



G City Europe Limited

INTERIM FINANCIAL STATEMENTS 30 JUNE 2025

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STATEMENT REGARDING FORWARD LOOKING INFORMATION

This report includes statements that are, or may be deemed to be, "forward looking statements". These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should", "could", "assumes", "plans", "seeks" or "approximately" or, in each case their negative or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout these condensed consolidated interim financial statements and include statements regarding the intentions, plans, objectives, beliefs or current expectations of the Group. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance.

You should assume that the information appearing in the condensed consolidated interim financial statements is up to date only as of the date of the condensed consolidated interim financial statements. The business, financial conditions, results of operations and prospects of the Group may change. Except as required by law, the Group do not undertake any obligation to update any forward looking statements, even though the situation may change in the future.

All of the information presented in the condensed consolidated interim financial statements, and particularly the forward looking statements, are qualified by these cautionary statements.

The condensed consolidated interim financial statements and the documents available for inspection should be read in their entirety and with the understanding that the actual future results of the Group may be materially different from what the Group expects.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2025 €'000	31 December 2024 €'000
ASSETS			
Standing investments	4	1,537,165	1,450,054
Redevelopments and land	5	126,385	152,699
Equity-accounted investment in joint ventures		1,072	1,530
Derivatives	12	2,656	4,486
Other non-current assets	6	280,009	276,796
Non-current assets		1,947,287	1,885,565
Other current assets	7	22,705	26,754
Assets held for sale	8	-	270,869
Cash and cash equivalents	9	38,164	90,838
Current assets		60,869	388,461
TOTAL ASSETS		2,008,156	2,274,026
EQUITY AND LIABILITIES			
Equity	10	1,355,611	1,319,845
Long term borrowings	11	521,547	529,373
Derivatives	12	6,584	6,425
Other non-current liabilities	13	83,900	75,741
Non-current liabilities		612,031	611,539
Short term borrowings	11	3,046	87,609
Other current liabilities	14	37,412	124,427
Provisions		56	496
Liabilities held for sale	8	-	130,110
Current liabilities		40,514	342,642
Total equity and liabilities		2,008,156	2,274,026

The financial statements were approved and authorised for issue by the Board of Directors on 31 July 2025 and were duly signed on the Board's behalf by Chaim Katzman, Chairman of the Board and Marios Demetriades, Director.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 30 June 2025		Six months ended 30 June 2025		Three months ended 30 June 2024		Six months ended 30 June 2024	
	Note	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income		21,396		42,383		23,694		46,873	
Service charge income		6,644		13,064		7,182		13,612	
Property expenses		(8,533)		(16,816)		(9,033)		(18,416)	
Net rental income			19,507		38,631		21,843		42,069
Revaluation of standing investments, net	4	20,464		39,617		46,244		46,244	
Depreciation, amortisation and impairments		(473)		(1,030)		(476)		(964)	
Administrative expenses		(2,664)		(5,078)		170		(2,543)	
Share of profit of equity-accounted investment		(245)		(458)		(183)		(415)	
Net result on disposals	8	-		-		-		(200)	
Costs connected with developments		(27)		(54)		(39)		(93)	
Net operating profit			36,562		71,628		67,559		84,098
Interest income		3,374		6,780		3,596		7,126	
Interest expense		(4,818)		(9,822)		(6,761)		(15,354)	
Foreign currency differences		(1,571)		81		(80)		(334)	
Other financial income		883		1,216		1,661		5,373	
Other financial expense		(1,511)		(3,261)		(1,279)		(2,661)	
Profit before taxation from continuing operations			32,919		66,622		64,696		78,248
Taxation charge for the period	15	(5,336)		(10,055)		(4,077)		(3,710)	
Profit after taxation from continuing operations			27,583		56,567		60,619		74,538
(Loss)/profit after taxation from discontinued operations	8	(485)		(16,596)		1,392		(17,001)	
Net profit for the period			27,098		39,971		62,011		57,537

Prior year comparatives for the period ended 30 June 2024 are adjusted following the classification of Czech Republic and Turkey as discontinued operations, see Note 8.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

		Three months ended 30 June 2025		Six months ended 30 June 2025		Three months ended 30 June 2024		Six months ended 30 June 2024	
	Note	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Net profit for the period		27,098		39,971		62,011		57,537	
Items that may be reclassified to the statement of profit or loss:									
Movement in hedging reserves (net of deferred tax)		(1,170)		(1,304)		923		3,594	
Reclassification of historic currency translation reserve of disposed assets	8	-		604		-		-	
Hedging reserve reclassified to profit or loss in respect of interest rate swap disposed during the period	8	-		(4,016)		-		2,679	
Exchange differences arising on translation of foreign operations		(1,056)		511		101		669	
Total comprehensive income for the period			24,872		35,766		63,035		64,479

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2025 €'000	Six months ended 30 June 2024 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation from continuing operations	66,622	78,248
Adjustments for:		
Revaluation of standing investments, net	(39,617)	(46,244)
Depreciation, amortisation and impairments	1,030	964
Foreign exchange (profit)/loss, net	(81)	334
Change in provisions, net of amounts paid	4,556	(2,554)
Share of profit of equity-accounted investments in joint ventures	458	415
Net result on disposals	-	200
Lease interest expense	1,771	1,478
Net result from bonds buy back	(265)	(4,387)
Other financial income	(620)	(870)
Other financial expense	858	870
Interest income	(6,780)	(7,126)
Interest expense	9,822	15,354
Operating cash flows before working capital changes	37,754	36,682
Decrease/(increase) in trade and other receivables and prepayments net	3,459	(1,054)
(Decrease)/increase in trade and other payables and accrued expenditure net	(2,974)	2,973
Cash generated from operations	38,239	38,601
Interest paid	(11,196)	(10,872)
Interest received	9,164	6,415
Corporate taxes paid	(670)	(740)
Corporate taxes received	192	1,058
Net cash generated from operating activities from continuing operations	35,729	34,462
Net cash (used in)/generated from operating activities from discontinued operations	(2,515)	5,969
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments related to investment properties	(11,390)	(15,134)
Repayment of loans provided to related and third parties	46,364	16,396
Loans provided to related and third parties	(50,005)	(69,900)
Net cash used in investing activities from continuing operations	(15,031)	(68,638)
Net cash generated from investing activities from discontinued operations	108,840	118,143
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(92,894)	(93,045)
Repayments of leases	(394)	(49)
Dividends paid	(89,923)	-
Net cash used in financing activities from continuing operations	(183,211)	(93,094)
Net cash used in financing activities from discontinued operations	-	(1,020)
Net decrease in cash and cash equivalents	(56,187)	(4,178)
Cash and cash equivalents at beginning of the period	90,838	22,584
Movement in cash and cash equivalents held for sale	3,597	2,719
Effect of exchange rate fluctuations on cash held	(84)	(1,480)
Cash and cash equivalents at end of the period	38,164	19,645

Prior year comparatives for the period ended 30 June 2024 are adjusted following the classification of Czech Republic and Turkey as discontinued operations, see Note 8.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital	Hedging reserve	Retained earnings	Currency translation reserve	Equity attributable to the owners of the Company	Hybrid bonds reserve	Total Shareholders Equity
Note	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2025	1,195,766	1,948	(223,539)	4,812	978,987	340,858	1,319,845
Net profit for the period ¹	-	-	39,971	-	39,971	-	39,971
Hedging reserve reclassified to profit or loss in respect of interest rate swap disposed during the period	-	(4,016)	-	-	(4,016)	-	(4,016)
Other comprehensive income for the period ²	-	(1,304)	-	1,115	(189)	-	(189)
Total comprehensive income for the period	-	(5,320)	39,971	1,115	35,766	-	35,766
Balance at 30 June 2025	1,195,766	(3,372)	(183,568)	5,927	1,014,753	340,858	1,355,611

¹Net profit for the period includes €16,6 million losses from discontinued operations.

²Movement in other comprehensive income includes €0,6 million reclassification of historic currency translation reserve of disposed assets.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital	Hedging reserve	Retained earnings	Currency translation reserve	Equity attributable to the owners of the Company	Hybrid bonds reserve	Total Shareholders Equity
Note	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2024	1,298,377	4,364	(308,297)	(1,220)	993,224	340,858	1,334,082
Net profit for the period ³	-	-	57,537	-	57,537	-	57,537
Hedging reserve reclassified to profit and loss in respect of interest rate swap disposed during the period	-	2,679	-	-	2,679	-	2,679
Other comprehensive income for the period	-	3,594	-	669	4,263	-	4,263
Total comprehensive income for the period	-	6,273	57,537	669	64,479	-	64,479
Balance at 30 June 2024	1,298,377	10,637	(250,760)	(551)	1,057,703	340,858	1,398,561

³Net profit for the period includes €17,0 million losses from discontinued operations.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

UNAUDITED

1. REPORTING ENTITY

G City Europe Limited (the "Company", formerly "Atrium European Real Estate Limited") is a company incorporated in Jersey. Its registered office is 37 Esplanade, St. Helier, Jersey, Channel Islands and its business address is 79 Spyrou Kyprianou, MGO Protopapas, 3076 Limassol, Cyprus. The Company's tax residency is Cyprus.

The condensed consolidated interim financial statements of G City Europe Limited as at and for the period ended 30 June 2025 comprise the Company and its subsidiaries, collectively the "Group".

G City Europe is an owner, operator and redeveloper of shopping centres and residential for rent properties in Central Europe.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with IAS 34, Interim Financial Reporting as endorsed by the European Union ("EU").

The unaudited condensed consolidated interim financial statements do not include all of the information required for full set of IFRS Accounting Standards ("IFRS") annual consolidated financial statements and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 31 December 2024. The annual consolidated financial statements of the Group are prepared in accordance with IFRS as endorsed by the EU.

These financial statements are presented in Euros ("€"), which is considered by the Board of Directors to be the appropriate presentation currency due to the fact that the majority of the transactions of the Group are denominated in or based on this currency. All financial information is presented in Euros and all values are rounded to the nearest thousand (€'000), unless stated otherwise, except share and per share information.

The preparation of condensed consolidated interim financial statements requires the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

3. CHANGES IN ACCOUNTING POLICIES

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Company is evaluating the effects of IFRS 18, including the effects of the consequential amendments to other accounting standards, on its consolidated financial statements.

4. STANDING INVESTMENTS

The current portfolio of standing investments of the Group consists of 9 retail properties and 3 residential assets (31 December 2024: 10 retail properties and 3 residential assets) of which nil property is held for sale (31 December 2024: 1 property held for sale).

A roll forward of the total standing investments portfolio is provided in the table below:

Standing investments	30 June 2025 €'000	31 December 2024 €'000
Balance as at 1 January	1,450,054	1,547,173
Additions - technical improvements extensions	6,364	8,805
Movement in leases	-	44
Transfers from redevelopments and land	40,387	22,878
Revaluation of standing investments, net	39,617	114,840
Disposals	-	(245,515)
Exchange differences arising on translation of residential properties	518	1,484
Borrowing costs capitalised	225	345
Balance at the end of the period	1,537,165	1,450,054

Transfers from redevelopments and land include a residential building of the Ostrobramska project near Promenada shopping centre in Warsaw in total value of €37.4 million.

The total value of land leases as of 30 June 2025 was €37,8 million (31 December 2024: €36,8 million).

5. REDEVELOPMENTS AND LAND

The current portfolio of redevelopments and land comprises €95,0 million (2024: €92,0 million) redevelopments and €31,4 million (2024: €60,7 million) land.

Redevelopments and land	30 June 2025 €'000	31 December 2024 €'000
Balance as at 1 January	152,699	240,960
Additions - retail	671	292
Additions - residential	4,416	28,087
Movement in leases	277	129
Transfer to standing investments	(40,387)	(22,878)
Revaluation of redevelopments and land - continuing operations	-	7,738
Transfer from/(to) assets held for sale	7,000	(104,261)
Exchange differences arising on translation of residential properties	788	964
Borrowing costs capitalised	921	1,668
Balance at the end of the period	126,385	152,699

The total value of land leases was €7,9 million as of 30 June 2025 (31 December 2024: €8,7 million).

General borrowing costs in total amount of €0,9 million have been capitalised to the qualifying assets at 1,9% capitalisation rate.

In 2025, the Group reassessed the status of the Constanta land plot located in Romania. The criteria for classification as held for sale under IFRS 5 were no longer met. As a result, the land plot was reclassified from non-current assets held for sale back to redevelopments and land at its fair value in €7,0 million.

6. OTHER NON-CURRENT ASSETS

Other assets	30 June 2025 €'000	31 December 2024 €'000
Financial assets at amortised cost	272,005	267,015
Long term restricted cash	4,905	5,304
Intangible assets	1,459	2,021
Straight line of lease incentives to tenants	423	945
Property and equipment	490	615
Other	727	896
Balance at the end of the period	280,009	276,796

Long-term financial assets at amortised cost include secured vendor loan in the amount of €24,6 million (31 December 2024: €24,6 million) granted to the purchasers of Optima shopping centre located in Slovakia. The maturity of the loan is in June 2027 and the principal bears interest rate of 5% per annum.

In November 2023, as a result of the restructuring of the investment in the joint ventures, the Group provided €8,8 million additional loan to related parties at 5% interest rate and maturity in 5 years. The Group signed a novation agreement with Fedelmia Limited and substantially modified the initial terms of the historic loan in total amount of €17,9 million. Effective from 17 November 2023, the non-convertible loan in the amount of €20,6 million bears 5% interest rate per annum and matured in 5 years. Both loans represent a long term interest in the joint ventures. As of 30 June 2025, the outstanding amount of the joint venture loans was €32,0 million (31 December 2024: €31,2 million).

In December 2023, the Group granted a related party credit facility to Gazit Midas Limited in the available amount of €200.0 million bearing variable interest rate at 6.4% with maturity on 31 August 2025 and prolongation option until 31 December 2026. As of 30 June 2025, the utilised amount provided to the related party was €120,0 million (31 December 2024: €115,9 million). The related party credit facility is guaranteed by G City under the framework agreement signed, see Note 17.

In July 2024, the secured vendor loan was granted to G City in the amount of 299.4 million polish zloty (approx. €70,0 million). The issuance of the loan was a non-cash transaction included in the purchase price of the Targowek shopping centre. The loan bears an interest of 6,5% and is repayable in 2029. The Group continues to provide management and marketing services to the Targowek shopping centre at a cost plus basis. An amount of €1,1 million was charged for the period ended 30 June 2025.

The loans are measured at amortised cost which is not significantly different from their fair value.

In February 2023, the Group granted the secured vendor loan in the amount of €32,4 million to the purchaser of Molo shopping centre located in Poland. The maturity of the loan is within 5 years. The arrangement constitutes a financing component and initial measurement was adjusted to the present value in €26,0 million as of 31 December 2024 of future payments discounted at a market rate of interest for a similar debt instrument. As of 30 June 2025, the long term outstanding amount of the loan was €24,8 million (31 December 2024: €25,2 million). The short term portion in total amount of €0,8 million is disclosed as Other current assets, see Note 7.

7. OTHER CURRENT ASSETS

Other assets	30 June 2025 €'000	31 December 2024 €'000
Financial assets at amortised cost	6,664	6,729
Receivables from tenants ¹	4,228	5,888
Alternative minimum tax	4,356	3,019
VAT receivables	2,899	3,587
Short term restricted cash	1,237	671
Prepayments	1,080	623
Other receivables	2,241	6,237
Balance at the end of the period	22,705	26,754

¹Includes Straight-line asset of lease incentives €1,1 million (31 December 2024: €1,3 million).

Financial assets at amortised cost include secured vendor loan in the amount of €5,9 million (31 December 2024: €5,9 million) granted in 2022 to the purchaser of Mosty shopping center located in Poland. The loan bears an interest of 3,0% and is repayable in December 2025.

8. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

	30 June 2025 €'000	31 December 2024 €'000
Non-current assets		
Standing investments	-	200,988
Redevelopments and land	-	60,000
Other non-current assets	-	4,660
Current assets		
Receivables from tenants	-	820
Cash and cash equivalents	-	3,597
Other current assets	-	804
Assets held for sale	-	270,869
Non-current liabilities		
Deferred tax liabilities	-	535
Long term borrowings	-	119,382
Other non-current liabilities	-	2,150
Current liabilities		
Accrued expenditures	-	957
Advance payments	-	2,564
Short term borrowings	-	3,318
Other current liabilities	-	1,204
Liabilities held for sale	-	130,110
Total, net	-	140,759

As of 31 December 2024, following IFRS 5 requirements the Atrium Flora shopping centre in Czech Republic, Constanta land plot in Romania and Mel 1 land plot in Turkey were held for sale. The disposal of properties took place in 2025 and is part of the Group's strategy to reposition non-core assets portfolio and focus on prime properties located in Poland. Disposal of these properties signifies the Group's exit from Czech Republic and Turkey.

As of 31 December 2024, borrowings held for sale included secured loan from Berlin-Hannoversche Hypothekenbank AG in total amount of €122,7 million.

The Turkish government initiated measures to expedite post-earthquake recovery, including nationalizing plots near the Group's property to build housing for displaced individuals. Amid the nationalization risk, the Group formulated an exit strategy in order to mitigate the exposure. In January 2025, the Group completed the disposal of MEL 1, its sole subsidiary in Turkey, for a gross consideration of €53 million, at its book value.

In February 2025, the Group completed the sale of the Atrium Flora shopping center in Czech Republic for an agreed gross consideration of €232,1 million, not including customary price adjustments and transaction costs of €31,2 million.

Following the signing of separate sale purchase agreements with third parties in 2024 for the sale of Atrium Flora shopping centre in the Czech Republic and in 2025 for the sale of Mel 1 land in Turkey, operations in the Czech Republic and Turkey have been classified as discontinued operations in 2024 and presented separately in the condensed consolidated statement of profit and loss and the condensed consolidated cash flow statement for the six months ended 30 June 2024 and 30 June 2025.

	Three months ended 30 June 2025 €'000	Six months ended 30 June 2025 €'000	Three months ended 30 June 2024 €'000	Six months ended 30 June 2024 €'000
Gross rental income	-	2,257	3,342	8,228
Service charge income	-	1,141	1,338	3,647
Property expenses	-	(1,194)	(1,437)	(3,287)
Net rental income	-	2,204	3,243	8,588
Depreciation, amortisation and impairments	-	(5)	(53)	(106)
Administrative expenses	-	(20)	(150)	(329)
Net result on disposals	(479)	(18,139)	-	(21,431)
Costs connected with developments	-	(3)	(35)	(71)
Net operating profit/(loss)	(479)	(15,963)	3,005	(13,349)
Interest expense, net	-	(368)	(614)	(1,708)
Foreign currency differences	-	14	(8)	(66)
Other financial expense, net	-	(10)	(3)	(34)
Loss before taxation	(479)	(16,327)	2,380	(15,157)
Tax charge for the period	(6)	(269)	(988)	(1,844)
Net loss for the period	(485)	(16,596)	1,392	(17,001)

9. CASH AND CASH EQUIVALENTS

Cash balances are analysed as follows:

	30 June 2025 €'000	31 December 2024 €'000
Cash at bank and in hand	34,652	86,721
Deposits	3,512	4,117
Total	38,164	90,838

As of 30 June 2025, €25,4 million (31 December 2024: €80,3 million) of G City Europe's bank balances were denominated in Euro, €9,2 million (31 December 2024: € 6,4 million) in Polish zloty and the remaining in various other currencies.

As of 30 June 2025 and 31 December 2024, the bank deposits were denominated in Polish zloty and had a maturity of 7 days.

10. EQUITY

As of 30 June 2025, the total number of ordinary shares authorised and issued was 299.743.870 (31 December 2024: 299.743.870), of which 111.990.360 ordinary shares were registered in the name of Gazit Midas Limited, 187.753.510 ordinary shares were registered in the name of Gazit Gaia Limited. As of 30 June 2025, EPRA Net Reinstatement Value was €3,55 per share (31 December 2024: €3,42 per share).

11. BORROWINGS

Borrowings	30 June 2025 €'000	31 December 2024 €'000
Bonds	214,364	220,861
Bank loans	307,183	308,512
Long-term liabilities	521,547	529,373
Bonds	-	84,563
Bank loans	3,046	3,046
Short-term liabilities	3,046	87,609
Total	524,593	616,982

The undiscounted borrowings are repayable as follows:

Borrowings total	30 June 2025	31 December 2024
	€'000	€'000
Due within one year	3,046	87,609
Due in second year	159,685	160,467
Due within third to fifth year inclusive	361,862	368,906
Total	524,593	616,982

BONDS

In January 2025, the Group gave notice to the noteholders of the 2025 Notes of their intention to redeem the outstanding amount of approximately €85 million through the exercise of the clean-up call. In February 2025, the redemption was completed.

During six months ended 30 June 2025 the Group bought back €7,0 million of the 2027 Notes with a gain in €0,6 million. During six months ended 30 June 2024 the Group bought back and cancelled €89,7 million and €7,2 million of the 2025 Notes and 2027 Notes respectively with a gain in €4,4 million.

The bonds are subject to the following financial covenants: the solvency ratio shall not exceed 60%; the secured solvency ratio shall not exceed 40%; the consolidated coverage ratio shall not be less than 1.5. All covenants were met as of 30 June 2025.

RELATED PARTY CREDIT FACILITY

The related party credit facility from G City of €350.0 million carries a quarterly coupon of 3-month Euribor plus a spread of 1,5% per annum. The maturity date is 31 December 2026.

As of 30 June 2025, the Group has not utilised the related party credit facility (31 December 2024: €nil). The Company has an available financing in total amount €350,0 million of unutilised related party credit facility. The related party credit facility is subordinated to the Group's senior debt.

BANK LOANS

In August 2024, the Group raised a loan of 80,0 million polish zloty ("Tranche A") and €10,0 million ("Tranche B") from Santander Bank Polska S.A. secured by residential properties of Urban Home Warszawa Rubikon and Urban Home Wroclaw Traugutta. The loan matures in 5 years. Tranche A bears interest rate of 6,95% per annum. Tranche B bears interest rate of 5,055% per annum. The loan is subject to the following financial covenants: Loan to Value, Occupancy and Debt Service Coverage Ratio. All conditions were met as of 30 June 2025.

The loan with Landesbank Hessen-Thüringen Girozentrale is subject to the following financial covenants: Loan to Value and Interest Service Cover Ratio. Both conditions were met as of 30 June 2025.

The loan with Berlin-Hannoversche Hypothekenbank AG and Bank Polska Kasa Opieki S.A. is subject to the following financial covenants: Loan to Value and Debt Service Coverage Ratio. Both conditions were met as of 30 June 2025.

During six months ended 30 June 2025 the Group repaid €1,7m of the principal amount of bank loans.

The bank loans interest rates are hedged, see Note 12.

12. DERIVATIVES

The Group entered into interest rate swap contracts ("IRSs") in connection with secured bank loans (see Note 10). These swaps replaced floating interest rates with fixed interest rates. The floating rate on the IRSs with Landesbank Hessen-Thüringen Girozentrale from November 2018, Bank Polska Kasa Opieki S.A. and Berlin-Hannoversche Hypothekenbank AG from October 2023 is the three month Euribor and the fixed rates are 0,640% and 3,51% respectively. The floating rates on the IRSs with Santander Bank Polska S.A. from August 2024 are the one month Wibor for Tranche A and the one month Euribor for Tranche B and the fixed rates are 4,65% and 2,455% respectively.

As of 31 December 2024, the interest rate swap contract in connection with the secured loan from Berlin-Hannoversche Hypothekenbank AG was classified as asset held for sale and this was subsequently settled in February 2025 following the sale of Atrium Flora.

The swaps have similar terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount and are included in cash flow hedges to reduce the Group's cash flow volatility due to variable interest rates on the bank loans.

An economic relationship between the hedging instrument and the hedged item exists; the hedging instrument and the hedged item have values that move in the opposite direction and offset each other. The interest rate risk associated with the floating debt instruments are hedged entirely with having 1:1 hedge ratio. The IRSs are measured at fair value using the discounted future cash flow method.

The fair value measurement of the IRSs are derived from inputs other than quoted prices in active markets. The inputs used to determine the future cash flows are the Euribor and Wibor forward curve and an appropriate discount rate. The inputs used are derived either directly or indirectly. Therefore, these IRSs are classified as a Level 2 fair value measurement under IFRS 13.

Interest rate swaps	30 June 2025 €'000	31 December 2024 €'000
Carrying amount (liability)	(6,584)	(6,425)
Carrying amount (asset)	2,656	4,486
Notional amount	311,633	313,181
Change in fair value of outstanding hedging instruments since 1 January ¹	(1,989)	(6,389)
Transfer to assets/liabilities held for sale	-	2,740

¹Change in fair value for the period ended 31 December 2024 includes €2,7 million gross revaluation loss from hedging instruments classified as held for sale, see Note 8.

13. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities	30 June 2025 €'000	31 December 2024 €'000
Long term lease liabilities	40,966	41,501
Deferred tax liabilities	28,683	24,775
Other long term liabilities	14,251	9,465
Total	83,900	75,741

14. OTHER CURRENT LIABILITIES

Other current liabilities	30 June 2025 €'000	31 December 2024 €'000
Accrued expenditure	23,185	19,549
Trade and other payables	9,556	9,488
Short term liabilities from leasing	3,087	3,498
VAT payable	1,584	1,218
Payables to related parties	-	90,674
Total	37,412	124,427

Accrued expenditure includes bonds interest of €4,6 million (31 December 2024: €3,0 million).

The dividend declared in December 2024 of 30 cents per share was paid in January 2025 to the Group's shareholders, totalling €89,9 million.

15. TAXATION CHARGE FOR THE PERIOD

Taxation charge for the period	Six months ended 30 June 2025 €'000	Six months ended 30 June 2024 €'000
Corporate income tax (expense)/refund	(5,787)	240
Deferred tax (charge)/credit	(4,268)	(3,950)
Total	(10,055)	(3,710)

The subsidiary companies are subject to taxes for their respective businesses in the countries of their registration at the rates prevailing in those jurisdictions.

Corporate income tax expense for the period ended 30 June 2025 includes the withholding tax provision, see Note 18.

In Poland, reduced rate of 9% may be applied to small taxpayers with revenue not exceeding €2,0 million on an annual basis.

16. SEGMENT REPORTING

The standing investment segment includes all commercial and residential real estate held to generate rental income for the Group. The development segment includes all development activities and land plots. The reconciling items mainly include holding activities and other items that relate to activities other than the standing investment segment and the development segment.

The Group evaluates performance of the standing investment segment on the basis of profit or loss from operations before tax excluding foreign exchange gains and losses. The performance of the development segment is evaluated on the basis of expected yield on cost.

The segment reporting is based on the internal reporting to the Board of Directors, as the chief operating decision maker ('CoDM'). The Board of Directors as chief decision makers of the Group monitor the contribution made by the segments to the company's performance on the basis of the segment operating profit/(loss). Total Asset and liabilities items are not reported separately to the CoDM.

Reportable segments for the period ended 30 June 2025	Standing Investment segment €'000	Redevelopments and land segment €'000	Reconciling item €'000	Total €'000
Gross rental income	42,383	-	-	42,383
Service charge income	13,064	-	-	13,064
Net property expenses	(16,816)	-	-	(16,816)
Net rental income - retail	36,589	-	-	36,589
Net rental income - residential	2,042	-	-	2,042
Costs connected with developments	-	(54)	-	(54)
Revaluation of retail properties	25,982	-	-	25,982
Revaluation of residential properties	13,635	-	-	13,635
Depreciation, amortisation and impairments	(785)	-	(245)	(1,030)
Administrative expenses	(1,998)	(60)	(3,020)	(5,078)
Share of profit of equity-accounted investment in joint ventures	-	-	(458)	(458)
Net operating (loss)/profit	75,465	(114)	(3,723)	71,628
Interest income/expense, net	-	-	(3,042)	(3,042)
Foreign currency differences	-	-	81	81
Other financial income/expenses, net	-	-	(2,045)	(2,045)
Profit / (loss) before taxation	75,465	(114)	(8,729)	66,622
Taxation charge for the period	-	-	(10,055)	(10,055)
Profit / (loss) after taxation	75,465	(114)	(18,784)	56,567
Retail properties	1,379,020	58,135	-	1,437,155
Additions to retail properties	5,896	671	-	6,567
Residential properties	158,145	99,250	(31,000) ¹	226,395
Additions to residential properties	468	4,416	-	4,884

¹Our 50% share of land plot held in a joint venture in Poland.

Reportable segments for the period ended 30 June 2024	Standing Investment segment €'000	Redevelopments and land segment €'000	Reconciling item €'000	Total €'000
Gross rental income	46,873	-	-	46,873
Service charge income	13,612	-	-	13,612
Net property expense	(18,416)	-	-	(18,416)
Net rental income - retail	40,756	-	-	40,756
Net rental income - residential	1,313	-	-	1,313
Net result on disposals	(200)	-	-	(200)
Costs connected with developments	-	(93)	-	(93)
Revaluation of retail properties	32,015	-	-	32,015
Revaluation of residential properties	14,229	-	-	14,229
Depreciation, amortisation and impairments	(964)	-	-	(964)
Administrative expenses	(2,683)	(53)	193	(2,543)
Share of profit of equity-accounted investment in joint ventures	-	-	(415)	(415)
Net operating (loss)/profit	84,466	(146)	(222)	84,098
Interest income/expense, net	-	-	(8,228)	(8,228)
Foreign currency differences	-	-	(334)	(334)
Other financial income/expenses, net	-	-	2,712	2,712
Profit / (loss) before taxation	84,466	(146)	(6,072)	78,248
Taxation charge for the period	-	-	(3,710)	(3,710)
Profit / (loss) after taxation	84,466	(146)	(9,782)	74,538
Retail properties	1,497,217	166,953	-	1,664,170
Additions to Retail properties	2,977	26	-	3,003
Residential properties	123,430	92,688	(31,000) ¹	185,118
Additions to Residential properties	298	9,084	-	9,382

¹Our 50% share of land plot held in a joint venture in Poland.

Prior year comparatives for the six-months ended 30 June 2024 are adjusted following the classification of Czech Republic and Turkey as a discontinued operation, see Note 8.

17. TRANSACTIONS WITH RELATED PARTIES

OTHER RELATED PARTY TRANSACTIONS

G City Limited is the parent company of G City Europe Limited and to the best of the management's knowledge Norstar Holdings Inc. is the controlling owner and its controlling shareholder is Mr. Chaim Katzman, Chairman of the Board of Directors.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Based on a consultancy agreement with the Group, Mr. Chaim Katzman was entitled to €0,7 million annual consultancy fee as from April 2017, payable in four equal quarterly instalments and subject to an annual review. The consultancy fee was temporarily waived for a period from 1 February 2024 until 31 December 2024 and was reinstated on 1 January 2025 upon a mutual agreement between the parties.

In May 2023, the Group signed a guarantee agreement for the registered and financial pledge of all shares in Galeria Dominikanska Sp. z o.o. securing the amount of \$150,0 million (approx. €128,0 million) to the benefit of Mizrahi Tefahot Bank Ltd under the credit facility with G City. The maturity of the pledge is in December 2026. The Group is entitled to a net consideration of \$0,7 million (approx. €0,6 million) per year.

Effective since December 2023, the Group signed a framework agreement with G City and Gazit Midas, related to obligations of Gazit Midas under related party credit facility provided in December 2023 (see Note 6), where G City took an obligation in case the Group receives an irrevocable undertaking from any financing party, G City shall provide a release of the Galeria Dominikanska Sp. z o.o. pledge and any other encumbrance made in favor of Mizrahi Tefahot Bank Ltd under the credit facility with G City.

G City Europe continues to evaluate various financing alternatives and monitor market conditions in line with its financial strategy, including potential refinancing or extension of upcoming debt maturities. Following this, Biala, Galeria Dominikanska and Focus Bydgoszcz shopping centres may serve as collateral for a secured credit facility of G City Europe or other entities within the G City group (as was previously done and for adequate compensation for G City Europe) or may be sold to G City at fair market value.

18. CONTINGENCIES

There is continuing uncertainty in the various economies and jurisdictions in which the Group has its operations and assets. These uncertainties relate to the general economic and geopolitical environment in such regions and to changes or potential changes in the legal, regulatory and fiscal frameworks and the approach taken to enforcement which may include actions affecting title to the Group's property or land and changes to the previously accepted interpretation of fiscal rules and regulations applied by the authorities to the Group's fiscal assets and liabilities.

Certain subsidiaries within the Group are, or have been, like other companies operating in the retail market, involved in legal and/or administrative proceedings involving the tax authorities. These past and present proceedings create uncertainty around tax policies in matters previously regarded as established but which are now subject to revised interpretation by the tax authorities.

Tax authorities in Poland are currently reviewing a withholding tax treatment for 2018-2024 in SPVs (different periods are covered in particular SPVs). Some of proceedings are at the level of tax audit, some at the level of first instance tax proceedings, while in some cases the first instance decisions were issued in June / July 2025. Those decisions remain unenforceable as they were appealed to the second instance tax authority and will be subject to further review. The most advanced case is related to Manhattan Development (Wars Sawa Junior) and concerns withholding tax for 2018. In this case a second instance tax authority upheld a negative first instance decision determining the withholding tax arrears. In July 2025, Wars Sawa Junior lodged an appeal to the first instance administrative court and awaits the hearing date. The Group management estimated that the probability of a favorable outcome in the above cases is more likely than not.

In 2019, the Group initiated the liquidation of a legacy corporate structure in Denmark. In 2020, the Group obtained a binding ruling from the Danish tax authorities confirming the withholding tax treatment applicable to the transaction. However, in April 2025, the Danish tax authorities revoked the binding ruling and issued a decision requiring the Group to withhold Danish dividend tax, amounting to DKK 135,593,427 (approx. €18,2 million), excluding interest accrued. Based on the assessment of the legal advisors, the Group estimated that the probability of a favorable outcome in the appeal case is more likely than not.

The Hybrid Note has an off-balance sheet accrued interest of €8,4 million as of 30 June 2025 (31 December 2024: €2,1 million).

The Group has assessed the potential implications of tariffs and trade measures introduced by the United States, including those imposed during the administration of President Donald J. Trump, as well as related global trade tensions. The Group's operations are concentrated in the real estate sector primarily in Poland, with tenant's limited exposure to the trade flows with the United States or supply chains affected by these measures.

Based on this assessment, management has concluded that these trade policies have had no material impact on the Group's financial position or performance during the reporting period. The Group continues to monitor international trade developments; however, due to the European nature of its business activities, no significant risks or uncertainties have been identified as a result of past or ongoing trade tensions.

19. SUBSEQUENT EVENTS

No significant events occurred after the end of the reporting period other than already disclosed.

Auditors' review report

To the Shareholder of G City Europe

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of G City Europe Ltd. and subsidiaries ("the Company"), which comprises the condensed consolidated statement of financial position as of June 30, 2025 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six and three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 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 International Standards on Auditing 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, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects the financial position of the entity as at June 30, 2025, and of its financial performance and its cash flows for the six and three month periods then ended in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Tel-Aviv, Israel
July 31, 2025

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

DIRECTORS, PROFESSIONAL ADVISORS AND PRINCIPAL LOCATIONS

DIRECTORS

Chaim Katzman

George Christofides

Aviad Armoni

Zvi Heifetz

Marios Demetriades

SECRETARY AND REGISTERED OFFICE PROVIDER

VG Secretaries Limited
5th floor, 37 Esplanade
St Helier
Jersey
JE1 2TR

INDEPENDENT AUDITORS

Kost Forer Gabbay & Kasierer (a member of
Ernst & Young Global Limited)
144 Menachem Begin Road
Tel-Aviv 67067
Israel

REGISTERED OFFICE

5th floor, 37 Esplanade
St Helier
Jersey
JE1 2TR

BUSINESS ADDRESS

3rd Floor, MGO Protopapas,
79 Spyrou Kyprianou
Limassol
Cyprus
3076

PRINCIPAL LOCATIONS

Poland

G City Poland Sp. z o.o.
Ostrobramska 75C, Staircase no 2, 4th floor, 04-175
Warsaw

Investor relations: IRGG@g-city.com