company car 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 600 thousand for 2025.

   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 27 thousand in respect of the sale of a property in Brazil.

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, staring from one year after commencement of the 2023 agreement, subject to Mr. Jemini continuing to be employed in the Company throughout the term of the agreement as aforesaid.

4. In the event that Mr. Jemini's employment is terminated by the Company (other than if he is dismissed due to 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 agreements with Mr. Jemini, he was awarded an equity-based bonus in the form of phantom restricted stock units in a total amount of USD 2.4 million. These units confer equity compensation based on the value of a Company share, and vest in four equal annual tranches commencing at the end of one year from September 1, 2023, subject to Mr. Jemini being employed in the Group, and upon vesting he will be eligible for financial compensation equal to the phantom units multiplied by the value of a Company share (at the average price in the 30 trading days preceding the 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. With respect to the second tranche of phantom units that vested during the reporting period, together with the dividend accrued thereon, Mr. Jemini was granted an amount of USD 751.3 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, in 2025, amounted to EUR 69,000. 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 Eshel Pesti, the former CEO of a consolidated subsidiary CTY, former CEO of G Europe

From August 2023 through September 2025, Mr. Eshel Pesti served as CEO of G Europe. Under his employment agreement, Mr. Pesti was eligible for an annual salary of EUR 520 thousand, which amounted to EUR 341 thousand for the reporting year, as well as customary social benefits, which amounted to EUR 110 thousand in the reporting period. In addition, for his service at G Europe, he was eligible for a performance-based incentive plan, subject to measurable goals and the discretion of the Board of Directors of G Europe and the Company's Compensation Committee. The maximum bonus amounted to EUR 330 thousand, of which a pro-rata bonus of EUR 247 thousand was paid for his services in the reporting year. Furthermore, in the reporting period, Mr. Pesti was paid a special bonus of EUR 150 thousand in respect of the sale of a property of G Europe that was completed during the reporting year.

As of September 2025, Mr. Pesti serves as CEO of CTY. Under his employment agreement, Mr. Pesti is eligible for an annual salary of EUR625 thousand; (in the reporting year - EUR 198 thousand), as well as a one-time payment for ancillary benefits (including with regard to relocation) which in the reporting period amounted to EUR 31 thousand. In addition, Mr. Pesti is entitled to an annual performance-based bonus, determined according to measurable goals and the discretion of the CTY Board of Directors, which for 2025 amounted to EUR 167 thousand. In addition, in 2025, Mr. Pesti was allotted 447,462 options convertible into CTY shares, which will vest in three equal tranches in 2026, 2027 and 2025.

E. Additional details and explanations to the table – Details regarding Oleg Zaslavsky, the former CEO of CTY

Oleg Zaslavsky served as CEO of CTY from November 2024 through March 2025.

Under his employment agreement, which was executed for a three-year term, Mr. Zaslavsky was eligible for an annual gross salary of EUR 400 thousand, linked to the CPI, and ancillary benefits such as housing, relocation costs, etc. In addition, he was eligible for an annual bonus of up to 100% of his annual salary, subject to complying with goals. Mr. Zaslavsky was also entitled to an annual allotment of 29,000 ordinary shares, as well as to the allocation of options valued at EUR 400 thousand (which expired upon the termination of his employment, without being exercised).

In accordance with the provisions of his employment agreement, upon its termination Mr. Zaslavsky was entitled to a 180 day prior notice period

F. Additional details and explanations to the table - Particulars 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 Director of Business Development for Latin America at Gazit USA.

2. Under the employment agreement for her service as CEO of Gazit Brasil from July 2025 (which replaced an earlier agreement between the parties), Ms. Stark is eligible for a base monthly salary of BRL 81,000 (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 2025 she was granted an annual bonus of BRL 876 thousand (reflecting 8 base salaries).

   Either party may bring 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 grounds), 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 travel expenses in an amount of BRL 116 thousand.

3. Under the employment agreement for her service as director of business development at Gazit USA dated July 2025 (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 176 thousand for 2025 (reflecting 8 base salaries).

   The employment agreement is valid until August 2027, land either of the parties may terminate the agreement with prior notice of 120 days.

   In addition, 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, half of which was paid in 2024, and the remaining half was paid in the reporting period.

   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 Brasil's assets. Under this agreement, in the reporting period, Ms. Stark was paid a bonus of USD 75 thousand in respect of the sale of a property in Brazil.

G. **Additional details and explanations to the table - Details regarding Ms. Keren Kalifa, Deputy CEO and COO, CEO of the Company's Real Estate Division**

1. Keren Kalifa was appointed CEO of the Company's Real Estate Division in September 2022. In August 2023, she was appointed Chief Operating Officer, and in May 2024 she was also appointed Deputy CEO of the Company.
2. Based on her employment agreement, as amended from time to time, in the reporting period Ms. Kalifa's salary amounted to NIS 105 thousand (linked to the CPI), together with customary social benefits, a company car, and other ancillary benefits. The employment agreement is for an indefinite term, subject to the right of either of the parties to terminate it with advance notice of 180 days. During the notice period, Ms. Kalifa is eligible to receive her full salary and all accompanying benefits.
3. Under the employment agreement, Ms. Kalifa may be entitled to an annual bonus in an amount not exceeding 75% of her annual salary, to be determined based on measurable goals and at the discretion of the Company's Compensation Committee and Board of Directors, in accordance with the Company's compensation policy. For 2025, Ms. Kalifa was granted an annual bonus in the amount of NIS 1,007 thousand.
4. In the event that Ms. Kalifa's employment is terminated by the Company within 12 months following a change of control (as defined in the agreement), or by Ms. Kalifa within a period of 60 days commencing 12 months after the occurrence of such change of control, Ms. Kalifa will be eligible (in lieu of the compensation as set out above) to a payment equivalent to 200% of her annual base salary for the year during which such change of control was affected.
5. Ms. Kalifa is also entitled to indemnification, an undertaking to provide indemnity, and directors' and officers' liability insurance coverage, as customary in the Company.
6. In September 2023, Ms. Kalifa was granted equity-based compensation in the form of options and RSUs.

   The foregoing table includes, under the section Equity-based payment item, the cost recorded in the Company's financial statements for the reporting year for non-marketable securities granted to Ms Kalifa:

Date granted	**Quantity**	**Exercise price**	**value**
September 2023	128,586 options (non-marketable) (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 allotted under the current employment agreement were allotted 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 employment in the company will expire in full. The options may also be exercised in a cashless exercise.

   b) <u>Additional information regarding the RSUs:</u> The RSUs will vest in three equal tranches starting upon the elapse of one year from their grant date.

7. <u>Compensation for Ms Kalifa's service as a director in CTY and G Europe</u>

   In the reporting period Ms Kalifa's serviced as a director in CTY and G Europe. For her service as a director, Ms. Kalifa was eligible for directors' fees as customary in these companies, which in 2025 amounted to EUR 64 thousand from CTY and EUR 9 thousand from G Europe. This compensation is offset against Ms Kalifa's salary from the Company.

H. **Additional information and explanations to the table - details of the CEO of the subsidiary, Gazit Horizons, Mr. Zvi Gordon**

1. Since 2023, Mr. Zvi Gordon, son-in-law of Mr. Katzman, has been serving as the CEO of Gazit Horizons (having previously served as the Company's VP of Investments).

2. 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. This agreement replaces a previous agreement between the parties. Under the employment agreement, Mr. Gordon is eligible for an annual salary of USD 380,000 (linked to the annual increase in the consumer price index). 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 determined according to the annual increase in Same Store NOI of Gazit Horizons, within a linear range of between 3% and 5%, as from eligibility for one quarter of the annual bonus at an increase of 3% until the full annual bonus at an increase of at least 5%.

   In 2025 the annual Same Store NOI increase of Gazit Horizon was 5.6% and the total annual bonus awarded to Mr. Gordon was USD 301.3 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 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 period).

   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.

   Upon termination of the agreement period, the parties are acting to renew it.

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-marketable securities allotted to Mr. Gordon under his employment agreement:

Date granted	**Quantity**	**Exercise price**	**value**
August 2023	592,835 options (a)	NIS 12.59	Fair value of options - 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 CPI 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 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.

   (b) Additional information regarding the RSUs: The RSUs will vest in three equal tranches starting from the end of one year after they were granted. The RSU do not accrue dividend.

4. Compensation for Mr. Gordon's service as a director in CTY

From June 2020 through April 2025, 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 2025 amounted to EUR 2,400. This compensation is offset against Mr. Gordon's salary from Gazit Horizon.

I. Additional details and explanations to the table - Details regarding Gil Kotler, the Company's CFO

1. Mr. Kotler has served as the Company's Chief Financial Officer since September 2023.
2. Under his employment agreement, Mr. Kotler's current salary amounts to NIS 90 thousand (linked to the CPI), together with customary social benefits, reimbursement of car expenses, and other ancillary benefits. Mr. Kotler is also entitled to indemnification, an undertaking to provide indemnity, and directors' and officers' liability insurance coverage, as customary in the Company. The employment agreement is for an indefinite term, subject to the right of either of the parties to terminate it with advance notice of 180 days. During the notice period, Mr. Kotler is eligible to receive his full salary and all accompanying benefits.
3. According to his employment agreement, Mr. Kotler may be eligible for an annual bonus in a total amount not exceeding 75% of his annual salary, which will be determined according to measurable goals and the discretion of the Company's compensation committee and board of directors, in accordance with the Company's compensation policy. For 2025, Mr. Kotler was granted an annual bonus of USD 820 thousand.
4. In the event that Mr. Kotler's employment is terminated by the Company within 12 months following a change of control (as defined in the agreement), or by Mr. Kotler within a period of 60 days commencing 12 months after the occurrence of such change of control, Mr. Kotler will be eligible (in lieu of the compensation as set out above) to a payment equivalent to 200% of his annual base salary for the year during which such change of control was affected.
5. Mr. Kotler is also entitled to indemnification, an undertaking to provide indemnity, and directors' and officers' liability insurance coverage, as customary in the Company.
6. In September 2023, Mr. Kotler was granted equity-based compensation in the form 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-marketable securities granted to Mr. Kotler:

Date granted	Quantity	Exercise price	value
September 2023	161,363 options (non-marketable) (a)	NIS 12.11	Fair value of options - NIS 4.462
	22,578 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 allotted under the current employment agreement were allotted 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 employment in the company will expire in full. 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.

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 board meetings at the highest remuneration set under the Compensation Regulations, based on the ranking of the Company.

2. In addition to the foregoing, Mr. Konigsberg, Mr. Bar-On and Mr. Armoni, who serve on behalf of the Company as directors of Gazit Brazil, Gazit Horizons and G Europe, respectively, are entitled to remuneration not exceeding the lower of the following amounts: (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 2025, the Company paid to Mr. Konigsberg an amount of NIS 14 thousand for his service as a director of Gazit Brazil; Mr. Bar-On an amount of NIS 10 thousand for his service as a director of Gazit Horizons, and NIS 11 thousand for his service as a director of Gazit Brazil; and Mr. Armoni an amount NIS 36 thousand to for his service as a director of G Europe.

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. To date, none of the directors is entitled to remuneration pursuant to this section (for details regarding the remuneration granted to Messrs. Konigsberg, Bar*On and Armoni for their service as directors of the Company's private subsidiaries, which was approved separately by the Company's corporate organs, 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 Mr. Chaim Katzman, who holds shares of Norstar through private companies owned by him and by members of his family (9.34% of Norstar's issued share capital and voting rights (fully diluted), directly and indirectly, through First US Financial LLC[1], which holds 7.34% of Norstar's share capital and voting rights (fully diluted), and through Aurora Capital Holdings LLC ("Aurora")[2], which holds 12.12% of Norstar's share capital and voting rights (fully diluted) (together, FUF, Aurora and Mr. Katzman: "Katzman Group").

In addition, the Katzman Group is considered to be a "joint holder", as this term is defined in the Israel Securities Law, together with the Katzman Family Foundation, which holds 2.62% of Norstar's issued share capital and voting rights (including fully diluted).

In addition to the Katzman Group's holdings in Norstar, Mr. Katzman and Aurora also directly hold 0.2% and 0.4%, respectively, of the Company's share capital and voting rights (0.17% and 0.3% fully diluted, respectively).

Furthermore, on March 27, 2022, Chaim Katzman engaged in 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 the share capital and of the voting rights of Norstar), 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.

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.

   For further information regarding the terms of office of Mr. Zvi Gordon, the son-in-law of Mr. Chaim Katzman, who serves as the CEO of Gazit Horizons, 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. The Company has a procedure governing passengers on business only flights, who are not involved in the Group's business (as updated from time to time following the approval of the Audit Committee and the Company's Board of Directors), whether they are relatives of the controlling shareholder or not, on aircraft leased by the Company or partially owned by it for the Company's needs, including for companies under its control. 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

[1] FUF is a foreign company under the control of Mr. Chaim Katzman, in which Mr. Katzman holds 72.8% of the share capital and the rest is held by Mr. Martin Klein.

[2] Aurora is held through A company owned by Mr. Katz and members of his family (32.1%); Katzman Family Foundation Inc. (29.8%); First US Financial LLC (8.28%); Martin Klein (16.56%); David Klein (3.31%); KHG Holdings LLC (6.62%) (a foreign company controlled by Juda Klein and Ari Friedman); Oved Anter (3.31%).

payment mechanism will not apply to Mr. Katzman's wife and her joining Mr. Katzman on business trips for the Company's purposes.

7. 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. A transaction in which the Company engages in for the joint purchase, together with related parties, of services or products from a third party, carried out in the ordinary course of the Company's business and on market terms, and with respect to which the Audit Committee has determined that the allocation of costs and expenses under such transaction is fair and equitable in view of the circumstances, provided that the annual expenses relating to such transactions (on average) do not exceed 0.1% of the Company's annual gross expenses in its consolidated financial statements for the year preceding the date of the transaction.

      In the Company's opinion, the scope of such transactions is immaterial relative to the scale of the Company's operations and therefore meets the requirements of the foregoing Regulation 41(a)(6)(1).

Regulation 24: Holdings of Interested Parties

For an updated description regarding Company interested party holdings in shares or other securities of the Company, see the immediate report dated January 8, 2026 regarding the status of interested party holdings in the Company (Ref. No.: 2 2026-01-003577). The information noted in the said report is noted here by way of reference.

Regulation 24A: Registered capital, issued capital, and convertible securities

For details regarding the registered capital and issued capital of the Corporation immediately prior to the date of the report, refer to Note 25 to the financial statements.

For details regarding the convertible securities of the Corporation immediately prior to the date of the report, refer to Note 26 to the financial statements.

Regulation 24B: The Company's Shareholders Register:

For details regarding the Company's shareholders' register, refer to the immediate report issued by the Company dated March 10, 2026 (Ref. No.: 2026-01-021238), 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 service of process:	15 Tchernichovsky St., Jerusalem 92531
Nationality:	Israeli, Austrian
Membership of Board sub-committees:	Nominations and Corporate Governance Committee, Corporate Responsibility 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):	No
Commencement of office:	March 28, 2018
Education:	BA in Economics and International Relations, Hebrew University; MBA in Business Administration, Hebrew University
Employment in the past five years:	Serves as a director at EOYY Real Estate Ltd. Serves as a director at Sonol Real Estate Ltd. Served as a director at Hertz Properties Group Limited until December 2024
Companies of which he is a director (other than the Company):	EOYY Real Estate Ltd.; Sonol 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 service of process:	1696 NE Miami Gardens, North Miami Beach, FL 33179, U.S.
Nationality:	Israeli, American
Membership of Board committees:	Investments 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 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 Chairperson of the Board and CEO of the Company and Norstar Holdings Inc. Chairperson of the Board of Directors of the following companies: CTY, G Europe, including Gazit Horizons, Gazit Brazil, and other private subsidiaries of the Group.
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. Mr. Katzman also serves a director in foreign companies through which control of Norstar Holdings Inc. is held.
Relative of another of the Company's interested parties:	No (however, his son-in-law, Mr. Zvi Gordon, serves as the CEO of Gazit Horizons, a wholly owned subsidiary of the Company)

Name:	**Limor Shofman Gutman**
Identity no.:	024388191
Date of Birth:	August 27, 1969
Address for service of process:	136 Ehad Ha'am Street, Tel-Aviv
Nationality:	Israeli
Membership of Board committees:	The Company's Audit Committee and Financial Statements Review Committee, Compensation Committee, Corporate Responsibility Committee, and 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:	Served as a member of the Executive Board and Chairwoman of the ProWoman Association; Founder of the IMFA Association, which operates a private integrative rehabilitation hospital (Medical Care); Member of the Executive Board of the Nachum Gutman Museum; Mentor and coach for executives and entrepreneurs; 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 service of process:	19 Amirim Street, Savyon
Nationality:	Israeli
Membership of Board committees:	The Company's Audit Committee and Financial Statements Review Committee, Compensation Committee, Investments Committee, and Nominations and Corporate Governance Committee, 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:	Professor Emeritus of Finance at the Tenured School of Management at Ben-Gurion University until January 2023; Chairman of Bank Esh Ltd.; Member of the Advisory Committee of Cyber Regtech; Partner at Quantex Expected Return; Chairman and CEO of Narrative Ltd. (100%)
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 service of process:	16 Hareches Street, Tel-Aviv
Nationality:	Israeli
Membership of Board committees:	The Company's Audit and Financial Statements Committee; Chair of the IT and Information Security Committee (in the reporting period, 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; MBA 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 Administration and Head of the Information Systems Department – The College of Management 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 Europe Bina Consulting and Management Services Ltd., Getter Tech Ltd.; KBIS Ltd.
Relative of another of the Company's interested parties:	No

Name:	**Modi Konigsberg**
Identity no.:	007715915
Date of Birth:	December 30, 1946
Address for service of process:	8 Hapardes St., Kiryat Ono
Nationality:	Israeli
Membership of Board committees:	The Company's Audit and Financial Statements Review Committee, Compensation Committee, and IT and Information Security 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; Chair 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 Audit and Budget Committee and Investment Committee of the Jewish Agency pension fund and provident fund; external director, Chair of the Audit Committee and member of the Investment Committee of the provident fund of the Social Science and Humanities Academic Workers Union; external director and member of the Audit and Budget Committee and the Investment Committee of the company managing the provident and pension funds of the 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:	**Ronnie Bar-On**
Identity no.:	008516262
Date of Birth:	Jun 2, 1948
Address for service of process:	6 Pnina Zaltzman Street, Tel-Aviv
Nationality:	Israeli
Membership of Board committees:	The Company's Audit Committee and Financial Statements Review Committee, Compensation Committee, and 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 Horizon
Commencement of office:	June 19, 2024
Education:	LLB, Hebrew University of Jerusalem
Employment in the past five years:	Director of the Company (2013–2022), and director at Terminal X, Alrov Real Estate and Hotels, and G City Chairman of the board of directors of Tamar Petroleum
Companies of which he is a director (other than the Company):	Terminal X; 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:	October 4, 1966
Address for service of process:	20 Avidan Street, Tel-Aviv
Nationality:	Israeli
Membership of Board committees:	The Compensation Committee, Nominations and Corporate Governance Committee, IT and Information Security 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:	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:	Holds a degree in Economics and Business Administration, University of Haifa; licensed investment portfolio manager; Graduate of the Directors and Senior Officers Course at Lahav Executive Education, Tel Aviv University
Employment in the past five years:	External director of Big Shopping Centers, Hilan, Altshuler Shaham Provident Funds, MGG, Noble Properties, Econergy, Lahav L.R., and ORT
Companies of which he is a director (other than the Company):	External director at Hilan, MGG, Econergy, and Lahav L.R.
Relative of another of the Company's interested parties:	No

Name:	**Haim Regev**
Identity no.:	022765499
Date of Birth:	July 25, 1967
Address for service of process:	82 Rokach, Apt. 8, Ramat Gan
Nationality:	Israeli, Portuguese
Membership of Board committees:	No
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:	January 1, 2026
Education:	BA Political Science and Middle East Studies, Tel Aviv University; MBA, Tel Aviv University
Employment in the past five years:	Deputy Director General at the Ministry of Foreign Affairs, and Israel’s Ambassador to the European Union and to NATO
Companies of which he is a director (other than the Company):	No
Relative of another of the Company’s interested parties:	No

Regulation 26A: Senior office holders:

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; director of CTY, G Europe
Commencement of office:	September 01, 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, Orion Shopping Centers 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:	**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); MBA (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 Israel Properties and Building Corp. 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 BBA from the Hebrew University of Jerusalem
Employment in the past five years:	VP Head Office, 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

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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 Capital Markets and Chief Economist
Commencement of office:	May 27, 2024
Education:	BA Business Administration, College of Management, specializing in Accounting
Employment in the past five years:	VP Head Office, Director of Economics Division
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 Accountant
Commencement of office:	May 2024
Education:	BA Economics and Accounting, Tel-Aviv University MBA, Tel-Aviv University
Employment in the past five years:	Auditor
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: 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 bonus shares:

For further information regarding the distribution of dividends in the reporting period (including a dividend in kind consisting of shares of Orion Shopping Centers Ltd.), 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 bought back its ordinary shares under a share buyback plan approved by the Board of Directors in March 2025, which was subsequently replaced by a plan approved in August 2025, as set out in section 3.9 of the Board of Directors' Report.

Change in the Company's authorized or issued capital: -

Change in authorized capital – None.

Changes in issued capital – see Regulation 20 above.

B. Changes in the Memorandum 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 buy-back of debentures according to the Company's securities buy-back plan, as specified in section 3.9 of the Board of Directors' report.

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 extraordinary general meeting:

1. On December 31, 2025, the following resolutions were adopted (see the immediate report regarding convening of a general and special general meeting dated November 26, 2025 (Ref. No.: 2025-01-092991, and immediate report regarding the results of the general meeting dated December 31, 2025 (Ref. No. 2025-01-105925), where the information presented therein is noted here by way of reference.

   Appointment of Mr. Haim Regev as a director of the Company. Additional resolutions customary for an annual general meeting were approved, including: the reappointment of directors (excluding external directors), and the reappointment of the external auditor together with authorization of the Board of Directors to determine its remuneration.

2. On December 24, 2024, the following resolutions were passed (see the immediate report regarding convening of a general 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.

   Reappointment of external directors serving in the Company: Modi Konigsberg, 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: None.

D. Exemption, insurance or indemnification undertaking to officers, as defined in the Companies law, that is valid at the reporting date:

- **Insurance:** As at reporting date, directors' and officers' liability insurance is in place, renewed most recently in September 2025. 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 45 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 07, 2024 and March 15, 2020, respectively, as part of the approval of the terms of office and employment by the general meeting of Chaim Katzman, who serves as chairperson of the Board of Directors and CEO of the Company, and Zvi Gordon, the son-in-law of Chaim Katzman, who serves as VP Investments of the Company and VP Mergers & Acquisitions in Gazit USA, 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 07, 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 articles 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 published prior to the actual indemnification payment. As part of the terms of office of Mr. Chaim Katzman, Deputy Chairman of the Board, the Company's CEO and its controlling shareholder, and of Mr. Zvi Gordon, Mr. Katzman's son-in-law who serves as the CEO of Gazit Horizons, both Mr. Katzman and Mr. Gordon are entitled to a letter of indemnification, as customary in the Company..
- 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, Deputy Chairperson 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 05, 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 16, 2026	G City Ltd.
Date	Company name

Names of Signatories:	**Position**
Ehud Arnon	Chairman of the Board of Directors
Chaim Katzman	Vice Chairman of the Board and CEO

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Corporate Governance Questionnaire

INDEPENDENCE OF THE BOARD OF DIRECTORS

			Correct	Incorrect
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 Konigsberg 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: 55.5%	_____	_____

[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.

		Ratio of Independent Directors prescribed by the Articles[1] of the Corporation[2]: 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 held office in the Company during the reporting year are subordinate to the CEO, directly or indirectly, (other than a director who represents the employees, if the Company has 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): xYes □ No (Place an X in 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: _____.	√	

[1] A debenture company is not required to answer this section.

[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.

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 executive 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 (Place an X in the appropriate box.) Rate of his participation[1] 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).	√	

EXPERTISE AND QUALIFICATIONS OF THE DIRECTORS

			Correct	Incorrect
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)[2]. If you answer "Incorrect" (i.e., such a restriction does exist), state –		√

[1] Differentiating between the Controlling Shareholder, his Relative and/or anyone acting on his behalf.
[2] A debenture company is not required to answer this section.

		A.	The term of office set in the Articles of Association for a director: Every annual general and special 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.		
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 (Place an X in 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[1]: Eight directors Possessing Professional Qualifications[2]: -- 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: 7 Women: 2.	_____	_____

[1] 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.

[2] Cf. footnote 9.

Board Meetings (and convening of General Meetings)

				Correct	Incorrect
11.			The number of board meetings held during each quarter in the reporting year: First Quarter (2025): 8 Second Quarter: 7 Third Quarter: 6 Fourth Quarter: 6	_____	_____
		B.	Against the name of each of the Directors who served with the Company during the Reporting Year, state the attendance rate[1] 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 Financial Statements Review Committee, attendance rates at meetings of the Audit Committee also relate to its meetings as the Financial Statements Review Committee.	_____	_____

Director's Name:	Attendance rate at meetings of the Board of Directors	Attendance rate at meetings of the Audit Committee*[2]	Attendance rate at meetings of the Financial Statements Review Committee[3]	Attendance rate at meetings of the Compensation Committee[4]	Attendance rate at meetings of other Committees of the Board of Directors of which he is a member (noting the name of the Committee)

1 Cf. footnote 2.
2 Regarding a director who is a member of this committee.
3 Regarding a director who is a member of this committee.
4 Regarding a director who is a member of this committee.

			Ehud Arnon	100%				Nominations and Corporate Governance Committee – 100% Corporate Responsibility Committee - 100% Israel Real Estate Committee - 100%		
			Chaim Katzman	96%				Israel Real Estate Committee - 100%		
			Modi Konigsberg	100%	100%		100%	IT and Information Security Committee - 100%		
			Aviad Armoni	93%	100%			IT and Information Security Committee - 100%		
			Noga Knaz [1]	100%	100%			Nominations and Corporate		

Regarding a director who is a member of this committee
since March 8, 2025. The participation rates presented refer to the period beginning from commencement date of her service.

								Governance Committee – 100% IT and Information Security Committee - 100% Israel Real Estate Committee - 83%		
			Shmuel Hauser	100%	100%		100%	Nominations and Corporate Governance Committee – 100% Corporate Responsibility Committee - 100%		
			Limor Shofman	100%	100%		100%	Nominations and Corporate Governance Committee – 100% Corporate Responsibility Committee - 100%		
			Ronnie Bar-On	100%	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.							√	

SEPARATION OF THE FUNCTIONS OF THE CEO AND THE CHAIRMAN OF THE BOARD OF DIRECTORS					
				Correct	Incorrect
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[1]. 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: _____.	_____	_____

[1] In a debenture company – approval pursuant to Section 121(d) of the Companies Law.

		B.	The service was approved pursuant to Section 121(c) of the Companies Law[1]: □ Yes □ No *(Mark an X in the appropriate box).*	_____	_____
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

				Correct	Incorrect
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.	Chair 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.	√	

[1] In a debenture company – approval pursuant to Section 121(d) of the Companies Law.

		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

			Correct	**Incorrect**
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 will be approved: Between one 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: Q1 Report (2025): 1 Q2 Report: 1 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: Q1 Report (2025): 1 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 chair 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

				Correct	Incorrect
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.	Chair 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 "Incorrect", state – Type of transaction approved as aforesaid: ______ Number of times these powers were used in the reporting year: ______			√	

INTERNAL AUDITOR

		Correct	Incorrect
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)[1]: 3500	———	———
	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.	√	
36.	The Internal Auditor is not an Interested Party in the Corporation, his Relative, an Independent Auditor or anyone acting on his behalf and also does not maintain material business relations with the Corporation, its Controlling Shareholder, his Relative or corporations under their Control.	√	

[1] Includes work hours invested in investee corporations and in overseas auditing, as the case may be.

TRANSACTIONS WITH INTERESTED PARTIES

		Correct	Incorrect
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 Where 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)[1].	√	

[1] 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.

	If you answer "Incorrect" – 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 Reviewing Committee Modi Kenigsberg

G City Ltd.

Chapter E - Financial information from the consolidated financial statements attributable to the Company

as at December 31, 2025

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Shape the future
with confidence

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To
The Shareholders of G City Ltd.
of 8 Aharon Becker St., Tel Aviv-Forma

Special auditors' report on the separate financial information in accordance with Regulation 9c of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

Opinion

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, 2025.

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 3,249 thousand as of December 31, 2025 and the Company's share of their earnings (losses) amounted to approximately NIS (124) thousand for the year ended December 31, 2025. 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.

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.

Basis for Opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Information section of our report. We are independent of the Company in accordance with the relevant independence requirements and conflict-of-interest rules applicable in Israel to audit professionals. We have also fulfilled our other ethical responsibilities in accordance with the Israeli Certified Public Accountants Law, 1955, and its related regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and Management for the Separate Financial Information

The Board of Directors and management are responsible for the preparation and presentation of the separate financial information in accordance with Regulation 9c of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970, and for such internal control as the Board and management determine is necessary to enable the preparation of separate financial information that is free from material misstatement, whether due to fraud or error.

In preparing the separate financial information, the Board of Directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting in the separate financial information unless the Board of Directors and management intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Separate Financial Information

Our objectives are to obtain reasonable assurance about whether the separate financial information is free from material misstatement, whether due to fraud or error, and to issue a special auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial information.

In performing an audit in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. As part of an audit, we:

- Identify and **assess** the risks of material misstatement of the separate financial information, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and management.
- Conclude on the appropriateness of management’s use of the going concern assumption, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our special report to the related disclosures in the separate financial information, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our special report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the separate financial information, including the disclosures, and whether the separate financial information is prepared, in all material respects, in accordance with Regulation 9c of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

We communicate with the Board of Directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during our audit.

Tel Aviv,	Kost Forer Gabbay & Kasierer
March 16, 2026	A Member of Ernst & Young Global

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, 2025 (“Reporting Date”), published as part of the periodic reporting ("Special Reports"), attributed to the Company, separately, presented in accordance with Regulation 9”C 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.

	Additional	December 31, 2025	December 31, 2024
		NIS millions	
Assets			
Current assets			
Cash and cash equivalents	B.	71	123
Short-term deposits	B.	48	488
Short-term loans		1,336	-
Financial assets	C.	9	1
Financial derivatives	D.	73	45
Other receivables		37	109
Inventory of offices		236	-
Trade and revenue receivable, and contractual assets		155	15
Dividend receivable from consolidated subsidiaries		262	-
		2,227	781
Non-current assets			
Financial assets	C.	26	61
Financial derivatives	D.	34	42
Investment property		3,461	3,414
Investment property under development		963	1,157
Other investments, loans and receivables		141	16
Loans to subsidiaries	E.	2,092	3,164
Investments in subsidiaries		8,003	7,776
Fixed and other assets, net		18	19
		14,738	15,649
Total assets		16,965	16,430

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

	Additional	December 31, 2025	December 31, 2024
		NIS millions	
Liabilities and Equity			
Current liabilities			
Current maturities of non-current liabilities	D.	1,364	1406
Short-term loans from subsidiaries	F.	448	130
Financial derivatives	D.	3	-
Trade payables and service providers		22	25
Other payables	D.	109	182
Total current liabilities		1,946	1,743
Non-current liabilities			
Loans from banks	D.	2,197	2,197
Loans from affiliates	F.	42	-
Debentures	D.	8,851	8,147
Other liabilities		6	13
Financial derivatives		-	150
Deferred taxes	E.	3	-
Total non-current liabilities		11,099	10,507
Equity attributable to equity holders of the Company	G.		
Share capital		253	253
Share premium		4,984	4,981
Retained earnings		2,367	2,446
Adjustments due to translation of financial statements of foreign operations		(5,316)	(4,763)
Other reserves		1,813	1,279
Treasury shares		(181)	(16)
Total equity		3,920	4,180
Total liabilities and equity		16,965	16,430

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

March 16, 2026			
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

	Additional	Year ended December 31 2025	2024	2023
		NIS millions		
Rental and other income		320	355	304
Property operating and other expenses		122	115	106
Net income from rental of buildings		198	240	198
Revenue from the sale of offices		185	-	-
Cost of sales of offices		157	-	-
Net income from the sale of offices		28	-	-
Operating income, net		226	240	198
Revaluation of investment property and investment property under development, net		113	86	(137)
General and administrative expenses		(59)	(58)	(56)
Sales and Marketing Expenses		(6)	-	-
Other revenues (expenses), net		(85)	4	(1)
Management fees from related companies	1	3	3	2
Income (loss) from subsidiaries, net		449	320	(360)
Operating profit (loss)		641	595	(354)
Financing expenses		(742)	(762)	(824)
Financing income		30	112	43
Financing expenses from subsidiaries, net	1	146	129	11
Income (loss) before taxes on income		75	74	(1,124)
Taxes on income	E.	5	22	79
Net profit (loss) attributed to the Company		70	52	(1,203)

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

Details of financial information from the consolidated statements of comprehensive income attributable to the Company

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Net profit (loss) attributed to the Company	70	52	(1,203)
Other comprehensive income (loss) attributed to the Company			
<u>Amounts classified or reclassified to profit or loss</u>			
Exchange differences on foreign currency translation	123	(91)	38
Exercise of foreign currency translation reserve with respect to subsidiaries	31	-	-
Other comprehensive income (loss) attributed to the Company	154	(91)	38
Other comprehensive income (loss) attributed to the subsidiaries	(389)	(764)	500
Total other comprehensive income (loss) attributed to the Company	(235)	(855)	538
Total comprehensive (loss) attributed to the Company	(165)	(803)	(665)

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

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Cash flows from operating activities of the Company:			
Net profit (loss) attributed to the Company	70	52	(1,203)
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	2	3	3
Financing expenses, net	566	521	770
Revaluation of in investment property, net	(113)	(86)	137
Loss (income) with respect to consolidated subsidiaries, net	(449)	(320)	360
Cost of share-based payment	2	3	1
Other expenses (income), net	85	(4)	-
Taxes on income	5	22	79
	98	139	1,350
Changes in the Company's asset and liability items:			
Decrease (Increase) in other receivables	(108)	90	(43)
Decrease in inventory of offices	104	-	-
Increase (decrease) in trade and other payables	(86)	96	(1)
	(90)	186	(44)
Cash paid and received during the period by the Company for :			
Interest paid	(377)	(382)	(472)
Interest received	292	143	58
Taxes paid	(3)	(83)	-
Dividend received from subsidiaries	-	66	102
	(88)	(256)	(312)
Net cash provided by (used for) operating activity of the Company	(10)	121	(209)

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

	Year ended December 31		
	2025	2024	2023
		NIS millions	
Cash flows from investment activities of the Company:			
Proceeds from the sale of investees	5	-	-
Investment in fixed assets and other assets	(1)	(1)	(1)
Acquisition, construction, and development of investment property	(214)	(183)	(502)
Proceeds from the sale of investment property net of tax paid	610	-	154
Short-term investments, net	2	-	-
Disposal of (investments in) subsidiaries	(227)	224	901
Loans repaid by (granted to) subsidiaries of the Company	(252)	(884)	25
Grant of long-term loans	(19)	-	-
Proceeds from the sale of financial assets and deposits, net	1	22	51
Net cash provided by (used in) investment activities of the Company	(95)	(822)	628
Cash flows from the financing activities of the Company:			
Capital issuance net of issuance cost	-	268	150
Exercise of share options into shares	-*)	-*)	-*)
Acquisition of treasury shares	(165)	(57)	-
Dividend paid to Company shareholders	(73)	(36)	(53)
Issue of debentures less issue expenses	1937	3058	611
Repayment and early redemption of debentures	(1,527)	(1,435)	(1,171)
Receipt (repayment) of long-term credit facilities from banks, net	(47)	(1,232)	(397)
Repayment of long-term loans	(153)	(618)	(115)
Receipt of long-term loans	85	736	444
Net cash provided by (used in) financing activities of the Company	57	684	(531)
Exchange differences for cash and cash equivalents	(4)	(12)	(32)
Decrease in cash and cash equivalents	(52)	(29)	(144)
Cash and cash equivalents at the beginning of the year	123	152	296
Cash and cash equivalents at the end of the year:	71	123	152

*) Represents an amount of less than NIS 1 million

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Significant non-cash activities of the Company:			
Dividend from consolidated subsidiaries against the repayment of loans granted to, or received from, consolidated subsidiaries	20	813	1169
Reimbursement of investment in a subsidiary	71	-	-
Dividend receivable from consolidated subsidiaries	262	-	-
Distribution of a dividend in kind	76	-	-
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

A. General

1) For information about the Company's financial position and liquidity, see Note 1B to the consolidated financial statements.

2) For information concerning the effect of the Swords of Iron war, Rising Lion operation, Roar of the Lion operation, and the current security and political situation in Israel 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 45 million restricted cash from the sale of inventory of offices.

C. Disclosure regarding financial assets attributable to the Company in accordance with IFRS7:

	December 31	
	2025	2024
	NIS millions	
Financial assets at fair value through profit or loss		
Marketable shares (1)	-	1
Marketable debentures (1)	9	-
Participating units in private equity funds (2)	26	61
	35	62
Classified within current assets	9	1
Classified within non-current assets	26	61
	35	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).

D. Disclosure regarding financial liabilities attributable to the Company

1. Other accounts payable attributed to the Company

	December 31	
	2025	2024
	NIS millions	
Accrued expenses	23	16
Interest payable	66	58
Government institutions	5	89
Other provisions (including for legal proceedings)	4	4
Other payables	11	15
	109	182

D. Disclosure regarding financial liabilities attributed to the Company (Cont.)

2. Non-current liabilities attributed to the Company

Composition:	December 31	
	2025	2024
	NIS millions	
Loans from banks and others (1)	2,290	2,305
Debentures (2)(3)	10,122	9,445
	12,412	11,750

(1) Composition of loans from banks and others

	% Interest Effective	December 31	
		2025	2024
	%	NIS millions	
In NIS - unlinked *)	7.98%	472	472
In NIS - unlinked	-	-	69
In NIS - linked	2.09%	1,544	1,480
In USD *)	7.32%	44	-
In USD	6.00%	223	292
In €CAD *)	5.59%	21	-
		2,304	2,313
Less - deferred expenses		(14)	(9)
		2,290	2,304
Less current maturities and short term borrowings		(92)	(107)
		2,198	2,197

*) Variable interest.

To secure bank borrowings, the Company and its wholly-owned subsidiaries pledged shares of subsidiaries, see also Note 25B to the consolidated financial statements.

(2) For further information regarding the composition and other information regarding the terms and conditions of debentures, debenture issues, expansion of debenture series, and financial covenants, see to Note 20 to the consolidated financial statements.

D. Disclosure regarding financial liabilities attributed to the Company (Cont.)

(3) Maturities

	December 31			
	2025		2024	
	NIS millions			
	Loans from banks	Debentures	Loans from banks	Debentures
	NIS millions		NIS millions	
First year - current maturities	92	1,272	107	1,299
Second year	584	1,619	111	1,191
Third year	518	2,213	569	1,486
Fourth year	211	2,431	444	1,731
Fifth year	884	840	211	1,801
Sixth year and onwards	-	1,748	862	1,938
	2,197	8,851	2,197	8,147
	2,289	10,123	2,304	9,446

3. 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 high 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 recent the 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. In 2024, the Company's Board of Directors recently decided to gradually go back 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.

D. 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 Consumer Price Index, for which the Company has exposure to changes in the Consumer Price Index, 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, 95.7% of the Company’s liabilities were at fixed interest (as at December 31, 2024 - 96.0%). For additional details regarding interest rates and maturities, see section D2 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 lines are secured, among other things, by tradeable shares, where a decrease in their price on the stock exchange may lead to a decrease in the ability to utilize those credit line.

5) Credit risks

The Company is not exposed to significant concentration of credit risk. Cash and deposits are deposited with major financially-sound 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.

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.

D. Disclosure regarding financial liabilities attributed to the Company (Cont.)

Following is the contractual maturity schedule of the financial liabilities of the Company (including interest) at undiscounted amounts:

as at December 31, 2025

	Up to Year	2 years Up to 3 Years	4 years Up to 5 Years	Over 5 Years	Total
	NIS Millions				
Trade payables and service providers	22	-	-	-	22
Other payables	109	-	-	-	109
Debentures	1,577	4,341	3,740	1,908	11,566
Loans from banks and others	175	1,210	1,117	-	2,502
	1,883	5,551	4,857	1,908	14,199

as at December 31, 2024

	Up to Year	2 years Up to 3 Years	4 years Up to 5 Years	Over 5 Years	Total
	NIS Millions				
Trade payables and service	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

c) Fair value attributed to the Company

	December 31, 2025		31 December 2024	
	Balance	Fair value	Balance	Fair value
	NIS millions			
Financial liabilities				
Debentures (1)	10,123	9,718	9,446	9,478
Loans from banks and others (2)	2,289	2,210	2,304	2,179
Total financial liabilities	12,412	11,928	11,750	11,657

(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 2I and 35B 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.

D. 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: Inputs that are not based on observable market data (unobservable inputs) (assessment without using observable market inputs).

In 2025, 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.

D. Disclosure regarding financial liabilities attributed to the Company (Cont.)

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	**December**								**December**	**December**
Cross currency swaps	EUR-NIS	2,113	2,313	CPI-linked	4.80%	- 1.29%	Fixed	5.80%	- 2.12%	1.3	356	734
	USD - NIS	341	444	CPI-linked	2.80%	- 1.29%	Fixed	5.84%	- 4.00%	2.4	99	74
Linkage basis swaps	EUR	1,798	949	Fixed	3.17%	- 3.0%	CPI-linked	1.67%	- 0.00%	5.2	(236)	(229)
	USD	351	-	Fixed	3.19%	- 2.66%	CPI-linked			0.4	1	-
	NIS	3,500	-	Fixed	2.01%	- 0.97%	CPI-linked			0.6	12	-
Forward contracts and options of	various currencies	6,200	3,345							Short term	57	(110)
											289	469
CSA proceeds, net											(185)	(532)
											104	(63)

D. Disclosure regarding financial liabilities attributed to the Company (Cont.)

1) Sensitivity analysis of financial instruments for changes in market risks

	Sensitivity analysis of financial balances to absolute changes in Consumer Price Index			
	Absolute changes in interest rates			
Impact on pre-tax income (loss)	USD USA	USD CAD	Interest EUR	Interest NIS
Per year for 1% interest increment *)	NIS Millions			
December 31, 2025	-	-	-	(5)
December 31, 2024	-	-	-	(5)

*) 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			
	Disclosure regarding financial liabilities attributed to the Company (Cont.)			
	2%	1%	1%-	2%-
Impact on pre-tax income (loss)	NIS Millions			
December 31, 2025	(173)	(87)	87	173
December 31, 2024	(210)	(105)	105	210

	Sensitivity analysis for financial derivatives - changes Disclosure regarding financial liabilities attributed to			
	2%	1%	1%-	2%-
Impact on pre-tax income (loss)	NIS Millions			
December 31, 2025	(90)	(45)	45	90
December 31, 2024	40	20	(20)	(40)

	Sensitivity analysis for financial derivatives - changes Disclosure regarding financial liabilities attributed to			
	2%	1%	1%-	2%-
Effect on pre-tax equity	NIS Millions			
December 31, 2025	25	13	(13)	(25)
December 31, 2024	-	-	-	-

D. 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 Millions**			
December 31, 2025				
Change in EUR exchange rate	(102)	(51)	53	118
Change in USD exchange rate	(29)	(21)	26	54
December 31, 2024				
Change in EUR exchange rate	(228)	(114)	114	228

	Sensitivity analysis for financial derivatives - relative changes in exchange rates			
	+ 10%	**+ 5%**	**- 5%**	**- 10%**
Effect on pre-tax equity (accounting hedge)	**NIS Millions**			
December 31, 2025				
Change in EUR exchange rate	(442)	(221)	221	441
Change in USD exchange rate	(117)	(58)	58	117
December 31, 2024				
Change in EUR exchange rate	280	138	(131)	(257)

	Sensitivity analysis for financial derivatives - absolute changes in interest rates			
	2%	**1%**	**1%-**	**2%-**
Impact on pre-tax income (loss)	**NIS Millions**			
December 31, 2025				
Change in EUR interest	48	25	(26)	(53)
Change in USD interest	14	7	(8)	(16)
Change in NIS real interest	(51)	(26)	26	53
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

With regard to key working assumptions for sensitivity tests of financial instruments, see Note 35E to the consolidated financial statements.

E. 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 24A1 to the consolidated financial reports.

2. Tax assessments attributed to the Company

The Company has final tax assessments up to and including the 2023 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.

E. 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 eliminated. 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 205 million as at reporting date (2024 - NIS 391 million), which were offset against the Company's deferred taxes.

7. Deferred taxes attributed to the Company

	December 31	
	2025	2024
	NIS millions	
Revaluation of financial investments to fair value	72	(18)
Carry-forward losses	205	391
Revaluation of investment property and property under development	(280)	(373)
	(3)	-

8. Taxes on income attributed to the Company included in profit or loss

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Current taxes	2	26	59
Deferred taxes	2	(4)	20
Taxes for previous years	1	-	-
	5	22	79

E. 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 2025, deferred tax expenses were recorded in the amount of NIS 0.9 million, which was offset by deferred tax expenses in other comprehensive income under the adjustments arising from the translation of financial statements item (in 2024, deferred tax income in the amount of NIS 27 million and in 2023, deferred tax income in the amount of NIS 11 million), see Note 26D to the consolidated financial statements.

F. Loans, balances and material engagements with subsidiaries

1. Balances with subsidiaries

a) Composition:

	December 31	
	2025	2024
	NIS millions	
Dividend receivable from consolidated subsidiaries	262	-
Non-current assets		
Investments in subsidiaries	8,003	7,776
Long-term loans and debts *)	2,092	3,164
Current liabilities		
Short-term loans *)	448	130
Non-current liabilities		
Long-term loans *)	42	-

*) Refer to section 4 below.

2. Balances with subsidiaries

	Year ended December 31		
	2025	2024	2023
	NIS millions		
Management fees income 3(A), 3(B) and 3(C)	3	3	2
Financing income (expenses), net	146	129	11

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 2025, 2024 and 2023 is NIS 0.5 million.

b. For further information regarding management fees from Norstar Israel, see Note 36D to the consolidated financial statement.

F. Loans, balances and material engagements with subsidiaries (cont.)

4. Loans to subsidiaries

	Basis Linkage	% Interest %	December 31 2025 NIS millions	December 31 2024 NIS millions
Wholly-owned subsidiaries in USA	USD	L+ 1.25	115	132
Wholly-owned subsidiaries in Germany	EUR	E+ 0.5	3	3
Wholly-owned subsidiaries in Cyprus	EUR	E+ 1.5	1,325	2,361
A wholly-owned subsidiary in Cyprus	EUR	4.18	389	408
Wholly-owned subsidiaries in Israel	NIS	Without	260	260
			2,092	3,164

5. Loans from subsidiaries

	Basis Linkage	% Interest %	December 31 2025 NIS millions	December 31 2024 NIS millions
A wholly-owned subsidiary in Cyprus *)	EUR	Without	448	-
A wholly-owned subsidiary in Canada **)	CAD	C+ 2	42	87
Wholly-owned subsidiary in the Netherlands	USD	L+ 2	-	43
			490	130

*) The loans will be repaid in 2026.
**) The loans will be repaid in 2027.

6. Repayment Dates

Loans from wholly owned subsidiaries

	December 31 2025 NIS millions NIS	December 31 2024 NIS millions NIS
First year	3	132
Second year	-	6
Third year	1,440	-
Fourth year	-	2,358
Sixth year and onwards	389	408
Renewable annually *)	260	260
	2,092	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.

F. Loans, balances and material engagements with subsidiaries (cont.)

7. Dividends from subsidiaries

	Year ended December 31		
	2025	2024	2023
	NIS millions		
CTY	-	66	102
Canada	-	499	1,169
Wholly-owned subsidiaries in Cyprus (*)	262	341	-
Asia (**)	20	-	-
	282	906	1,271

(*) The 2025 dividend was received after the reporting date.
(**) Against repayment of a loan received.

G. 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 27 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 in 2024, see Note 26I to the consolidated financial statements.
3. For update in dividend distribution policy of the Company, refer to Note 26F to the consolidated financial statements. In the reporting period, the Company announced distribution of a dividend in the amount of NIS 0.375 per share (total amount of NIS 50 million), of which NIS 25 million (NIS 0.125 per share) was paid on April 8, 2025, and NIS 23 million (NIS 0.125 per share) was paid on September 08, 2025.
On November 27, 2025, the Company declared a dividend in kind to its shareholders, consisting of shares of Orion Ltd. in the amount of NIS 76 million. The dividend in kind was actually distributed on December 8, 2025. For further information, see Note 9G to the financial statements.
4. In the reporting period, the Company bought back 13.2 million shares of the Company for NIS 165 million. The acquired shares are treasury shares. As at December 31, 2025, 14.5 million shares are treasury shares.

H. 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 36C1 to the consolidated financial statements.
2. For further information concerning the issue of debentures of the Company in the reporting period, see Notes 20C1, 20C6, 20C7, 20C8, and 20C9 to the consolidated financial statements.
3. In the reporting period the Company bought back NIS 190.6 million par value Debentures (Series L, M, N, O, P, Q), in return for NIS 211.4 million. Following the buyback, the Company recognized an early redemption gain in the amount of NIS 7.4 million. The buyback debentures were canceled and delisted.

I. Subsequent events

1. On March 19, 2025, the Company’s Board of Directors announced the distribution of a dividend in the amount of NIS 0.16 per share (a total amount of NIS 28.6 million), payable on April 13, 2026, to the shareholders of the Company on March 31, 2026.
2. For further information regarding the results of the tender offer to purchase all minority shares of CTY subsequent to reporting date, see Note 9D(6) to the consolidated financial statements.
3. For further information concerning the early redemption of the Company’s debentures subsequent to reporting date, see Note 20C13 to the consolidated financial statements.
4. For further information regarding the upgrading of the ratings for the Company's debentures subsequent to reporting date see Note 20C15 to the consolidated financial statements.
5. For further information regarding the buyback of the Company's shares subsequent to reporting date see Note 26J to the consolidated financial statements.

Chapter 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)

Additional Details to the Separate Financial Information Annual Report regarding the Effectiveness of Internal Control

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, the rental income 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, 2025, is effective.

Officers' Declarations

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 2025 (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 16, 2026

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 2025 (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 16, 2026

Gil Kotler
CFO

Shape the future
with confidence

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March 16, 2026

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

Dear sir or madam,

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

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

1) Independent Auditor's Report dated March 16, 2026 on the Company's consolidated financial statements as at December 2025 and for the year then ended.

2) Auditors' Report dated March 16, 2026 on the internal auditing of the consolidated financial statements of the Company as at December 31, 2025.

3) The Auditors' special report dated March 16, 2026, on the separate financial information of the Company as at December 31, 2025, and for the year then ended, pursuant to Regulation 38C of the Securities Regulations (Periodic and Immediate Reports), 1970.

Kost Forer Gabbay & Kasierer
Certified Public Accountants