FATTAL HOLDINGS (1998) LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022

UNAUDITED

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Building a better working world

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Auditors' review report to the shareholders of Fattal Holdings (1998) Ltd.

Introduction

We have reviewed the accompanying financial information of Fattal Holdings (1998) Ltd. ("the Company"), which comprises the condensed consolidated statement of financial position as of September 30, 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine and three months periods then ended. The Company's board of directors and management are responsible for the preparation and presentation of financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D 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 information of a companies accounted for at equity, the investment in which amounted to NIS 314,938 thousand as of September 30, 2022 and the Company's share of their losses amounted to NIS 6,252 thousand and NIS 484thousand for the nine and three months periods then ended. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

Scope of review

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

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34. In addition to the abovementioned, based on our review and the review reports of the other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Emphasis of matter

Without qualifying our above conclusion, we draw attention to the matter discussed in Note 1c regarding the consequences of the Corona crisis on the global economic activity and as a result on global tourism and hotel industry as a whole and in the countries which The company operates in particular.

Kost Forer Gabbay and Kasierer

Tel-Aviv, Israel
November 27, 2022

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	September 30,		Convenience translation (Note 1b) September 30,
	2021	2021	2022	2022
	Audited	Unaudited		Unaudited
	NIS			Euro
	(In thousands)			
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	745,661	1,183,571	645,991	185,321
Securities held for trading	30,671	96,832	71,325	20,462
Trade receivables	267,091	373,835	497,373	142,685
Restricted deposit	-	-	20,138	5,777
Other accounts receivable	187,838	127,651	191,717	54,999
Income tax receivable	1,182	8,645	2,417	693
Inventories	14,881	15,324	18,536	5,318
	1,247,324	1,805,858	1,447,497	415,255
Assets held for sale	157,464	157,206	153,118	43,927
	1,404,788	1,963,064	1,600,615	459,182
NON-CURRENT ASSETS:				
Long-term receivables	79,743	67,326	95,923	27,518
Advance on property, plant and equipment	41,994	41,693	14,532	4,169
Loans and investments in companies and partnerships accounted for at equity	(**) 1,790,195	(**) 1,658,306	2,180,863	625,642
Property, plant and equipment, net	(*) 5,205,416	(*) 5,041,936	5,652,146	1,621,477
Property, plant and equipment under construction	(*) 282,590	(*) 277,398	382,209	109,647
Right-of-use assets, net	(**)11,145,420	(**)11,606,941	11,070,817	3,175,976
Deferred taxes on right-of-use assets	364,305	343,481	415,140	119,095
Deferred taxes	139,567	152,921	188,967	54,211
Intangible assets	364,943	386,784	347,448	99,675
	19,414,173	19,576,786	20,348,045	5,837,410
	20,818,961	21,539,850	21,948,660	6,296,592

(*) Reclassified

(**) Reclassified (see Note 4E)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2021	September 30, 2021	September 30, 2022	Convenience translation (Note 1b) September 30, 2022
	Audited	Unaudited	Unaudited	Unaudited
	NIS (In thousands)			Euro
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Short-term credit from banks and others	365,266	366,696	453,739	130,168
Current maturities of liabilities from leases of right-of-use assets	313,820	300,758	371,749	106,647
Current maturities of debentures	268,407	268,407	363,465	104,270
Trade payables	212,792	308,476	249,800	71,662
Income tax payable	48,099	118,912	63,252	18,146
Other accounts payable	799,666	927,284	912,707	261,834
Shareholders	9,871	8,871	3,729	1,070
	2,017,921	2,299,404	2,418,441	693,797
Liabilities attributed to assets held for sale	59,454	56,699	53,586	15,373
	2,077,375	2,356,103	2,472,027	709,170
NON-CURRENT LIABILITIES:				
Loans from banks and others	2,405,737	2,560,472	2,608,465	748,312
Debentures, net	2,070,710	2,117,556	2,218,202	636,354
Liabilities from leases of right-of-use assets	11,840,238	12,254,147	11,873,322	3,406,197
Deferred taxes	321,580	259,332	370,502	106,289
Employee benefit liabilities, net	20,961	20,349	23,234	6,665
Other non-current liabilities	117,283	160,925	68,350	19,608
Shareholders	4,713	4,987	2,958	849
	16,781,222	17,377,768	17,165,033	4,924,274
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:				
Share capital and premium	829,815	829,798	998,388	286,416
Capital reserves	965,336	797,467	1,189,814	341,332
Retained earnings	91,496	102,984	47,456	13,614
	1,886,647	1,730,249	2,235,658	641,362
Non-controlling interests	73,717	75,730	75,942	21,786
Total equity	1,960,364	1,805,979	2,311,600	663,148
	20,818,961	21,539,850	21,948,660	6,296,592

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

November 27, 2022		
Date of approval of the financial statements	David Fattal Chairman of the Board and CEO	Shachar Aka CFO

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Year ended December 31,	Three months ended September 30,		Nine months ended September 30,		Convenience translation (Note 1b) Nine months ended September 30,
	2021	2021	2022	2021	2022	2022
	Audited	Unaudited				Unaudited
	NIS					Euro
	(In thousands)					
Revenues from hospitality services and others	3,040,666	1,208,262	1,695,404	2,048,658	3,954,550	1,134,472
Cost of revenues	1,474,150	540,209	875,327	936,799	2,218,980	636,577
	1,566,516	668,053	820,077	1,111,859	1,735,570	497,895
Selling and marketing expenses	87,995	26,654	36,102	60,594	95,679	27,448
General and administrative expenses	291,978	88,735	125,199	206,051	324,350	93,049
	1,186,543	552,664	658,776	845,214	1,315,541	377,398
Hotel lease expenses	3,938	1,221	43,560	1,891	64,375	18,468
Operating income before depreciation and amortization and other operating expenses	1,182,605	551,443	615,216	843,323	1,251,166	358,930
Depreciation and amortization	264,540	66,072	67,623	197,405	202,136	57,988
Depreciation of revaluation of step-up	31,316	6,583	6,891	24,181	23,598	6,770
Depreciation on right-of-use assets	656,235	166,450	163,880	494,655	486,804	139,653
Other operating income , net	269,884	30,628	2,158	206,790	18,379	5,274
Operating income	500,398	342,966	378,980	333,872	557,007	159,793
Finance income	1,883	458	34	1,577	135	39
Finance expenses	(202,693)	(65,244)	(91,942)	(180,642)	(197,863)	(56,763)
Financing expenses on liabilities from lease of right-of-use assets	(660,531)	(164,822)	(157,889)	(494,488)	(477,284)	(136,922)
Group's share of earnings (losses) of companies and partnerships accounted for at equity	(679)	8,203	8,284	5,552	(5,948)	(1,706)
Income (loss) before tax benefit	(361,622)	121,561	137,467	(334,129)	(123,953)	(35,559)
Tax benefit (Taxes on income)	138,818	(27,412)	(41,678)	130,062	55,679	15,973
Net income (loss)	(222,804)	94,149	95,789	(204,067)	(68,274)	(19,586)
Attributable to:						
Shareholders of the Company	(226,161)	93,782	95,393	(206,708)	(69,327)	(19,888)
Non-controlling interests	3,357	367	396	2,641	1,053	302
	(222,804)	94,149	95,789	(204,067)	(68,274)	(19,586)
Net earnings (loss) per share attributed to equity holders of the Company (in NIS):						
Basic earnings (loss) per share	(14.63)	6.07	6.02	(13.37)	(4.44)	(1.27)
Diluted earnings (loss) per share	(14.63)	5.84	5.87	(13.37)	(4.44)	(1.27)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,	Three months ended September 30,		Nine months ended September 30,		Convenience translation (Note 1b) Nine months ended September 30,
	2021	2021	2022	2021	2022	2022
	Audited	Unaudited				Unaudited
	NIS					Euro
	(In thousands)					
Net income (loss)	(222,804)	94,149	95,789	(204,067)	(68,274)	(19,586)
Other comprehensive income (loss) (after tax effect):						
Amounts that will not be reclassified subsequently to profit or loss:						
Actuarial loss, net	8,521	-	-	-	-	-
Revaluation of properties, net	282,377	49,611	80,088	122,714	178,435	51,189
Group's share in revaluation of properties in companies and partnerships accounted for at equity	158,166	12,875	35,627	42,546	69,511	19,941
Total amounts that will not be reclassified subsequently to profit or loss	449,064	62,486	115,715	165,260	247,946	71,130
Amounts that will be classified or reclassified subsequently to profit or loss under specific conditions:						
Income in respect of cash flow hedging transaction	12,365	5,557	9,565	3,534	16,769	4,811
Foreign currency translation adjustments	(226,812)	(83,452)	(74,994)	(107,679)	(15,405)	(4,421)
Total amounts that will be reclassified subsequently to profit or loss	(214,447)	(77,895)	(65,429)	(104,145)	1,364	390
Total other comprehensive income (loss)	234,617	(15,409)	50,286	61,115	249,310	71,520
Total comprehensive income (loss)	11,813	78,740	146,075	(142,952)	181,036	51,934
Attributable to:						
Shareholders of the Company	11,051	78,644	146,221	(145,438)	178,297	51,150
Non-controlling interests	762	96	(146)	2,486	2,739	784
	11,813	78,740	146,075	(142,952)	181,036	51,934

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	NIS (In thousands)									
Balance as of January 1, 2021	829,798	8,439	152,791	(262,941)	7,518	63,627	1,074,679	1,873,911	76,449	1,950,360
Net income (loss)	-	-	(226,161)	-	-	-	-	(226,161)	3,357	(222,804)
Other comprehensive income (loss)	-	-	-	(230,229)	-	12,365	455,076	237,212	(2,595)	234,617
Total comprehensive income (loss)	-	-	(226,161)	(230,229)	-	12,365	455,076	11,051	762	11,813
Exercise of stock options	17	(17)	-	-	-	-	-	-	-	-
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	-	(3,494)	(3,494)
Vesting option to employees	-	1,685	-	-	-	-	-	1,685		1,685
Transfer from revaluation in respect of sale, net	-	-	133,836	-	-	-	(133,836)	-	-	-
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	31,030	-	-	-	(31,030)	-	-	-
Balance as of December 31, 2021	829,815	10,107	91,496	(493,170)	7,518	75,992	1,364,889	1,886,647	73,717	1,960,364

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS (In thousands)									
Balance as of July 1, 2021	829,798	9,625	3,110	(290,271)	7,518	61,604	1,029,631	1,651,015	75,622	1,726,637
Net income	-	-	93,782	-	-	-	-	93,782	367	94,149
Comprehensive income (loss)	-	-	-	(87,416)	-	5,557	66,721	(15,138)	(271)	(15,409)
Total comprehensive income (loss)	-	-	93,782	(87,416)	-	5,557	66,721	78,644	96	78,740
Receipt of loan from non-controlling interests	-	-	-	-	-	-	-	-	12	12
Vesting option to employees	-	590	-	-	-	-	-	590	-	590
Transfer from revaluation in respect of sale, net	-	-	-	-	-	-	-	-	-	-
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	6,092	-	-	-	(6,092)	-	-	-
Balance as of September 30, 2021	829,798	10,215	102,984	(377,687)	7,518	67,161	1,090,260	1,730,249	75,730	1,805,979

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									
	Share capital and premium	**Share-based payment**	**Retained earnings**	**Foreign currency translation adjustments**	**Reserve from transactions with non-controlling interests**	**Hedge transactions reserve**	**Revaluation reserve**	**Total**	**Non-controlling interests**	**Total equity**
	Unaudited									
	NIS									
	(In thousands)									
Balance as of July 1, 2022	848,004	11,038	(55,372)	(428,004)	7,518	83,196	1,471,463	1,937,843	76,388	2,014,231
Net income	-	-	95,393	-	-	-	-	95,393	396	95,789
Comprehensive income (loss)	-	-	-	(90,846)	-	9,565	132,109	50,828	(542)	50,286
Total comprehensive income (loss)	-	-	95,393	(90,846)	-	9,565	132,109	146,221	(146)	146,075
Conversion of convertible bonds into shares	150,384	-	-	-	-	-	-	150,384	-	150,384
Receipt of loan from non-controlling interests	-	-	-	-	-	-	-	-	(300)	(300)
Vesting option to employees	-	1,210	-	-	-	-	-	1,210	-	1,210
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	7,435	-	-	-	(7,435)	-	-	-
Balance as of September 30, 2022	998,388	12,248	47,456	(518,850)	7,518	92,761	1,596,137	2,235,658	75,942	2,311,600

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS									
	(In thousands)									
Balance as of January 1, 2021 (audited)	829,798	8,439	152,791	(262,941)	7,518	63,627	1,074,679	1,873,911	76,449	1,950,360
Net income (loss)	-	-	(206,708)	-	-	-	-	(206,708)	2,641	(204,067)
Comprehensive income (loss)	-	-	-	(114,746)	-	3,534	172,482	61,270	(155)	61,115
Total comprehensive income (loss)	-	-	(206,708)	(114,746)	-	3,534	172,482	(145,438)	2,486	(142,952)
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	-	(3,205)	(3,205)
Vesting option to employees	-	1,776	-	-	-	-	-	1,776	-	1,776
Transfer from revaluation in respect of sale, net	-	-	133,836	-	-	-	(133,836)	-	-	-
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	23,065	-	-	-	(23,065)	-	-	-
Balance as of September 30, 2021	829,798	10,215	102,984	(377,687)	7,518	67,161	1,090,260	1,730,249	75,730	1,805,979

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									
	Share capital and premium	**Share-based payment**	**Retained earnings**	**Foreign currency translation adjustments**	**Reserve from transactions with non-controlling interests**	**Hedge transactions reserve**	**Revaluation reserve**	**Total**	**Non-controlling interests**	**Total equity**
	Unaudited									
	NIS									
	(In thousands)									
Balance as of January 1, 2022 (audited)	829,815	10,107	91,496	(493,170)	7,518	75,992	1,364,889	1,886,647	73,717	1,960,364
Net income (loss)	-	-	(69,327)	-	-	-	-	(69,327)	1,053	(68,274)
Comprehensive income (loss)	-	-	-	(25,680)	-	16,769	256,535	247,624	1,686	249,310
Total comprehensive income (loss)	-	-	(69,327)	(25,680)	-	16,769	256,535	178,297	2,739	181,036
Issuance of share	220	(220)	-	-	-	-	-	-	-	-
Conversion of convertible bonds into shares	168,353	-	-	-	-	-	-	168,353	-	168,353
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	-	(514)	(514)
Vesting option to employees	-	2,361	-	-	-	-	-	2,361	-	2,361
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	25,287	-	-	-	(25,287)	-	-	-
Balance as of September 30, 2022	998,388	12,248	47,456	(518,850)	7,518	92,761	1,596,137	2,235,658	75,942	2,311,600

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	Unaudited									
	Convenience translation into Euro (Note 1b)									
	(In thousands)									
Balance as of January 1, 2022 (audited)	238,056	2,899	26,248	(141,480)	2,157	21,800	391,557	541,237	21,149	562,386
Net income (loss)	-	-	(19,888)	-	-	-	-	(19,888)	302	(19,586)
Comprehensive income (loss)	-	-	-	(7,367)	-	4,811	73,594	71,038	482	71,520
Total comprehensive income (loss)	-	-	(19,888)	(7,367)	-	4,811	73,594	51,150	784	51,934
Issuance of share	63	(63)	-	-	-	-	-	-	-	-
Conversion of convertible bonds into shares	48,297	-	-	-	-	-	-	48,297	-	48,297
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	-	(147)	(147)
Vesting option to employees	-	678	-	-	-	-	-	678	-	678
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	7,254	-	-	-	(7,254)	-	-	-
Balance as of September 30, 2022	286,416	3,514	13,614	(148,847)	2,157	26,611	457,897	641,362	21,786	663,148

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2021	Three months ended September 30, 2021	Three months ended September 30, 2022	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Convenience translation (Note 1b) Nine months ended September 30, 2022
	Audited	Unaudited				Unaudited
	NIS in thousands					Euro
Cash flows from operating activities:						
Net income (loss)	(222,804)	94,149	95,789	(204,067)	(68,274)	(19,586)
Adjustments to reconcile net income to net cash provided by operating activities:						
Adjustments to the profit or loss items:						
Depreciation and amortization	952,091	239,105	238,394	716,241	712,538	204,411
Finance expenses, net	855,298	226,262	227,710	669,886	656,493	188,334
Group's share of losses (earnings) of companies and partnerships accounted for at equity	679	(8,203)	(8,284)	(5,552)	5,948	1,706
Change in liabilities for time-sharing rights, net	(666)	(184)	(158)	(512)	(472)	(135)
Change in employee benefit liabilities, net	8,938	291	872	(467)	2,318	665
Income from impairment of property, plant and equipment	(138,818)	(10,101)	(466)	(71,515)	(1,837)	(527)
Taxes on income (Tax benefit)	(95,597)	27,412	41,678	(130,062)	(55,679)	(15,973)
Share-based payment expense	1,685	590	1,210	1,776	2,361	678
Other income from rent concession received	(165,547)	(7,098)	-	(125,860)	(21,403)	(6,140)
Loss (gain) from change in the value of securities held for trading	(3,148)	652	9,592	180	11,740	3,368
	1,414,915	468,726	510,548	1,054,115	1,312,007	,376387
Changes in asset and liability items:						
Increase in trade receivables	(183,792)	(125,677)	(43,184)	(288,754)	(234,866)	(67,378)
Decrease (increase) in other accounts receivable	16,591	50,777	3,237	104,662	(3,767)	(1,081)
Increase in inventories	(5,321)	(1,998)	(1,271)	(5,109)	(3,768)	(1,081)
Decrease (increase) in long-term receivables	(92,440)	(29,783)	(11,862)	(42,848)	17,019	4,882
Increase (decrease) in trade payables	71,263	58,477	(44,084)	171,750	38,858	11,148
Increase (decrease) in other accounts payable	120,015	16,646	(40,051)	182,160	64,684	18,556
Increase in other non-current liabilities	30,048	22,275	4,556	18,236	(13,620)	(3,907)
	(43,636)	(9,283)	(132,659)	140,097	(135,460)	(38,861)
Cash paid during the period for:						
Taxes received	15,114	-	-	15,114	-	-
Taxes paid	(22,260)	(3,117)	(10,423)	(14,222)	(37,572)	(10,779)
Interest paid for leases of right-of-use assets	(590,116)	(145,471)	(157,891)	(451,050)	(466,843)	(133,927)
Other interest paid, net	(177,653)	(55,538)	(66,641)	(144,397)	(144,728)	(41,519)
	(774,915)	(204,126)	(234,955)	(594,555)	(649,143)	(186,225)
Net cash provided by operating activities	373,560	349,466	238,723	395,590	459,130	131,715

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	Three months ended September 30,		Nine months ended September 30,		Convenience translation (Note 1b) Nine months ended September 30,
	2021	2021	2022	2021	2022	2022
	Audited	Unaudited				Unaudited
	NIS in thousands					Euro
Cash flows from investing activities:						
Proceeds from sale of property, plant and equipment	307,425	-	-	299,023	-	-
Acquisitions of investments from property owners in respect of property, plant and equipment	(273,463)	(73,140)	(112,247)	(100,858)	(570,471)	(163,656)
Advance of investment in property, plant and equipment	(11,478)	(8,394)	-	(9,732)	-	-
Purchase of companies consolidated for the first time (Appendix A)	-	-	(15,332)	-	(15,332)	(4,398)
Tax paid for the disposal of investment property in the past	(54,615)	-	(10,004)	-	(10,004)	(2,870)
Sale and purchase of securities held for trading, net	8,176	(20,447)	(45,229)	(61,313)	(52,394)	(15,031)
Loans and investment in companies and partnerships accounted for at equity	(321,590)	(272,251)	(93,551)	(289,846)	(315,175)	(90,417)
Change in accounts receivable	50,000	50,000	-	50,000	-	-
Withdrawal of (placement in) designated deposit	3,748	6,582	(506)	3,893	(478)	(137)
Return on investment (investment) in various companies	(6,940)	223	1,898	(1,630)	(19,390)	(5,563)
Net cash used in investing activities	(298,737)	(317,427)	(274,971)	(110,463)	(983,244)	(,282072)
Cash flows from financing activities:						
Short-term credit from banking corporations, net	1,744	(432)	(25,284)	168	(1,187)	(341)
Receipt of long-term loans from banking corporations and others	130,009	341	134,786	133,510	696,020	199,673
Repayment of long-term loans from banking corporations and others	(441,436)	(67,125)	(91,896)	(359,544)	(415,582)	(119,221)
Repayment of debentures	(240,044)	(99,194)	(132,779)	(195,254)	(253,287)	(72,663)
Repayment of liabilities from leases of right-of-use assets	(140,325)	(5,484)	(117,373)	(70,210)	(243,982)	(69,993)
Issue of debentures, net	190,667	-	348,947	190,667	638,714	183,233
Net cash provided by (used in) financing activities	(499,385)	(171,894)	116,401	(300,663)	420,696	,120688
Translation differences in respect of balances of cash and cash equivalents	(71,501)	(30,649)	(17,052)	(42,745)	(2,742)	(786)
Increase (decrease) in cash and cash equivalents	(496,063)	(170,504)	63,101	(58,281)	(106,160)	(30,455)
Cash included in assets held for sale	(15,567)	208	1,139	(15,439)	6,490	1,862
Cash and cash equivalents at beginning of period	1,257,291	1,353,867	581,751	1,257,291	745,661	213,914
Cash and cash equivalents at end of period	745,661	1,183,571	645,991	1,183,571	645,991	185,321
Significant non-cash activities:						
Placement in designated deposit	-	-	19,927	-	19,927	5,717
Purchase of properties, plant and equipment	8,725	-	-	-	-	-
Recognition of the right-of-use assets against lease liabilities	734,962	132,542	440,621	640,914	567,861	162,907
Receipt of waiver of lease payment	100,150	4,295	-	76,141	12,948	3,714
Conversion of convertible bonds into shares	-	-	140,110	-	158,079	45,349

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2021	Three months ended September 30, 2021	Three months ended September 30, 2022	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Convenience translation (Note 1b) Nine months ended September 30, 2022
	Audited	Unaudited				Unaudited
	NIS in thousands					Euro
(a) Acquisition of initially consolidated subsidiaries:						
The subsidiaries' assets and liabilities at date of acquisition:						
Working capital (excluding cash and cash equivalents)	-	-	15,286	-	15,286	,4386
Non-current assets	-	-	(26,858)	-	(26,858)	(7,705)
Property, plant and equipment	-	-	(3,760)	-	(3,760)	(1,079)
	-	-	(15,332)	-	(15,332)	(4,398)

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

NOTE 1:- GENERAL

a. These financial statements have been prepared in a condensed format as of September 30, 2022 and for the nine and three months periods then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2021 and for the year then ended and accompanying notes, which are included as part of the prospectus ("annual consolidated financial statements").

b. The financial statements as of September 30, 2022 and for the nine months then ended have been translated into Euro using the representative exchange rate as of that date (€ 1 = NIS 3.4858) The translation was made solely for the convenience of the reader. The amounts presented in these financial statements should not be construed to represent amounts receivable or payable in Euros or convertible into Euros, unless otherwise indicated in these statements.

c. Further to that stated in Note 1 to the consolidated annual financial statements for the year 2021, and as of the date of signing the report, the global market is in a general trend of recovery from the Corona crisis. The restrictions imposed in Israel and Europe have been almost completely lifted and, at the same time, demand and occupancies are increasing, which is affected by, among other things, the removal of the restrictions on the entry of tourists into countries. As of the date of approval of these financial statements, all the Company's hotels are open, available to receive guests and their occupancy rates are high. At the same time, the effect of the Corona crisis still constitutes a global macroeconomic risk and creates uncertainty regarding future economic activity worldwide and the expected effects on inflation and the financial markets, and as a result it may have a negative effect on companies in the hotel sector. Based on the recovery in the hotel industry worldwide as a whole and the Company's activities in particular as mentioned above, the Management and the Board of Directors anticipate that the Company will be able to meet its existing and expected obligations in the foreseeable future.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation of the interim consolidated financial statements:

The interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in IAS 34 ("Interim Financial Reporting"), and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The principal accounting policies and methods of calculation used for preparation of consolidated interim financial statements are consistent with those implemented for preparation of the annual consolidated financial statements, except as described below:

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

1. Amendment to IAS 16, "Property, Plant and Equipment":

   In May 2020, the IASB issued an amendment to IAS 16, "Property, Plant and Equipment" ("the Amendment"). The Amendment prohibits a company from deducting from the cost of property, plant and equipment ("PP&E") consideration received from the sales of items produced while the company is preparing the asset for its intended use. Instead, the company should recognize such consideration and related costs in profit or loss .

   The Amendment is effective for annual reporting periods beginning on or after January 1, 2022. The Amendment is to be applied retrospectively, but only to items of PP&E made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the Amendment.

   The cumulative effect of initially applying the Amendment is recognized as an adjustment to the opening balance of retained earnings at the beginning of the earliest period presented.

   The application of the Amendment did not have a material impact on the Company's interim financial statements.

2. Amendment to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets":

   In May 2020, the IASB issued an amendment to IAS 37, regarding which costs a company should include when assessing whether a contract is onerous ("the Amendment").

   According to the Amendment, costs of fulfilling a contract include both the incremental costs (for example, raw materials and direct labor) and an allocation of other costs that relate directly to fulfilling a contract (for example, depreciation of an item of property, plant and equipment used in fulfilling the contract).

   The Amendment is effective for annual periods beginning on or after January 1, 2022 and applies to contracts for which all obligations in respect thereof have not yet been fulfilled as of January 1, 2022. The application of the Amendment does not require the restatement of comparative data. Instead the opening balance of retained earnings on the date of initial application date is adjusted for the cumulative effect of the Amendment.

   The application of the Amendment did not have a material impact on the Company's interim financial statements.

NOTE 2- : SIGNIFICANT ACCOUNTING POLICIES (Cont.)

3. Amendments to IFRS 3, "Business Combinations":

   In May 2020, the IASB issued Amendments to IFRS 3, "Business Combinations – Reference to the Conceptual Framework", which are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting, that was issued in March 2018, without significantly changing its requirements.

   The IASB added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

   The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine at the acquisition date whether as a result of a past event, a present obligation exists or whether the event that creates an obligation to pay the levy occurred by the acquisition date.

   The Amendments also clarify that contingent assets do not qualify for recognition at the acquisition date.

   The Amendments are applied prospectively for annual reporting periods beginning on or after January 1, 2022 .

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

4. Annual improvements to IFRSs 2018-2020:

   In May 2020, the IASB issued certain amendments in the context of the Annual Improvements to IFRSs 2018-2020 Cycle. The main amendment is to IFRS 9, "Financial Instruments" ("the Amendment"). The Amendment clarifies which fees a company should include in the "10% test" described in paragraph B3.3.6 of IFRS 9 when assessing whether the terms of a debt instrument that has been modified or exchanged are substantially different from the terms of the original debt instrument.

   According to the Amendment, fees paid net of any fees received that are included in the cash flows are only those fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

   The Amendment is effective for annual periods beginning on or after January 1, 2022. The Amendment is applied to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the Amendment, that is from January 1, 2022.

NOTE 3:- SEASONALITY OF OPERATIONS

Israel

The Group's leisure hotels in Israel are impacted by a clear trend of seasonality, with the turnover increasing in the months of spring and summer and a large part of Jewish holidays.
The peak season in the Group's business hotels in Israel is during the months of May - June and October – November, and also during periods in which special events take place in areas where the hotels are located.

Europe (including UK and Ireland)

The peak season for the Group's hotels abroad, which are mostly characterized as business hotels, is the months of May – June and September – October and also during periods in which special events take place in areas where the hotels are located.

Mediterranean Basin

The tourist season in the region runs from the beginning of spring and finishes in the autumn. During the rest of the year, most of the leisure hotels in the region are closed.

The financial results should be reviewed taking this seasonality into account.

NOTE 4:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

a. Below is a table of the commitments of the Company during and after the reporting:

Location of property	Transaction date	Transaction type	No. of rooms	Percentage holding	Property cost (100%)/ Annual rent	Annual Rent	Expected date of opening / Lease period
Ein Gev, Israel	January, 2022	Owned 50% Management 100%	120	100%	About NIS 75 million	-	2025
Eilat, Israel	May, 2022	Owned 50% Leased 100%	208	100%	About NIS 85 million	About NIS 16 million	2025
Jerusalem, Israel	April, 2022	Owned 50% Leased 100%	169	100%	About NIS 110 million	About NIS 9 million	2027
Zefat, Israel	June, 2022	Leased	122	100%	-	About NIS 4.5 million	2023
Eilat, Israel	June, 2022	Owned 33% Management 100%	126	100%	About NIS 18 million	-	2025
Austria (1)	September, 2022	Leased	1,005	100%	-	About EUR 8.9 million	Date of execution of the transaction
Herzliya, Israel	October, 2022	Owned 50% Management 100%	219	100%	About NIS 108 million	-	2025

(*) For more details about the purchase of hotels through an investee partnership, see Section D below.

(1) In September 2022, the Group entered into an agreement with a third party to purchase 100% of the shares of a company that rents and operates 2 hotels in Vienna, 5 in Salzburg and another hotel in Linz, Austria. The total annual rent for the 8 hotels is about EUR 8.9 million.

NOTE 4:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD Cont.)

b. On December 2018, Fatal Properties (Europe) Ltd., which is 100% owned by the Company (hereinafter – "Fatal Properties (Europe)"), entered into a conditional future agreement with a third party for the purchase of a hotel, according to which, subject to the existence of conditions precedent that were decided, the developer will build a hotel in Manchester, England that will include 275 rooms which will be sold to Fatal Properties Europe for a total consideration of approximately GBP 37 million (including related transaction costs). In April 2022, the construction of the hotel was completed, and the purchase transaction was completed from the independent sources of Fatal Properties (Europe). At the time of completion of the purchase, the property was entered in the books in accordance with its fair value as determined in the valuation performed by an external appraiser in the amount of approximately GBP 41 million (the difference in the amount of approximately GBP 4 million is recorded in the revaluation item of fixed assets in the statement of comprehensive income). In July, Fatal Properties (Europe) entered into a loan agreement with a foreign banking corporation of approximately GBP 24 million (an amount of approximately GBP 20 million was advanced during the report period) in connection with the property for a period of 5 years bearing a variable interest rate at the rate of SONIA plus a margin of 2.5%.

c. Fattal Properties (Europe) is working to expand the Jurys Inn Edinburgh hotel, establishing a new NYX hotel and a number of residential and commercial units next to it. In April 2022, a subsidiary of Fattal Properties (Europe) entered into a financing agreement with the banking corporation that provided the financing for the hotel, for the receipt of financing totaling up to GBP 60 million for the repayment of the existing debt (the balance of which at the date of the statements is about GBP 25 million) and also for the purpose of financing most of the expansion costs, the construction of the new hotel, residential and commercial units (a total of about GBP 35 million). The loan is for a period of 4 years, with the right of the borrower to extend the repayment date by another year. The loan bears variable interest at the rate of SONIA plus a margin of 3.4% during the construction period until its completion and 3.2% after the completion of construction in the complex.

d. On April 2022, Fattal Properties (Europe) completed the establishment of the venture together with institutional entities for the purpose of investment in hotels in Europe by establishing an Israeli partnership, FATTAL EUROPEAN PARTNERSHIP II LP (hereinafter - the "Partnership"), which will work to identify investment opportunities in hotels in Europe, whether by purchasing and improving existing hotels or by establishment of new hotels, with their day-to-day operation and their sale as long as the Partnership deems it appropriate in accordance with the established investment strategy. The partnership intends to raise funds of up to about EUR 400 million, as of the date of publication of the financial statements, investment commitments have been received totaling about EUR 381 million and the partnership is working to raise additional investors.

NOTE 4:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)

Menorah Mivtachim Holdings Ltd. (hereinafter - "Menorah Mivtachim") has committed to invest in the project up to EUR 100 million, Harel Insurance Investments and Financial Services Ltd. (hereafter - "Harel Insurance") has committed to invest in the project up to EUR 100 million euros, Leumi Partners (hereafter - "Leumi Partners") has committed to invest approximately EUR 15 million in the venture, Hachshara Insurance Company Ltd. (hereinafter - "Hachshara") has committed to invest approximately EUR 10 million in the venture, S. Shlomo Holdings Ltd. (hereinafter - "Shlomo") has committed to invest approximately EUR 11 million in the venture, Meitav Dash Investments Ltd. (hereinafter - Meitav) committed to invest approximately EUR 35 million in the venture, Analyst Provident Funds Ltd. (hereinafter - Analyst) has committed to invest approximately EUR 10 million in the venture and Fattal Properties (Europe) has committed to invest the remaining amount of up to EUR 100 million in the venture. The obligation of the institutional bodies to invest is subject to the regulatory provisions that apply to them. In accordance with the partnership documents, it has been determined that FATTAL EUROPEAN PARTNERSHIP II GP (a wholly owned partnership of Fattal Properties (Europe)) is the General Partner (GP), and the above partners (including Fattal Properties (Europe)) are Limited Partners (LP). It was also agreed that the day-to-day operational management of the hotels maintained by the Partnership would be carried out by Fattal Hotels Ltd, which is 100% owned indirectly by the Company, (hereinafter - "Fattal Hotels") in accordance with the management agreement that shall be signed between each hotel (when purchased) and Fattal Hotels (in exchange for an annual fee of 2% of each hotel's revenue turnover plus an incentive fee of 14% of the total operating profit (NOP) as defined in each hotel's agreement). Each year, before paying the incentive fee to Fattal Hotels for managing the hotels, the Partnership shall distribute an amount equal to 5% of the shareholders' equity of the investment that has not yet been repaid cumulatively to all hotels (and if not actually paid in a particular year, it will accrue in nominal terms for the following year), subject to the terms set out in the partnership agreement. It should be noted that in accordance with the partnership agreement, it was determined that a special approvals committee will be established, which will be composed of representatives of the largest investors (including a Fattal representative) (each representative will have one vote in the committee) which will have the power to make decisions (by a simple majority or a special majority as stipulated in the partnership agreement) on various issues related to the partnership, including strategic and financial decisions, such as the annual budget prepared by Fattal Hotels or the General Partner, CAPEX expenses, taking up of debt and more, with everything as defined in the agreement. Accordingly, the Company reports its investment in the partnership according to the balance sheet value method.

Shortly after the establishment of the partnership and until the balance sheet date, 4 calls for money were made for a total amount of about EUR 112.5 million (the company's share is about EUR 34 million).

NOTE 4:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)

Below is the table of the partnership engagements during the reporting period regarding the opening of new hotels:

Location of property	Transaction date	No. of rooms	Property cost	Opening date /Expected opening date
Malaga, Spain	March, 2022	184	About EUR 23 million	Date of purchasing
Mallorca, Spain	April, 2022	77	About EUR 16 million	Date of purchasing
Krakow, Poland	June, 2022	60	About EUR 9 million	September, 2022
6 hotels in Spain (3 in Ibiza and 3 in Mallorca)	September, 2022	1,119	About EUR 166 million	Date of purchasing
Larnaca, Cyprus	July, 2022	56	About EUR 11 million	August, 2022
Nafplio, Greece	August, 2022	105	About EUR 9 million	April, 2023
Paphos, Cyprus	August, 2022	150	About EUR 16 million	2025
Vienna, Austria	September, 2022	211	About EUR 32 million	November, 2022
London, England	October, 2022	283	About EUR 104 million	December, 2022

e. Further to that stated in Section 20c of the Consolidated Annual Financial Statements for 2021, regarding the purchase of 4 hotels in London, as of the date of the financial statements, the Company completed the purchase price attribution (PPA) in the second quarter reports for 2022 and accordingly updated the classification of these costs.

f. On January 5, 2022, the Company made an extension of the Bond Series (Series C) by way of a private allotment to investors of NIS 300,000 thousand par value of Bonds (Series C) of NIS 1 nominal value each of the Company, listed for trading, for a gross monetary consideration of NIS 291,600 thousand (before deducting issue costs in the amount of approximately NIS 2 million), at a price of NIS 0.972 for every NIS 1 par value.

g. On July 27, 2022, the Company issued to the public NIS 260,000 thousand par value bonds (Series D) of NIS 1 par value each of the Company, listed for trading, for a gross cash consideration of NIS 260,000 thousand (before deduction of issue costs in the amount of about NIS 3 million). The bonds are linked and carry an annual interest rate (linked to the CPI) at a fixed rate of 3.25%. The above series is due in 18 semi-annual payments on December 31 and June 30 of each of the years 2024 to 2032 (inclusive) starting on June 30, 2024, in such a way that each of the first five payments will constitute 7% of the total face value of the bonds , and each of the sixth, seventh, and eighth payments will constitute 6% of the total nominal value of the bonds, and each of the ninth to fifteenth payments will constitute 5% of the total nominal value of the bonds, and each of the last three payments will constitute 4% of the total nominal value of the bonds. The Company has the right to extend the series in accordance with the conditions detailed in the Trust Deed of the bonds. As part of the issuance, the Company committed to financial covenants, the main ones of which are as follows:

NOTE 4:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)

i. The ratio of adjusted net financial debt to net CAP, as defined in the Trust Deed, shall not exceed 76%.
ii. The Company's shareholders' equity will not be less than NIS 1,370 million.

As of the balance sheet date, the Company meets the financial standards to which it is committed.

h. In July 2022, as part of the shelf offer report, it was proposed to all bondholders (Series 1) of the Company to purchase up to NIS 278,801,653 of bonds (Series 1) held by them (which at the time of publication of the shelf offer report constituted 100% of the total face value of the bonds (Series 1) in circulation), by way of an exchange purchase offer, in consideration of the issuance of ordinary shares without par value of the Company, in such a way that for every NIS 1 of bonds (Series 1) to be purchased by the Company, the Company will issue 0.00345 ordinary shares.
154,460,804 bonds (Series 1) accepted the exchange purchase offer, which is about 55.4% of the total of the bonds (Series 1) in circulation. Accordingly, and according to the terms of the exchange purchase offer, the Company allocated 532,890 ordinary shares. As a result of an exchange purchase offer, the Company incurred financing expenses in the profit and loss statement in the amount of approximately NIS 10 million.
It should be noted that as of the balance sheet date, an additional 32,026,782 Bonds (Series 1) were converted into 105,007 Ordinary Shares according to the conditions stipulated in the Trust Deed.

i. During September 2022, Fattal Properties (Europe) issued additional (Series C) debentures by an allocation to the public of 100,000,000 (Series C) debentures, each with NIS 1 par value, of Fattal Properties (Europe) listed for trading at a price of NIS 0.918 for each NIS 1 par value of debentures and a total of approximately NIS 91,800,000 (about EUR 27 million) for all (Series C) debentures. The bonds are in Israel shekels and bear an annual interest rate of 2.65%, and are not indexed (principal and interest) to any indexation basis. After the additional allocation, the total amount of the Series C debentures is NIS 546,976,284 par value.

j. During September 2022, Fattal Properties (Europe) executed a full hedging transaction in a banking corporation with Series B in which the shekel debt (principal and interest) was converted into EUR debt, so that at every payment date of interest and/or principal, a shekel amount will be paid by the banking corporation against receipt of an amount in EUR determined at the time of the hedging transaction.

k. Changes in interest rates and the level of interest in the economy have an effect on the Group's liabilities. The Group has liabilities in shekels and in foreign currency at variable interest in the amount of approximately NIS 1.5 billion NIS, which constitute approximately 28% of its total credit, and any change in the interest rate affects its interest payments. In addition, this affects the interest rates of the Group's raising capital in both the banking market and the non-banking market. During the nine month period that ended on September 30, 2022, the base annual interest rate in the various countries where the Company operates increased by approximately 1.75%-1.9%. After the balance sheet date and until the date of approval of the financial statements, the base interest rate increased by approximately an additional 0.75%-1.25%.

NOTE 4:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)

The Group has bonds as well as loans linked to the Consumer Price Index from banking corporations in the amount of about NIS 878 million, which constitutes about 15% of the total credit. Therefore, an increase in the Index will increase the expenses of the linkage differences. The Group analyzes the situation of costs on a current basis and raises prices at least at the level of inflation in most hotels in all regions according to and subject to levels of demand.

NOTE 5:- FINANCIAL INSTRUMENTS

a. Fair value:

The table below compares the balance in the books and the fair value of the Company's financial instruments presented in the financial statements, which are not according to their fair value:

	December 31, 2021		September 30, 2021	
	Book value	Fair value	Book value	Fair value
	Audited		Unaudited	
	NIS (In thousands)			
Loans from banking corporations and other liabilities:				
Debentures (Level 1 of the fair value hierarchy)	(*) 2,365,159	2,534,421	(*) 2,400,215	2,507,446
Fixed interest loans (Level 3 of the fair value hierarchy)	1,715,190	1,762,072	1,814,214	1,872,385
Total	4,080,349	4,296,493	4,214,429	4,379,831

	September 30, 2022		Convenience translation into Euro (Note 1b) September 30, 2022	
	Book value	Fair value	Book value	Fair value
	Unaudited		Unaudited	
	NIS		Euro	
	(In thousands)			
Loans from banking corporations and other liabilities:				
Debentures (Level 1 of the fair value hierarchy)	(*) 2,600,726	2,455,208	(*) 746,092	704,346
Fixed interest loans (Level 3 of the fair value hierarchy)	1,649,858	1,577,534	473,308	452,560
Total	4,250,584	4,032,742	1,219,400	1,156,906

(*) Including interest payable.

NOTE 5:- FINANCIAL INSTRUMENTS (Cont.)

It should be noted that, as at September 30, 2022, the Company had a consolidated working capital deficit (including relating to assets and liabilities held for sale) of about NIS 871 million. According to the Company's Management and the Board of Directors, the above deficit does not indicate a liquidity issue as the Company has the following sources:

- Cash available to the Group close to the date the financial statements were approved of about NIS 0.7 billion.
- Obtaining financing for properties that were not financed (a total of approximately NIS 300 million) and additional properties that were purchased with external financing when a major part of this external financing has already been repaid and the Company is working to raise external financing for these hotels.
- Cash produced from the Company's current activities as a result of returning to full activity.

NOTE 6:- OPERATING SEGMENTS

a. General:

The operating segments are identified on the basis of information that is reviewed by the chief operating decision maker ("CODM") for making decisions about resources to be allocated and assessing performance. The Group's activity is conducted through three reportable operating segments: in Israel, in Europe (except for the United Kingdom, Ireland and Mediterranean basin) and in the United Kingdom and Ireland. In addition, the Group has investment through subsidiaries in Mediterranean basin and other investment, which do not amount a reportable segment, and, accordingly, is reported as other.

Segment performance is evaluated principally based on revenues and operating income before depreciation and amortization, financing and other expenses (EBITDA), including in respect of hotels owned through associate companies.

The segment results reported to the CODM include items that are allocated directly to the segments and items that can be allocated on a reasonable basis. Items that were not allocated, mainly the Group's headquarter assets, general and administrative costs, finance and taxes on income are managed on a group basis.

The chief operating decision maker continues to examine the operating segments according to the old leases standard, IAS 17. Accordingly, adjustments were added in respect of the new leases standard, IFRS 16.

NOTE 6:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments:

	Year ended December 31, 2021							
	Israel	Abroad (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (before adjustments for IFRS 16)	Total	Adjustments for IFRS 16	Total
	NIS In thousands							
Segment revenues	1,315,830	768,156	928,898	137,630	(109,848)	3,040,666	-	3,040,666
Operating income before depreciation and amortization, other operating expenses and rental expenses	403,694	478,501	275,444	66,551	(37,647)	1,186,543	-	1,186,543
Operating income (loss) before depreciation and amortization and other operating expenses	324,033	229,308	(133,774)	32,378	(75,938)	376,007	806,598	1,182,605
Depreciation and amortization	(89,818)	(142,674)	(91,871)	(18,179)	46,686	(295,856)	(656,235)	(952,091)
Other operating income, net								269,884
Finance expenses, net								(861,341)
Group's share of losses of associate companies and partnerships accounted for at equity								(679)
Loss before tax benefit								(361,622)
Tax benefit								138,818
Loss								(222,804)

NOTE 6:- OPERATING SEGMENTS (Cont.)

	Israel	Abroad (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (before adjustments for IFRS 16)	Total	Adjustments for IFRS 16	Total
	NIS (In thousands)							
Three months ended September 30, 2021 (unaudited)								
Segment revenues	533,364	279,716	367,841	65,085	(37,744)	1,208,262	-	1,208,262
Operating income before depreciation and amortization, other operating expenses and rental expenses	205,723	198,455	140,148	33,050	(24,712)	552,664	-	552,664
Operating income before depreciation and amortization and other operating expenses	168,167	131,419	55,188	20,903	(36,084)	339,593	211,850	551,443
Depreciation and amortization	(22,563)	(37,240)	(22,889)	(4,533)	14,570	(72,655)	(166,450)	(239,105)
Other operating income, net								30,628
Finance expenses, net								(229,608)
Group's share of earnings of associate companies and partnerships accounted for at equity								8,203
Income before taxes on income								121,561
Taxes on income								(27,412)
Net income								94,149

NOTE 6:- OPERATING SEGMENTS (Cont.)

	Israel	Abroad (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (before adjustments for IFRS 16)	Total	Adjustments for IFRS 16	Total
	NIS (In thousands)							
Three months ended September 30, 2022 (unaudited)								
Segment revenues	566,797	570,753	503,547	115,632	(61,325)	1,695,404	-	1,695,404
Operating income before depreciation and amortization, other operating expenses and rental expenses	187,991	230,402	210,448	63,081	(33,146)	658,776	-	658,776
Operating income before depreciation and amortization and other operating expenses	155,700	146,808	82,260	37,493	(54,272)	367,989	247,227	615,216
Depreciation and amortization	(25,163)	(35,474)	(23,179)	(5,872)	15,174	(74,514)	(163,880)	(238,394)
Other operating income, net								2,158
Finance expenses, net								(249,797)
Group's share of earnings of associate companies and partnerships accounted for at equity								8,284
Income before taxes on income								137,467
Taxes on income								(41,678)
Net income								95,789

NOTE 6:- OPERATING SEGMENTS (Cont.)

	Israel	Abroad (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (before adjustments for IFRS 16)	Total	Adjustments for IFRS 16	Total
	NIS (In thousands)							
Nine months ended September 30, 2021 (unaudited)								
Segment revenues	973,916	473,388	570,138	100,324	(69,108)	2,048,658	-	2,048,658
Operating income before depreciation and amortization, other operating expenses and rental expenses	322,517	358,440	146,690	49,417	(31,850)	845,214	-	845,214
Operating income (loss) before depreciation and amortization and other operating expenses	268,304	177,063	(195,532)	24,348	(63,756)	210,427	632,896	843,323
Depreciation and amortization	(66,105)	(108,300)	(68,630)	(13,256)	34,705	(221,586)	(494,655)	(716,241)
Other operating income, net								206,790
Finance expenses, net								(673,553)
Group's share of earnings of associate companies and partnerships accounted for at equity								5,552
Loss before tax benefit								(334,129)
Tax benefit								130,062
Loss for the period								(204,067)

NOTE 6:- OPERATING SEGMENTS (Cont.)

	Israel	Abroad (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (before adjustments for IFRS 16)	Total	Adjustments for IFRS 16	Total	Convenience translation (Note 1b) Total
	NIS								Euro
	(In thousands)								
Nine months ended September 30, 2022 (unaudited)									
Segment revenues	1,328,442	1,290,417	1,286,035	223,879	(174,223)	3,954,550	-	3,954,550	1,134,472
Operating income before depreciation and amortization, other operating expenses and rental expenses	373,038	454,575	467,154	112,200	(91,426)	1,315,541	-	1,315,541	377,398
Operating income before depreciation and amortization and other operating expenses	284,459	218,651	109,333	54,845	(138,974)	528,314	722,852	1,251,166	358,930
Depreciation and amortization	(71,908)	(121,558)	(65,478)	(16,975)	50,185	(225,734)	(486,804)	(712,538)	(204,411)
Other operating income, net								18,379	5,274
Finance expenses, net								(675,012)	(193,646)
Group's share of losses of associate companies and partnerships accounted for at equity								(5,948)	(1,706)
Loss before tax benefit								(123,953)	(35,559)
Tax benefit								55,679	15,973
Loss for the period								(68,274)	(19,586)

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