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City

Quarterly Report as at June 30, 2026

G City Ltd.
Board of Directors Report to the Shareholders
for the Period ended on June 30, 2026

The Board of Directors of G City Ltd. (the “Company”) is pleased to present the Company’s Board of Directors’ Report for the period ended June 30, 2026 (the “Reporting Period”). The scope of this report is limited, and it is drafted under the presumption that the readers will also have before them the Company’s periodic report for the year ended December 31, 2025, which was published on March 17, 2026 (Ref. No.: 2026-01-023271) (the “Periodic Report”).

It is hereby clarified that this Report includes only information that the Company believes is material information. Nonetheless, in some cases, to complete the picture, additional information that is not necessarily material information was included.

1. The Company and its Operations

1.1. <u>Introduction</u>

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, in 2025 and during the reporting period, the Company significantly increased its holdings in its subsidiary, Citycon Oyj. (“CTY”), incorporated in Finland[2].

The Group’s operations are carried out in Israel directly by the Company, and through G City Europe Limited (“G Europe”)[3], that operates in central Europe (mainly in Poland) through CTY, a public company controlled by the Company that operates in Northern Europe, 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”).

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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 For further information regarding the acquisition as published by the Company of CTY shares, see to section 1.5 below.

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

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 and includes organic growth, enhancing the Group's property rights, selective acquisition of properties with betterment potential and their improvement, further sale of properties or entering into partnerships in properties for which betterment has been completed, and in properties being constructed or that will be constructed by the Company for sale. Among other things, the Group is exploring significant sale of properties, including in a manner similar to the disposal of properties carried out under the Orion transaction (as set out in section 1.3 below).

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 periodic report.

Property Disposal Plan and Business Focus

Moreover, in August 2026 the Company approved a property disposal plan amounting to NIS 6.1 billion and business focus, most of which is expected to be completed by the end of 2027 (the "Property Disposal Plan").

The Property Disposal Plan consists primarily of the following components:

- Sale of rental residential properties owned by the Group in the USA and Poland.[4]
- The sale of commercial properties in Northern USA, while focusing on activity in the USA in commercial properties in Florida.
- The sale of the Group's properties in Brazil.
- The sale of properties in CTY in an amount of NIS 2.9 billion (most of which are intended for sale in 2027, and a smaller portion in early 2028), under the Property Disposal Plan approved by CTY's board of directors, and as reported by CTY in August 2026.

The Company's Board of Directors believes that the Property Disposal Plan, which is for non-core assets of the Group, is expected to bring about focusing on shopping centers anchored by supermarket chains and concentration in fewer territories. This will lead to managerial and operations efficiency for the Group, along with significant savings in general and administrative expenses, improvement of the Company's performance and results, and reduction of the Group's leverage.

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4 Excluding a rental housing project in Tampa, Florida, USA, which will not be sold at this stage due to tax considerations.

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, in December 2025, the Company's entire holdings in Orion were distributed to its shareholders as a dividend in kind. For further information, see Note 9G to the financial statements of the Company as at December 31, 2026.

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 EUR 1,370 million par value.

Furthermore, the Company and Orion have engaged in several agreements (including through subsidiaries owned by G Europe), including, among other things, agreements under which the Group provides Orion with property management services in Poland, as well as a non-compete agreement. For further information, see Note 9G to the annual financial statements, section 7.1 of the Description of the Company's Business in the Periodic Report, and Note 3B9 to the condensed consolidated interim financial statements as at June 30, 2026.

1.4. Noga Project

In May 2026, the Company announced that it is exploring the option of establishing a new legal entity to acquire the property companies that own income-generating properties in Finland ("Property Companies"), which are currently owned by CTY, and is also exploring disposal of most of the Company's holdings in such company while continuing to provide it with management services. Subsequently, in June 2026, the Company announced the establishment of a dedicated company under the name Noga Retail Properties Ltd. ("Noga"), which will indirectly hold property companies that will hold three income-generating properties valued at EUR 423 million as at reporting date. The Company further announced that it has submitted a first draft of a prospectus to the Israel Securities Authority and the Tel Aviv Stock Exchange Ltd. for a dividend-in-kind distribution of all Noga shares by the Company (by way of a spin-off), as well as an IPO of Noga's debentures (Series A) ("the Offering"). In August 2026, Noga published a first draft of the public prospectus.

According to the draft prospectus, and subject to completion of the Offering under the final prospectus, three income-generating properties indirectly held by CTY, known as Myyrmanni, Trio Company[5], and Koskikeskus Company, will be transferred to the indirect ownership of Noga under a structural reorganization.[6] At present, these assets are clear of any external debt. The Debentures (Series A) will be secured by a lien on Noga's assets.

For the avoidance of any doubt, it is emphasized that at this stage, the structure of the IPO, distribution in-kind of Noga shares, debt raising, and the timing, scope, and terms thereof, have not yet been determined. Furthermore, at this stage, no binding agreements have been signed between the Company and CTY regarding Noga's acquisition of the property companies. There is no certainty that the IPO and/or distribution in-kind and/or debt raising will materialize, as they depend, among other things, on external factors beyond the control of the Company and Noga, including suitable market conditions, agreements with financial institutions, and obtaining approvals and permits required by law and/or from the competent authorities, including the Israel Securities Authority's permit to publish the prospectus and TASE approval to list Noga's securities for trading, as well as final approval of the corporate organs of both the Company and Noga. It is further clarified that the Company and Noga may cancel the IPO and/or distribution in-kind and/or debt raising,

5 An 89.86% held company with the balance held by a third party; the company will also hold the companies Trio Hotel and Trio Parking (36%) and the balance will be held by a third party.

6 Including rights in the parking lots adjacent to these properties.

postpone them, and/or change their terms for any reason whatsoever and at their sole discretion, and that an IPO, if executed, will be carried out pursuant to the prospectus, if and when published, which will set out, among other things, the scope of the IPO and all other terms.

1.5. 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 56.73 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, On December 31, 2025, 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 (the "Tender Offer"), which in January 2026 was adjusted to EUR 3.80 per share following a dividend distribution by way of capital repayment in the amount of EUR 0.2 per share by CTY.

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 own resources.[7]

The acquisition of shares under the Tender Offer is expected to result in an increase of NIS 619 million in the Company's equity (NIS 3.46 per share), a reduction of 2.3% in the expanded standalone leverage ratio, and an increase in the consolidated leverage ratio of 2.7%, and is expected to increase the FFO for 2026 by NIS 38 million (NIS 0.21 per share)[8].

In March 2026, CTY announced the distribution of an additional dividend to its shareholders in the amount of EUR 0.9 per share. It should be noted that the total consideration the Company paid in the tender offer, net of special dividends declared by CTY and received by G City in April 2026 in the amount of EUR 164 million, is EUR 26 million.

In April through August 2026, the Company acquired 950,000 shares on the stock exchange at an average price of EUR 2.875 per share.

On July 6, 2026, the Company issued the specifications for an additional tender offer, under which it offered to purchase all minority shares in CTY (including securities convertible into CTY shares) at a price of EUR 2.9 per share (the "Second Tender Offer").

On August 3, 2026, the Second Tender Offer concluded, under which holders of 5.2 million CTY shares, representing about 2.83% of its share capital, accepted the offer. As a result the Company holds 89.7% of CTY's share capital. Following the results of the tender offer, and the additional acquisitions executed subsequent to the reporting date, the Company expects to record an increase in equity of NIS 69 million.

In order to provide CTY's minority shareholders with an additional opportunity to accept the Second Tender Offer, the Company has decided to launch a subsequent offer, which effectively constitutes an extension of the Second Tender Offer period, under the same terms, until August 27, 2026. If the response to the subsequent offer results in the Company holding more than 90% of CTY's share capital, the Company intends to execute a squeeze out acquisition mechanism against the minority shareholders and if this is achieved, the Company intends to initiate the delisting of CTY's shares from trading on the Helsinki Stock Exchange.

7 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 up to EUR 195 million, of which, to date, the Company has withdrawn EUR 70 million and is entitled to withdraw a further EUR 29 million.

8 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.

1.6. Tender offer for the Company’s shares

On August 19, 2026, the Company's Board of Directors approved a share buyback offer of up to 10 million ordinary shares of the Company, reflecting 5.8% of the Company’s share capital, for a consideration of NIS 11.5 per share (and a total of approximately NIS 115 million). The Company intends to issue a buyback tender offer specification according to the provisions of the Securities Regulations, 2000.

The Company's estimates regarding the manifestation of the foregoing strategic plan and property disposal plan, including the sale of properties and investments as aforesaid, the volume and consideration with respect thereto, constitute forward-looking information as defined in the Securities Law – 1968. These estimates are based on the Company's plans as they were at that date, which are based to a significant extent on their expectations and assessments, among others, with respect to macro-economic and other (industry-related and general) developments, and their synergy. Furthermore, the Company’s foregoing property disposal plan and its investment plan 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, in addition to the effects of inflation, interest rates, and special situations such as the wars and military operations that have taken place in recent years. 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.

1.7. The Group's assets as at June 30, 2026 (including jointly controlled properties):

	Key Countries of Operation	Holding interest	Income-producing property	Properties under development	Land	GLA (sq.ms in thousands)
CTY	Finland, Norway, Sweden, Estonia and Denmark	86.5%	31	-	-	988
G Europe	Poland	100.0%	11	1	1	243
Gazit Brasil	Brazil (Sao Paulo)	83.5%	7	-	-	151
G Israel	Israel	100.0%	9	2	1	139
Gazit Horizons	USA	100.0%	14	2	1	72
Total carrying amount			**72**	**5**	**3**	**1,593**
Jointly controlled properties			4	-	1	75
Total			**76**	**5**	**4**	**1,668**

		Investment property and investment property under development			
		Income-producing property	Properties under development [1]	Land	Total
	Key Countries of Operation	NIS millions			
CTY	Finland, Norway, Sweden, Estonia and Denmark	12,942	-	-	12,942
G Europe	Poland	4,720	281	106	5,107
Gazit Brasil	Brazil (Sao Paulo)	1,767	-	-	1,767
G Israel	Israel	3,526	519	474	4,519
Gazit Horizons	USA	1,580	329	240	2,149
Total carrying amount		**24,535** [2,3]	**1,129**	**820**	**26,484**
Jointly controlled properties		1,335	-	1	1,336
***Total**		**25,870**	**1,129**	**821**	**27,820**

* The Group's assets include, among other things, 2,700 apartments for rent and under construction.

1 Including extensions to income-generating assets

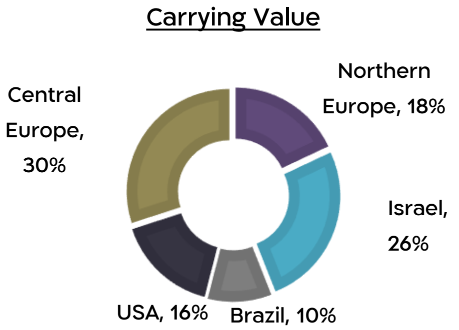
2 The balance of the yielding assets attributed to the expanded separate information (not incl CTY), an amount of NIS 0.8 billion is attributed to vacant space.. For the purpose of calculating the value attributed to vacant spaces, vacant space was defined as space that did not generate rent during the 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.

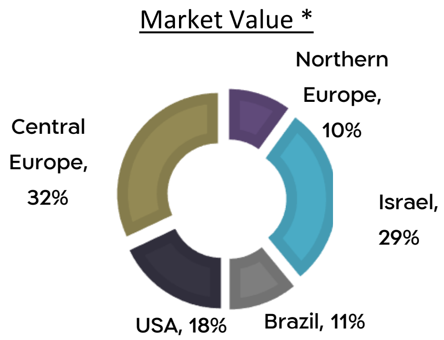
3 The balance of the income generating properties attributed to the expanded separate information (excluding CTY), an amount of NIS 0.9 billion is attributed to income generating rental residential properties.

Breakdown of the properties classified as assets held for sale included in the Group's total assets as at June 30, 2026:

	Country	Number of properties	Carrying amount NIS millions
G Europe	Poland	1	9
CTY	Finland, Estonia, Sweden and Denmark	8	2,670
Total carrying amount		**9**	**2,679**

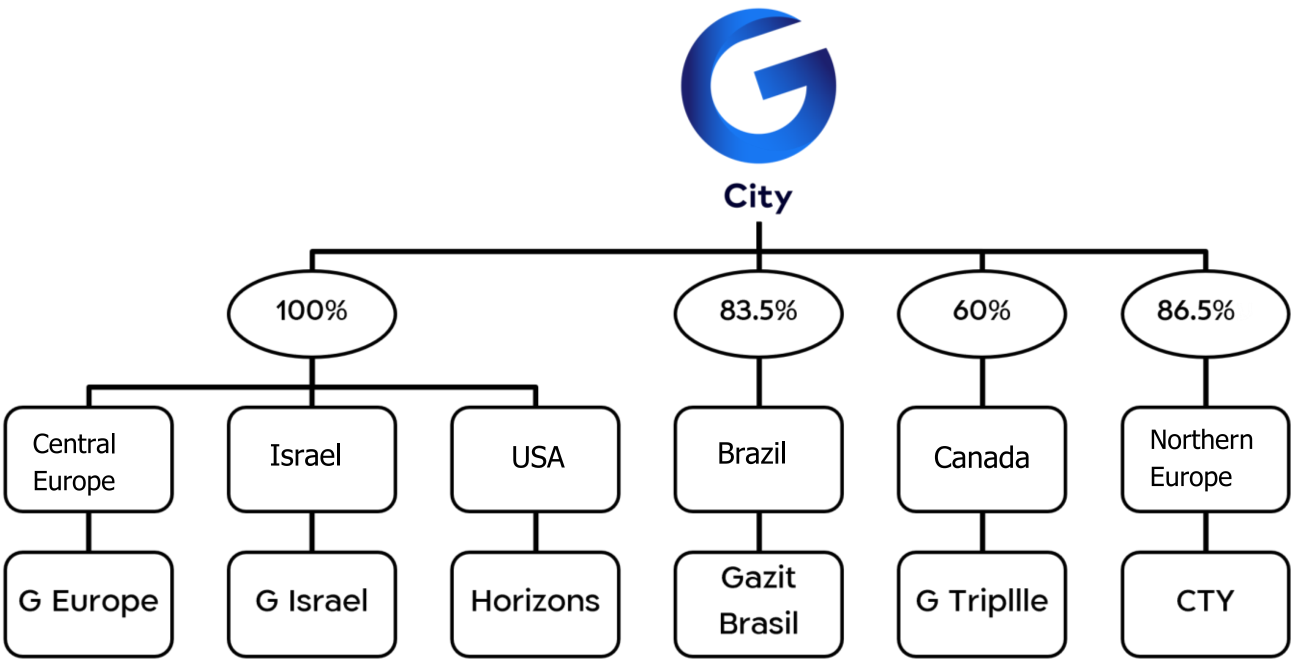
1.8. Breakdown of the Company's investments in its operating segments (on an expanded separate basis) as of June 30, 2026:





* The investment in CTY is presented as market value.

1.9. The Company's Major Holdings (holding structure and interests are as of June 30, 2026):



1.10. Highlights of the first six months of 2026 (the "Periodic Report") and for the second quarter of 2026 (the "Quarter")

(NIS millions, other than per share data)	June 30	December 31
	2026	2025
Net debt to total assets ratio (expanded separate information)	66.3%	68.4%
Net debt to balance sheet ratio (consolidated) [1]	65.0%	62.4%
Equity attributable to equity holders of the Company	4,120	3,920
Equity per share attributable to shareholders of the Company (NIS)	24.1	21.1

	For the 6 months ended June 30			For the 3 months ended June 30		
	2026	**2025**	**Change**	**2026**	**2025**	**Change**
Income from building rentals and other revenue	1,000	1,158	(13.6%)	491	589	(16.6%)
NOI	713	797	(10.5%)	359	412	(12.9%)
NOI based on proportionate consolidation, excluding exchange rate changes [3]	650	543	19.7%	332	265	25.3%
Funds from operations (FFO) per share (expanded separate information) (in NIS) [4]	1.46	1.11	31.5%	0.68	0.69	(1.4%)
FFO	221	176	25.6%	96	107	(10.3%)
FFO per share (in NIS) [5]	1.24	0.89	39.3%	0.55	0.54	1.9%
FFO from the income generating properties segment [6]	198	194	2.1%	97	116	(16.4%)
FFO per share from the income generating properties segment [6]	1.11	0.98	13.3%	0.56	0.59	(5.1%)
Number of shares used in calculating the FFO per share (thousands)	178,186	198,611	(10.3%)	173,076	197,982	(12.6%)
Early payment and redemption of debentures [7]	(2,790)	(2,874)	-	(2,087)	(2,092)	-
Net income (loss) attributable to shareholders of the Company	92	(10)	-	83	236	-
Diluted net earnings (loss) per share (NIS)	0.50	(0.05)	-	0.44	1.05	-
Earnings (loss) including the Company's shareholders	(201)	35	-	(278)	(188)	-

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

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

3 Excluding NOI attributable to CTY non-controlling interests

4 See section 2.2 below.

5 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.

6 See section 2.3 below.

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

- Net operating income (NOI) from similar properties increased by 5.0% in the reporting period (3.9% in the quarter) compared to the corresponding period last year (based on proportionate consolidation 5.0% in the period and 3.6% in the quarter). For further information, see section 3.2 below.
- In the reporting period, the number of visitors to the Group's properties increased by 1.3%. Furthermore, tenant revenue increased by 2.6% compared with the corresponding period last year.
- As at June 30, 2026, the Company and its subsidiaries have liquid balances and unutilized lines of credit available for immediate withdrawal amounting to NIS 1.7 billion (of which NIS 1.5 billion in the Company and its wholly owned subsidiaries, and includes cash and cash equivalents, marketable securities and short term deposits of NIS 0.9 billion).
- During the reporting period, the Company completed the tender offer for CTY's shares, through which it acquired 27.3% of CTY's share capital for consideration of EUR 190 million. For additional details refer to section 1.5 above.
- As a result of the exchange rate changes of the USD, EUR, BRL and CAD against the NIS, and the NOK and SEK against the EUR, the equity attributable to Company shareholders decreased in the reporting period by NIS 260 million (NIS 290 million in the quarter) (net of the effect of currency swap transactions).

In general, the strengthening of the NIS against all 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.

1.11. Credit rating of subsidiaries:

Rating Agency	G City	CTY	G Europe
Moody's	- [(1)]	-	B2/Stable
S&P Maalot	ilA-/ Stable[(2)]	B+/ Stable [(3)]	-

(1) On May 28, 2026, at the request of the Company, the Midroog rating agency ceased rating the Company and its debentures.

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

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

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

2.1. Consolidated Balance Sheet and Extended Separate Balance Sheet (the Company's balance sheet with the investment in CTY presented according to the equity method), as at June 30, 2026

Properties	Consolidated NIS millions		Extended Separate NIS millions	
Investment in real estate properties in Northern Europe	10,278		3,122[1]	
Investment in real estate properties in Central Europe [2]	5,099		5,099	
Investment in real estate properties in Israel	4,519		4,519	
Investment in real estate properties in the USA [2]	2,842		2,842	
Investment in real estate properties in Brazil	1,767		1,767	
Investment in real estate properties in Canada [2]	43		43	
Total investment in investment property		**24,548**		**17,392**
Other assets		**4,709**		**1,349[3]**
Total assets		**29,257**		**18,741**
Liabilities:				
Interest-bearing liabilities *	20,126		13,359	
Net of cash and cash equivalents, marketable securities and short term investments	(1,105)		(928)	
Interest-bearing liabilities, net		**19,021**		**12,431**
Other financial liabilities		**2,462**		**1,116[4]**
Total liabilities		**21,483**		**13,547**
Capital				
Equity attributable to the Company's shareholders		**4,120**		**4,120**
Non-controlling interests		**3,654**		**1,074[5]**
Equity		**7,774**		**5,194**
Net interest bearing liabilities to total balance sheet		**65.0%**		**66.3%**

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

Year	Company's debentures		Debentures of G Europe	Financial Institutions		Mortgages	Total	CTY	Total	%
	Secured	Unsecured		Secured	Unsecured		Extended Separate		Consolidated	
2026	80	-	-	28	30	603	741	-	741	3.7%
2027	768	706	391	267	178	78	2,388	-	2,388	11.9%
2028	846	1,257	-	28	-	1,390	3,521	1,164	4,685	23.3%
2029	1,043	1,252	-	32	-	384	2,711	1,889	4,600	22.9%
2030	809	-	-	39	-	1,075	1,923	1,480	3,403	16.9%
2031 onwards	849	725	-	323	-	178	2,075	2,234	4,309	21.3%
Total	**4,395**	**3,940**	**391**	**717**	**208**	**3,708**	**13,359**	**6,767**	**20,126**	**100%**

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

	2023	2024	2025	June 2026
Opening balance	**17,635**	**17,029**	**15,501**	**14,990**
Receipt of loans or lines of credit / issue of debentures	2,049	3,936	2,472	670
Repayment of loans, lines of credit and debentures	(3,295)	(5,439)	(3,185)	(2,254)
CPI linkage and exchange rate differentials	750	67	323	(10)
Other changes[6]	(110)	(92)	(121)	(37)
Closing balance	**17,029**	**15,501**	**14,990**	**13,359**
Net of cash and cash equivalents, marketable securities and short term investments and foreign currency derivatives	(594)	(1,211)	(2,084)	(928)
Closing balance	**16,435**	**14,290**	**12,906**	**12,431**

1 Investments in the extended separate balance sheet are presented using the equity method net of inter-company liabilities for a credit line that CTY had provided to a wholly owned subsidiary of G City, which had withdrawn EUR 70 million (NIS 238 million) as at reporting date. As at reporting date the Company holds 158.7 million shares of CTY (86.5%). The market value of the investment in CTY as at June 30, 2026, is NIS 1,560 million (EUR 2.9 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, deferred tax liabilities of NIS 0.4 billion, and derivative financial instruments of NIS 0.1 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 0.4 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 Including, mainly, depreciation of premium and discounting and income from early redemption of debentures.

2.2. FFO - expanded separate information

	For the 6 months ended June 30		For the 3 months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	(NIS millions, other than per share data)				
Available sources for distribution from a public subsidiary (CTY) [1]	102	73	51	40	155
Available sources for distribution from private subsidiaries [2]	325	343	149	172	705
Total income	427	416	200	212	860
General and administrative expenses	(32)	(30)	(16)	(12)	(64)
Interest expenses, net	(132)	(157)	(65)	(58)	(301)
Taxes	(2)	(8)	(2)	(5)	(14)
Total expenses	(166)	(195)	(83)	(75)	(379)
FFO	261	221	117	137	481
FFO per share (in NIS)	1.46	1.11	0.68	0.69	2.48

[1] Calculated based on adjusted FFO net of current capex
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.
In the 6 months ended June 30, 2026, CTY distributed dividends of EUR 1.1 per share (the Company's share being EUR 165 million). In 2025, CTY did not distribute dividends.

[2] Includes income from early repayment of interest-bearing debt, as well as CAPEX in the amount of NIS 45 million in 2025, and NIS 11 million in each quarter of 2026 and 2025.

2.3. (EPRA Earnings) 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.

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

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

For further information see section 2.3 of the Board of Directors report included in the periodic report.

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:

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	(NIS millions, other than per share data)				
Net profit	165	161	124	367	390
Adjustments:					
Net of (profit) loss from secondary operations [1]	(2)	5	1	5	(13)
Fair value gain from investment property and investment property under development, net	(100)	(413)	(73)	(350)	(674)
Capital loss on sale of investment property	10	64	6	2	206
Change in fair value of financial instruments, including derivatives, measured at fair value through profit or loss	19	225	(94)	(47)	277
Adjustments with respect to equity-accounted investees	(2)	(53)	(3)	(53)	(75)
Deferred taxes and current taxes with respect to disposal of properties	62	146	51	112	267
Nonrecurring or exceptional expenses/income [2]	15	3	6	(3)	9
FFO as per Securities Authority method	167	138	18	33	387
Non-controlling interests' share in above adjustments	(30)	(126)	(15)	(62)	(246)
Interest on hybrid debentures paid to non-controlling interests	(50)	(51)	(31)	(26)	(101)
FFO as per the Security Authority method attributed to the Company's shareholders	87	(39)	(28)	(55)	40
Additional adjustments (attributable to the Company's shareholders)					
CPI and exchange rate linkage differentials [3]	111	172	115	136	256
Depreciation and amortization	7	8	3	4	17
Earnings from early redemption of hybrid debentures	-	-	-	-	(4)
Other adjustments [4]	16	35	6	22	59
FFO according to management method (AFFO)	221	176	96	107	368
AFFO per share (in NIS)	1.24	0.89	0.55	0.54	1.90
Number of shares used in calculating the FFO per share (in thousands)5	178,186	198,611	173,076	197,982	193,584

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

	Six months ended June 30		Three months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(NIS millions, other than per share data)				
FFO from the income generating properties segment					
Income					
NOI from investment property	312	373	152	188	743
The Group's share of CTY's[1] FFO	108	79	54	41	167
The Group's share of the FFO of subsidiaries other than CTY	13	12	5	8	27
Total income	433	464	211	237	937
Expenses					
Real financing, net	(148)	(170)	(70)	(70)	(340)
Profits for hybrid debentures	(14)	(17)	(6)	(8)	(32)
General and administrative	(70)	(75)	(35)	(38)	(163)
Current taxes	(3)	(8)	(3)	(5)	(15)
Total expenses	(235)	(270)	(114)	(121)	(550)
FFO from the income generating properties segment	198	194	97	116	387
FFO per share from the income generating properties segment (NIS)	1.11	0.98	0.56	0.59	2.00
FFO from special financing activities					
Income					
Gains from buyback of debentures and hybrid debentures	41	2	9	1	22
Expenses					
Financing expenses from buyback of debentures and hybrid debentures [2]	(18)	(20)	(10)	(10)	(41)
FFO from special financing activities	23	(18)	(1)	(9)	(19)
FFO per share from special financing activities (NIS)	0.13	(0.09)	(0.01)	(0.05)	(0.10)
FFO as per management approach	221	176	96	107	368
FFO per share according to management approach (in NIS)	1.24	0.89	0.55	0.54	1.90
Gains from buyback of debentures and hybrid debentures using the long term spread method [3]	57	62	28	31	121

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 NOI and FFO per share 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.

	Six months ended June 30	Year ended December 31	For the year ended December 31
	2026	2026	2025
	Actual	**Forecast**	**Actual**
FFO per share from the income generating properties segment (NIS)	1.11	2.00-2.10	2.00
Rate of increase in same property NOI	5.4%	6.0%	6.3%

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 is presented in terms of the growth rate in same property NOI.

The Company's forecast of NOI and FFO per share 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 4.5 billion.

The effect of transactions executed through the end of the first half of 2026 amounted to an increase in interest revenue of NIS 42 million (in 2025 - NIS 83 million).

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
Q1-Q2/2025	50.7	4.7	62.2
Q3-Q4/2025	551.7	20.5	59.4
Q1-Q2/2026	817.9	41.3	56.6
Q3-Q4/2026			42.1
2027 onwards			65.0
Total	**3,900.0**	**427.3**	**427.3**

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

As is customary in European countries in which the Group operates, and similar to the position paper published by EPRA, which aims to increase transparency, uniformity and compatibility of financial information reported by real estate companies, the Company publishes the follow net property value data: EPRA NTA, EPRA NRV and EPRA NDV.

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

For further information regarding these indices see section 2.6 of the Board of Directors report included in the periodic report.

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

	June 30		December 31,
	2026	2025	2025
EPRA NRV			
Equity attributable to the shareholders of the Company, per the financial statements	4,120	4,107	3,920
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	964	773	809
Fair value asset adjustment for financial derivatives, net [2]	29	46	24
EPRA NRV	5,113	4,926	4,753
EPRA NRV per share (in NIS)	29.9	25.4	25.5
EPRA NTA			
Equity attributable to the shareholders of the Company, per the financial statements	4,120	4,107	3,920
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	551	430	454
Goodwill adjustment attributable to assets	(269)	(176)	(199)
Fair value asset adjustment for financial derivatives, net [2]	29	46	24
EPRA NTA	4,431	4,407	4,199
EPRA NTA per share (in NIS)	25.9	22.7	22.5
EPRA NDV			
Equity attributable to the shareholders of the Company, per the financial statements	4,120	4,107	3,920
Goodwill adjustment attributable to assets	(269)	(176)	(199)
Adjustment of financial liabilities to fair value	162	213	823
EPRA NDV	4,013	4,144	4,544
EPRA NDV per share (in NIS)	23.5	21.3	24.4
Number of issued shares of the Company used in the calculation (in thousands) [3]	170,927	194,187	186,202

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:** In the reporting period G Europe sold land in Romania for consideration of EUR 9 million.
- **Israel:**

  Rishon Le-Zion G City Tower: Marketing of office space continued; to date office sales transactions worth NIS 386.5 million (28.6 thousand m^2) were sold.
- **USA:** A shopping mall in Florida was purchased for USD 16.9 million.

In August 2026 the Company's Board of Directors approved a property disposal plan in an amount of NIS 6.1 billion and business focus, most of which is expected to be completed by the end of 2027. For further information, see section 1.2 of the Report.

3.1.2. Financing activities and other significant events

- **Debt management, debt raising, and debenture buybacks** (for further details, see Notes 3A and 5C to the financial statements):
- **G City (separate) - during the reporting period, the Company bought back NIS 818 million par value debentures of the Company for NIS 869 million.**

Furthermore, in July 2026, the Company issued NIS 261 million par value Debentures (Series N) for gross proceeds of NIS 278 million by way of a private placement to classified investors.

CTY – in April and May 2026, CTY executed a full early redemption of its 2026 and 2027 debenture series. The redemption amounted to EUR 123.5 million par value (2026 Series) and EUR 128.6 million par value (Series 2027).

- **Equity transactions and holdings structure** (for further details, see Notes 3B1, 3B2, 3B6 and 5A to the financial statements):

Increase in holdings in CTY – as set out in section 1.5, in March 2026, the Company completed the tender offer for CTY shares under which it acquired 50 million shares. In addition, during the reporting period and subsequently, the Company acquired 950,000 CTY shares through stock exchange trading, and as part of an additional tender offer the Company acquired 5.2 million additional shares in August 2026.

Following these acquisitions, the Company's holdings in CTY increased to 89.7%. Consequently, in the reporting period, the Company recognized a gain of NIS 622 million in equity reserves and is expected to recognize an additional gain of NIS 69 million subsequent to the reporting period.

Rights issue in Brazil - in March 2026, Gazit Malls announced a rights offering for a total amount of BRL 72 million, as the minority interests did not exercise their share, a subsidiary of the Company invested the entire amount and thereby increasing its holdings in Gazit Malls to 83.5%. The proceeds are used for the expansion of the parking facility at the Internacional property, which is expected to contribute to increased footfall and NOI in the property.

Share buyback plan - in the reporting period the Company bought back 15.4 million shares of the Company for consideration of NIS 159 million.

Furthermore, on August 19, 2026, the Company's Board of Directors approved a share buyback offering of up to 10 million ordinary shares of the Company, reflecting 5.8% of the Company's share capital, for a consideration of NIS 11.5 per share (and a total of approximately NIS 115 million). The Company intends to issue a buyback tender offer specification according to the provisions of the Securities Regulations, 2000.

- **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. In July 2026, as part of its annual monitoring, S&P Maalot ratified the Company's ratings.

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. In May 2026, as part of the annual monitoring, Midroog ratified the Company's ratings.

On May 28, 2026, at the request of the Company, the Midroog rating agency ceased rating the Company and its debentures.

CTY - in view of the uncertainty concerning the final scope of the Company's tender offer to purchase CTY's non-controlling interests, in December 2025, S&P Maalot rating agency placed CTY ratings on the watch list with negative outlook. Subsequent to publication of the tender offer, in March 2026, the rating agency removed the company's rating from the watch list and updated CTY's debt rating to B+ and issuer rating to B.

G Europe - in March 2026, Moody's rating agency upgraded G Europe's credit rating from B3 to B2 with stable outlook.

3.2. Real estate operations

Key operating information and projects under development

	Income-generating properties [1]	GLA (square meters in thousands)	Occupancy rates	
			June 30 2026	June 30 2025
G Israel	9	139	97.3%	98.4%
Gazit Brazil	7	151	95.8%[2]	95.5%[2]
Gazit Horizons	16	86	95.6%	96.4%
CTY	31	988	94.8%	95.0%
G Europe	11	243	95.5%	96.1%

	Average basic monthly rent		Change in net cash flow from these properties in reporting period [3]	OCR [4]	Net property NOI (millions)	
	June 30 2026	June 30 2025		June 30 2026	Q2.2026	Q2.2025
G Israel	NIS 133.2	NIS 125.9	4.0%	11.1%	NIS 55.6	NIS 47.4
Gazit Brazil	R$ 68.4	R$ 65.9	-1.8%	10.8%	R$ 48.4	R$ 53.2
Gazit Horizons	USD 46.7 [5]	USD 46 [5]	4.2%	[4]	USD 6.6	USD 5.5
CTY	€ 28.5	€ 25.8	5.6%	9.7%	€ 57.5	€ 53.3
G Europe	EUR 31.9 [6]	EUR 27.7 [6]	8.7%	12.5%	€ 17.1	€ 23.4

1. Includes jointly controlled properties.
2. For the shopping centers only.
3. Change in net cash flow from similar properties in the reporting period compared to the corresponding period last year.
4. OCR (Occupancy Cost Ratio) is the rent and management to proceeds ratio. Horizons does not receive the revenue figures of the tenants in its retail properties.
5. Without residential properties.
6. For shopping centers only, without leases based solely on revenue.

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 June 30, 2026 (1)	Office inventory as at June 30, 2026	Fair value at June 30, 2026	Estimated Cost to Completion	Proceeds expected from sales	Annual NOI Expected 2
					(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	443	221	245	209	622	23
Tel Hashomer Rental Apartments	Construction of 3 residential buildings with 243 rental apartments (before additional rights 8/ betterment relief) for long term rental of about 20 years.	34,500	100%	2028	80		274	370		24
		Total – 100%			523	221	519	579	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	Expected completion date (1)	Fair value at June 30, 2026 (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	406
Brickel, Miami	Construction of a 61 floor mixed use tower, the application to increase the number of residential apartments to 504 units in the project was approved.	42,000	100%	TBD	236
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	89
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	101
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	56
			Total		888

* 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 Macro-economic Environment on the Group's operations

The Group's activity is affected by the macro-economic environment (inter alia, population growth/decrease, private consumption volumes, unemployment rates and level of demand) in the various countries in which it operates. These parameters to some extent impact occupancy rates of the properties, the level of rents, the Group's ability to increase its revenues over time, and the scope and potential of investments and development. For further information concerning the general environment and the effect of external factors on the Company's operations, including the impact of the war in Israel, see section 5 of the chapter on the description of the Company's business and the update thereto.

Below is a breakdown of macro-economic data for the countries in which the Group operates*:

	Growth (GDP)					
	2026 forecast	2025	Unemployment rate in 2026	CPI forecast for 2026	Nominal return on government bonds (10 years)	Credit rating (S&P)
Israel	3.20%	3.15%	3.25%	2.00%	3.94%	A
Poland	3.50%	3.60%	5.90%	3.00%	5.75%	A-
Finland	1.00%	0.18%	10.20%	2.35%	3.48%	AA+u
Norway	1.20%	1.74%	4.60%	3.22%	4.43%	AAAu
Brazil	2.00%	2.30%	5.74%	4.69%	14.81%	BB
Sweden	1.94%	1.75%	8.50%	0.71%	3.00%	AAAu
USA	2.16%	2.10%	4.30%	3.33%	4.68%	AA+u
Canada	0.69%	1.86%	6.60%	2.60%	3.60%	AAA

* Data source: Bloomberg July 2026

Furthermore, 89% of the Group's debt is long term at fixed interest (after hedging transactions) and therefore in the short term the Company does not expect that the domestic interest rate increase will not significantly affect the Company's financing expenses. For information reading the exposure to CPI changes, see section 2.4 above.

It is hereby clarified that the Company is unable to estimate the future effects of the macro-economic changes on its operations and if the foregoing changes will lead to a global recession it could adversely affect the Group's operations and results. For further information see the chapter on Risk Factors in the Company's periodic report for 2025.

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.

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 an annual rate of NIS 0.64 per share), replacing the annual dividend of NIS 0.5 per share in 2025, of which NIS 0.375 per share was distributed in cash due to the dividend in kind of 100% of Orion's shares distributed in December 2025, as described in section 1.3 above). In May 2026, the Company's Board of Directors approved a revision of the quarterly dividend distribution policy for 2026 for an amount of NIS 0.20 per share (reflecting an annual rate of NIS 0.80 per share, replacing the annual dividend of NIS 0.64 per share as decided in March this year).

The Company's Board of Directors carried out these distributions after it had reviewed the Company's financial position, including its projected cash flows, and other considerations, and 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.

3.5. Financial Position

Item in the statement of financial position	June 30 2026	December 31, 2025	Notes and explanations
	NIS millions		
Cash and cash equivalents	889	796	For explanations regarding cash flows, see section 3.8 below.
Short-term investments and loans	110	1,412	The decrease is mainly due to the repayment of loans provided with regard to the sale of properties
Equity accounted investments	883	943	
Investment property and investment property under development (including properties held for sale)	26,443	28,049	The decrease is primarily due to exchange rate fluctuations, offset by positive revaluations of NIS 100 million and real estate investments during the period of NIS 220 million.
Other assets	2,037	2,056	
Total assets	**30,362**	**33,256**	
Interest bearing liabilities and debentures	19,820	21,628	Significant movements in the period: Repayment of loans and debentures in an amount of NIS 3.1 billion Receipt of loans and lines of credit in an amount of NIS 2.3 billion A decrease with respect to index differentials in the amount of NIS 0.8 billion
Liabilities attributed to assets held for sale	306	-	Resulting from classification of a loan linked to a property classified as held for sale
Other financial liabilities	2,462	2,337	The increase is mainly due to an increase in the value of derivatives and an increase in receivables for leases.
Total liabilities	**22,588**	**23,965**	
Equity attributable to the Company's shareholders	4,120	3,920	The increase is mainly due to a gain due to the acquisition of CTY shares in the period of NIS 622 million and net gain of NIS 92 million, offset by other comprehensive loss of NIS 293 million (primarily from translation of financial statements), dividends declared during the period in an amount of NIS 62 million and acquisition of treasury-shares in an amount of NIS 159 million.
Non-controlling interests	3,654	5,371	The decrease is mainly due to the acquisition of CTY's non-controlling interests in the amount of NIS 1.3 billion, distribution of dividends and the payment of interest on the hybrid debentures to the non-controlling interests in a total amount of NIS 152 million, and the minority interest share in comprehensive loss in an amount of NIS 256 million.
Equity	**7,774**	**9,291**	
Total liabilities and equity	**30,362**	**33,256**	

3.6. Operating results and analysis

A. Breakdown of operating results:

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	NIS millions (Other than earnings (loss) per share)				
Income from building rentals and other revenue	1,000	1,158	491	589	2,299
Rental property operating expenses and other expenses	298	361	136	177	710
Net income from rental of buildings	702	797	355	412	1,589
Income from the sale of offices	72	-	25	-	185
Cost of sales of offices	61	-	21	-	157
Net income from the sale of offices	11	-	4	-	28
Net operating income	713	797	359	412	1,617
Fair value gain from investment property and investment property under development, net	100	413	73	350	674
General and administrative expenses	(119)	(142)	(59)	(67)	(284)
Sales and Marketing Expenses	(2)	-	-	-	(6)
Other income	-	3	-	-	3
Other expenses	(11)	(67)	(7)	(2)	(208)
Company's share in earnings of equity-accounted investees, net	10	52	7	53	78
Operating profit	691	1,056	373	746	1,874
Financing expenses	(546)	(804)	(337)	(332)	(1,345)
Financing income	106	65	143	72	147
Profit before taxes on income	251	317	179	486	676
Taxes on income	86	156	55	119	286
Net profit	165	161	124	367	390
Attributable to:					
Equity holders of the Company	92	(10)	83	236	70
Non-controlling interests	73	171	41	131	320
	165	161	124	367	390
Net earnings (loss) per share attributable to equity holders of the Company (NIS)					
Total basic net earnings (loss)	0.52	(0.05)	0.48	1.19	0.36
Total diluted net earnings (loss)	0.50	(0.05)	0.44	1.05	0.36

Presentation of statement of comprehensive income

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	NIS millions				
Net profit	165	161	124	367	390
Other comprehensive income (loss) (net of tax effect):					
Amounts not subsequently reclassified to profit or loss					
Income with respect to financial assets at fair value through other comprehensive income	-	3	-	3	28
Amounts classified or reclassified to profit or loss					
Adjustments for conversion of financial statements of foreign operations	(630)	309	(611)	(607)	(316)
Profit (loss) for cash flow hedges	8	(24)	-	(7)	(19)
Exercise of foreign currency translation reserve attributable to subsidiaries previously consolidated	-	-	-	-	31
Total other comprehensive income (loss)	(622)	288	(611)	(611)	(276)
Total comprehensive income (loss)	(457)	449	(487)	(244)	114
Attributable to:					
Shareholders of the Company (1)	(201)	35	(278)	(188)	(165)
Non-controlling interests	(256)	414	(209)	(56)	279
	(457)	449	(487)	(244)	114

B. Analysis of operating results in the reporting period

Item in the consolidated statements of income	Six months ended June 30 2026	2025	Notes and explanations
	NIS millions		
Net operating income (NOI)	713	797	A decrease of 10.5% compared with the 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 5%.
Rate of revenue	71.3%	68.8%	
Fair value gain from investment property and investment property under development	100	413	The increase in value in the period is mainly due to an improvement of cash flow from the properties.
Administrative and general, and sales and marketing expenses	(121)	(142)	The decrease is mainly due to streamlining measures carried out in the Group
Other expenses, net	(11)	(64)	In the corresponding period, expenses included mainly capital losses incurred from the sale of properties, price adjustments and transaction costs.
The Company's share in earnings of equity-accounted investees	10	52	
Operating profit	**691**	**1,056**	
Financing expenses, net	(440)	(739)	The decrease in financing expenses is mainly due to expenses with respect to the revaluation of derivatives in an amount of NIS 17 million in the reporting period, compared to NIS 228 million in the corresponding period last year, and a decrease in linkage differentials and exchange rate expenses of NIS 62 million compared to the corresponding period last year.
Income tax	(86)	(156)	The tax expenses are mainly due to deferred tax expenses with respect to investment real estate.
Net profit	**165**	**161**	

C. Analysis of operating results for Q2, 2026

Item in the consolidated statements of income	Three months ended June 30 2026 (NIS millions)	2025	Notes and explanations
Net operating income (NOI)	359	412	A decrease of 12.9% compared with the 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 3.9%.
Rate of revenue	73.1%	69.9%	
Fair value gain from investment property and investment property under development	73	350	The increase in value in the period is mainly due to an improvement of cash flow from the properties.
Administrative and general, and sales and marketing expenses	(59)	(67)	The decrease is mainly due to streamlining measures carried out in the Group
Other expenses, net	(7)	(2)	
The Company's share in earnings of equity-accounted investees	7	53	
Operating profit	**373**	**746**	
Financing expenses, net	(194)	(260)	The decrease in financing expenses is mainly due to an increase in revenue related to the revaluation of derivatives, in an amount of NIS 98 million in the reporting period, compared with NIS 30 million in the corresponding period last year.
Income tax	(55)	(119)	The tax expenses are mainly due to deferred tax expenses with respect to investment real estate.
Net profit	**124**	**367**	

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 June 30, 2026, the Company and its subsidiaries have unutilized approved long-term credit facilities[9] available for immediate withdrawal and liquid balances of NIS 1.7 billion (of which NIS 1.5 billion for the Company and it's wholly-owned subsidiaries) which includes cash and short-term deposits of NIS 1.1 billion and unutilized approved long term credit facilities available for immediate withdrawal in the amount of NIS 0.6 billion.

Moreover, as at June 30, 2026, the Company and its subsidiaries also have investment properties and investment properties under development that may be pledged, which are carried in the books at a fair value of NIS 10.1 billion (38.1% of the total investment properties and investment properties under development).

9 Signed credit lines with financial institutions, secured by properties, 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.

Of these, with regard to the expanded separate information, the Company has properties that can be pledged worth NIS 1.5 billion[10] (NIS 0.5 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 June 30, 2026, the Company has, based on its consolidated financial statements, positive working capital and negative cash flows from operations ("FFO"); and based on its separate financial statements, negative working capital of NIS 0.7 billion and positive FFO. Moreover, the Company has (extended separate) positive FFO, see section 2.2 above. Conversely, the Company has at its disposal, consolidated and expanded separate information (including wholly-owned subsidiaries), approved long-term credit lines[1] available for immediate withdrawal amounting to NIS 0.6 billion and NIS 0.6 billion, respectively. According to Group policy, the Group usually finances its activities through revolving credit lines, and raises equity and long-term debt from time to time, in accordance with the market conditions. The Company's Board of Directors examined the existence of such negative working capital in the separate financial statements and negative cash flows from current operations in the consolidated financial statements, and based on cash flow tests, this could indicate a liquidity problem in the Company, and this by reviewing the Company's cash flow projections, and determined that, in light of the scope of the foregoing sources available to the Company and its subsidiaries, including the scope of 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

The cash flow used for operating activities amounted to NIS (3) million in the report period, and the cash flow generated by operating activities in the quarter amounted to NIS 39 million, compared to cash flow from operating activities of NIS 271 million and NIS 258 million in the corresponding periods last year, respectively. The negative cash flows in the reporting period is mainly due to tax prepayments in the first quarter of NIS 70 million in respect to disputed assessments, with regard to which the Group believes, based on the opinion of its legal counsel, its appeals are more likely to be accepted rather than rejected, and accordingly, the Group expects these amounts to be refunded once the related proceedings are concluded (for further information, see Note 3B8 to the financial statements).

In the reporting period, the Company and its subsidiaries financed their operations mainly by disposing of investment property in a net amount of NIS 1,123 million, and by loans and lines of credit in a net amount of NIS 2,908 million. These cash flows were used mainly for the acquisition of CTY's non-controlling interests in an amount of NIS 687 million, the repayment of debentures in an amount of NIS 2,790 million, the acquisition of treasury shares for an amount of NIS 159 million, and dividend payments in the Group totaling NIS 208 million.

In the second quarter, the Company and its subsidiaries financed their operations mainly from loans and credit lines in a net amount of NIS 1,695 million. These cash flows were mainly used to repay debentures in an amount of NIS 2,087 million, acquisition of treasury shares in the amount of NIS 74 million, and payment of dividends in the Group in an amount of NIS 65 million.

[10] In addition, the Company has 2 income generating properties in Europe, worth a total of NIS 2.6 billion, used to secure existing debts in the amount of NIS 0.9 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 0.8 billion over the current existing debt.

3.9. Buyback plan

Below is a description of the latest buyback plan that was approved by the Company's Board of Directors:

A. Debenture buyback plan

Date of approval	Scope approved	Valid until / status	Amount utilized by the end of the plan / close to the date of publication of the report
March 2026[11]	NIS 982 million par value	March 2027 / active	NIS 482 million par value
February 2026	NIS 300 million par value	March 2026 / completed	NIS 247 million par value
March 2025	NIS 300 million par value	February 2026 / completed	NIS 300 million par value

B. Share buyback plan

Date of approval	Scope approved	Valid until / status	Amount utilized by the end of the plan / close to the date of publication of the report
February 2026[12]	NIS 342.2 million	March 2027 / active	13 million shares at cost of NIS 142 million[13]
August 2025	NIS 120 million	February 2026 / completed	10 million shares at cost of NIS 115 million
March 2025	NIS 100 million	August 2025 / completed	5.6 million shares at 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 the matter of reporting and market risk management in the Company are the CEO and CFO of the Company. The Group operates in a large number of countries, therefore it is exposed to currency risks resulting from the exposure to the fluctuations of exchange rates in different currencies, mainly to the EUR, USD and BRL. Since March 16, 2026, (date of approval of the Company's annual report), and as at reporting date there have been no material changes in market risks and means of their management, other than as set out in section 4.4.

4.2. In the period from January 1, 2026 through to the date of approval of the financial statements, the individuals responsible for reporting and managing the Company's market risks have held and continue to hold regular discussions concerning exposure to market risks, including changes in exchange rates and interest rates. In addition, during the foregoing period, the Company's Board of Directors discussed these risks and the Company's policy regarding them at meetings in which, among other things, they approved the financial statements, as well as at other meetings specifically on this issue.

11 Constitutes an increase in the February 2026 buyback plan. Furthermore, in August 2026, the Company increased the plan from NIS 770 million par value to NIS 982 million par value

12 In August 2026 the buyback plan was increased from NIS 225 million to NIS 342.2 million.

13 The buyback plan approved by the Company's Board of Directors on August 19, 2026 (as set out in section 1.6 of the report) will be included under this buyback plan.

4.3. 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	From the beginning of the year through close to date of publication of the report
EUR	(9.4)%	0.5%	(8.9)%
USD	(6.6)%	(0.8)%	(7.4)%
BRL	(0.5)%	(2.1)%	(2.6)%
NOK	(5.3)%	4.0%	(1.5)%
Swedish Krona	(11.7)%	1.2%	(10.6)%

Moreover, some of the Company's liabilities are linked to CPI changes in Israel (mainly for its operations in Israel). As of January 1, 2026 through June 30, 2026, the CPI (known) rose by 1.2%. Moreover, since June 30, 2026 through to immediately prior to the date of approval of this report, the known CPI rose by 0.3%. For further information concerning index swap transactions that the Company engages in to align index-linked revenues with index-linked interest-bearing expenses, see section 2.4 above.

4.1. The Company usually maintains a high correlation between its property mix in the different functional currencies and the equity exposure to those currencies, preferring to increase the exposure of shareholders' equity to the NIS, given that the Company is traded in Israel, 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. Furthermore, for the purpose of protecting cash flows relating to the foregoing hedging transactions, the Company began engaging in cylinder transactions to reduce its cash flow exposure in the event of a sharp depreciation of the NIS.

For further information concerning the Company's currency exposure to its operating currencies (EUR, USD, CAD, NIS and BRL) as at June 30, 2026, see the table attached as Appendix A to the Directors' Report.

5. Corporate Governance

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.

The Group's total donations in the reporting period amounted to NIS 460 thousand.

6. Details Concerning the Company's Publicly-Held Liabilities

A. 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 June 30, 2026, is NIS 476 million.

For further information concerning the terms of the debentures and with regard to the foregoing pledged properties, as required pursuant to the Securities Regulations relating to investment real estate, see Note 20C7 to the financial statements of the Company as at December 31, 2025, Appendix B to the Company's Board of Directors Report as at December 31, 2024, and the valuations attached to the periodic report.

B. 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 as at December 31, 2025. For further information concerning G Europe, see section 7 of Chapter A to the periodic report and G Europe's financial statements as at June 30, 2026 as published in an immediate report issued by the Company on August 13, 2026 (Ref. No.: 2026-01-075829), whereby the information contained therein is hereby presented by way of reference. The EPRA NRV per G Europe share as at June 30, 2026 is EUR 3.52

C. 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.

G Alpha holds seven income generating properties in the US, which as at reporting date are worth USD 318 million.

For further information concerning the terms of Debentures (Series R) see Note 20C4 to the Company's financial statements as at December 31, 2025. 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.

In the Reporting Period, G Alpha acquired NIS 18.5 million par value debentures of the Company (Series R), for a consideration of USD 6.2 million. Later these debentures were transferred to the Company without any consideration, in accordance of the provisions of the deed of trust. The acquired Debentures (Series R) were canceled and delisted.

D. 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)[14]. The value of the foregoing pledged property as of June 30, 2026 is NIS 2,051 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 21 floors and three underground levels that contain 415 parking spaces in the office tower from the second degree lien registered to secure the debentures.

14 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.

For further information concerning the terms of Debentures (Series S) see Note 20C3 to the Company's financial statements as at December 31, 2025. 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.

E. 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[15]. The value of the foregoing pledged property as of June 30, 2026 is EUR 256 million.

For further information, see Note 20C2 to the financial statements as at December 31, 2025.

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.

F. 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)[16]. As at the date of this report, 54.7 million CTY shares are pledged in favor of the holders of Debentures (Series U).

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 June 30, 2026, as published in an immediate report issued by the Company on August 13, 2026 (Ref. No.: 2026-01-075823), whereby the information contained therein is hereby presented by way of reference.

G. The deeds of trust under which the outstanding debentures were issued do not impose restrictions on the Company regarding the creation of additional charges on the Company's assets that were not pledged in favor of these debentures or with regard to the Company's authority to issue additional debentures, other than the undertaking to create a negative floating charge in favor of the holders of debentures (Series M, N, P, Q, R, S, T, and U).

H. In July 2026, the Company issued to the public NIS 261 million par value Debentures (Series N) for gross proceeds of NIS 278 million by way of a private placement to classified investors.

I. On May 28, 2026, at the request of the Company, the Midroog rating agency ceased rating the Company and its debentures.

J. On July 8, 2026, as part of the annual monitoring review, the S&P Maalot rating agency ratified the credit rating of the Company's Debentures (Series L, M, N, P, Q, S and U) as ilA- with stable outlook, and the Company's real estate secured debentures (Series O, R and T) as ilA with stable outlook.

15 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.

16 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.

K. For further information concerning the buyback of debentures, see Note 3A to the financial statements.

L. For information concerning the issue of NIS 261.1 million Debentures (Series N) for proceeds of NIS 278.4 million executed subsequent to reporting date, see Note 5C to the financial statements.

M. Below are the principal financial covenants the Company's debentures:

Financial ratio	Financial covenants	As at June 30, 2026
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	1,383
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	1,383
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	65.7% [1]
In combination with Minimum rating for debentures	L 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	65.0%
	O, P, R, S, T - lower than 75% for 3 consecutive quarters	65.7% [1]
Minimum rating for debentures	N, Q, S and U O, R, and T ilBaa3 / ilBBB	ilA- 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 June 30, 2026 and shortly prior to date of approval of the financial statements, the Company was in compliance with the covenants for its debentures.

August 19, 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

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 June 30, 2026. 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	Total in NIS
Assets in original currency	4,699	1,106	4,833	102	3,026	-
Assets in NIS	4,699	3,293	16,406	214	1,741	26,353
% of total assets	**19**	**12**	**61**	**1**	**7**	**100**
Liabilities in original currency	10,206	397	2,753	64	661	-
Cross-currency swap transactions in original currency	7,813	(870)	(1,379)	-	-	-
Liabilities in original currency	2,393	1,267	4,132	64	661	-
Liabilities in NIS adjusted for swaps	2,393	3,773	14,026	133	380	20,705
% of total liabilities	**12**	**18**	**68**	**1**	**1**	**100**
Total equity in original currency	2,306	(161)	701	39	2,366	-
Total financial equity in NIS [4,5]	2,306	(480)	2,380	81	1,361	5,648
% of total equity	**41**	**(8)**	**42**	**1**	**24**	**100**

1. According to currency exchange rates as of June 30, 2026.
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) - 14%, the operations in Norway whose currency is the Norwegian crown (NOK) - 17% 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 June 30, 2026.

Update of the Description of the Company's Business of G City to the 2025 Periodic Report

Pursuant to Regulation 39A of the Securities Regulations (Periodic and Immediate Reports) 2015, below is information regarding material changes or renewals that occurred in the Company's business operations since publication of the Company's Period Report for 2025 (the "Periodic Report"), in any matter required to be described in the Periodic Report.

Update of section 1 - Company Operations and Description of the Development of its Business

Property Disposal Plan and Business Focus

Moreover, in August 2026 the Company approved a property disposal plan amounting to NIS 6.1 billion and business focus, most of which is expected to be completed by the end of 2027 (the "Property Disposal Plan").

The Property Disposal Plan consists primarily of the following components:

- Sale of rental residential properties owned by the Group in the USA and Poland.[17]
- The sale of commercial properties in Northern USA, while focusing on activity in the USA in commercial properties in Florida.
- The sale of the Group's properties in Brazil.
- The sale of properties in CTY in an amount of NIS 2.9 billion (most of which are intended for sale in 2027, and a smaller portion in early 2028), under the Property Disposal Plan approved by CTY's board of directors, and as reported by CTY in August 2026.

The Company's Board of Directors believes that the Property Disposal Plan, which is for non-core assets of the Group, is expected to bring about focusing on shopping centers anchored by supermarket chains and concentration in fewer territories. This will lead to managerial and operations efficiency for the Group, along with significant savings in general and administrative expenses, improvement of the Company's performance and results, and reduction of the Group's leverage.

The new Property Disposal Plan is further to the property disposal plan announced by the Company in October 2022, under which the Company disposed of properties worth NIS 7.2 billion, and is also further to and in accordance with the 2028 Strategic Plan announced by the Company in September 2024.

The Company's estimates regarding the manifestation of the foregoing property disposal plan, including the sale of properties, the volume, dates of disposal and proceeds thereof, constitute forward-looking information as defined in the Securities Law – 1968. These estimates are based on the Company's plans as they were at this time, 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, including the effects of inflation, interest rates, as well as specific situations such as the security situation. The Company's estimates and expectations, including with regard to its ability to execute the property disposal plan, are uncertain and may not materialize or may materialize only partially, and the Company's management may deviate from or modify them, subject to various factors, including as specified above. 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.

17 Excluding a rental housing project in Tampa, Florida, USA, which will not be sold at this stage due to tax considerations.

Update of section 2 - Investments in the Company's capital and transactions in its shares in the last two years

A. As at January 1, 2025, and through to close to date of publication of this report, the Company has bought back 15.4 million shares of the Company for NIS 159.5 million.

B. On August 19, 2026, the Company's Board of Directors approved a share buyback offer of up to 10 million ordinary shares of the Company, reflecting 5.8% of the Company's share capital, for a consideration of NIS 11.5 per share (and a total of approximately NIS 115 million). The Company intends to issue a buyback tender offer specification according to the provisions of the Securities Regulations, 2000.

Update of section 3 - Distribution of dividends in the past two years

A. On April 28, 2026, the Company distributed a dividend to its shareholders in an amount of NIS 28 million (NIS 0.16 per share).

B. On June 16, 2026, the Company distributed a dividend to its shareholders in an amount of NIS 34 million (NIS 0.20 per share).

C. For further information regarding the dividend announced by the Company subsequent to reporting date see Note 5D to the financial statements.

Update of section 5 - Financial environment and the effects of external factors on the Company's operations

A. **Fluctuations in inflation rates, interest rates and currency exchange rates -** in January 2026, the Bank of Israel Research Department published a macroeconomic forecast according to which the GDP is expected to grow by 4.0% in 2026 and by 5.5% in 2027.

The inflation rate in 2025 was 3% and is expected to decline in 2026 to 1.8%. Unemployment is expected in 2026 to be 4.6% due to the effects of the Iran war and to stabilize at 3% from the second half of 2026, while maintaining debt-to-GDP ratio of 69%.

The Division assumes that the Bank of Israel base interest is expected to be 3.5% at the end of 2026. In July 2025, the international rating agency S&P Global Ratings reaffirmed the State of Israel's credit rating at A and revised the outlook from negative to stable, and in May 2026, the rating and outlook were ratified at the these levels.

B. **The security situation in Israel -** further to the provisions of section 5 of the periodic report, in April 2026 a ceasefire was announced with Iran and with Hezbollah. However, as at the reporting date, the security situation on the different fronts has not yet stabilized, and the uncertainty that characterized the war period, along with its resulting effects, continue to persist even now. The Company estimates that the multiple-front war has not had a significant effect on the Company's businesses and its financial results. Nevertheless, it should be noted that a return to intense and prolonged fighting, and its potential consequences, could affect the Company's operations.

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

Update to section 6 - Acquisition, development and operation of shopping centers in Northern Europe

A. In April 2026, CTY completed the proactive full early redemption of its Debentures (Series 2026) for an amount of EUR 123 million.

B. In May 2026, CTY completed the proactive full early redemption of its Debentures (Series 2027) in an amount of EUR 128.6 million.

C. In January 2026, CTY engaged in a new financing agreement consisting of a credit line of up to EUR 520 million. Of this credit line, EUR 270 million is for a three-year term, effective through January 2029, with two one-year extension options. The remaining EUR 250 million is available as an expansion option at CTY's discretion.

D. In May 2026, the Company, CTY, and their wholly owned subsidiaries engaged in a credit framework agreement effective until February 15, 2028. Under the agreement, each party may borrow from the other up to EUR 200 million, at market terms and subject to the approval of the other party's authorized corporate organs. The lender may demand repayment of any amounts provided under the agreement at any time with 10 trading days' notice. As at reporting date the Company has withdrawn EUR 70 million from the credit line.

Update to section 7 - Acquisition, development and operation of shopping centers in Central Europe

A. In March 2026, Moody's rating agency upgraded G Europe's credit rating from B3 to B2 with stable outlook.

B. In the reporting period G Europe sold land in Romania for consideration of EUR 9 million.

Update to section 8 - G Israel

A. Since beginning marketing of offices for sale in the tower built in Rishon Lezion, offices worth NIS 386.5 million have been sold, reflecting 28,600 sq.m.

Update to section 9 - Gazit Brasil

In March 2026, Gazit Malls announced a rights offering in a total amount of BRL 72 million, since the minority failed to exercise its share. A subsidiary of the Company invested the entire sum, thereby increasing its holdings in Gazit Malls to 83.5%. 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. As at reporting date, construction of the parking facility expansion project has begun and is expected to be completed in the coming months.

Update to section 10 - Gazit Horizons

A shopping mall in Florida was purchased for USD 16.9 million.

Update to section 17 - Human Capital

A. On June 14, 2026, Mr. Katzman, the serving Vice Chairman of the Board of Directors and CEO of the Company, announced that he does not intend to renew his term of office agreement as CEO of the Company, which is scheduled to end on January 31, 2027. Following his announcement, the Company's Board of Directors discussed the matter and decided to appoint Ms. Keren Khalifa, the Deputy CEO, Chief Operating Officer, and Head of the Real Estate Division, as CEO of the Company Furthermore, the Company's Board of Directors decided to appoint Mr. Katzman as Chairman of the Board of Directors upon the conclusion of his role as CEO of the Company.

The effective date on which Ms. Khalifa and Mr. Katzman will assume their respective positions, as aforesaid, will be upon the termination of Mr. Katzman's service as CEO of the Company, namely on February 1, 2027, unless said date is brought forward by the parties.

B. In July 2026, the Company's Board of Directors approved the convening of a general meeting of the Company's shareholders to approve the terms of Ms. Khalifa's office as CEO, effective as of October 1, 2026, subject to the approval of the terms of her employment as the Company's CEO, and to approve the terms of employment of Mr. Katzman as Chairman of the Board of Directors, effective from the same date.

In addition, the agenda of the general meeting includes the renewal of the Company's compensation policy (the current compensation policy expires in August 2026).

For further information regarding the terms of employment offered to Mr. Katzman and Ms. Khalifa, see the notice of convening of the general meeting issued by the Company on July 28, 2026 (Ref. No.: 2026-01-071298).

Update to section 19 - Financing

A. In the reporting period, the Company bought back NIS 817.9 million par value debentures of the Company for consideration of NIS 869.1 million. The debentures were acquired on and off stock exchange trading, including as part of a tender offer to purchase the Company's debentures (Series L and Series U) from classified investors, published by the Company in March 2026

B. In July 2026, the Company issued to the public NIS 261 million par value Debentures (Series N) for gross proceeds of NIS 278 million by way of a private placement to classified investors.

Update to section 23 - Material agreements and strategic collaboration agreements

In June 2026, the Company's general meeting (following receipt of approvals from the Company's Audit Committee and Board of Directors) approved an update to the non-compete clause and to the service agreement, as set out below.

The services agreement was renewed for a period of three years, commencing from the date of approval by the general meeting, with no changes to its terms, other than an update to the consideration and the mechanism for determining the consideration, so that the monthly consideration will be NIS 213 thousand, reflecting an updated cost estimate of the company, and an annual update to the monthly consideration by the addition of the higher of: (a) a fixed annual increase of 5% relative to the monthly consideration of the preceding year, unlinked; or (b) an increase equal to the annual growth rate of the Consumer Price Index. In addition, in the event of a material change in the scope of Norstar Group's operations, the Company may increase the total annual consideration by up to 20%, based on the consideration calculation mechanism as set out in the service agreement.

In addition, the non-compete clause between the parties was renewed without any changes to its terms, other than for the addition of an extra exception, according to which the non-compete clause will not apply to the holding of Norstar (of any rate, including a holding that confers control), shares in companies traded on a stock exchange in Israel or abroad, whose primary business is the ownership, management, and development of shopping centers, which were spun off from the Company or from companies under its control (including by way of a distribution in kind) ("the Spin-off Operations"), and which, at the time of the spin-off, the Company is prevented from holding and/or controlling due to contractual restrictions under the non-compete agreements that the Company engaged in (including companies under its control) with respect to the Spin-off Operations.

Disclosure concerning very material assets pursuant to Chapter F of the disclosure directive regarding investment property operations.

G Savyon (Company's share, 50%)	Q2 2026	Q1 2026	Year 2025
Value of partially income generating property (NIS thousand)	132,293	132,168	131,549
Value of the lands reserves property (NIS thousand)	15,800	15,800	15,800
Total value of the property (NIS thousand)	148,093	147,968	147,349
NOI for the period (NIS thousands) (1)	2,110	4,253	6,902
Revaluation (losses) profits for the period (EUR thousands)	-	-	1,093
Average occupancy rate in the period	99.3%	99.3%	99.4%
Actual rate of return (%)	6.4%	6.4%	5.2%
Average rent per sq. m. (per month in NIS)	174.9	170.6	167.7
Average rent per sq.m. in contracts signed in the period (per month in NIS) (2)	-	133	172

(1) Excluding provision expenses for Operation Rising Lion in the amount of NIS 48,000.
(2) Offices only.

G Rothschild (Company's share, 51%)	Q2 2026	Q1 2026	Year 2025
Value of partially income generating property (NIS thousand)	127,477	127,426	127,400
Value of the building rights in the property (NIS thousand)	3,825	3,825	3,825
Total value of the property (NIS thousand)	131,302	131,251	131,225
NOI for the period (NIS thousands) (1)	1,910	2,024	7,856
Revaluation (losses) profits for the period (EUR thousands)	-	-	1,809
Average occupancy rate in the period	98.6%	98.6%	97.9%
Actual rate of return (%)	6.2%	6.4%	6.2%
Average rent per sq. m. (per month in NIS)	111.8	108.4	108.1
Average rent per sq.m. in contracts signed in the period (per month in NIS) (2)	-	75	96

(1) Excluding provision expenses for Operation Rising Lion in the amount of NIS 64,000
(2) Including 3 offices.

G Kochav Hatzafon (Company's share, 50%)	Q2 2026	Q1 2026	Year 2025
Total value of the property (NIS thousand)	58,090	58,049	58,021
NOI for the period (NIS thousands) (1)	778	761	2,909
Revaluation (losses) profits for the period (EUR thousands)	-	-	2,415
Average occupancy rate in the period	100%	100%	100%
Actual rate of return (%)	5.3%	5.2%	5.0%
Average rent per sq. m. (per month in NIS)	302.4	298.6	297.1
Average rent per sq.m. in contracts signed in the period (per month in NIS)	-	284	325

(1) Excluding provision expenses for Operation Rising Lion in the amount of NIS 28,000

G City Rishon Le-Zion	Q2 2026	Q1 2026	Year 2025
Value of partially income generating property (NIS thousand)	1,749,302	1,728,608	1,725,000
Value of the lands reserves property (NIS thousand)	301,289	286,258	352,303
Total value of the property (NIS thousand)	2,050,591	2,014,866	2,077,303
NOI for the period (NIS thousands) (1)	26,801	27,650	103,812
Revaluation (losses) profits for the period (EUR thousands)	17,740	-	134,244
Average occupancy rate in the period	97.8%	97.8%	99%
Actual rate of return (%)	6.2%	6.4%	6.0%
Average rent per sq. m. (per month in NIS)	111.8	110.4	109.6
Average rent per sq.m. in contracts signed in the period (per month in NIS)	-	228	183

(1) Excluding provision expenses for Operation Rising Lion in the amount of NIS 898,000

Dizengoff	Q2 2026	Q1 2026	Year 2025
Value of partially income generating property (NIS thousand)	60,800	60,800	60,800
NOI for the period (NIS thousands)	920	888	3,597
Revaluation (losses) profits for the period (EUR thousands)	-	-	-
Average occupancy rate in the period	100%	100%	100%
Actual rate of return (%)	5.9%	5.8%	5.9%
Average rent per sq. m. (per month in NIS)	433.7	428.3	428.8
Average rent per sq.m. in contracts signed in the period (per month in NIS)	-	-	-

Leshinsky	Q2 2026	Q1 2026	Year 2025
Value of partially income generating property (NIS thousand)	78,083	76,026	70,375
NOI for the period (NIS thousands) (1)	678	477	1,495
Revaluation (losses) profits for the period (EUR thousands)	-	-	(1,409)
Average occupancy rate in the period	98.7%	98.7%	98.7%
Actual rate of return (%)	3%	2.5%	2.1%
Average rent per sq. m. (per month in NIS)	88.1	87.3	87.3
Average rent per sq.m. in contracts signed in the period (per month in NIS)	-	-	-

(1) Excluding provision expenses for Operation Rising Lion in the amount of NIS 27,000

Targowek	Q2 2026	Q1 2026	Year 2025
Total value of the property (EUR thousand)	255,140	252,400	249,300
NOI in the period (EUR thousands) 1	3.775	3.781	14,199
Revaluation gains (losses) for the period (EUR thousands)	2,649	3,166	9,748
Average occupancy rate in the period	99.5%	99.4%	99.4%
Actual rate of return (%)	5.9%	6.0%	5.7%
Average rent per sq. m. (per month in EUR)	35.7	35.4	34.5
Average rent per sq.m. in contracts signed in the period (per month in EUR)	59.8	37.2	45.8

G City Ltd.

Condensed Consolidated Interim Financial Statements as at June 30, 2026

Unaudited

Contents

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Shape the future with confidence

Auditors' Report to the Shareholders of G City Ltd.

Introduction

We have reviewed the attached financial information of G City Ltd. and its subsidiaries ("the Company"), which includes the condensed consolidated statement of financial position as at June 30, 2026 and the condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the six and three months then ended. The Company's Board of Directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting", and for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial statements of subsidiaries, whose consolidated assets represent 46% of the total consolidated assets as of June 30, 2026, and whose consolidated revenue represents 51% of the total consolidated revenue for the six and three months then ended. The financial information for the condensed interim periods of this company was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of this company, is based on the review reports of such other auditors.

Scope of Review

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

Conclusion

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

Additionally, based on our review and the review of other accountants, nothing has come to our attention that causes us to believe that this financial information is not prepared, in all material respects, in accordance with the disclosure provisions in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv,
August 19, 2026

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	June 30		At December 31
	2026	2025	2025
	Unaudited		Audited
	NIS millions		
Assets			
Current assets			
Cash and cash equivalents	889	943	796
Short-term investments and loans	110	109	1,412
Financial assets	106	77	114
Financial derivatives	41	148	80
Trade and revenue receivable, and contractual assets	276	118	229
Other receivables	293	295	205
Office inventory	221	335	236
Current tax assets	1	1	2
	1,937	2,026	3,074
Assets held for sale	2,679	84	1,953
	4,616	2,110	5,027
Non-current assets			
Equity accounted investments	883	969	943
Other investments, loans and receivables	584	392	581
Financial assets	20	66	26
Financial derivatives	60	96	114
Investment property	21,815	29,027	24,113
Investment property under development	1,949	2,035	1,983
Fixed assets, net	70	86	75
Intangible assets, net	311	355	336
Deferred taxes	54	66	58
	25,746	33,092	28,229
	30,362	35,202	33,256

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

	June 30		At December 31
	2026	2025	2025
	Unaudited		Audited
	NIS millions		
Liabilities and Equity			
Current liabilities			
Credit from banks and others	-	173	-
Current maturities of non-current liabilities	2,273	1,462	2,610
Financial derivatives	45	14	9
Trade payables	56	76	54
Other payables	511	551	572
Current tax liabilities	17	14	7
	2,902	2,290	3,252
Liabilities attributed to assets held for sale	306	-	-
	3,208	2,290	3,252
Non-current liabilities			
Debentures and convertible debentures	12,025	15,995	15,110
Interest-bearing loans from banks and others	5,522	4,614	3,908
Financial derivatives	132	228	147
Other financial liabilities	517	415	313
Deferred taxes	1,184	1,266	1,235
	19,380	22,518	20,713
Equity attributable to shareholders of the Company			
Share capital	253	253	253
Share premium	4,985	4,982	4,984
Retained earnings	2,397	2,386	2,367
Adjustments due to translation of financial statements of foreign operations	(6,557)	(4,699)	(5,316)
Other reserves	3,382	1,265	1,813
Treasury shares	(340)	(80)	(181)
	4,120	4,107	3,920
Non-controlling interests	3,654	6,287	5,371
Total equity	7,774	10,394	9,291
	30,362	35,202	33,256

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

August 19, 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

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	NIS millions (Other than earnings (loss) per share)				
Income from building rentals and other revenue	1,000	1,158	491	589	2,299
Rental property operating expenses and other expenses	298	361	136	177	710
Net income from rental of buildings	702	797	355	412	1,589
Income from the sale of offices	72	-	25	-	185
Cost of sales of offices	61	-	21	-	157
Net income from the sale of offices	11	-	4	-	28
Net operating income	713	797	359	412	1,617
Fair value gain from investment property and investment property under development, net	100	413	73	350	674
General and administrative expenses	(119)	(142)	(59)	(67)	(284)
Sales and Marketing Expenses	(2)	-	-	-	(6)
Other income	-	3	-	-	3
Other expenses	(11)	(67)	(7)	(2)	(208)
Company's share in earnings of equity-accounted investees, net	10	52	7	53	78
Operating profit	691	1,056	373	746	1,874
Financing expenses	(546)	(804)	(337)	(332)	(1,345)
Financing income	106	65	143	72	147
Profit before taxes on income	251	317	179	486	676
Taxes on income	86	156	55	119	286
Net profit	165	161	124	367	390
Attributable to:					
Equity holders of the Company	92	(10)	83	236	70
Non-controlling interests	73	171	41	131	320
	165	161	124	367	390
Net earnings (loss) per share attributable to equity holders of the Company (NIS)					
Total basic net earnings (loss)	0.52	(0.05)	0.48	1.19	0.36
Total diluted net earnings (loss)	0.50	(0.05)	0.44	1.05	0.36

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

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	NIS millions				
Net profit	165	161	124	367	390
Other comprehensive income (loss) (net of tax effect):					
Amounts not subsequently reclassified to profit or loss					
Income with respect to financial assets at fair value through other comprehensive income	-	3	-	3	28
Amounts classified or reclassified to profit or					
Adjustments for conversion of financial statements of foreign operations	(630)	309	(611)	(607)	(316)
Profit (loss) for cash flow hedges	8	(24)	-	(7)	(19)
Exercise of foreign currency translation reserve attributable to subsidiaries previously consolidated	-	-	-	-	31
Total other comprehensive income (loss)	(622)	288	(611)	(611)	(276)
Total comprehensive income (loss)	(457)	449	(487)	(244)	114
Attributable to:					
Shareholders of the Company (1)	(201)	35	(278)	(188)	(165)
Non-controlling interests	(256)	414	(209)	(56)	279
	(457)	449	(487)	(244)	114

(1) Earnings (loss) per share attributable to shareholders of the Company:

Net income (loss)	92	(10)	83	236	70
Adjustments for conversion of financial statements of foreign operations	(301)	67	(361)	(419)	(272)
Profit (loss) for cash flow hedges	8	(25)	-	(8)	(22)
Income with respect to financial assets at fair value through other comprehensive income	-	3	-	3	28
Exercise of foreign currency translation reserve attributable to subsidiaries previously consolidated	-	-	-	-	31
	(201)	35	(278)	(188)	(165)

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

	Equity attributable to shareholders 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 December 31, 2025 (Audited)	253	4,984	2,367	(5,316)	1,813	(181)	3,920	5,371	9,291
Net profit	-	-	92	-	-	-	92	73	165
Other comprehensive loss	-	-	-	(301)	8	-	(293)	(329)	(622)
Total comprehensive loss	-	-	92	(301)	8	-	(201)	(256)	(457)
Exercise and forfeiture of options for Company shares	-*)	1	-	-	(1)	-	-*)	-	-*)
Acquisition of treasury shares	-	-	-	-	-	(159)	(159)	-	(159)
Cost of share-based payment	-	-	-	-	-*)	-	-*)	-	-*)
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(6)	(6)
Dividend announced **)	-	-	(62)	-	-	-	(62)	-	(62)
Acquisition of non-controlling interests and IPO of subsidiary	-	-	-	(940)	1,562	-	622	(1,309)	(687)
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	(146)	(146)
Balance as at June 30, 2026	253	4,985	2,397	(6,557)	3,382	(340)	4,120	3,654	7,774

*) Represents an amount of less than NIS 1 million

**) In the six months ended June 30, 2026, the Company announced the distribution of a dividend in the amount of NIS 0.36 per share (total amount of NIS 62 million), of which NIS 28 million (NIS 0.16 per share) was paid on April 28, 2026, and NIS 34 million (NIS 0.2 per share) was paid on June 16, 2026.

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

	Equity attributable to shareholders 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 December 31, 2024 (Audited)	253	4,981	2,446	(4,763)	1,279	(16)	4,180	5,918	10,098
Net profit	-	-	(10)	-	-	-	(10)	171	161
Other comprehensive income	-	-	-	67	(22)	-	45	243	288
Total comprehensive income	-	-	(10)	67	(22)	-	35	414	449
Exercise and forfeiture of options for Company shares	-*)	1	-	-	(1)	-	-*)	-	-*)
Acquisition of treasury shares	-	-	-	-	-	(64)	(64)	-	(64)
Cost of share-based payment	-	-	-	-	1	-	1	-	1
Buyback of hybrid debentures from non-controlling interests	-	-	-	-	-	-	-	(8)	(8)
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(13)	(13)
Dividend announced	-	-	(50)	-	-	-	(50)	-	(50)
Acquisition of non-controlling interests and IPO of subsidiary	-	-	-	(3)	8	-	5	(14)	(9)
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	(10)	(10)
Balance as at June 30, 2025	253	4,982	2,386	(4,699)	1,265	(80)	4,107	6,287	10,394

*) 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 shareholders 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 April 1, 2026	253	4,984	2,348	(6,192)	3,376	(266)	4,503	3,870	8,373
Net profit	-	-	83	-	-	-	83	41	124
Other comprehensive loss	-	-	-	(361)	-	-	(361)	(250)	(611)
Total comprehensive loss	-	-	83	(361)	-	-	(278)	(209)	(487)
Exercise of warrants for Company shares	-*)	1	-	-	(1)	-	-*)	-	-*)
Acquisition of treasury shares	-	-	-	-	-	(74)	(74)	-	(74)
Dividend announced *)	-	-	(34)	-	-	-	(34)	-	(34)
Acquisition of non-controlling interests and IPO of subsidiary	-	-	-	(4)	7	-	3	(4)	(1)
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	(3)	(3)
Balance as at June 30, 2026	253	4,985	2,397	(6,557)	3,382	(340)	4,120	3,654	7,774

*) Represents an amount of less than NIS 1 million

*) In the three months ended June 30, 2026, the Company announced the distribution of a dividend in the amount of NIS 0.2 per share (total amount of NIS 34 million) which was paid on June 16, 2026.

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

	Equity attributable to shareholders 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 April 1, 2025	253	4,982	2,175	(4,277)	1,265	(16)	4,382	6,368	10,750
Net profit	-	-	236	-	-	-	236	131	367
Other comprehensive loss	-	-	-	(419)	(5)	-	(424)	(187)	(611)
Total comprehensive loss	-	-	236	(419)	(5)	-	(188)	(56)	(244)
Acquisition of treasury shares	-	-	-	-	-	(64)	(64)	-	(64)
Buyback of hybrid debentures from non-controlling interests	-	-	-	-	-	-	-	(8)	(8)
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(5)	(5)
Dividend announced	-	-	(25)	-	-	-	(25)	-	(25)
Acquisition of non-controlling interests	-	-	-	(3)	5	-	2	(7)	(5)
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	(5)	(5)
Balance as at June 30, 2025	253	4,982	2,386	(4,699)	1,265	(80)	4,107	6,287	10,394

*) 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 shareholders 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 December 31, 2024 (Audited)	253	4,981	2,446	(4,763)	1,279	(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 and forfeiture 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	-	-	-	-	-	-	-	(161)	(161)
Dividend announced	-	-	(149)	-	-	-	(149)	-	(149)
Acquisition of non-controlling interests and IPO of subsidiary	-	-	-	(312)	533	-	221	(493)	(272)
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	(28)	(28)
Balance as at December 31, 2025 (Audited)	253	4,984	2,367	(5,316)	1,813	(181)	3,920	5,371	9,291

*) Represents an amount of less than NIS 1 million

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

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited		Unaudited		Audited
	NIS millions				
Cash flows from operating activities					
Net profit	165	161	124	367	390
Adjustments required for presentation of cash flows From operating activities:					
Adjustments to the profit or loss items:					
Financing expenses, net	440	739	194	260	1,198
Company's share in earnings of equity-accounted investees, net	(10)	(52)	(7)	(53)	(78)
Fair value gain from investment property and investment property under development, net	(100)	(413)	(73)	(350)	(674)
Depreciation and amortization	8	11	4	6	22
Income tax	86	156	55	119	286
Other expenses (income), net	11	64	7	2	205
Cost of share-based payment	-	1	-	-	2
	435	506	180	(16)	961
Changes in assets and liabilities:					
Decrease (increase) in trade receivables and other receivables	(221)	78	(162)	34	(37)
Decrease in inventory of offices	15	-	-	-	104
Decrease (increase) in trade and other payables	(2)	(78)	(32)	10	(139)
	(208)	-	(194)	44	(72)
Net cash provided by operating activities before interest, dividend, and taxes	392	667	110	395	1,279
Cash paid and received during the period for:					
Interest paid	(435)	(451)	(133)	(179)	(768)
Interest received	105	61	60	41	127
Dividends received	9	12	5	9	21
Taxes paid	(74)	(18)	(3)	(8)	(32)
Taxes received	-	-	-	-	11
	(395)	(396)	(71)	(137)	(641)
Net cash from (used for) operating activities	(3)	271	39	258	638

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

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited		Unaudited		Audited
	NIS millions				
Cash flows from investing activities:					
Proceeds from the sale of investees	-	-	-	-	5
Investments and loans to investees	-	-	-	-	(1)
Acquisition, construction, and development of investment property	(223)	(357)	(73)	(121)	(563)
Investment in fixed assets and other assets	(8)	(3)	(1)	(2)	(11)
Proceeds from the sale of investment property net of tax paid	1,346	894	2	(4)	1,293
Grant of long-term loans	-	-	-	-	(19)
Repayment of long-term loans	-	2	-	1	26
Short-term investments, net	-	2	-	2	2
Investments in other financial assets	(13)	(39)	-	(39)	(47)
Proceeds from the sale of financial assets and withdrawal of deposits	14	8	14	2	23
Net cash flows from (used in) investment activities	1,116	507	(58)	(161)	708
Cash flow from financing activities					
Exercise of warrants for Company shares	-*)	-*)	-*)	-*)	-*)
Acquisition of treasury shares	(159)	(64)	(74)	(64)	(165)
Acquisition of non-controlling interests and IPO of subsidiary	(687)	(9)	(1)	(5)	(272)
Dividend paid to Company shareholders	(62)	(50)	(62)	(50)	(73)
Dividend paid to holders of non-controlling interests	(146)	(10)	(3)	(5)	(28)
Receipt of long-term loans	621	96	445	85	304
Repayment of long-term loans	(298)	(857)	(61)	(249)	(1,061)
Receipt (repayment) of long-term credit from banks, net	2,585	(1,187)	1,311	(899)	(1,056)
Receipt (repayment) of short-term credit from banks, net	-	128	-	(20)	(40)
Repayment and early redemption of debentures and convertible debentures	(2,790)	(2,874)	(2,087)	(2,092)	(3,560)
Issue of debentures	-	2,981	-	2,981	3,737
Buyback of hybrid debentures from non-controlling interests	-	(8)	-	(8)	(153)
Interest on hybrid debentures paid to non-controlling interests	(6)	(13)	-	(5)	(161)
Cash flows from financing activities	(942)	(1,867)	(532)	(331)	(2,528)
Exchange differences for cash and cash equivalents	(78)	41	(76)	(31)	(13)
Increase (decrease) in cash and cash equivalents	93	(1,048)	(627)	(265)	(1,195)
Cash and cash equivalents at the beginning of the	796	1,991	1,516	1,208	1,991
Cash and cash equivalents at the end of the period	889	943	889	943	796

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

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

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited		Unaudited		Audited
	NIS millions				
(A) Significant non-cash activities					
Sale of investment property against receivables	-	-	-	-	1,821
Issue of debentures against receivables	-	52	-	52	-
Distribution of a dividend in kind	-	-	-	-	76

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

NOTE 1 – General

A. These financial statements have been prepared in condensed format as at June 30, 2026 and for the six months then ended (the “Reporting Period”) and for the three months then ended (jointly - the “Consolidated Interim Financial Statements”). The financial statements should be read in conjunction with the Company’s annual financial statements as at December 31, 2025 for the year then ended, and their accompanying notes, which were approved by the Company’s Board of Directors on March 16, 2026 (the “Annual Financial Statements”).

B. The Company’s financial position and liquidity:

The Company has a long-term policy of maintaining a high level of liquidity that enables it to meet its liabilities, capitalize on opportunities in its areas of operation, and maintain flexibility in accessing financing sources, by equity issuances and obtaining long-term financing, including, among others, issuance of debentures, bank loans and mortgages, all against long-term investments in 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 its wholly-owned subsidiaries through distribution of dividend or receipt of a loan (subject to the distribution tests pursuant to the relevant law, and obligations to third parties).

Furthermore, the Company and its wholly-owned subsidiaries have binding lines of credit (mostly unused) 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 June 30, 2026 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 0.9 billion, of which NIS 0.3 billion have been utilized as at the foregoing date.

These credit facilities are from financial institution with which the Company maintains long-term relationships, and are refinanced from time to time for periods of three to four years, and as at the publication date of this report, most of them mature in 2027. Due to past experience, the Company expects it will be able to continue to extend the credit facilities before they mature.

The credit facilities of the Company and its subsidiaries contain financial covenants including, among other things, minimum equity, leverage rate, leveraged debt to value of collateral and others. As at June 30, 2026, and close to the date of publication of this report, the Company and its subsidiaries are in compliance with all the prescribed covenants.

The Group’s strategy is to focus on urban properties, while strengthening its capital and reducing leverage, and as part of this, in September 2024, the Company adopted a strategic plan for 2028 (“2028 Strategic Plan”), that refers to multi-departmental growth and includes organic growth, enhancing the Group’s property rights, selective acquisition of properties with betterment potential and their improvement, further sale of properties or entering into partnerships in properties for which betterment has been completed, and in properties being constructed or that will be constructed by the Company for sale.

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

The scope of disposal of properties and the Group's progress rate of such disposal, including the pace at which the properties have been put up for sale according to the various territories where G City Group operates is dynamic and is carried out according to the market conditions in those territories and in accordance with Company management’s discretion, taking macroeconomic and Company specific considerations into account, and by balancing the Company's needs with the value of its properties, and it may change as a result of macroeconomic changes as well as the emergence or absence of business opportunities to promote certain parts of the strategic plan, including the ability or inability to fully direct the business operations of the Group companies.

NOTE 1 – General (cont'd)

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

Moreover, in August 2026 the Company approved a property disposal plan amounting to NIS 6.1 billion and business focus, most of which is expected to be completed by the end of 2027 (the "Property Disposal Plan").

The Property Disposal Plan consists primarily of the following components:

- Sale of rental residential properties owned by the Group in the USA and Poland.
- The sale of commercial properties in Northern USA, while focusing on activity in the USA in commercial properties in Florida.
- The sale of the Group's properties in Brazil.
- The sale of properties in CTY in an amount of NIS 2.9 billion (most of which are intended for sale in 2027, and a smaller portion in early 2028), under the Property Disposal Plan approved by CTY's board of directors, and as reported by CTY in August 2026.

The Company's board of directors believes that the Property Disposal Plan, which is for non-core assets of the Group, is expected to bring about focusing on shopping centers anchored by supermarket chains and concentration in fewer territories. This will lead to managerial and operations efficiency for the Group, along with significant savings in general and administrative expenses, improvement of the Company's performance and results, and reduction of the Group's leverage.

The new Property Disposal Plan is further to the property disposal plan announced by the Company in October 2022 and is also further to and in accordance with the 2028 Strategic Plan announced by the Company in September 202418.

As at date of publication of the report, the Group has completed disposal of properties amounting to 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.

Based on the Company's above strategy, in June 2026 it announced the establishment of a special-purpose company called Noga Retail Properties Ltd. ("Noga") that indirectly holds real estate companies that will own three income-producing assets, which as at the reporting date are worth EUR 423 million (NIS 1.4 billion), and that has submitted to the Tel Aviv Stock Exchange Ltd. an initial draft of a prospectus for a dividend in kind of all Noga shares by the Company (by way of a spin-off) as well as an IPO of Debentures (Series A) of Noga (the "IPO"). The proceeds received in respect of the issuance of Debentures (Series A) will be used by Noga to repay part of the loans and capital notes provided to it by a subsidiary of the Company. In August 2026, Noga published a first draft of the public prospectus.

Based on the draft prospectus and subject to completion of the IPO according to the final prospectus, three income-producing assets owned by Citycon (indirectly), known as Trio Company , Myyrmanni Company and Koskikeskus Company, will be transferred as part of a restructuring of ownership (indirect) of Noga. At present, these assets are clear of any external debt. The Debentures (Series A) will be secured by a lien on Noga's assets. Furthermore, as at the reporting date, these assets are classified in the financial statements as assets held for sale.

NOTE 1 – General (cont'd)

C. Effect of the security and political situation in Israel:

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 was launched against Iran, which lasted two weeks, and in February 2026, a joint offensive named Lion's Roar was launched by Israel and the United States against Iran. This offensive 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 that were open throughout the Lion's Roar offensive. In April 2026, a ceasefire was announced on the Iranian and Hezbollah fronts. However, as at the reporting date, the security situation on the different fronts has not yet stabilized, and the uncertainty that characterized the war period, along with its resulting effects, continue to persist even now.

D. Definitions in these financial statements:

The Company	-	G City Ltd. (formerly Gazit-Globe Ltd.)
The parent company	-	Norstar Holdings Inc. ("Norstar") through its wholly-owned subsidiary (collectively, "Norstar Group").
G Europe	-	G City Europe Limited (formerly Atrium European Real Estate Limited), a subsidiary.
CTY	-	Citycon Oyj, a subsidiary.

NOTE 2 - Significant Accounting Policies

A. Format for preparation of the Condensed Consolidated Interim Financial Statements

The Condensed Consolidated Interim Financial Statements are prepared in accordance with International Accounting Standard No. 34 Interim Financial Reporting as well as the provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policies applied in preparing the Consolidated Interim Financial Statements are consistent with those applied in preparing the annual consolidated financial statements.

NOTE 3 – Material Events in the Reporting Period

A. Debt raising and redemption in the Group

1. During the period, the Company bought back NIS 817.9 million par value Debentures (Series L, M, N, P, R, and U), in return for NIS 869.1 million. Following the buyback, the Company recognized an early redemption gain in the amount of NIS 41.3 million. The bought back debentures were cancelled and delisted.
2. In April, CTY completed full redemption of its 2026 debentures for EUR 123.5 million.
3. In May, CTY completed full redemption of its 2027 debentures for EUR 128.6 million.

NOTE 3 – Material Events in the Reporting Period (cont.)

B. Other events

1. In the Reporting Period, the Company bought back 15.4 million shares of the Company for NIS 159.4 million. The shares purchased are treasury shares.

2. On November 3, 2025, the Company acquired 14.2 million CTY shares, representing 7.7% of CTY's share capital, for a total consideration of EUR 56.73 million (NIS 210.8 million). Following this acquisition, the Company's holdings in CTY increased to 57.4% of CTY's issued share capital in a manner that requires the Company to submit a full tender offer to CTY's minority shareholders, as specified below.

   Moreover, subsequent to the acquisition of shares and prior to completion of the above tender offer, the Company acquired another 3 million CTY shares as part of trading on the stock exchange, for a total consideration of EUR 12 million (NIS 45.6 million).

   As a result of the share acquisition, the Company's holdings in CTY increased to 59.09% of CTY's issued share capital, and equity attributable to the Company's shareholders increased by NIS 106 million. Under the provisions of Finnish law, as the Company's holdings exceed the limit of 50% of CTY's share capital, the Company is required to issue a tender offer for all non-controlling shares of CTY, at a price no less than the price paid under the Share Acquisition Transaction. Accordingly, the Company issued a tender offer specification under which it offered to purchase all non-controlling shares in CTY (including securities convertible to CTY shares) at a price of EUR 4 per share, which was later adjusted to EUR 3.8 per share due to distribution of a dividend of EUR 0.2 per share to CTY's shareholders (the "Tender Offer").

   On March 6, 2026, the Tender Offer for the purchase of CTY shares was completed. Under 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 was financed mainly from the Company's own resources. 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 increased by NIS 619 million.

   It should be noted that the total consideration that the Company paid in the Tender Offer, less the proceeds of the special dividend declared by CTY in the amount of EUR 164 million and received in the Reporting Period, is EUR 26 million.

   Prior to the above Tender Offer, the Company engaged in an agreement with a financial institution for the financing of the acquisition of CTY shares, for an amount of up to EUR 195 million, of which, as of the reporting date, the Company has withdrawn EUR 70 million and is entitled to withdraw another EUR 29 million.

   In addition to the above Tender Offer, in the Reporting Period the Company acquired 172 thousand CTY shares on the stock exchange for a total of NIS 1.6 million. As a result of the Tender Offer and acquisition of CTY shares on the stock exchange during the Reporting Period, equity attributable to the Company's shareholders increased by NIS 622 million.

   Subsequent to the Reporting Period, the Company acquired 0.8 million CTY shares on the stock exchange for NIS 7.8 million.

   Moreover, in July the Company issued a tender offer specification under which it offered to purchase all non-controlling shares in CTY (including securities convertible to CTY shares) at a price of EUR 2.9 per share. On August 3, 2026, the tender offer for the purchase of CTY shares was completed. Under the tender offer, 5.2 million CTY shares were acquired, representing 2.83% of CTY's share capital, for a total consideration of EUR 15 million (NIS 52 million). As part of the tender offer, the shares of the controlling shareholder, Chaim Katzman and his family members were also acquired.

NOTE 3 – Material Events in the Reporting Period (cont.)

The consideration was financed mainly from the Company’s own resources. As a result of completing the Tender Offer and purchasing CTY shares on the stock exchange, subsequent to the reporting date, the Company’s holdings in CTY increased to 89.7%, and equity attributable to the Company’s shareholders increased by NIS 69 million. Under the announcement of the Tender Offer results, the Company also announced the execution of a follow-on offer, which effectively is an extension of the Tender Offer until August 27, 2026 under the same terms.

3. In March 2026, subsequent to publication of the results of the Tender Offer for the purchase of non-controlling shares of CTY, S&P Maalot removed the Company’s ratings from the watch list of negative outlooks, reaffirmed the existing rating and revised the outlook to stable.
4. In March 2026, following the increase in the Company’s holdings in CTY, S&P Maalot downgraded the rating of CTY's debentures to B+ and its issuer rating to B.
5. In March 2026, Moody’s reaffirmed the rating of G Europe’s debentures to B2 and revised the rating outlook from positive to stable.
6. In March 2026, Gazit Malls announced a rights offering in a total amount of BRL 72 million, since the minority failed to exercise its share. A subsidiary of the Company invested the entire sum, thereby increasing its holdings in Gazit Malls to 83.5%.
7. In January 2026, the Company received a demand letter for disclosure of documents prior to submission of a motion for disclosure of documents, before filing of a motion to approve a derivative claim on behalf of an individual claiming to be a shareholder of the Company (as well as of Norstar, to which the letter is also addressed). The letter claims that Chaim Katzman, the controlling shareholder and CEO of the Company and Norstar who also serves as vice Chairman of the board of directors of the Company and Norstar, allegedly exploited business opportunities belonging to the Group companies, as part of private holdings in residential buildings in the United States. In the Company’s response to the letter, it rejected the allegations raised in it. Nevertheless, the applicant filed a motion for disclosure of documents prior to filing of a motion to approve a derivative claim with the District Court, and in May 2026, the Company filed its response with the court.
8. The tax authorities in Poland are examining the handling of withholding tax in Polish companies that were or are fully controlled by G Europe in 2018 through 2024.

   In January 2026, the court in Poland (first instance) issued a negative decision regarding the most advanced case on the matter of one company fully controlled by G Europe in 2018. The court ruled that the Company is required to pay withholding tax of 20% plus interest and fines, as demanded by the tax authority in Poland. The Company is working to appeal to the Supreme Court in Poland.

   In respect of 2019-2020, enforceable second-instance tax assessments were issued contrary to the Company's position, and an appeal has already been filed with the court in Poland on most of them.

   The managements of the Company and G Europe estimate, based on the opinion of their legal counsel, that the appeal will most likely be accepted.

   Regarding 2021-2024, an audit procedure is being conducted in respect of withholding tax in Poland.
9. Further to Note 9G of the consolidated financial statements as at December 31, 2025 regarding the disposal of three income-producing properties in Poland at a total value (as at September 30, 2025) of EUR 456 million, by the sale thereof to Orion Retail Properties Ltd. (“Orion”), in April 2026, the guarantee provided by the Company to a bank in connection with a currency hedging transaction for Orion was increased by EUR 9 million. Furthermore, in April 2026, the Company’s Board of Directors approved providing a commitment to extend a loan to Orion if it is required to pay any amounts to the tax authorities in Poland in respect of withholding tax for 2021 and 2022. The loan will be repaid in full at the earlier of: January 31, 2031, or end date of the property management agreement signed between the parties.

NOTE 3 – Material Events in the Reporting Period (cont.)

10. In May 2026, in view of the Company's request, Midroog announced it is suspending the rating of Debentures (Series I, L, M, N, O, P, Q, R, T and U).

11. In June, the Company's general meeting approved renewal of the employment agreement of Mr. Katzman's son-in-law, Zvi Gordon, for his role as CEO of Gazit Horizons Inc. for a three-year term, effective as of March 15, 2026.

    For his above role, Mr. Gordon is eligible for a basic monthly salary of USD 41,665, which will be adjusted annually, in each calendar year, according to the increase in the US Consumer Price Index, as well as standard fringe benefits. Mr. Gordon is also eligible for an annual cash bonus in a total amount that not exceeding 100% of the annual base salary he is entitled to with regard to any year, for achieving 100% of the goals in the given year. The amount of the annual bonus will be fixed in compliance with the Same Store NOI increase of Gazit Horizon, based on a linear range of between 1% and 4%, applicable from eligibility for 10% of the annual bonus with annual increments of 1% up to the full annual bonus of 4%.

    Furthermore, as part of the agreement renewal, Mr. Gordon was awarded equity compensation in the form of options (non-marketable) (75% of the total equity compensation) and RSUs (25% of the total equity compensation) for the purchase of ordinary shares of NIS 1 par value each of the Company, in a quantity that reflects an annual cost to the Company (calculated linearly) of USD 250,000 per year (NIS 750,000) (i.e., NIS 2,250,000 for the entire agreement term) (in total, Mr. Gordon was allotted 8,814 options and 56,667 RSUs). The vesting period of the options and RSUs will be for a period of three years, commencing on the date of approval by the general meeting, while the options and RSUs will vest in three equal tranches, beginning upon the lapse of one year from the date of the said meeting (one third at the end of each year), and will be exercisable until the lapse of four years from the grant date. The final expiration date of all options (if not exercised earlier) is at the end of four years from the issuance date (except in the event of termination of Mr. Gordon's employment without cause, in which case the vested options will be exercisable for a period of 90 days from termination of his employment). The options and RSUs are subject to standard adjustments, except for distribution of dividends.

    The agreement may be canceled by the Company or Mr. Gordon by 90 days' notice. Additionally, the Company may terminate the agreement, without advance notice, under circumstances that warrant the termination of Mr. Gordon's employment without severance pay.

    If the Company seeks to terminate the agreement 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, or in the event of death or loss of work capacity, Mr. Gordon (or his estate) is entitled to the following terms and conditions: (a) A 90-day notice period, during which Mr. Gordon is entitled to his base salary and the related benefits payable during the 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, subject to achievement of the compensation targets. . Furthermore, the agreement stipulates that in case of Mr. Gordon's dismissal (without cause) during a period of 12 months after a change of control of the Company (as defined in the agreement), or in the event of resignation within the 60-day period following the 12-month period after a change of control of the Company, Mr. Gordon will be entitled to the following terms and conditions: Accelerated vesting of the next tranche that has not yet vested by the date of termination of his employment of equity compensation allotted to him; a special bonus of 6 monthly salaries (in addition to the notice period and adjustment period).

NOTE 3 – Material Events in the Reporting Period (cont.)

In June 2026, the Company's general meeting approved an update to the non-competition provision and service agreement to Norstar for a period of three years. According to the update, the monthly consideration will be NIS 213 thousand, reflecting the Company's updated cost estimate, which will be adjusted annually by the higher of: (a) A fixed annual increase of 5% relative to the monthly consideration of the preceding year, unlinked; or (b) an increase equal to the annual growth rate of the Consumer Price Index. Moreover, in case of a material change in the scope of operations of Norstar, the Company will be entitled to increase to total annual consideration of up to 20%, based on the fixed consideration calculation mechanism set out in the service agreement.

The non-competition provision was renewed without any change to its terms, other than addition of another exception, whereby the non-competition provision will not apply to the holding (at any level, including a holding conferring control) of shares of companies traded on the stock exchanges in Israel or abroad, that engage primarily in the ownership, management and development of shopping centers, that were spun off from the Company or from companies under its control (including by way of distribution

in kind) (the "Spun-Off Operations"), and which, at the time of the spin off, the Company is prohibited from holding and/or controlling due to contractual restrictions under NDAs to which it (including companies under its control) is party, in connection with the Spun-Off Operations.

NOTE 4 - Financial Instruments

A. Fair value of financial instruments

The carrying value of assets and certain financial liabilities, including cash, trade receivables, other receivables, short-term loans and credit, trade and other payables, is consistent with or approximate to their fair value.

The fair value and amounts in the financial statements of the remaining financial liabilities (including current maturities), which are presented in the statement of financial position at their amortized cost, are as follows:

	As at June 30, 2026		As at June 30, 2025		As at December 31, 2025	
	Balance	Fair value	Balance	Fair value	Balance	Fair value
	NIS millions					
Debentures (Level 1)	13,560	13,504	17,126	17,186	16,844	16,227
Interest-bearing liabilities to banks and others (Level 2)	6,566	6,466	4,945	4,758	4,784	4,508
	20,126	19,970	22,071	21,944	21,628	20,735

B. Classification of financial instruments according to the fair value hierarchy

In the Reporting Period there were no material changes regarding the classification of financial assets and liabilities that are measured in the financial statements at fair value, compared to their classification as at December 31, 2025. Moreover, there were no transfers with respect to fair value measurement of 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 financial instrument.

NOTE 5 - Subsequent Events

A. On August 19, 2026, the Company declared a dividend of NIS 0.2 per share (a total of NIS 34.2 million) payable on September 9, 2026, to the shareholders of the Company on September 1, 2026.

B. In July 2026, the Company issued in a private placement, by means of expansion of a marketable series, NIS 261.1 million par value Debentures (Series N) (unsecured) for gross consideration of NIS 278.4 million at an effective annual interest rate of 4.87% (CPI-linked).

C. On July 8, 2026, S&P Maalot reaffirmed the Company's credit rating as ilA with a stable outlook.

D. For information about the results of the tender offer for the purchase of CTY shares subsequent to the Reporting Period, see Note 3B2.

E. On August 19, 2026, the Company's board of directors approved a share buyback offer of up to 10 million ordinary shares of the Company, reflecting 5.8% of the Company's share capital, for a consideration of NIS 11.5 per share (and a total of approximately NIS 115 million). The Company intends to issue a buyback tender offer specification according to the provisions of the Securities Regulations, 2000.

NOTE 6 - Operating Segments

The Company reports on five reportable segments in accordance with the management approach under IFRS 8.

The operating segments are determined on the basis of the information reviewed by the Company's Board of Directors for decision-making purposes regarding resource allocation and performance assessment. Accordingly, for management purposes the Company reports on five reportable segments according to the management approach in

IFRS8. The division into segments is based on the geographic location of the Company's operations. The chief operating decision maker (CODM) evaluates the segment results separately in order to allocate the resources and asses the segment performance which, in certain cases, differ from the measurements used in the consolidated financial statements, as specified in Note 36 to the Company's annual financial statements.

The Northern Europe segment is under a public company controlled by the Company and the remainder are wholly owned by the Company.

For a period of six months ended June 30, 2026

	Northern Europe	Central Europe	Israel	Brazil	USA	Other segments	Reconciliations of consolidated information	Consolidated
	Unaudited							
	NIS millions							
Income from building rentals and other revenue	549	166	158	69	97	14	(53)	1,000
Income from the sale of offices	-	-	72	-	-	-	-	72
Segment revenues	549	166	230	69	97	14	(53)	1,072
Net operating ·	386	120	113	56	57	7	(25)	713
Segment results	346	102	106	49	34	7	47	691
Financing expenses, net								(440)
Profit before taxes on income								251

NOTE 6 - Operating Segments (Contd.)

For a period of six months ended June 30, 2025

	Northern Europe	Central Europe	Israel	Brazil	USA	Other segments	Reconciliations of consolidated information	Consolidated
	Unaudited							
	NIS millions							
Segment revenues	595	268	157	79	93	15	(49)	1,158
Net operating income	407	190	98	64	52	7	(21)	797
Segment results	359	165	90	57	42	6	336	1,056
Financing expenses, net								(739)
Profit before taxes on income								317

For a period of three months ended June 30, 2026

	Northern Europe	Central Europe	Israel	Brazil	USA	Other segments	Reconciliations of consolidated information	Consolidated
	Unaudited							
	NIS millions							
Income from building rentals and other revenue	265	81	81	34	49	7	(26)	491
Income from the sale of offices	-	-	25	-	-	-	-	25
Segment revenues	265	81	106	34	49	7	(26)	516
Net operating income	197	59	56	28	28	3	(12)	359
Segment results	176	51	51	24	17	2	52	373
Financing expenses, net								(194)
Profit before taxes on income								179

NOTE 6 - Operating Segments (Contd.)

For a period of three months ended June 30, 2025

	Northern Europe	Central Europe	Israel	Brazil	USA	Other segments	Reconciliations of consolidated information	Consolidated
	Unaudited							
	NIS millions							
Segment revenues	304	133	79	42	49	8	(26)	589
Net operating income	217	95	47	33	28	4	(12)	412
Segment results	195	83	41	30	22	2	373	746
Financing expenses, net								(260)
Profit before taxes on income								486

Year ended December 31, 2025

	Northern Europe	Central Europe	Israel	Brazil	USA	Other segments	Reconciliations of consolidated information	Consolidated
	Audited							
	NIS millions							
Income from building rentals and other revenue	1,181	514	320	163	196	30	(105)	2,299
Income from the sale of offices	-	-	185	-	-	-	-	185
Segment revenues	1,181	514	505	163	196	30	(105)	2,484
Net operating income	814	366	226	132	108	14	(43)	1,617
Segment results	722	311	102	117	62	19	541	1,874
Financing expenses, net								(1,198)
Profit before taxes on income								676

NOTE 6 - Operating Segments (Contd.)

Segment assets:

		Northern Europe	Central Europe	Israel	Brazil	USA	Other segments	Reconciliations of consolidated information	Consolidated
		Unaudited							
		NIS millions							
June 30, 2026	Investment property	12,942	4,720	3,505	1,747	2,644	214	(3,957)	21,815
	Investment property under development	-	492	993	-	633	-	(169)	1,949
	Office inventory	-	-	221	-	-	-	-	221
	Total segment assets	13,394	5,265	4,961	1,839	3,317	217	1,369	30,362
June 30, 2025	Investment property	14,949	7,062	3,492	1,963	2,791	251	(1,481)	29,027
	Investment property under development	-	623	919	30	681	-	(218)	2,035
	Office inventory	-	-	335	-	-	-	-	335
	Total segment assets	15,538	7,739	4,452	2,059	3,495	253	1,666	35,202
December 31, 2025 (audited)	Investment property	14,142	5,086	3,461	1,734	2,736	238	(3,284)	24,113
	Investment property under development	-	578	963	-	670	-	(228)	1,983
	Office inventory	-	-	236	-	-	-	-	236
	Total segment assets	14,612	5,708	4,846	1,799	3,447	238	2,606	33,256

NOTE 7 - Condensed Financial Information of G Alpha

In February 2024 the Company offered to the public NIS 410 million par value Debentures (Series R), which are secured by a fixed first degree lien on all of the Company's holdings in GHI Alpha Portfolio LLC ("G Alpha"), that 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.

Condensed financial information of G Alpha and main notes:

Condensed statements of financial position

	June 30		At December 31
	2026	2025	2025
	USD thousands		
Assets			
Current assets			
Cash and cash equivalents	6,057	2,782	6,644
Trade receivables	260	113	234
Other receivables	77	493	299
	6,394	3,388	7,177
Non-current assets			
Deposits	809	885	874
Investment property	318,285	311,297	321,379
Fixed assets, net	994	315	734
	320,088	312,497	322,987
	326,482	315,885	330,164
Liabilities and Equity			
Current liabilities			
Current maturities of non-current liabilities	-	25,965	26,014
Trade payables	1,466	1,412	434
Other payables	166	192	230
	1,632	27,569	26,678
Non-current liabilities			
Interest-bearing loans from banks and others	89,334	63,556	63,561
Other financial liabilities	1,221	1,272	1,261
	90,555	64,828	64,822
Equity attributable to shareholders of the Company	234,295	223,488	238,664
	326,482	315,885	330,164

NOTE 7 - Condensed Financial Information of G Alpha (cont.)

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited		Unaudited		Audited
	USD thousands				
Rental income - commercial	4,354	3,678	2,157	1,817	8,147
Rental property operating expenses - commercial	959	688	505	384	1,632
Net operating income - commercial	3,395	2,990	1,652	1,433	6,515
Rental income - commercial	5,115	5,024	2,541	2,530	10,109
Rental property operating expenses - residential	1,963	1,953	991	1,010	3,834
Net operating income - residential	3,152	3,071	1,550	1,520	6,275
Net operating income	6,547	6,061	3,202	2,953	12,790
General and administrative expenses	(65)	(57)	(32)	(30)	(150)
Increase (decrease) in value of investment property	(3,284)	8,336	(3,284)	8,336	18,219
Operating profit (loss)	3,198	14,340	(114)	11,259	30,859
Financing expenses, net	(1,401)	(1,213)	(722)	(594)	(2,556)
Net profit (loss)	1,797	13,127	(836)	10,665	28,303

NOTE 7 - Condensed Financial Information of G Alpha (cont.)

Condensed cash flow statements

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited		Unaudited		Audited
	USD thousands				
Cash flows from operating activities					
Net income (loss)	1,797	13,127	(836)	10,665	28,303
Adjustments to reconcile cash flows from					
Adjustments to the profit or loss items:					
Financing expenses, net	1,401	1,213	722	594	2,556
Decrease (increase) in value of investment property, net	3,284	(8,336)	3,284	(8,336)	(18,219)
Depreciation and amortization	53	50	27	25	103
	4,738	(7,073)	4,033	(7,717)	(15,560)
Changes in assets and liabilities:					
Decrease (increase) in trade receivables and other receivables	215	(537)	54	(437)	(586)
Decrease (increase) in trade and other payables	63	1,099	(412)	503	176
	278	562	(358)	66	(410)
Net cash provided by operating activities before interest, dividends and taxes	6,813	6,616	2,839	3,014	12,333
Interest paid	(519)	(1,338)	150	(669)	(2,677)
Interest received	38	179	21	101	229
Net cash from operating activities	6,332	5,457	3,010	2,446	9,885
Cash flows from investing activities:					
Acquisition, construction, and development of investment property	(143)	(323)	(75)	(189)	(417)
Investment in financial assets (see Note 1E)	-	-	6,166	-	-
Investment in fixed assets and other assets	(312)	(27)	(251)	(21)	(499)
Net cash used for investment activities	(455)	(350)	5,840	(210)	(916)
Cash flow from financing activities					
Loan extension refund (costs)	(298)	-	272	-	-
Dividend paid to Company shareholders	(6,166)	(11,000)	(6,166)	(11,000)	(11,000)
Cash flows from financing activities	(6,464)	(11,000)	(5,894)	(11,000)	(11,000)
Increase (decrease) in cash and cash	(587)	(5,893)	2,956	(8,764)	(2,031)
Cash and cash equivalents at the beginning of the period	6,644	8,675	-	11,546	8,675
Cash and cash equivalents at the end of the period	6,057	2,782	2,956	2,782	6,644
Significant non-cash activities of the Company:					
Transfer of an asset against an owner's investment	-	19,730	-	19,730	19,730
Distribution to owners (see Note 1E)	6,166	-	-	-	-

NOTE 7 - Condensed Financial Information of G Alpha (Cont.)

<u>Main Notes</u>

1. General

   A. G Alpha is a limited liability company established on October 23, 2023. according to the laws of the State of Delaware, USA.

   B. G Alpha engages, through the companies under its control, in the management of income-generating mixed-use real estate properties, including for commercial and residential rental uses, in densely populated urban areas in large cities in the US, mainly in New York, Boston, and Miami, and as at reporting date, it owns seven income-generating properties.

   C. On February 4, 2024, Gazit Horizons, which holds all of the equity of G Alpha, transferred to G Alpha, its entire holdings in six private companies wholly owned by it, each of which holds an income-generating property.

   D. On June 26, 2025, Gazit Horizons Inc. transferred to G Alpha, the interests in the real estate company 41 Winter Street LLC, which owns an income-producing property in Boston worth USD 20 million, without any cash consideration, by way of an owners investment in the Company.

   E. In the Reporting Period, G Alpha acquired NIS 18.5 million par value debentures of the Company (Series R), for a consideration of USD 6.2 million. Later these debentures were transferred to the Company without any consideration, in accordance of the provisions of the deed of trust. The acquired Debentures (Series R) were canceled and delisted.

2. Significant Accounting Policies

   The main accounting policies applied in the financial figures attributed to G Alpha are consistent with those applied in preparing these consolidated financial statements.

NOTE 8 - Condensed Financial Information of CH Targowek

In July 2024, the Company offered 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 related 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.

Condensed financial information of the real estate company and main notes:

Condensed statements of financial position

	June 30		At December 31
	2026	2025	2025
	EUR thousands		
Assets			
Current assets			
Cash and cash equivalents	8,096	1,704	3,542
Trade receivables	398	533	391
Related party loans	10,114	-	10,000
Other receivables	1,265	1,303	939
	19,873	3,540	14,872
Non-current assets			
Investment property	255,728	248,338	249,888
Related party loans	-	10,460	-
Debt balances	3,039	-	-
Fixed assets, net	24	29	26
	258,791	258,827	249,914
Total assets	278,664	262,367	264,786
Liabilities and Equity			
Current liabilities			
Related party loans	-	6,000	-
Trade payables	175	123	96
Other payables	2,998	2,620	2,442
Interest payable to third parties	10,052	4,799	7,490
Short-term lease liability	435	435	435
	13,660	13,977	10,463
Non-current liabilities			
Related party loans	69,709	70,583	70,949
Other financial liabilities	17,587	14,193	15,315
	87,296	84,776	86,264
Equity attributable to shareholders of the Company	177,708	163,614	168,059
Total equity and liabilities	278,664	262,367	264,786

NOTE 8 - Condensed Financial Information of CH Targowek (Cont.)

Condensed statements of income

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	EUR thousands				
Income from building rentals and other revenue	10,058	9,487	5,075	4,734	19,430
Rental property operating expenses and other expenses	2,502	2,610	1,300	1,255	5,231
Net operating income	7,556	6,877	3,775	3,479	14,199
Appreciation of an investment property	5,815	8,399	2,649	7,210	9,748
General and administrative expenses	(316)	(326)	(138)	(24)	(665)
Operating profit	13,055	14,950	6,286	10,665	23,282
Financing expenses, net	(1,205)	(3,028)	(1,161)	(277)	(5,912)
Profit before taxes on income	11,850	11,922	5,125	10,388	17,370
Taxes on income	2,201	2,596	746	2,596	3,599
Net profit	9,649	9,326	4,379	7,792	13,771

NOTE 8 - Condensed Financial Information of CH Targowek (Cont.)

Condensed cash flow statements

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	EUR thousands				
Cash flows from operating activities					
Collection from tenants	13,265	12,052	7,384	6,055	24,502
Receipt of payment from trade receivables	99	246	68	152	1,129
Payment to trade payables	(5,489)	(5,185)	(2,618)	(3,025)	(10,176)
Tax paid	(3,331)	(290)	(168)	(144)	(579)
Net cash from operating activities	4,544	6,823	4,666	3,038	14,876
Cash flows from investing activities:					
Investment in investment property	(31)	(475)	(31)	(315)	(917)
Loans given to Group companies	-	(9,000)	-	(5,000)	(14,933)
Repayment of loans given to Group companies	112	67	112	-	6,194
Net cash from (used for) investment activity	81	(9,408)	81	(5,315)	(9,656)
Cash flow from financing activities					
Capital reduction	-	-	-	-	(6,000)
Cash flows from financing activities	-	-	-	-	(6,000)
Exchange differences for cash and cash equivalents	(71)	(49)	(38)	(42)	(16)
Increase in cash and cash equivalents	4,554	(2,634)	4,709	(2,319)	(796)
Cash and cash equivalents at the beginning of the period	3,542	4,338	3,387	4,023	4,338
Cash and cash equivalents at the end of the period	8,096	1,704	8,096	1,704	3,542

Main Notes

1. CH Targowek sp. Z o. o. is a company incorporated in Poland, that engages in the management of income-producing real estate and owns the Atrium Targowek Shopping Center 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 the Company for the relevant periods.

2. The main accounting policies applied in the financial figures attributed to CH Targowek are consistent with those applied in preparing the consolidated financial statements of the Company as at December 31, 2025.

G City Ltd.

Financial Information from the Condensed Consolidated Interim Statements attributable to the Company

As at June 30, 2026

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To
The Shareholders of G City Ltd.
Dear Sirs/Mmes.,

re: <u>Special auditors' report on the separate interim financial information pursuant to Regulation 38(D) of the Securities Regulations (Periodic and Immediate Reports), 1970</u>

Introduction

We have reviewed the separate interim financial information presented pursuant to Article 38(D) of the Securities Regulations (Periodic and Immediate Reports), 1970, of G City Ltd. ("the Company") as at June 30, 2026 and for the six and three months then ended. The separate interim financial information is the responsibility of the Company's management and Board of Directors. Our responsibility is to express an opinion on the separate interim financial information based on our review.

We did not review the interim separate financial information contained in the interim financial statements of investees for which assets less liabilities, net attributed to them amounted to NIS 3,953 thousand as at June 30, 2026, and where the Company's share of the losses of these companies amounted to NIS 71 million and NIS 27 million for the six and three months then ended. The separate financial information of this company was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the interim financial information in respect of this company, is based on the review reports of such other auditors.

Scope of Review

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

Conclusion

Based on our review and the review of other accountants, nothing has come to our attention that causes us to believe that this separate interim financial information is not prepared, in all material respects, in accordance with the provisions of Article 38(D) of the Securities Regulations (Periodic and Immediate Reports), -1970.

Tel Aviv,

August 19, 2026

Kost Forer Gabbay & Kasierer

Certified Public Accountants

G City Ltd.

Financial Figures and Financial Information from the Condensed Interim Financial Statements attributable to the Company

Below are the separate figures and financial information from the condensed interim financial statements of the Group as at June 30, 2026, published as part of the periodic reports (the "Consolidated Reports"), attributable to the Company, presented in accordance with Regulation 38D 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 annual consolidated financial statements.

Consolidated subsidiaries as defined in Note 1 to the annual consolidated financial statements.

	June 30		At December 31
	2026	2025	2025
	Unaudited		Audited
	NIS millions		
Assets			
Current assets			
Cash and cash equivalents	433	172	71
Short-term deposits	80	60	48
Short-term loans and current maturities of long-term loans to subsidiaries	-	-	1,336
Financial assets	-	-	9
Financial derivatives	9	113	73
Other receivables	67	35	37
Trade and revenue receivable, and contractual assets	202	14	155
Office inventory	221	335	236
Dividend receivable from consolidated subsidiaries	-	-	262
	1,012	729	2,227
Non-current assets			
Financial assets	16	62	26
Financial derivatives	15	-	34
Investment property	3,505	3,492	3,461
Investment property under development	993	919	963
Other investments, loans and receivables	111	11	141
Loans to subsidiaries	1,424	3,151	2,092
Investments in subsidiaries	8,380	8,014	8,003
Fixed and other assets, net	18	20	18
	14,462	15,669	14,738
	15,474	16,398	16,965

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

	June 30		At December 31
	2026	2025	2025
	Unaudited		Audited
	NIS millions		
Liabilities and Equity			
Current liabilities			
Current maturities of non-current liabilities	1,631	1,246	1,364
Short-term loans from subsidiaries	-	-	448
Financial derivatives	14	-	3
Trade payables	26	27	22
Other payables	76	84	109
Current tax liabilities	7	-	-
	1,754	1,357	1,946
Non-current liabilities			
Loans from banks	2,539	2,333	2,197
Loans from affiliates	39	42	42
Debentures and convertible debentures	6,797	8,372	8,851
Financial derivatives	35	123	-
Other financial liabilities	175	64	6
Deferred taxes	15	-	3
	9,600	10,934	11,099
Equity attributable to shareholders of the Company			
Share capital	253	253	253
Share premium	4,985	4,982	4,984
Retained earnings	2,397	2,386	2,367
Adjustments due to translation of financial statements of foreign operations	(6,557)	(4,699)	(5,316)
Other reserves	3,382	1,265	1,813
Treasury shares	(340)	(80)	(181)
	4,120	4,107	3,920
Total liabilities and equity	15,474	16,398	16,965

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

August 19, 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

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited		Unaudited		Audited
			NIS millions		
Income from building rentals and other revenue	157	156	80	79	320
Net operating rental income	56	59	29	32	122
Net income from rental of buildings and others	101	97	51	47	198
Income from the sale of offices	72	-	25	-	185
Cost of sales of offices	61	-	21	-	157
Net income from the sale of offices	11	-	4	-	28
Net operating income	112	97	55	47	226
Fair value gain from investment property and investment property under development, net	13	54	29	71	113
General and administrative expenses	(27)	(30)	(14)	(14)	(59)
Sales and Marketing Expenses	(2)	-	(1)	-	(6)
Other expenses, net	(2)	-	-	-	(85)
Management fees from related companies	1	1	-	-	3
Income from subsidiaries, net	187	260	105	251	449
Operating profit	282	382	174	355	641
Financing expenses	(299)	(481)	(219)	(209)	(742)
Financing income	78	15	126	53	30
Financing income from subsidiaries, net	48	74	21	36	146
Income (loss) before taxes on income	109	(10)	102	235	75
Taxes on income (tax benefit)	17	-	19	(1)	5
Net profit (loss) attributed to the Company	92	(10)	83	236	70

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

Financial Information from the Condensed Consolidated Statement of Comprehensive Income attributable to the Company

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited		Unaudited		Audited
	NIS millions				
Net profit (loss) attributed to the Company	92	(10)	83	236	70
Other comprehensive income (loss) attributed to the Company (net of tax effect):					
<u>Amounts classified or reclassified to profit or loss</u>					
Adjustments for conversion of financial statements of foreign operations	371	(16)	281	37	123
Exercise of foreign currency translation reserve attributable to subsidiaries previously consolidated	-	-	-	-	31
Other comprehensive income (loss) attributed to the Company	371	(16)	281	37	154
Other comprehensive income (loss) attributed to the subsidiaries	(664)	61	(642)	(461)	(389)
Total other comprehensive income (loss) attributed to the Company	(293)	45	(361)	(424)	(235)
Total comprehensive income (loss) attributed to the Company	(201)	35	(278)	(188)	(165)

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

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited		Unaudited		Audited
	NIS millions				
Cash flows from operating activities of the Company:					
Net profit (loss) attributed to the Company	92	(10)	83	236	70
Adjustments required for presentation of cash flows from operating activities of the Company:					
Adjustments to profit and loss items of the Company:					
Depreciation	1	1	1	-	2
Financing expenses, net	173	392	72	120	566
Fair value gain from investment property and investment property under development, net	(13)	(54)	(29)	(71)	(113)
Adjustments to profit and loss items of the Company:	(187)	(260)	(105)	(251)	(449)
Cost of share-based payment	-	1	-	1	2
Other expenses (income), net	2	-	-	-	85
Taxes on income (tax benefit)	17	-	19	(1)	5
	(7)	80	(42)	(202)	98
Changes in the Company's asset and liability items:					
Decrease (increase) in trade receivables and other receivables	(105)	76	(25)	29	(108)
Decrease in inventory of offices	15	-	-	-	104
Decrease in trade and other payables	(36)	(91)	(22)	(8)	(86)
	(126)	(15)	(47)	21	(90)
Cash paid and received during the period by the Company for:					
Interest paid	(170)	(195)	(78)	(113)	(377)
Interest received from subsidiaries, net	92	94	65	64	292
Taxes paid	-	-	-	-	(3)
Dividend received from subsidiaries	716	-	400	-	-
	638	(101)	387	(49)	(88)
Net cash from (used for) the Company's ongoing operations	597	(46)	381	6	(10)

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

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited		Unaudited		Audited
	NIS millions				
Cash flows from investment activities of the Company:					
Proceeds from the sale of investees	-	-	-	-	5
Investment in property, plant and equipment and other assets	-	-	-	-	(1)
Acquisition, construction, and development of investment property	(62)	(128)	(10)	(70)	(214)
Proceeds from sale of investment property	-	485	-	-	610
Short-term investments, net	-	2	-	2	2
Disposal of investments in subsidiaries, net	(687)	4	(1)	4	(227)
Receipt (provision) of loans from subsidiaries, net	55	135	362	122	(252)
Repayment of long-term loans	1,315	-	-	-	-
Grant of long-term loans	-	-	-	-	(19)
Proceeds from sale of financial assets, net	10	1	10	1	1
Net cash provided by (used for) investment activities of the Company	631	499	361	59	(95)
Cash flows from the Company's financing activities					
Exercise of share options into shares	-	-*)	-*)	-*)	-*)
Acquisition of treasury shares	(159)	(64)	(74)	(64)	(165)
Dividend paid to Company shareholders	(62)	(50)	(62)	(50)	(73)
Issue of debentures and convertible debentures	-	1,181	-	1,181	1,937
Repayment and early redemption of debentures and convertible debentures	(1,908)	(1,342)	(1,223)	(1,268)	(1,527)
Withdrawal (repayment) of short-term lines of credit from banks, net	868	(172)	558	116	(47)
Repayment of long-term loans	(212)	(36)	(18)	(13)	(153)
Receipt of long-term loans	618	85	442	85	85
Net cash from (used for) the Company's financing operations	(855)	(398)	(377)	(13)	57
Exchange differences for cash balance and cash equivalents	(11)	(6)	(14)	(9)	(4)
Increase (decrease) in cash and cash equivalents	362	49	351	43	(52)
Cash and cash equivalents at the beginning of the period	71	123	82	129	123
Cash and cash equivalents at the end of the period	433	172	433	172	71

*) Represents an amount of less than NIS 1 million

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

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	Unaudited		Unaudited		Audited
	NIS millions				
Significant non-cash activities of the Company:					
Dividend received from a subsidiary against repayment of loans from a subsidiary	-	91	-	-	20
Reimbursement of investment in a subsidiary	-	-	-	-	71
Issue of debentures against receivables	-	52	-	52	-
Dividend receivable from consolidated	-	-	-	-	262
Distribution of a dividend in kind	-	-	-	-	76

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

A. General

1. This separate financial information was drafted in a condensed format as at June 30, 2026 and for the six and three months then ended, pursuant to the provisions of article 38D of the Securities Regulations (Periodic and Immediate Reports), 1970. This separate financial information should be reviewed in conjunction with the financial information regarding the annual financial statements as at December 31, 2025, and for the year then ended and their accompanying notes, as approved by the Company's Board of Directors on March 16, 2026, and in conjunction with the condensed interim consolidated financial statements as at June 30, 2026.
2. As at June 30, 2026, (the “Reporting Date”) the Company had working capital deficit in the amount of NIS 0.7 billion. The Company and its wholly owned subsidiaries have unused approved credit facilities for an amount of NIS 0.6 billion that can be used immediately. The Company's management believes that these sources, as well as the positive cash flow generated from operating activities of the Company and its wholly owned subsidiaries, will allow the Company to repay its short term liabilities.
3. For further information regarding the effect of the security and political situation in Israel, see Note 1C to the consolidated financial statements.

B. Significant events during the Reporting Period

1. During the period, the Company bought back NIS 817.9 million par value Debentures (Series L, M, N, P, R, and U), in return for NIS 869.1 million. Following the buyback, the Company recognized an early redemption gain in the amount of NIS 41.3 million. The bought back debentures were cancelled and delisted.
2. In the Reporting Period, the Company bought back 15.4 million shares of the Company for NIS 159.4 million. The shares purchased are treasury shares.
3. During the period, the Company announced the distribution of a dividend in the amount of NIS 0.36 per share (total amount of NIS 62 million), of which NIS 28 million (NIS 0.16 per share) was paid on April 28, 2026, and NIS 34 million was paid on June 16, 2026.
4. For further information regarding the results of the tender offer to purchase all minority shares of CTY, see Note3B2 to the consolidated financial statements.
5. In March 2026, subsequent to publication of the results of the Tender Offer for the purchase of non-controlling shares of CTY, S&P Maalot removed the Company’s ratings from the watch list of negative outlooks, reaffirmed the existing rating and revised the outlook to stable.
6. In January 2026, the Company received a demand letter for disclosure of documents prior to submission of a motion for disclosure of documents, before filing of a motion to approve a derivative claim on behalf of an individual claiming to be a shareholder of the Company (as well as of Norstar, to which the letter is also addressed). The letter claims that Chaim Katzman, the controlling shareholder and CEO of the Company and Norstar who also serves as the Chairman of the Board of the Company and Norstar, allegedly exploited business opportunities belonging to the Group companies, as part of private holdings in residential buildings in the United States. In the Company’s response to the letter, it rejected the allegations raised in it. Nonetheless, the applicant filed a motion with the District Court for disclosure of documents prior to submitting a motion to certify a derivative claim, and in May 2026 the Company filed its response with the court
7. Further to Note 9G of the consolidated financial statements as at December 31, 2025 regarding the disposal of three income-producing properties in Poland at a total value (as at September 30, 2025) of EUR 456 million, by the sale thereof to Orion Retail Properties Ltd. (“Orion”), in April 2026, the guarantee provided by the Company to a bank in connection with a currency hedging transaction for Orion was increased by EUR 9 million. Furthermore, in April 2026, the Company’s board of directors approved providing a commitment to extend a loan to Orion if it is required to pay any amounts to the tax authorities in Poland in respect of withholding tax for 2021 and 2022. The loan will be repaid in full at the earlier of: January 31, 2031, or end date of the property management agreement signed between the parties.
8. In May 2026, in view of the Company’s request, Midroog announced it is suspending the rating of Debentures (Series I, L, M, N, O, P, Q, R, T and U).

C. Financial instruments

1. Fair value of Financial Instruments:

The carrying amounts of certain financial assets and liabilities, including cash, trade and other receivables, short-term loans and borrowings, trade and other payables corresponds to or are close to their fair value.

The fair values of the rest of the financial liabilities and their carrying amounts (including current maturities) presented in the statement of financial position, are as follows:

	As at June 30, 2026		As at June 30, 2025		As at December 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	NIS millions					
Debentures (Level 1)	8,333	8,414	9,502	9,492	10,123	9,718
Loans from banks and others (Level 2)	2,634	2,585	2,449	2,363	2,289	2,210
	10,967	10,999	11,951	11,855	12,412	11,928

2. The financial instruments are classified according to the fair value scale:

In the Reporting Period there were no material changes regarding the classification of financial assets and liabilities that are measured in the financial statements at fair value, compared to their classification as at December 31, 2025. Moreover, there were no transfers with respect to fair value measurement of 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 financial instrument.

D. Subsequent events

1. On August 19, 2026, the Company declared a dividend of NIS 0.2 per share (a total of NIS 34.2 million) payable on September 9, 2026, to the shareholders of the Company on September 1, 2026.
2. In July 2026, the Company issued in a private placement, by means of expansion of a marketable series, NIS 261.1 million par value Debentures (Series N) (unsecured) for gross consideration of NIS 278.4 million at an effective annual interest rate of 4.87% (CPI-linked).
3. On July 8, 2026, S&P Maalot ratified the Company’s credit rating as ilA and confirmed its outlook as stable.
4. For information about the results of the tender offer for the purchase of CTY shares subsequent to the Reporting Period, see Note 3B2.
5. On August 19, 2026, the Company's board of directors approved a share buyback offer of up to 10 million ordinary shares of the Company, reflecting 5.8% of the Company’s share capital, for a consideration of NIS 11.5 per share (and a total of approximately NIS 115 million). The Company intends to issue a buyback tender offer specification according to the provisions of the Securities Regulations, 2000.

Quarterly Report regarding the Effectiveness of the Internal Control over the Financial Reporting and Disclosure pursuant to Regulation 38C(a) of the Securities Regulations in Israel

Quarterly Report regarding the Effectiveness of the Internal Control over the Financial Reporting and Disclosure pursuant to Regulation 38C(a)

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 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.

The quarterly report regarding the effectiveness of the internal control over the financial reporting and disclosure attached to the quarterly report for the period ended March 31, 2026, (the "Latest Quarterly Report on Internal Control") found the internal control to be effective.

As at the reporting date no event or matter was brought to the attention of the Board of Directors or the management, which could change the effectiveness assessment of the internal control as found in the Latest Quarterly Report on Internal Control.

As at reporting date, based on the provisions of the Latest Quarterly Report on Internal Control and on information brought to the attention of the management and Board of Directors as aforesaid, the internal control remains effective.

Officers' Declarations

A. Declaration of the CEO pursuant to Regulation 38C(d)(l):

Officers' Declarations

Declaration of the CEO

I, Chaim Katzman, hereby declare that:

(1) I have reviewed the Quarterly Report of G City Ltd. (the "Corporation") for the second quarter of 2026 (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 financial 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) No event or matter that occurred during the period from the last Quarterly Report and the date of this Report was brought to my attention, which could change the conclusions of the Board of Directors and the management regarding the effectiveness of the internal control over and disclosure of the Corporation's financial reporting.

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

August 19, 2026

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

B. Declaration of the Chief Finance Officer of the Corporation pursuant to Regulation 38C(d)(2):

Officers' Declaration

Declaration of the Chief Finance Officer

I, Gil Kotler, hereby declare that:

(1) I have reviewed the interim financial statements and other financial information contained in the reports of the interim period of G City Ltd. (the "Corporation") for the second quarter of 2026 (the "Financial Statements" or the "Interim Periodic Reports");

(2) As far as I am aware, the interim financial statements and other financial information for the interim period 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 Financial Statements;

(3) As far as I am aware, the interim financial statements and other financial information included in the Interim Periodic Reports 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 Financial 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 interim financial statements and the other financial information included in the interim Financial 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 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 financial 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) No event or matter that occurred during the period from the last Quarterly Report and the date of this Report that relates to the interim Financial Statements and to all other financial information contained in the interim Financial Statements, was brought to my attention, which could change, in my opinion, the conclusions of the Board of Directors and the management regarding the effectiveness of the internal control over and disclosure of the Corporation's financial reporting.

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

August 19, 2026

Gil Kotler, CFO

Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Tel Aviv, 6492102
Tel: +972-3-6232525
Fax: 972-3-5622555
ey.com

August 19, 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) Review report dated August 19, 2026, concerning the condensed consolidated financial information of the Company as at June 30, 2026 and for the six and three months then ended.

2) The Auditors' special report dated August 19, 2026, on the separate financial information of the Company as at June 30, 2026, and for the six and three months then ended, pursuant to Regulation 38C of the Securities Regulations (Periodic and Immediate Reports), 1970.

Kost Forer Gabbay & Kasierer

Certified Public Accountants