



HOUSE OF HOTELS | בית של מלונות

Capital Market Presentation, March 2023





Disclaimer

This presentation is not the Company's offer of securities to the public and should not be interpreted as an offer of securities to the public. The presentation constitutes the Company's principal and marketing presentation. The information included in this presentation and any other information that shall be delivered during this presentation (hereinafter: "the Information") does not constitute a recommendation or an opinion of an investment consultant or a tax consultant. The Information is only condensed information. Investment in securities, in general, and in the Company, carries risk. You should take into account that past data does not necessarily indicate future performance. The purchase of the Company's securities requires an in-depth review of the information published by the Company and a legal, accounting, taxation and economic analysis thereof.

The data regarding (i) concentration of number of hotels and number of rooms according to ownership/rental/management in segmentation as of December 31, 2022; (ii) financial data for Q4/2022, including the relative share of hotels held at a rate of 50% and before the impact of the implementation of the IFRS16 Standard; (iii) expected EBITDA addition to the company in 2023 for the partnership hotels; (iv) purchase cost, expected investment and estimated NOP in a representative year of The Grand Brighton Hotel; (v) current details about Rooms, Switch UP, Master, Limited Edition and 7Minds; (vi) distribution of revenues and EBITDAR (including a proportional share of hotels held at a rate of 50%) by sector segmentation in Q4/2022; and (vii) the goal of Company Management regarding the ratio of debt to EBITDA; in slides no. 4, 5, 9, 16, 17, 18, 20, 21, 22, 25, 29 and 33, data are shown in this presentation for the first time as additional information.



Fattal Group Business Card

Establishment
of Fattal Group

1998

Countries

20

¹Hotels



255

¹Rooms

47,125

911 Million NIS²

Balance of cash and securities

Rating: A3.il Positive

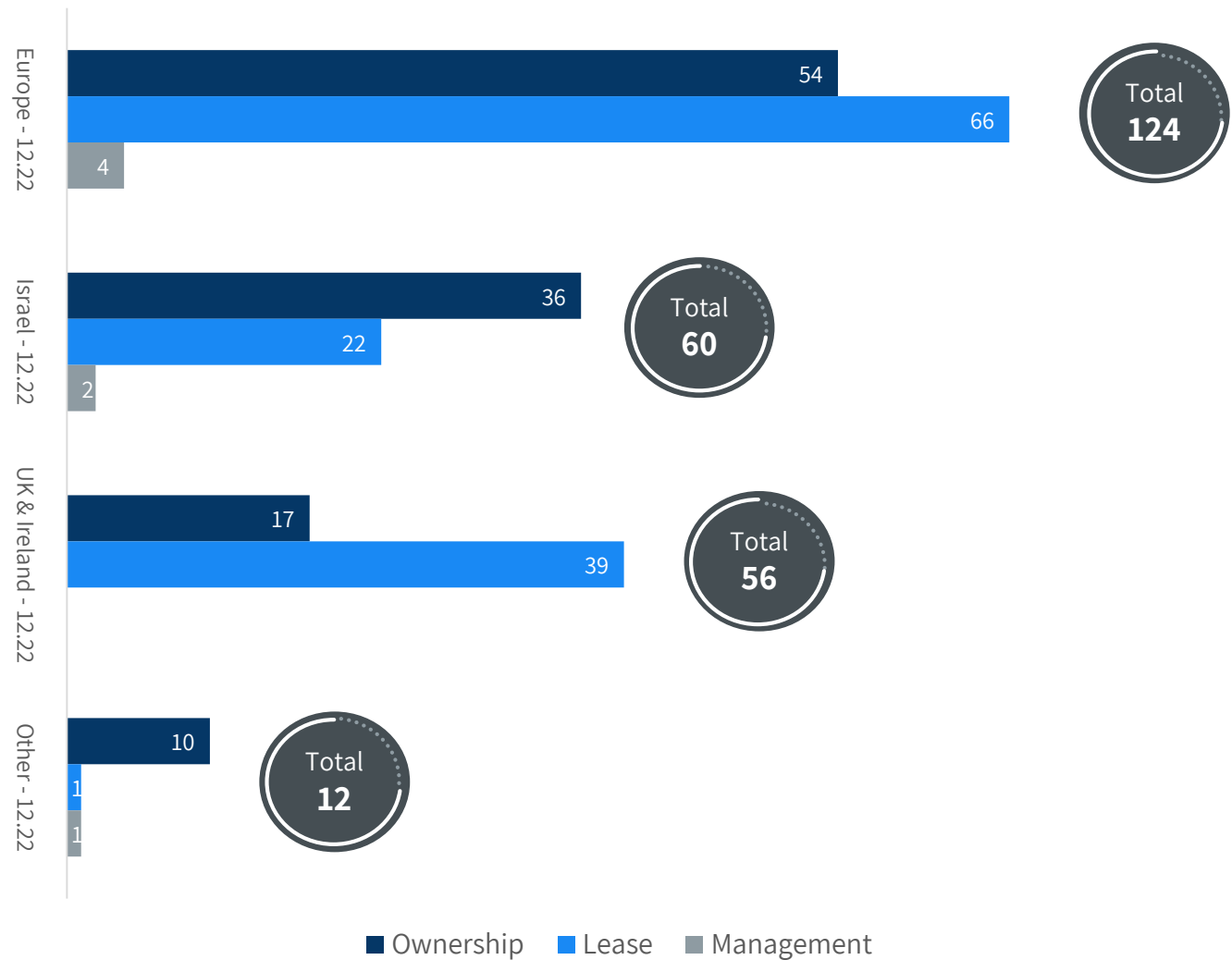


¹ Including future hotels.

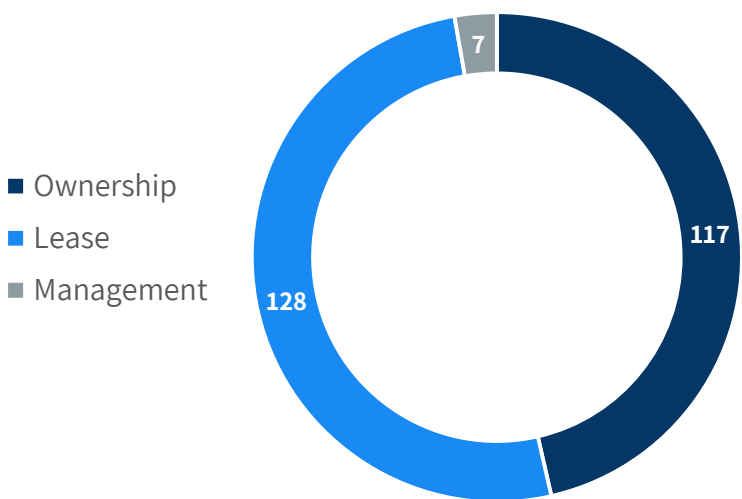
² As of 31.12.22



Number of Hotels¹



Hotels split by type



12/2022

216

Active hotels

¹ As of 31.12.22 including 19 future hotels in Israel (2,353 rooms), 9 future hotels in Europe (2,436 room), 5 future hotels in United Kingdom (991 room) and 6 future hotels in Greece and Cyprus (1,046 rooms).

Q4 The Strongest Quarter in the Company's History compared with corresponding quarters

The company is continuing the trend of strengthening that began in Q2/2022, and is once again presenting record results

1.7

NIS billion
Revenues¹
Q4 record

ADR

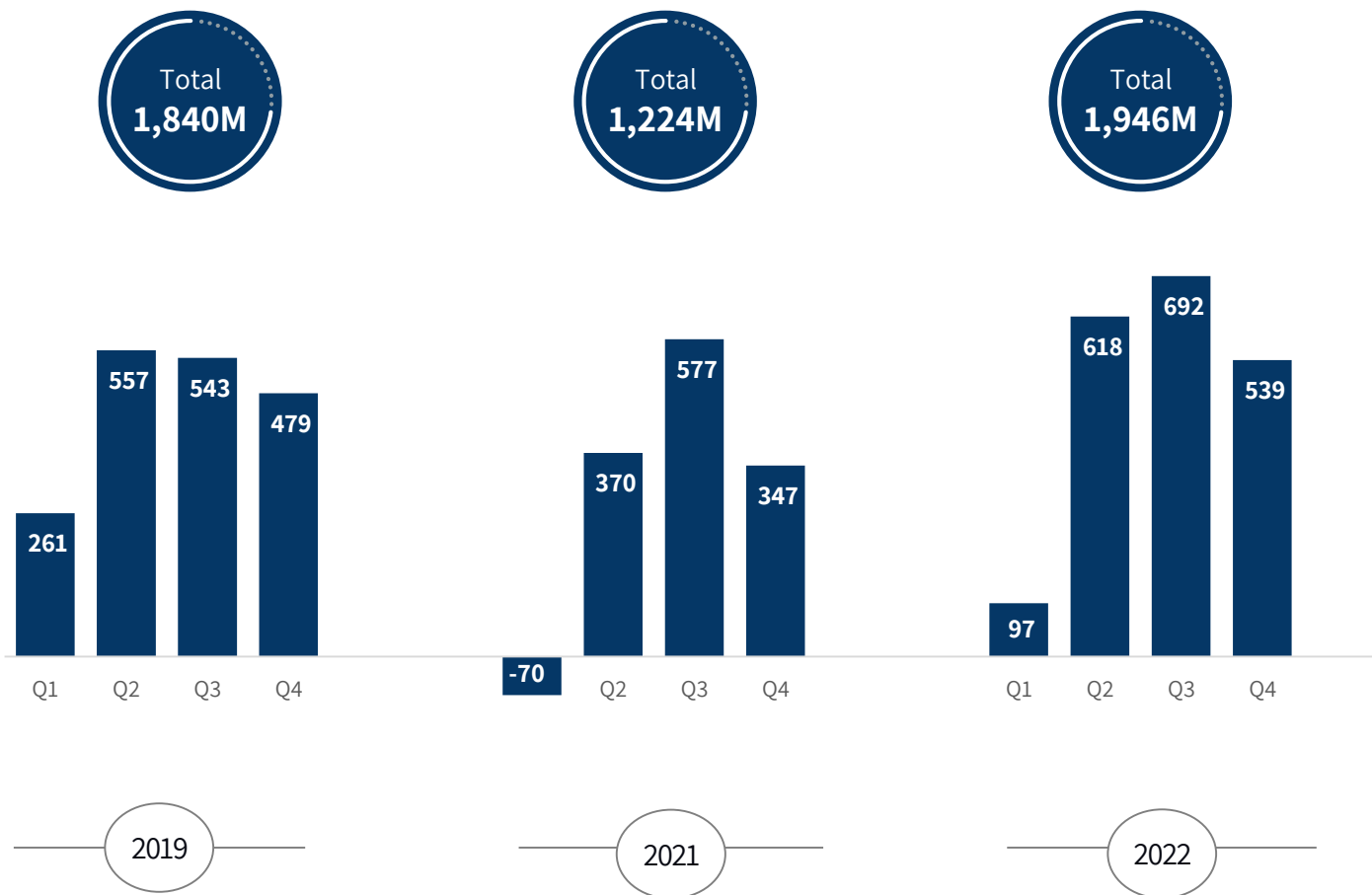
We surpassed
2019

539

NIS million
EBITDAR¹
Q4 record

264

NIS million
EBITDA^{1,2}
Q4 record



EBITDAR¹ - by quarters (NIS millions)

¹ Including the relative part of hotels under 50% ownership

² Prior to the Impact of Standard IFRS 16



Forward looking view

	Revenues ¹	EBITDAR ¹	EBITDA ^{1,2}
2019	5,446 Million NIS	1,841 Million NIS	868 Million NIS
2021	3,150 Million NIS	1,224 Million NIS	452 Million NIS
2022	5,811 Million NIS	1,946 Million NIS	931 Million NIS
2023 forecast	7,200-7,500 Million NIS	2,300-2,600 Million NIS	1,300-1,400 Million NIS



¹ Including subsidiaries companies

² Prior to the Impact of Standard IFRS 16

Fattal Hotel Group on the Map¹ – 20 Countries

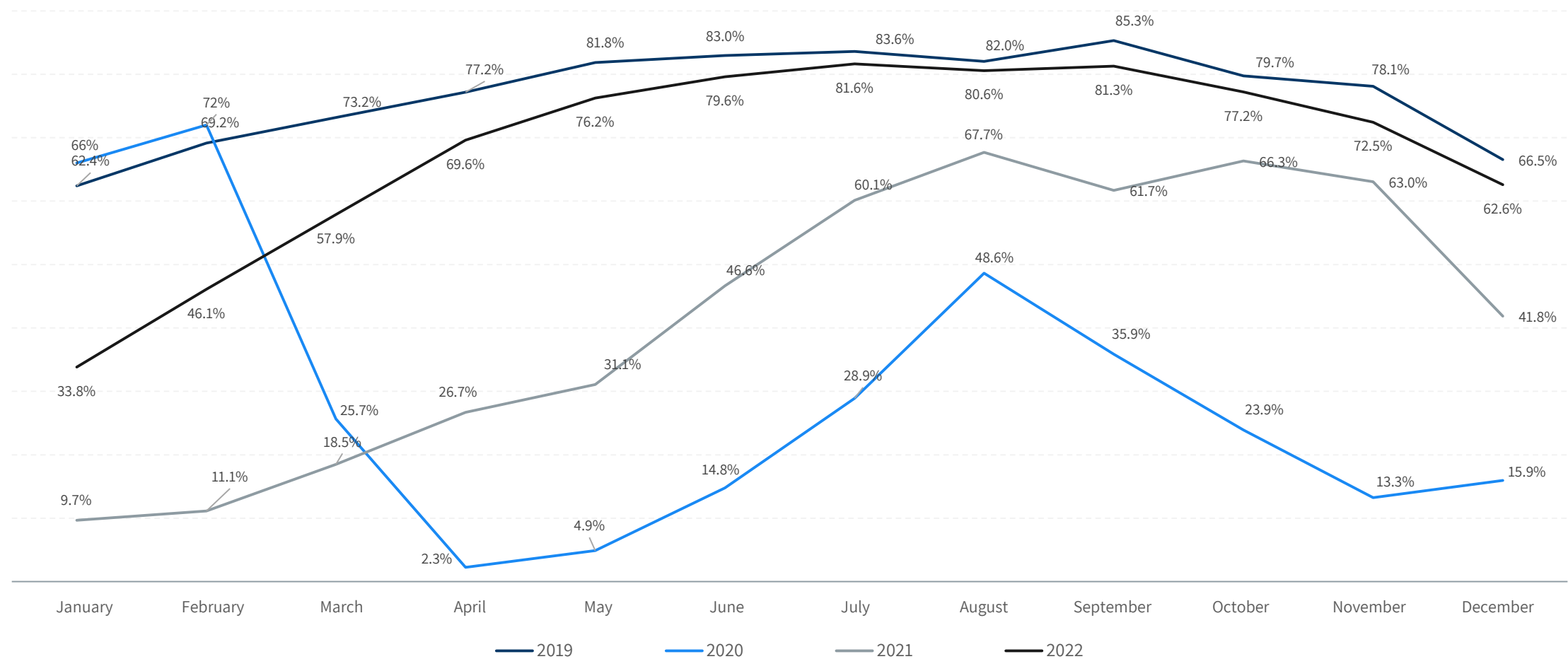


¹ Including future hotels.

Occupancy – Guests Return to Hotels



Occupancy by month

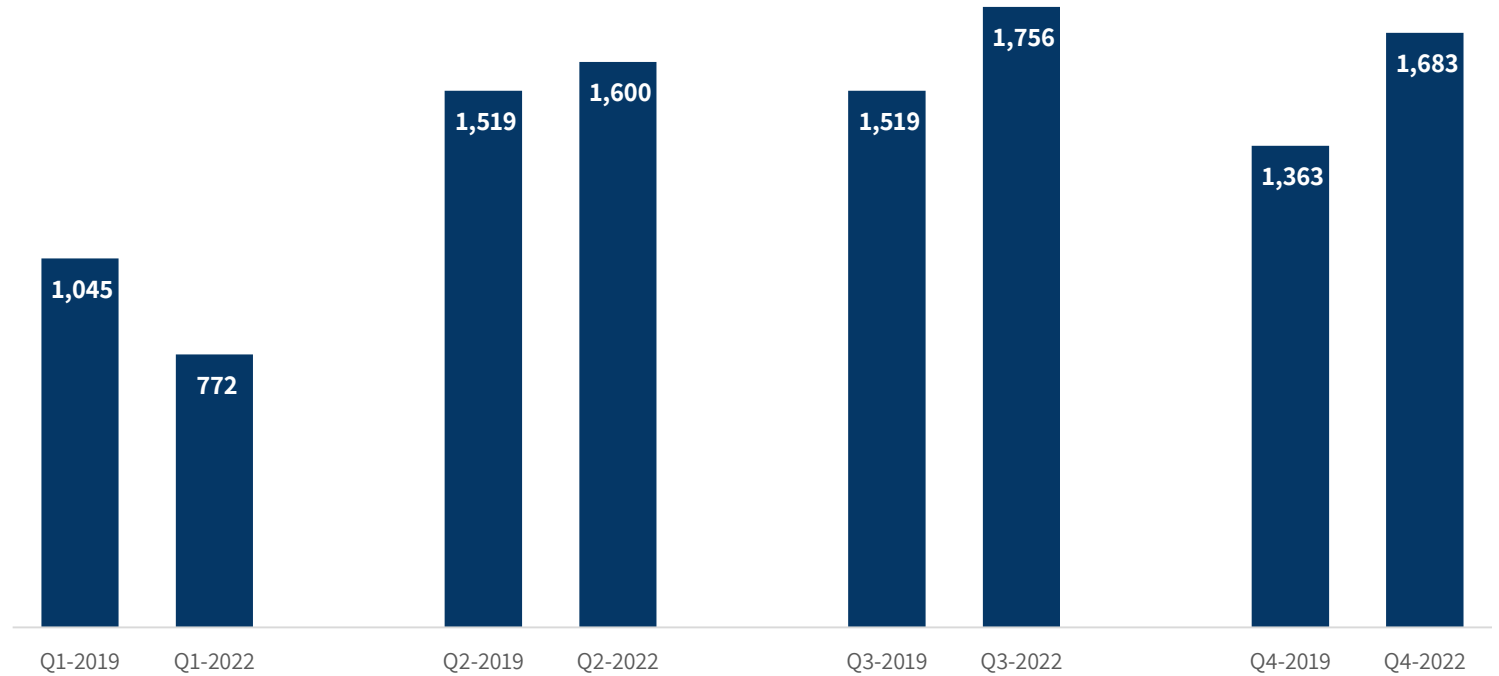




Revenue – Guests Return to Hotels

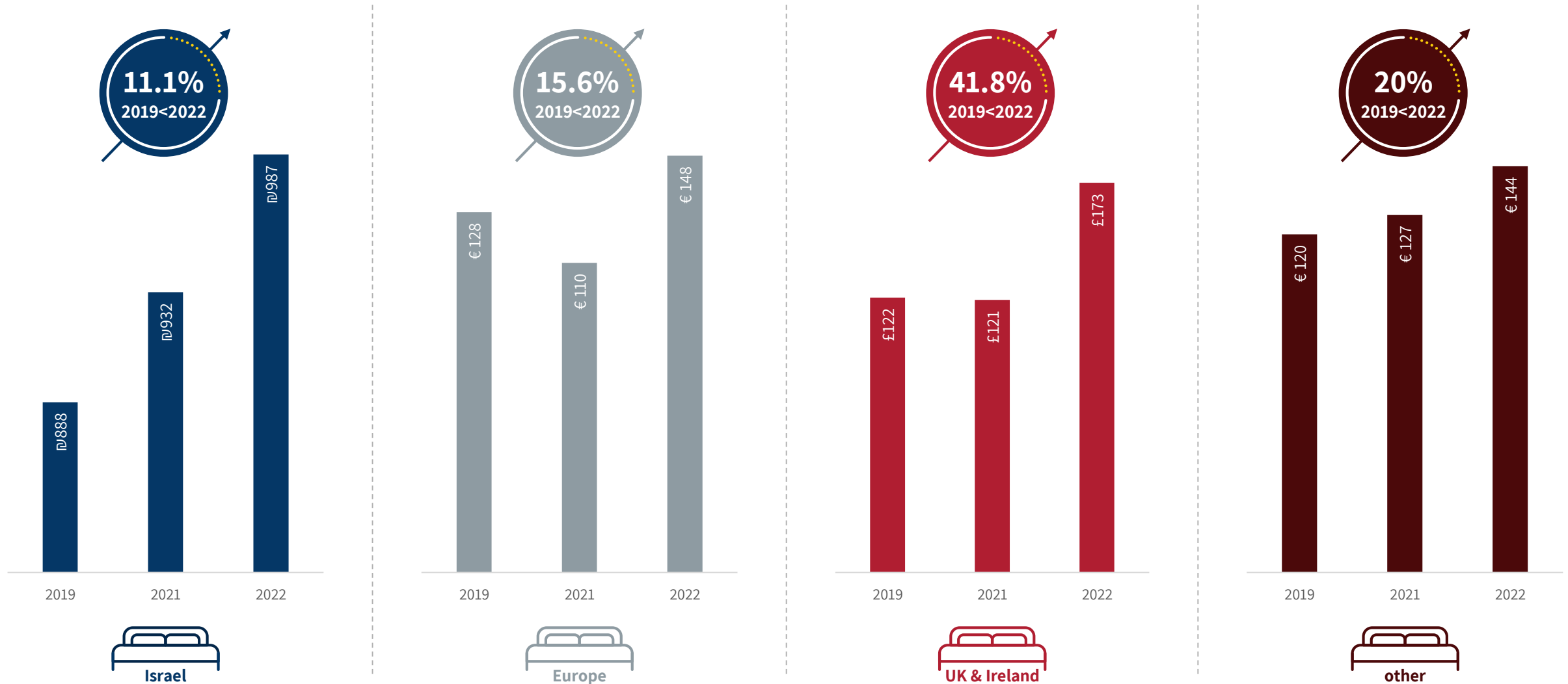
Revenue exceed pre-COVID levels (2019)

Quarterly revenue – (NIS million)



Increase in Average Daily Revenue per Room¹ (ADR²) Q4

Dealing With the Effects of Inflation and Rising Expenses



¹Including the relative part of hotels under 50% ownership.

²The ratio between the hotel's total revenues and the occupied rooms in the hotel. This figure does not include managed hotels.

The Group's Strategy Moving Forward

Strengthening the activity and international geographic expansion in areas of demand while maintaining high rates of return

Collaborate to reduce risk and increase expansion options

Maintain the company's stable leverage over time with an emphasis on strong cash flow

Continued hotel improvements and solidification of the Group's brands

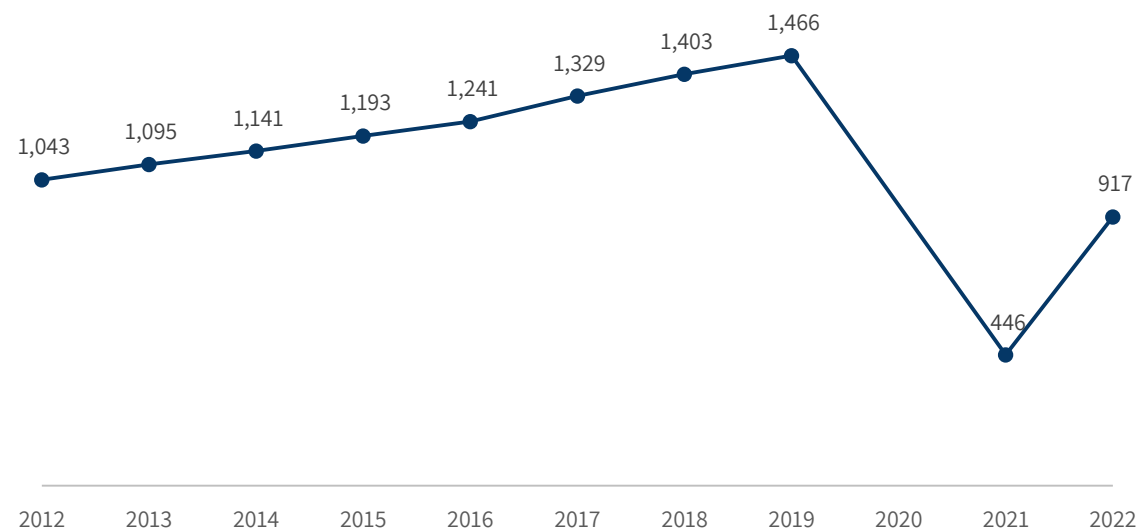
Opening of luxury, boutique and resort hotels under LIMITED EDITION collection



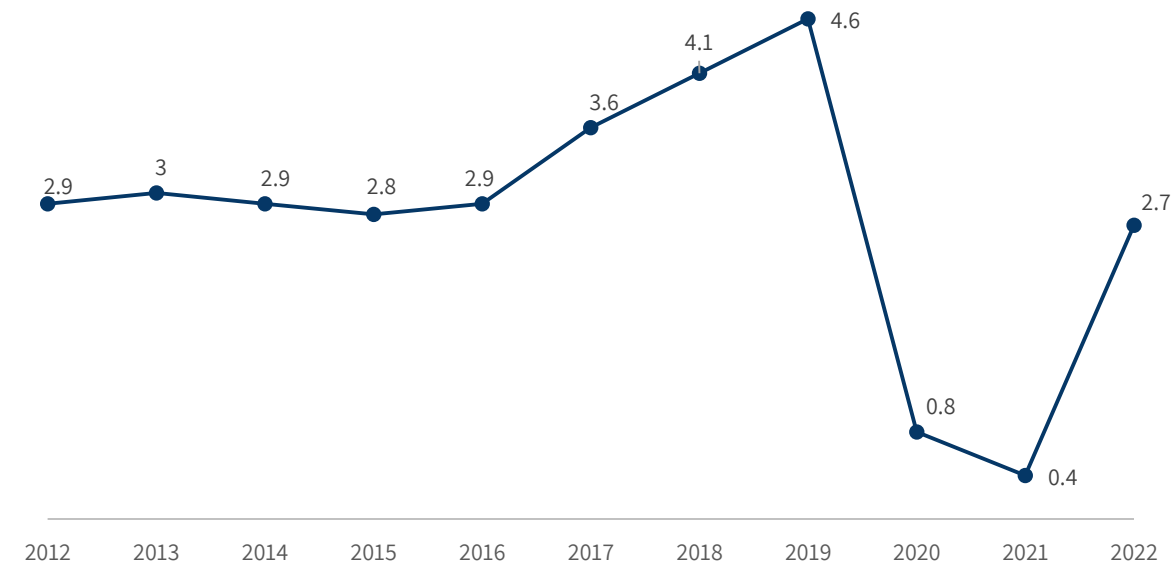
Coming soon

Global Tourism Is Back

International tourists (in millions)¹



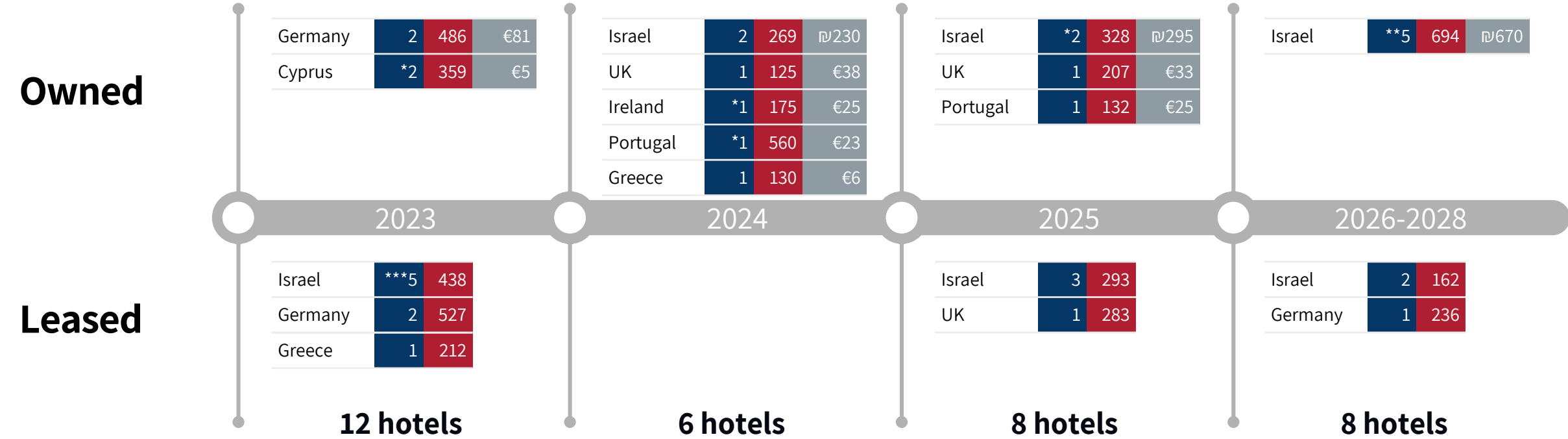
Tourists entering Israel (in millions)²



¹ World Tourism Organization (UNWTO) data
² Israel Central Bureau of Statistics data

Looking Ahead - Opening Hotels in the Coming Years¹

(excluding hotels under Hotel Partnership in Europe)





Investment




Number of rooms




Number of hotels

Total

34
Hotels



5,785
Rooms



According to the Company’s assessment, new openings are expected to generate an additional EBITDA of of approx. **NIS 300 million.**

The total investment expected in the coming years is approximately **NIS 2 billion.**

¹ Investment amounts shown are from 2023 onwards. The amounts are in millions.
* Partial Ownership (2,759 rooms)
** 4 hotels of which are partially owned
*** Including a management hotel in Jerusalem - expected to open in 2023 (88 rooms)



Hotel Botanica | Haifa

The new and luxurious Hotel Botanica stands at the foot of the Bahai Gardens in the German Colony and combines a perfect and meticulous hospitality experience with a unique location.



Spectacular roof top view including a luxurious swimming pool



11/2022



163
Number of rooms



Leased



2025
Opening year



170
Number of rooms

Jerusalem|NYX

A lifestyle hotel in the heart of Jerusalem, in the lively Mahane Yehuda market.

Luxury Resort in the Heart of the Desert

The MIDBAR resort ("Desert") will include 109 rooms with private pools, a luxurious spa and restaurants under the management of Chef Ran Shmueli.



Private pools and luxurious spas



2025
Opening year



109
Number of rooms

Palatin Hotel | Tel Aviv

An iconic building in the heart of Tel Aviv with a glorious history. At the time of its construction and opening in 1926 it was considered the most central, innovative and luxurious hotel in the city.



NIS 150m
Cost including renovation



2024
Expected opening



61
Number of rooms



Growth Engine - Establishing a Hotel Partnership in Europe

investment
commitment of
EUR 381 million



Investment commitment of
EUR 100 million



Investment
commitment of
EUR 100 million



Investment commitment of
EUR 100 million



Leumi Partners
Investment commitment of
EUR 15 million



Investment commitment of
EUR 10 million



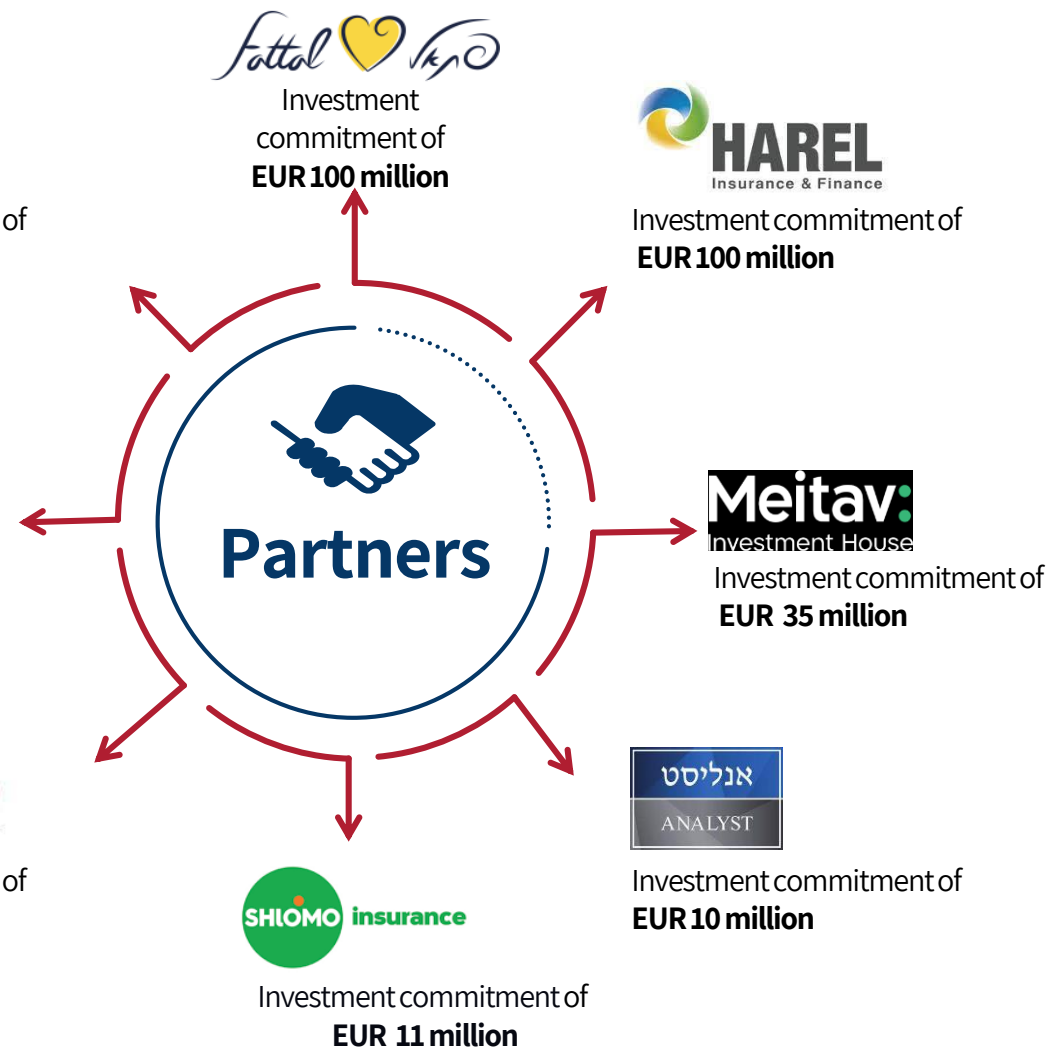
Investment commitment of
EUR 11 million



Investment commitment of
EUR 10 million



Investment commitment of
EUR 35 million



EUR 190 million
calls for money as
of today



Growth Engine - Establishing a Hotel Partnership in Europe

	Spain - Malaga, Mallorca, Ibiza, Barcelona	1,748	9 Hotels
	Cyprus - Larnaca, Latchi	206	2 Hotels
	Poland - Krakow	60	1 Hotel
	Greece - Nafplio	105	1 Hotel
	Austria - Vienna	211	1 Hotel
	England - London, Brighton	484	2 Hotel
	Italy - Garda	127	1 Hotel

Total



17 Hotels



2,941 Rooms

549M€

The Value of transactions signed as of today

900M€

total forecast property portfolio



According to the Company's estimate, the hotels in the partnership are expected to generate an additional EBITDA of **approx. NIS 60 million** for the Company in 2023.

Fattol 



Hotel "The Dilly" | London

Opened in 1908, the iconic Dilly Hotel is centrally located between Piccadilly and Regent Street in the heart of London.

The hotel has built a substantial reputation over the last 114 years as one of London's finest hotels, and in the past, was honored to receive the royal Patronage of King George V.



£90m
Purchase cost



£18.5m
Estimated NOP in a typical year



£75m
Expected investment



283
Number of rooms



Hotel "The Grand Brighton"

The 5-star **Grand Brighton** Hotel is considered one of the iconic and well-known hotels in Brighton. It was opened in 1864 and is located in the most central location on the Brighton seafront.



£7.5m
Estimated NOP in a typical year



£60m
Purchase cost



£16m
Expected investment



201
Number of rooms

Identifying Trends in a Changing Market



ROOMS

Coworking spaces

Offering work stations, private offices and meeting rooms for rent

13 complexes

With a total area of about 53,000 square meters



SWITCHUP

A service providing a real estate solution for companies looking to settle in new offices

by renting properties, adjusting them and renting them to the customer

Total area – approximately 152,000 square meters

Perfectly suited for 75 customers



MASTER

Offering a unique hospitality experience of luxury apartments with hotel services in Israel and Europe.

Approximately 420 apartments by the end of 2023



FATTAL TERMINAL

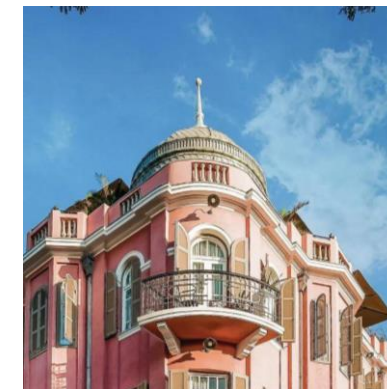
A luxurious passenger lounge that includes private guest rooms, a meeting room, a duty-free complex and more



LIMITED EDITION

The company's luxury hotels collection

The program includes 20 hotels



7MINDS

A company for the establishment, operation and management of boutique hotels

11 hotels

Approx. 840 rooms

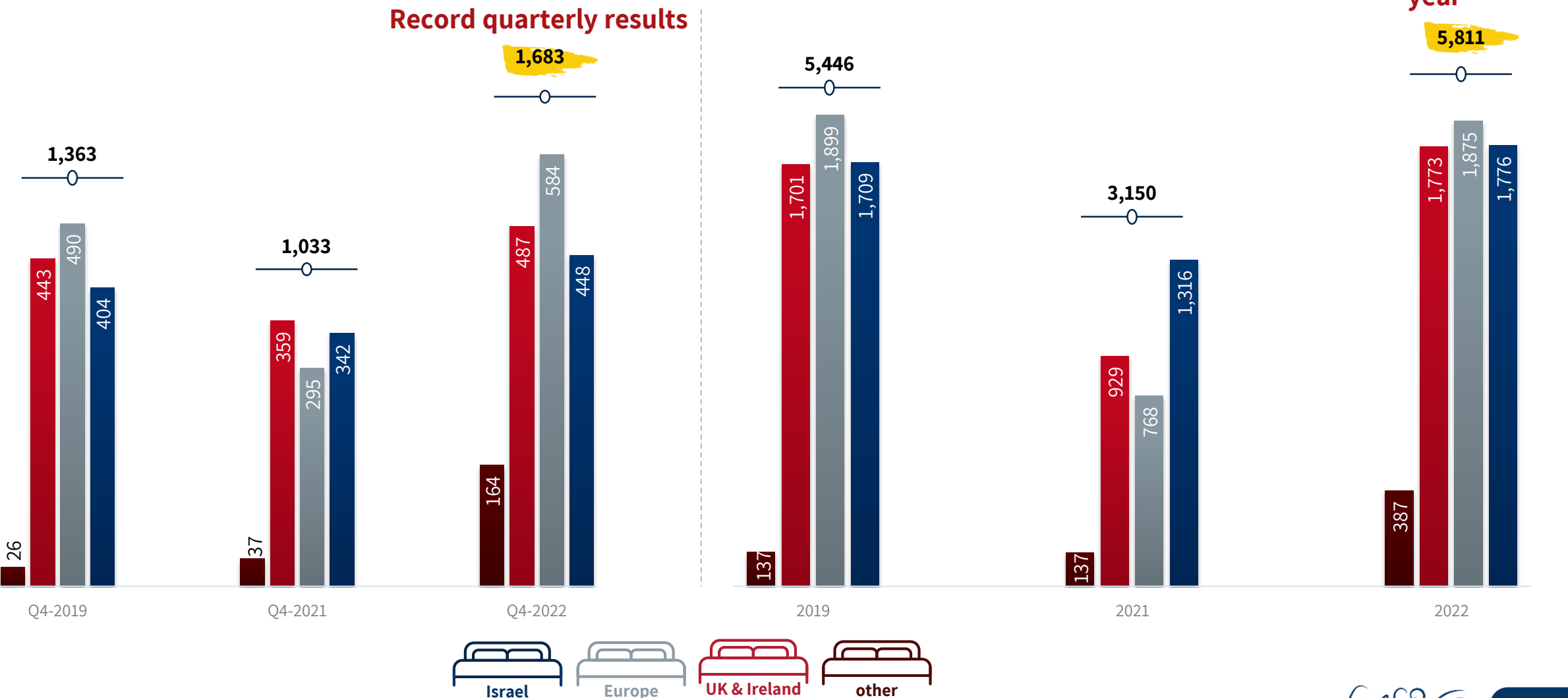


The Group's Financial Results 31.12.22

Main Financial Data –Revenues¹ (NIS millions)

Q4 Results

Annual Results

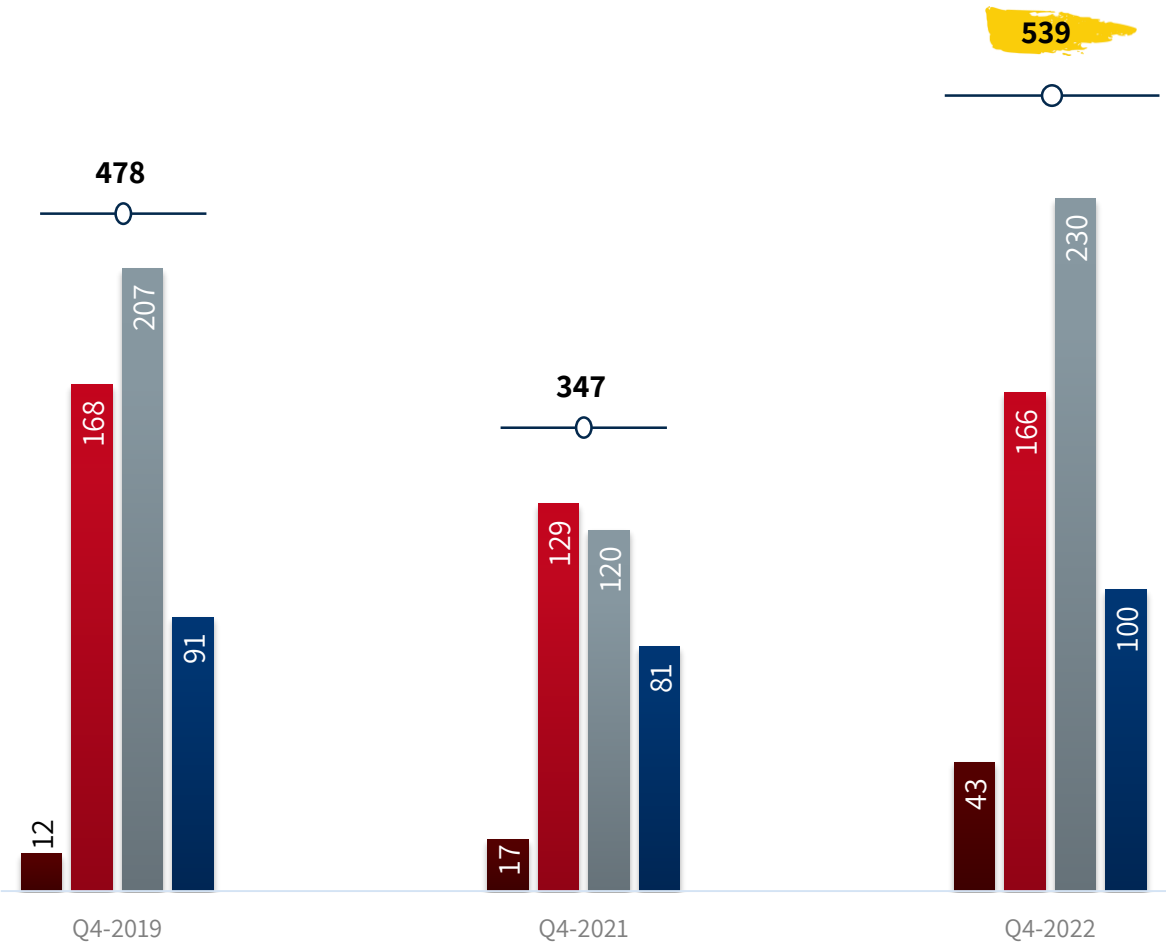


¹ Including the relative part of hotels under 50% ownership

Main Financial Data - EBITDAR¹ (NIS millions)

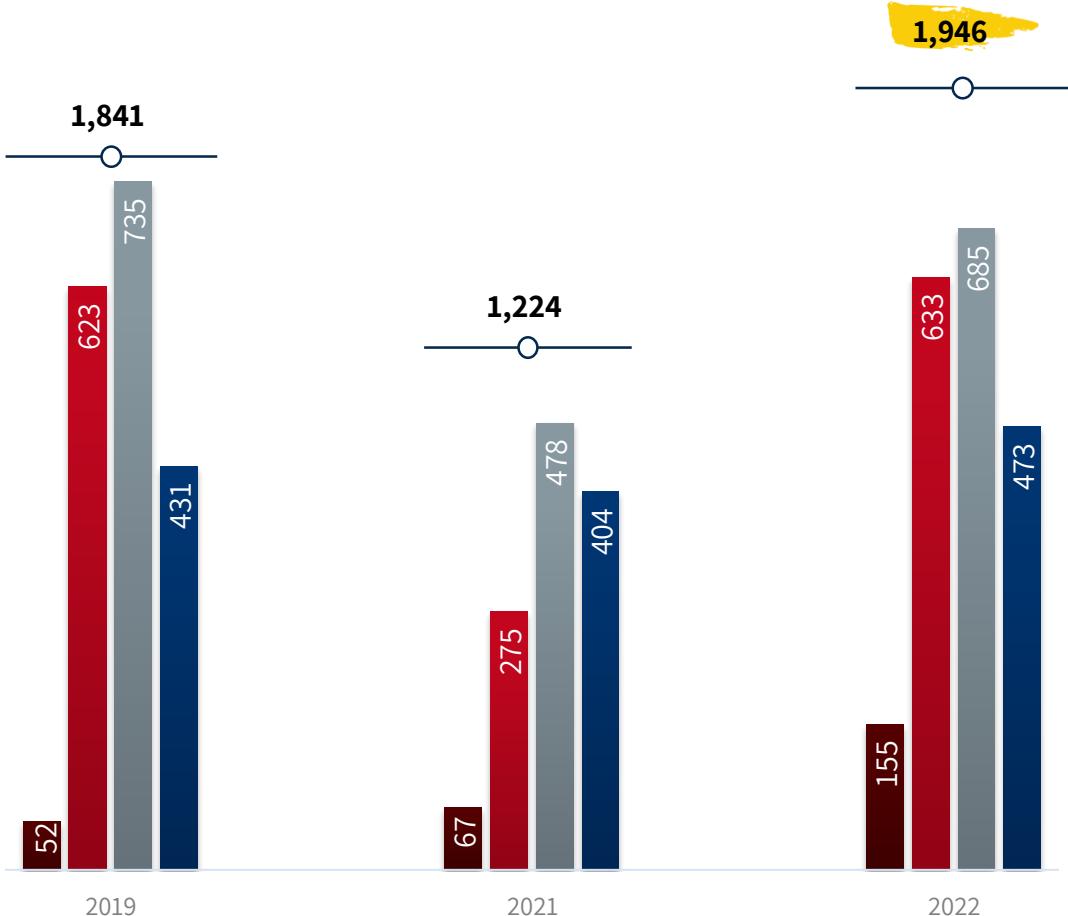
Q4 Results

Record quarterly results



Annual Results

Record results for the year



Israel



Europe



UK & Ireland



other

¹ Including the relative part of hotels under 50% ownership

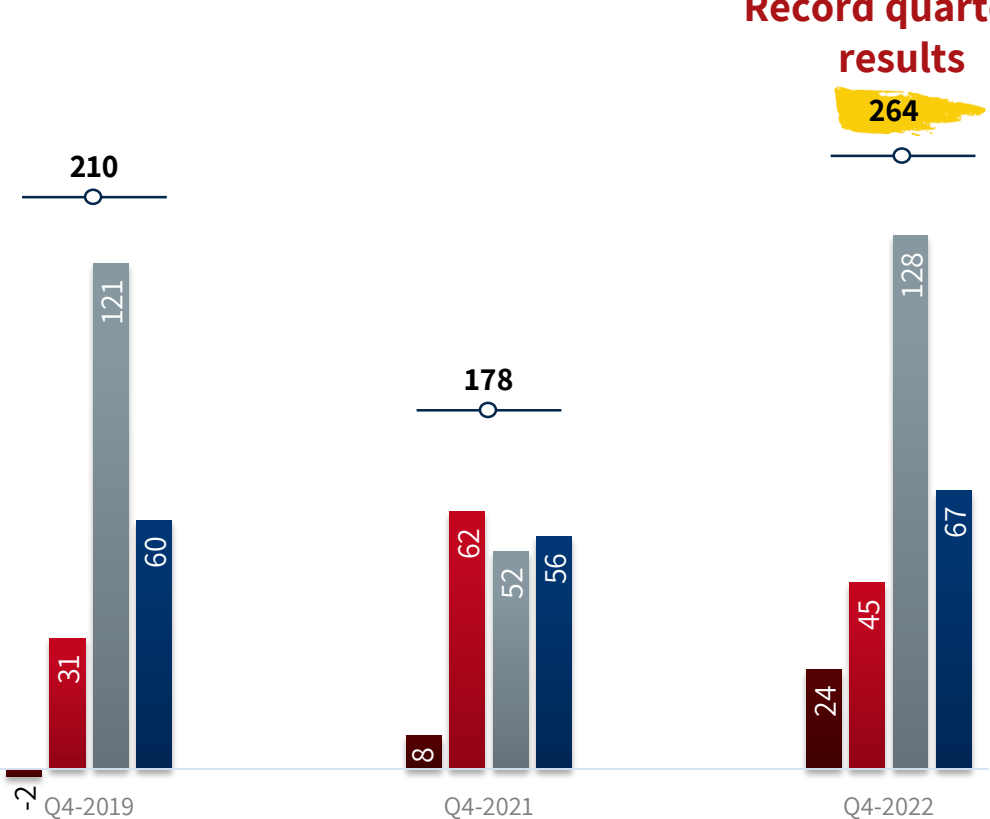
Main Financial Data - EBITDA¹ (NIS Millions) Prior to the Impact of Standard IFRS 16

Annual EBITDA of approximately NIS 1,110 million, excluding the first quarter of Omicron² (approx. 28% higher than in 2019)

Q4 Results

Record quarterly results

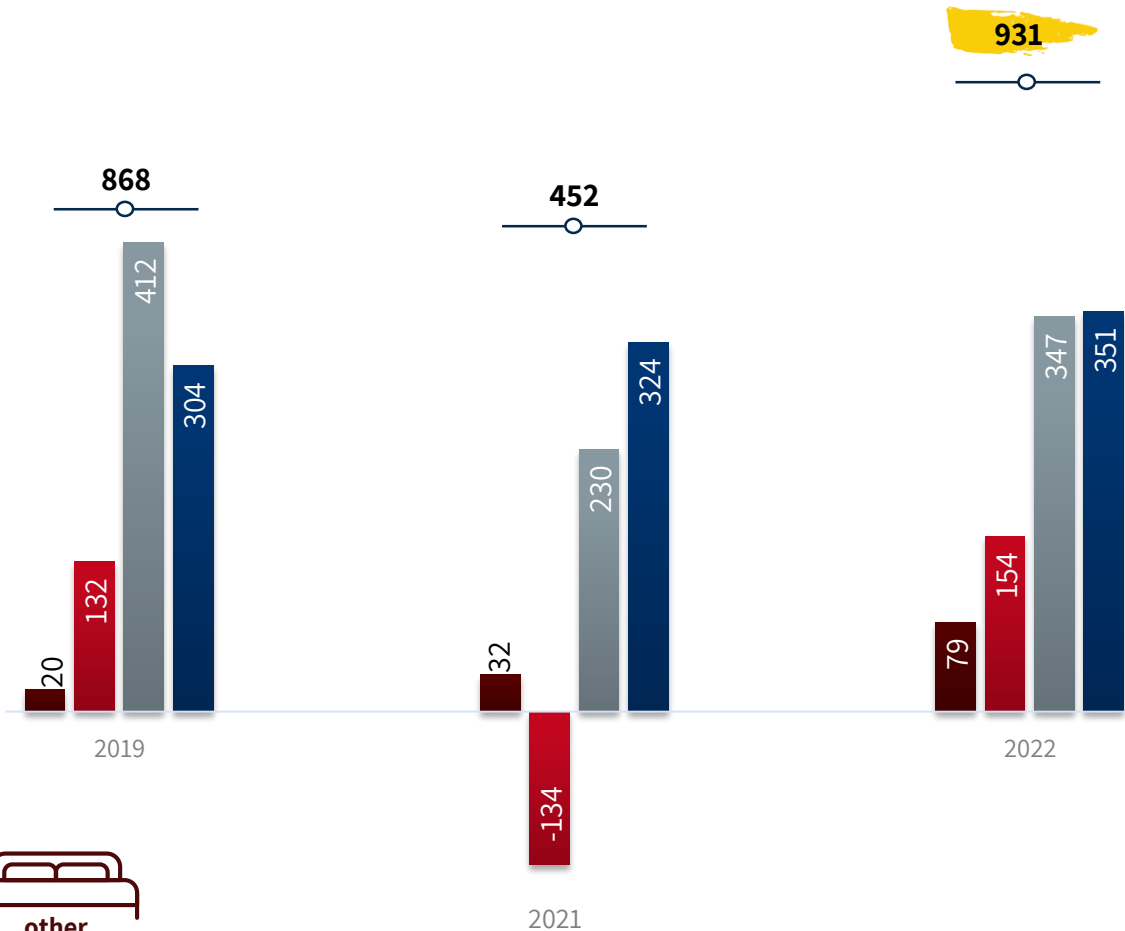
264



Annual Results

Record results for the year

931

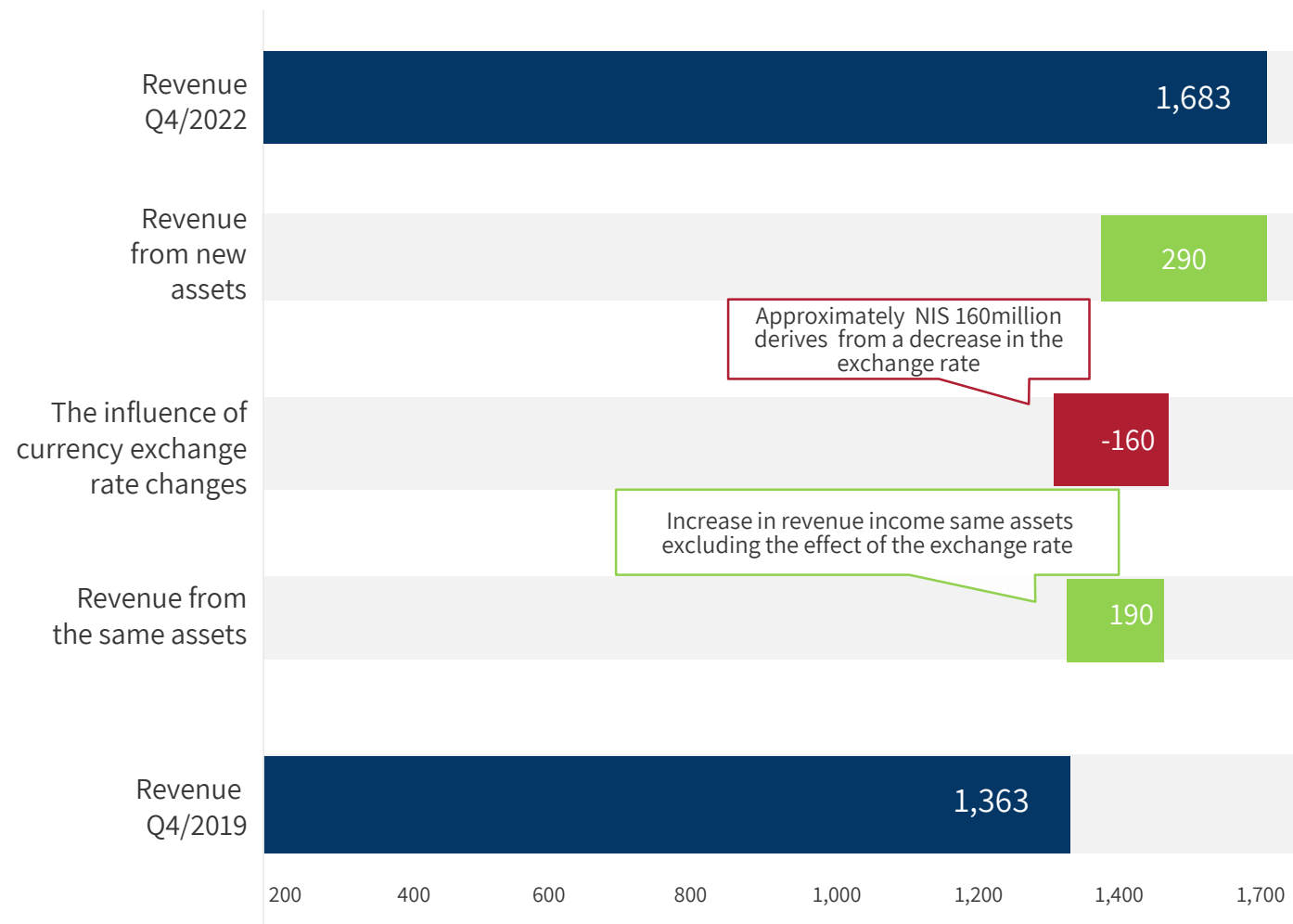


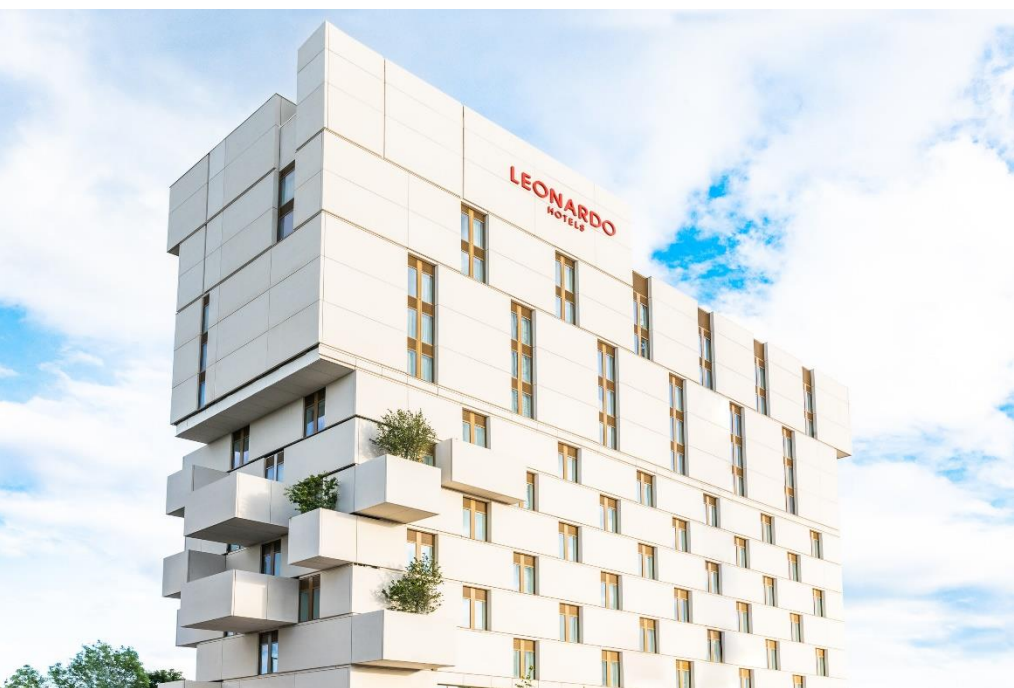
¹ Including the relative part of hotels under 50% ownership.

² In addition of the first quarter of 2019

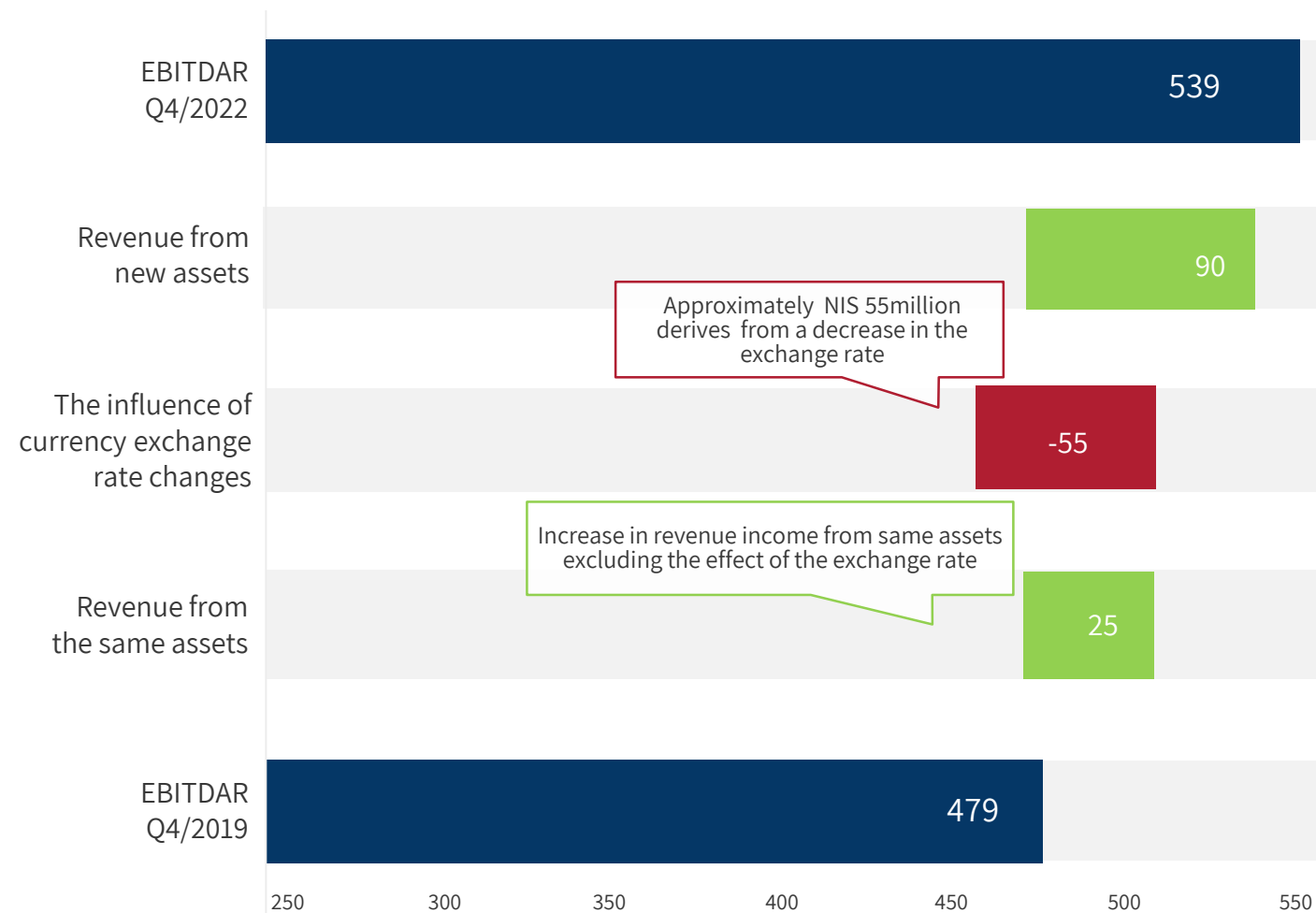


Segmentation of quarterly revenue cycle from the same assets– Q4

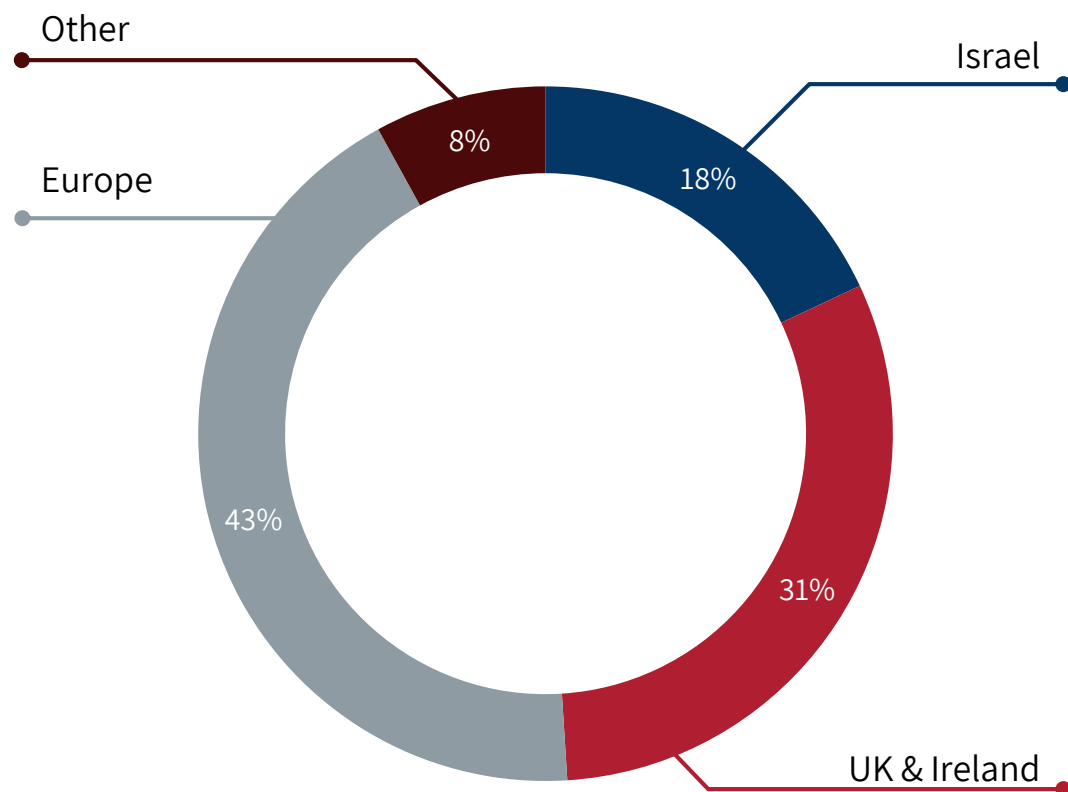




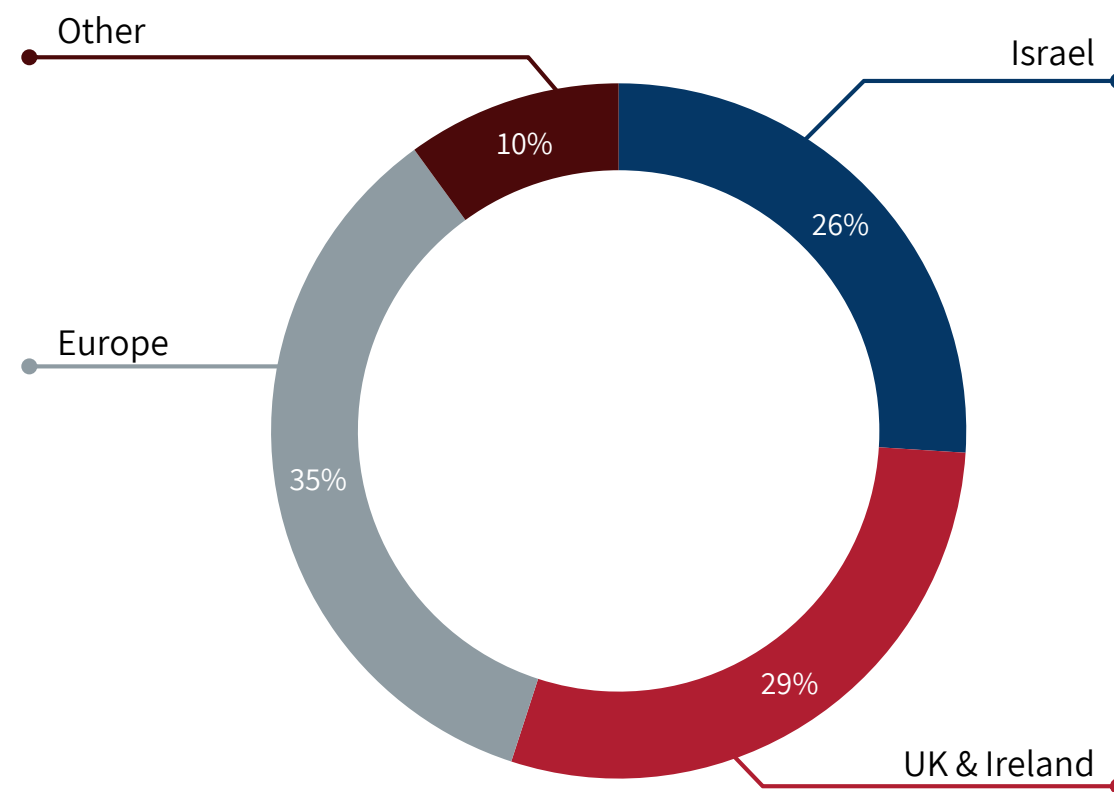
Segmentation of quarterly EBITDAR from the same assets– Q4



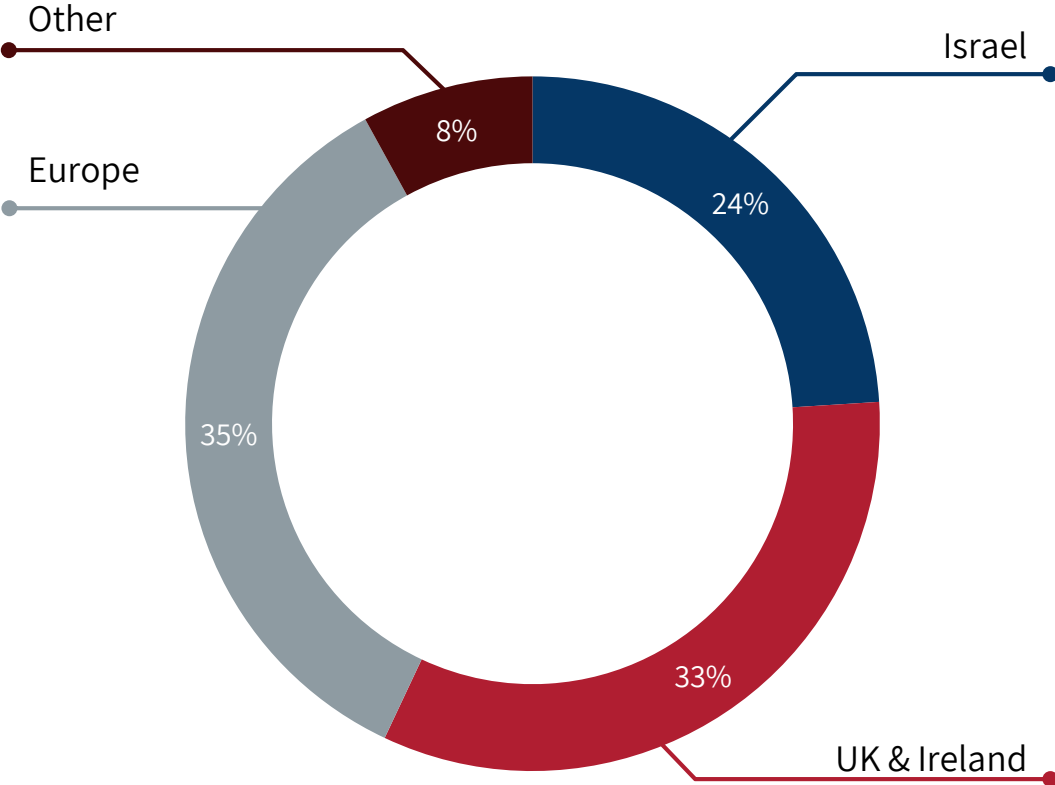
EBITDAR Split – Q4/2022



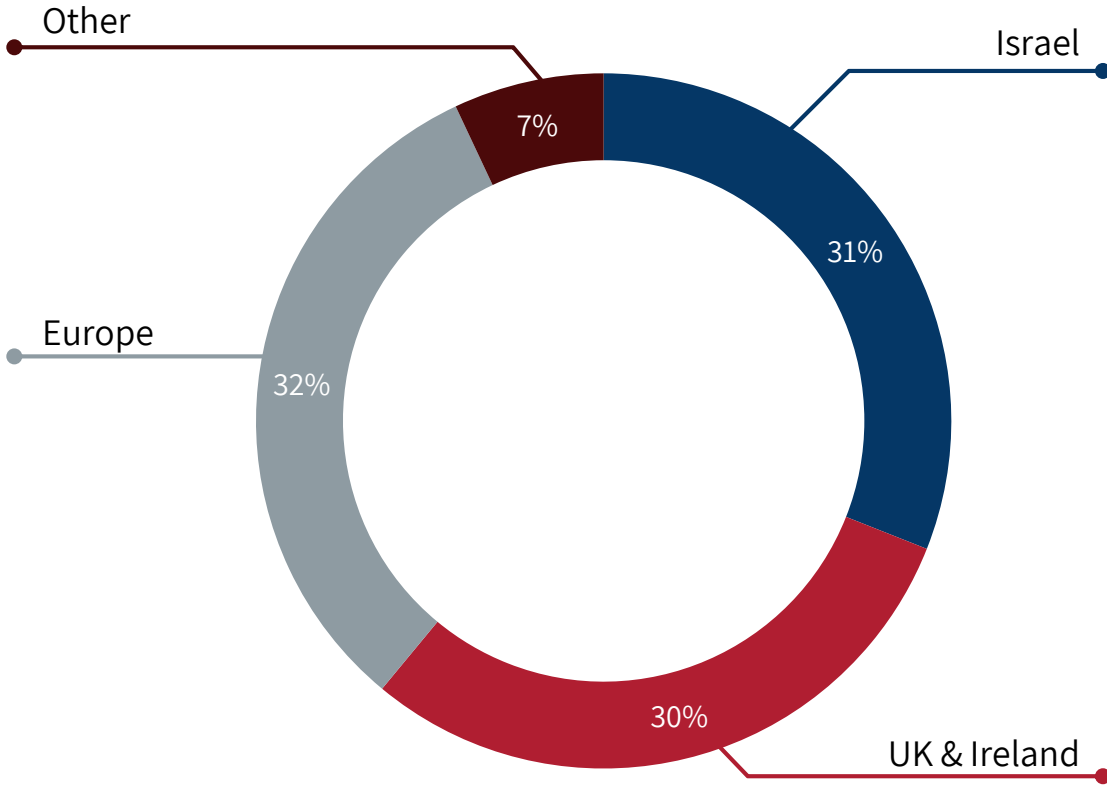
Revenue Split – Q4/2022



EBITDAR Split –2022



Revenue Split–2022



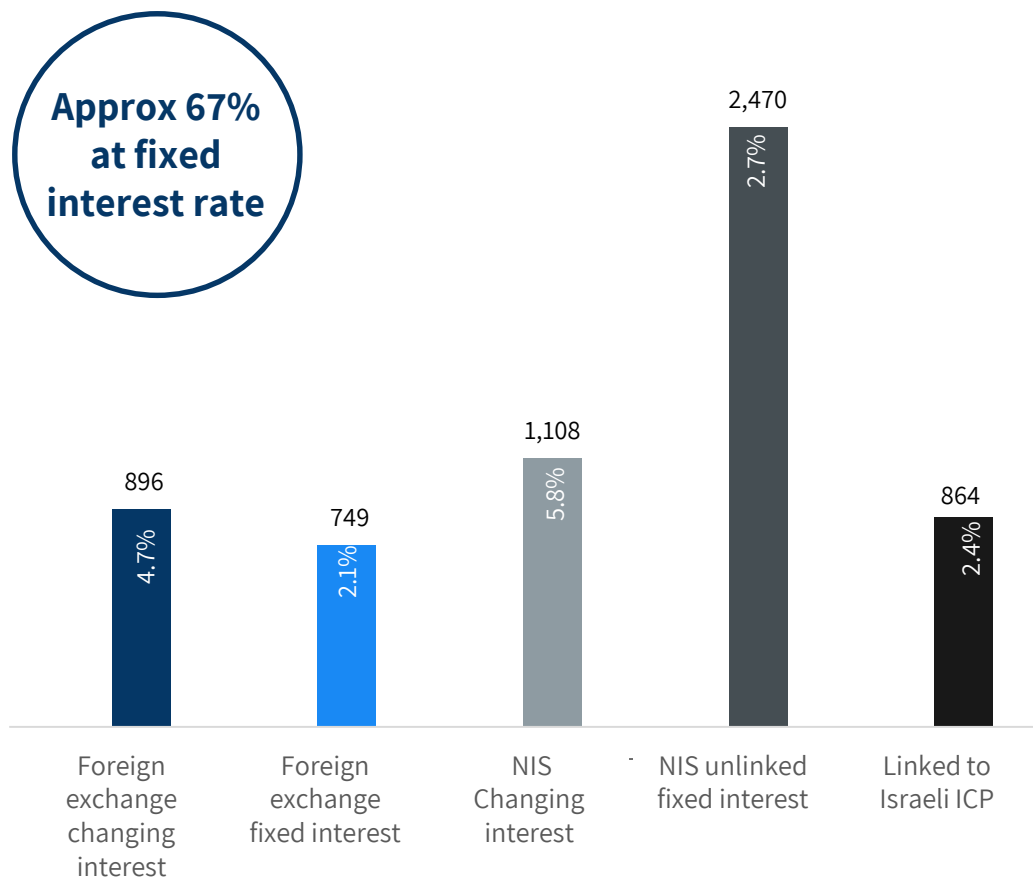
Including the relative part of hotels under 50% ownership.



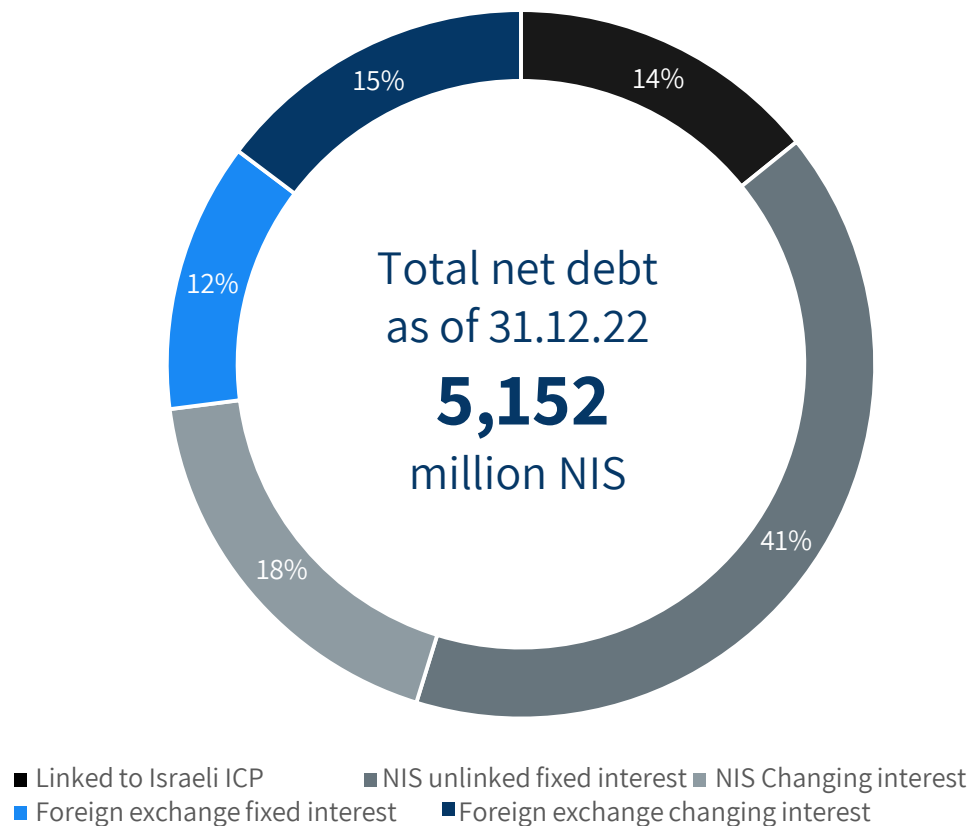
Debt and Leverage Ratios in a Growing Company What's our Target?

Key Debt Metrics(NIS millions)

Debt and average interest rate
as of 31.12.22



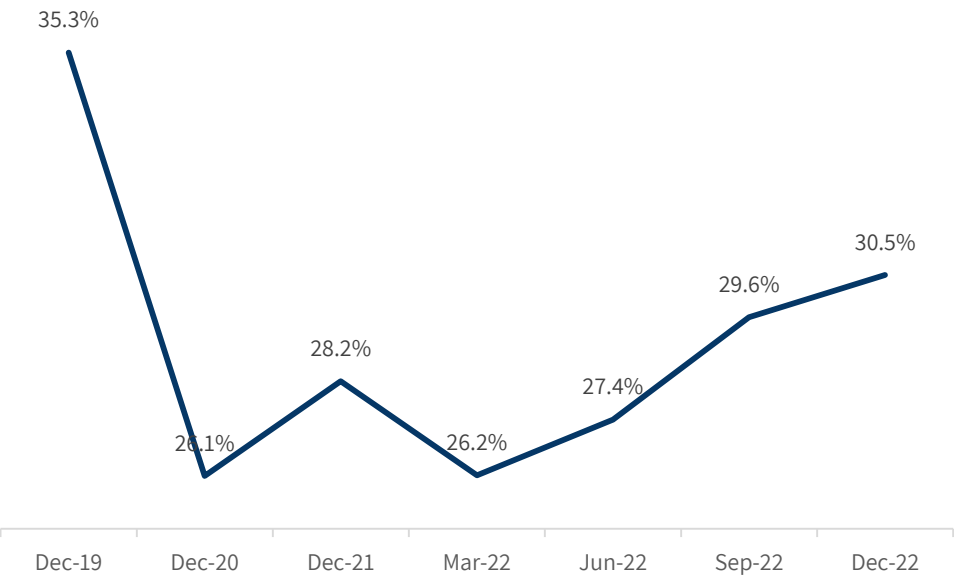
Split by debt type



**The Company has unpledged assets worth a total
of NIS 300 million**

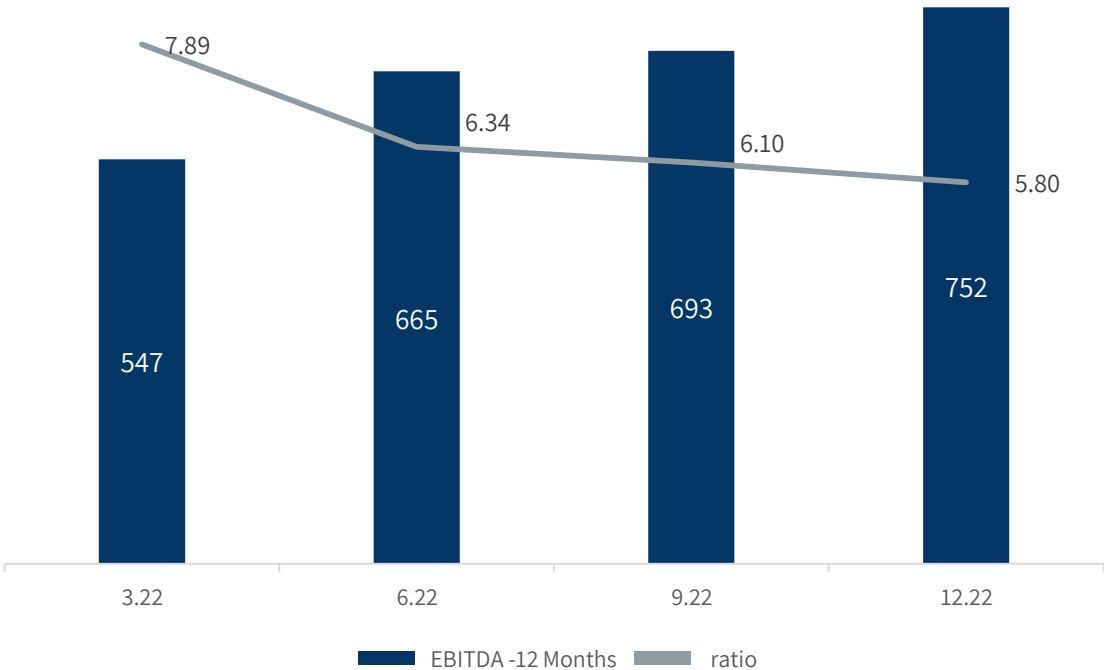
Financial Ratios¹ (NIS Millions)

Gradual increase in the equity-to-total assets ratio



The Company meets all financial standards to which it is committed

Declining debt/EBITDA ratio



The Company's management estimates that it will achieve a debt ratio of about **4.5** by September **2023**

¹ The terms and calculations as defined in the trust deed.

Consolidated Balance Sheet (NIS millions)

	Dec-22		Dec-22	Dec-21
	Data prior to implementation of IFRS16	Impacts of IFRS16	As shown in the Financial Statements	
Current Assets	1,645	(58)	1,587	1,405
Long Term Investments and Other Assets	3,433	11,865	15,298	13,906
Fixed Assets	6,674	-	6,674	5,488
Total Assets	11,752	11,807	23,559	20,799
Short Term Credit	1,161	-	1,161	634
Other Current Liabilities	1,238	413	1,651	1,444
Loans and Bonds – Long Term	4,925	-	4,925	4,476
Deferred taxes	412	-	412	322
Others	437	12,413	12,850	11,963
Total Liabilities	8,173	12,826	20,999	18,839
Shareholders' Equity	3,579	(1,019)	2,560	1,960
Total Liabilities and Equity	11,752	11,807	23,559	20,799



Consolidated Profit and Loss Statement (NIS million)

	1-12/22		1-12/22	1-12/21
	Data prior to implementation of IFRS16	Impacts of IFRS16	As shown in the Financial Statements	
Revenues from Hospitality Services and Others	5,471	-	5,471	3,041
Total Operating Expenses	3,646	-	3,646	1,854
Operating income before rent, depreciation and reductions (EBITDAR)	1,825	-	1,825	1,187
Total Rent	1,079	(986)	93	4
Operating income before depreciation and amortization (EBITDA)	746	986	1,732	1,183
Depreciation	(334)	(671)	(1,005)	(952)
Other Income (Expenses), Net	(10)	31	21	269
Profit before Financing	402	346	748	500
Financing Expenses, Net	(233)	(649)	(882)	(860)
Group's Share in the Subsidiaries' Earnings (Losses)	(20)	21	1	(1)
Tax Expenses (Tax Benefit)	(35)	90	55	139
Net Income	114	(192)	(78)	(222)
Net Earnings Attributed to Shareholders of the company	114	(192)	(78)	(225)
Net Earnings Attributed to Non-controlling Interests				3
Real FFO	516		516	128



Giving Back to the Community

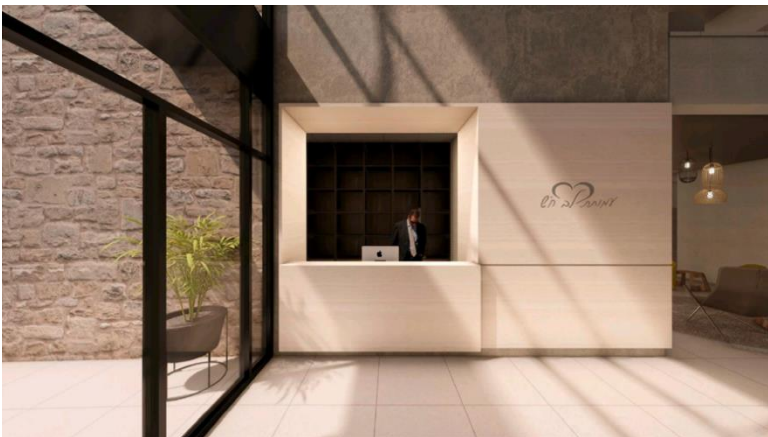
Establishment of a motel for children with cancer and their families in Haifa (Rambam Hospital) and Tel Aviv (Ichilov Hospital).

The "Lev Fattal Ichilov" motel opened in March 2023 and the motel in Haifa (Rambam) is expected to open later in 2023.

The Company intends to establish 5 homes for children with cancer and their families in different medical centers across the country within the next 10 years.

The Company employs around 370 employees with disabilities in various positions.

The Company endorses various NGOs such as: HaKav HaMeached, Leket Israel, Larger Than Life, Ezra Lemarpe.



The environment

1. Energy efficiency
2. Green energy



Social responsibility

1. Donation
2. Volunteering
3. Accessibility



Corporate Governance

1. Strict ethical business conduct
2. Transparency towards shareholders and stockholders



ESG

Platinum rating in the "Maale" index in 2022



Summary

01

The Covid-19 crisis is behind us – and we **came out of it stronger**

02

2022 –
Record results

03

Looking ahead – continued growth: enhancing of existing hotels, adding new hotels, successful partnership with investors

04

Debt - The Company's management estimates that it will achieve a debt ratio of about 4.5

A wooden tray holds a collection of NYX cosmetics, including two jars of cream, a small tin of balm, and a bottle of perfume. A glass of wine is also on the tray. In the background, a vase with flowers is visible. The scene is set against a dark, moody background.

Fattal ♥ *פאטל*

HOUSE OF HOTELS | בית של מלונות

Thank you for your attention!