



HOUSE OF HOTELS | בית של מלונות

Capital Market Presentation, November 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 in particular, 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.

Data regarding: (i) concentration of the number of hotels and the number of rooms under ownership/rental/management distributed by segment as of September 30, 2023 (including the weighted number of active rooms by segment); (ii) financial data for the third quarter of 2023, including the Company's share in affiliate companies and prior to the impact of the implementation of IFRS16; (iii) data on investment costs in new hotels expected to open in the coming years; (iv) distribution of revenue, EBITDAR and EBITDA (before the impact of IFRS 16) by segment in the third quarter of 2023 (including the Company's share in affiliated companies); and (v) segmentation of revenue, EBITDA and EBITDAR from identical properties; (vi) distribution of revenue and EBITDAR including the Company's share in affiliated companies (by segment in the third quarter of 2023); and (vii) total debt of the Company including its share in affiliate companies as of September 30, 2023; - in Slides 4, 5, 6, 12, 16, 17, 18, 21, 22, 23, 24, 25 and 26 are given in this presentation for the first time as additional information.

It should be noted that as of this date, the Company's estimates as stated in Slide No. 7 below with regard to forecasts of revenue, EBITDAR and EBITDA for 2023 and 2024, are forward-looking information, as defined in the Securities Law, 5728-1968 (hereinafter: the "Securities Law"), which is based on the assessments of the Company's Management and its understanding of the factors affecting its business activity, as of the date of the signing of the Report. These assessments may not materialize, in whole or in part, or may be realized differently, including materially, than expected, inter alia and without derogating from the generality of the aforesaid, as a result of non-optimal assumptions and analyses, from developments that cannot be assessed with regard to a significant deterioration in economic or financial conditions in Israel and/or abroad and/or developments that cannot be fully assessed in connection with the war and its duration (including the expansion of war fronts) and/or the realization of all or some of the risk factors detailed in Section 1.22 of Chapter A ("Description of the Business of the Corporation") attached to the Company's 2022 Periodic Report, which was published on March 28, 2023 [Reference Number 2023-01-032844] (this information constitutes inclusion by way of reference).

Fattal Group Business Card

Establishment
of Fattal Group

1998

Countries



21

¹Hotels

277

¹Rooms

49,127

EBITDA² Forecast for 2023

1,300 – 1,400

Million NIS

700 Million NIS³

Balance of cash and securities

Rating: A2.il Stable



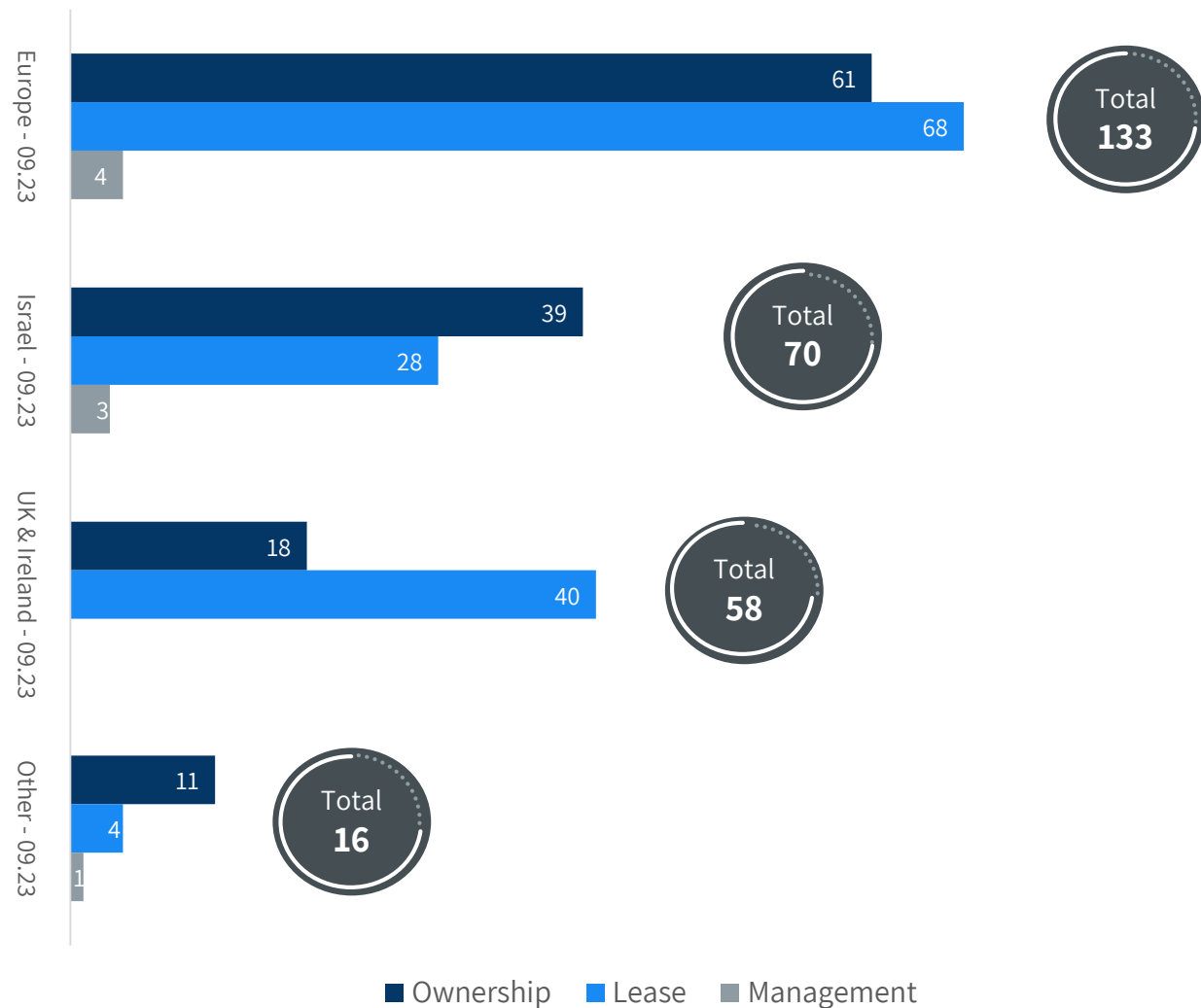
¹ Including future hotels.

² Includes the Company's share in affiliated companies.

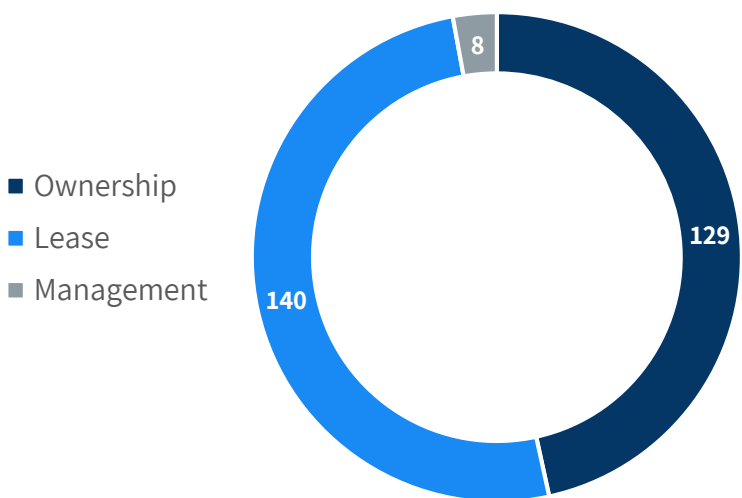
³ As of the date of approval of financial statements.



Number of Hotels¹



Hotels split by type



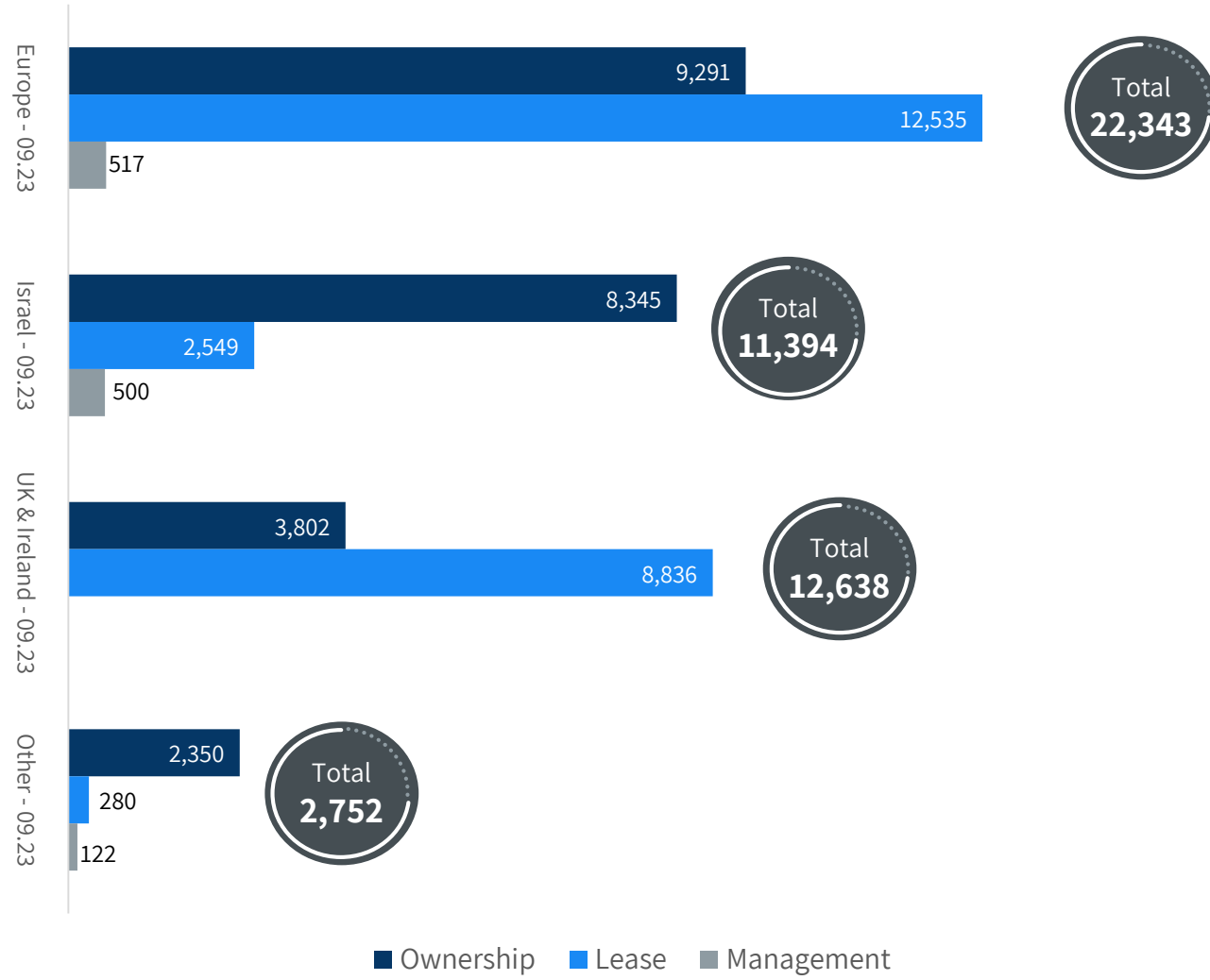
09/2023

233

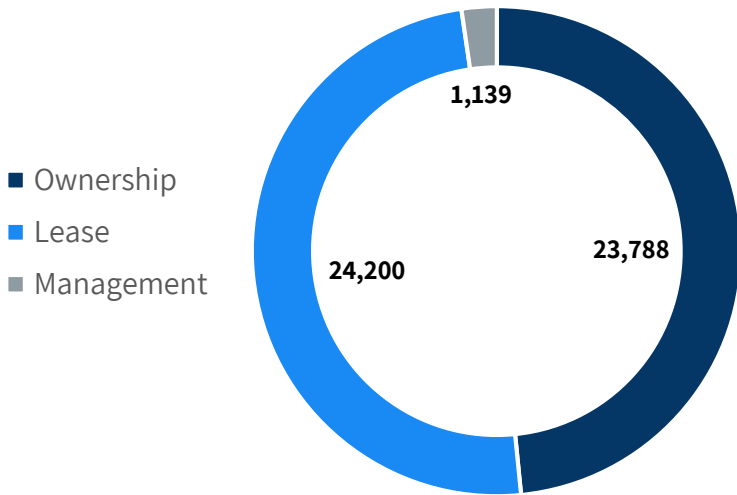
Active hotels

¹ As of 30.09.23 including 22 future hotels in Israel (3,026 rooms), 11 future hotels in Europe (2,199 rooms), 4 future hotels in United Kingdom (790 rooms) and 7 future hotels in Greece and Cyprus (708 rooms).

Number of Rooms^{1,2}



Rooms split by type




09/2023

42,404
Active rooms

¹ As of 30.09.23 including 22 future hotels in Israel (3,026 rooms), 11 future hotels in Europe (2,199 rooms), 4 future hotels in United Kingdom (790 rooms) and 7 future hotels in Greece and Cyprus (708 rooms).
² As of September 30, 2023, the number of active rooms is weighted in Israel (7,826 rooms), Europe (18,019 rooms), the UK (11,491 rooms) and Greece and Cyprus (1,629 rooms).

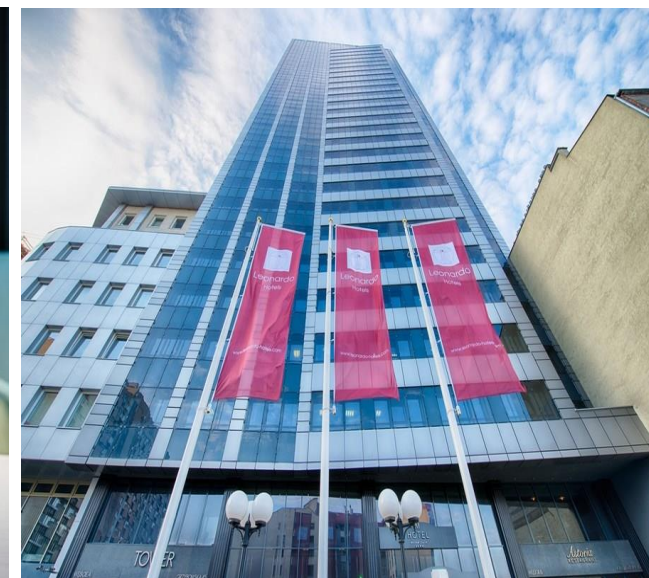
Q3 - 2023

Summary of the strongest quarter in Company's history in every parameter

Increase in Average Daily Revenue per Room

Continued strengthening of the Company's financial ratios

Current cash flow of approximately NIS 834 million



2.15

NIS billion
Record revenues
for the quarter¹

503

NIS million
Record EBITDA^{1,2}
for the quarter

838

NIS million
Record EBITDAR¹
for the quarter

171

Record net
profit for the
quarter²



¹ Includes the Company's share in affiliated companies.

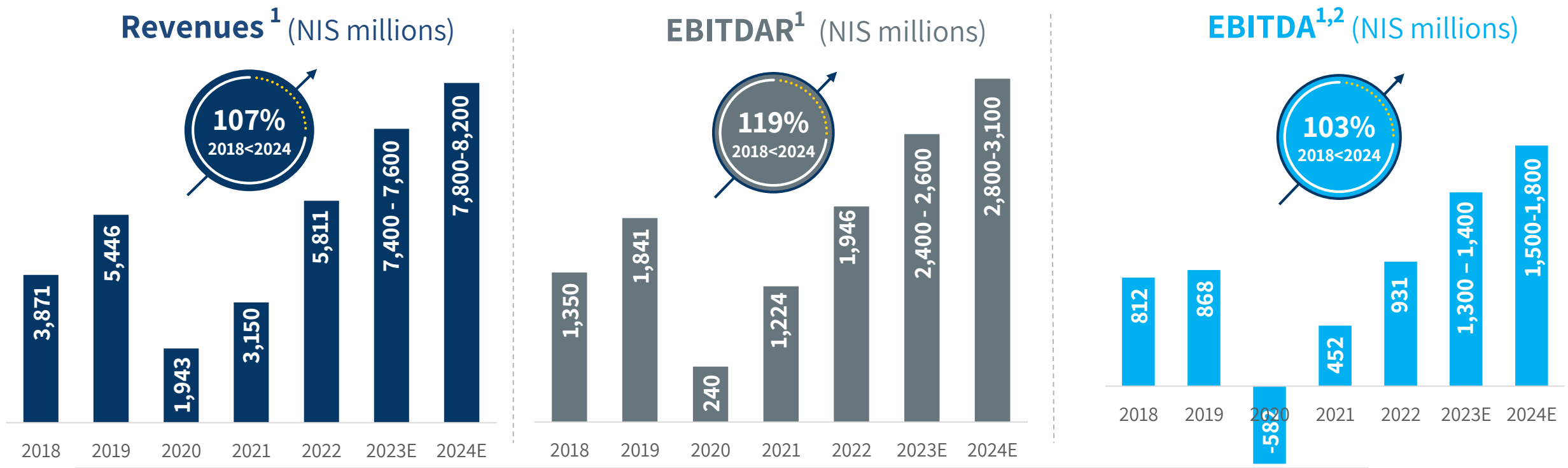
² Prior to the Impact of Standard IFRS 16.

Forward-looking information³

In October 2023, the "Swords of Iron" war began in Israel and the Company's hotels in Israel enlisted to host the evacuated residents of the south and north. The Company estimates that the scope and nature of the activity is expected to have a non-material negative impact on the Company's results in the Israel segment only in the fourth quarter of 2023. To the extent that the fighting continues, the results of the Israeli sector may also have a negative impact in subsequent quarters.

The results of the Israel segment (EBITDAR) during the reporting period constituted approximately 20% of the Company's EBITDAR results.

Factors for continued growth in 2024: hotel openings, partnership activity and revenue growth while maintaining profitability.



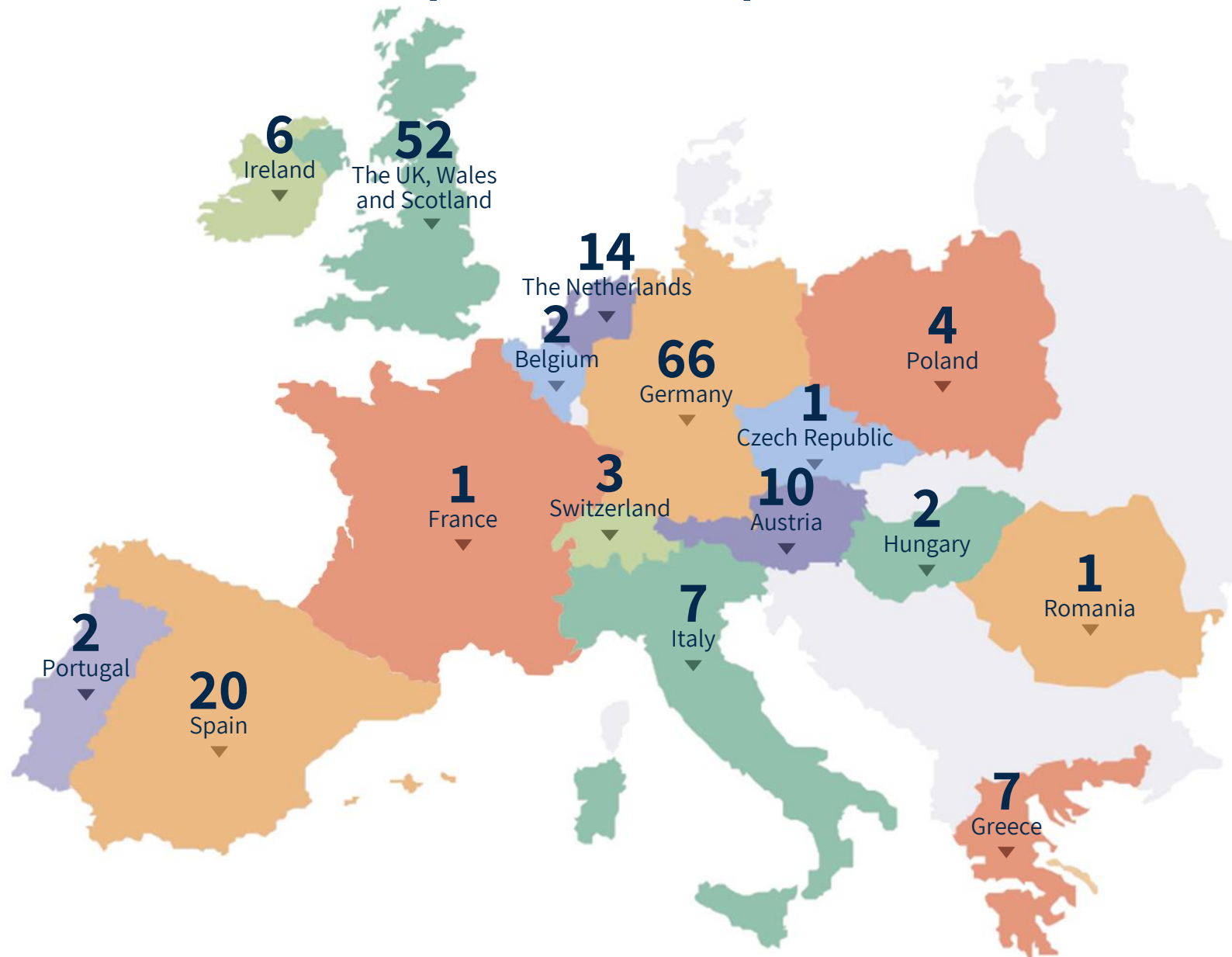
¹ Includes the Company's share in affiliated companies.

² Before the implementation of IFRS 16.

³ Details of the main assumptions for revenue, EBITDAR and EBITDA forecasts for 2023: a. The revenue forecast is based on actual revenue in the first nine months of 2023 and an existing backlog of orders between then and the date of signing of the financial statement; b. The number of active hotels in the Group in 2023 is expected to amount to 235 hotels - this assumption is based on the number of active hotels in the Group as of September 2023, together with 2 hotels scheduled to open during the fourth quarter of 2023; c. The forecast is based on the representative exchange rates of the Company's operating currencies as of the reporting date.

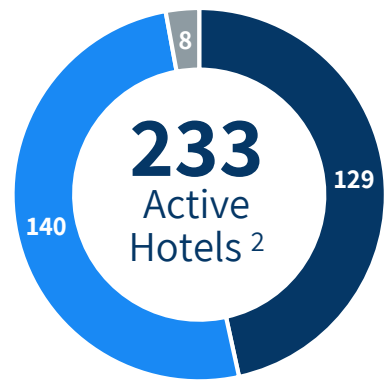
Details of the main assumptions for revenue, EBITDAR and EBITDA forecasts for 2024: a. The Company's revenue forecast for 2024 is based on some of the budgets that were prepared in November 2023 and have not yet been approved; b. The number of active hotels in the Group in 2024 is expected to amount to 255 hotels - this assumption is based on the number of active hotels in the Group as of September 2023, together with 22 hotels that will open by the end of 2023 and during 2024; c. The forecast is based on the representative exchange rates of the Company's operating currencies as of the reporting date.

Fattal Hotel Group on the Map¹ – 21 Countries



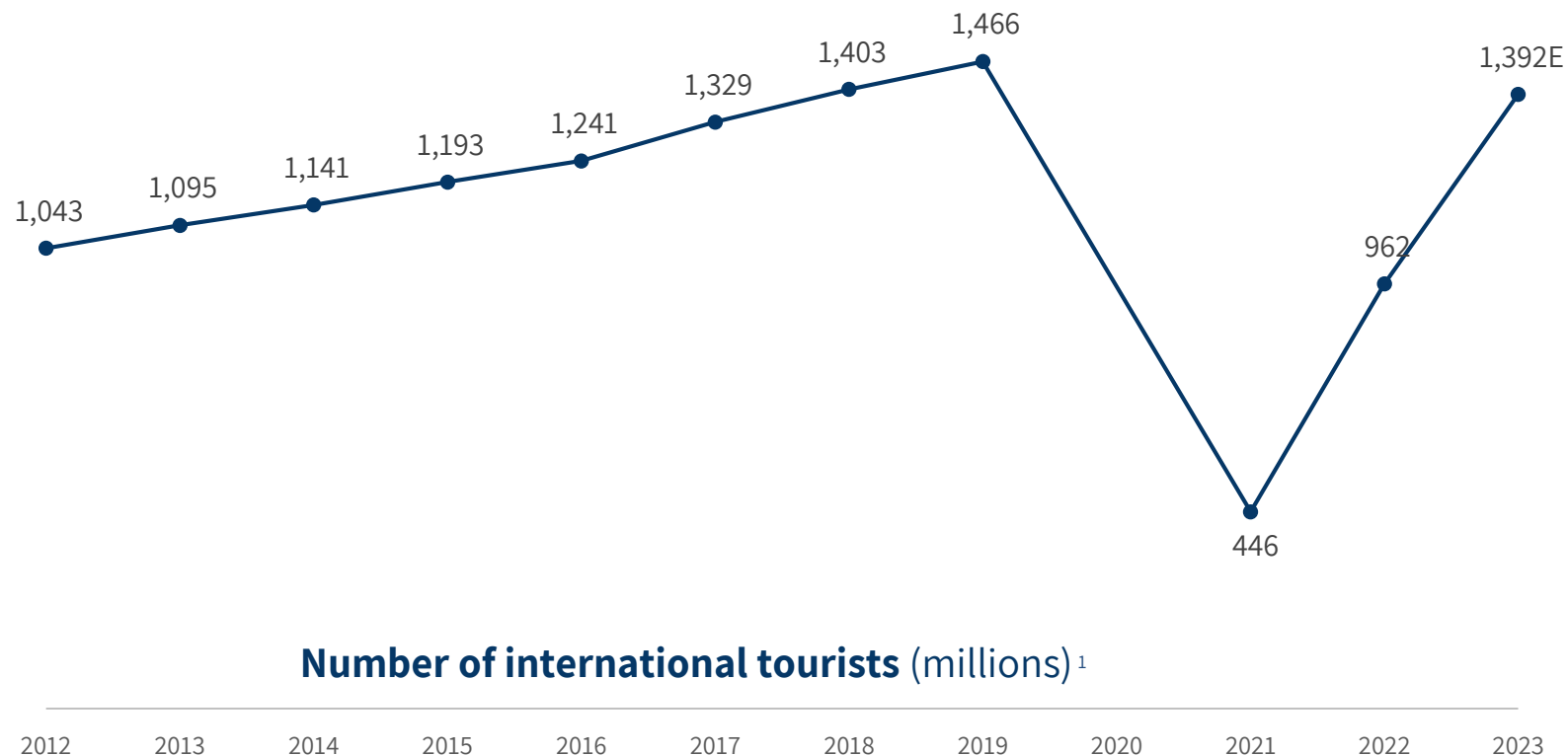
The largest brand in Israel, the Netherlands and Austria. One of the big three in Germany, the UK and Ireland.

- Ownership
- Lease
- Management



¹ Including future hotels
² As of November 2023

Global tourism is breaking



About - **80%**
of the Company's
activity is abroad



The Company
expects continued
expansion abroad in
the coming years

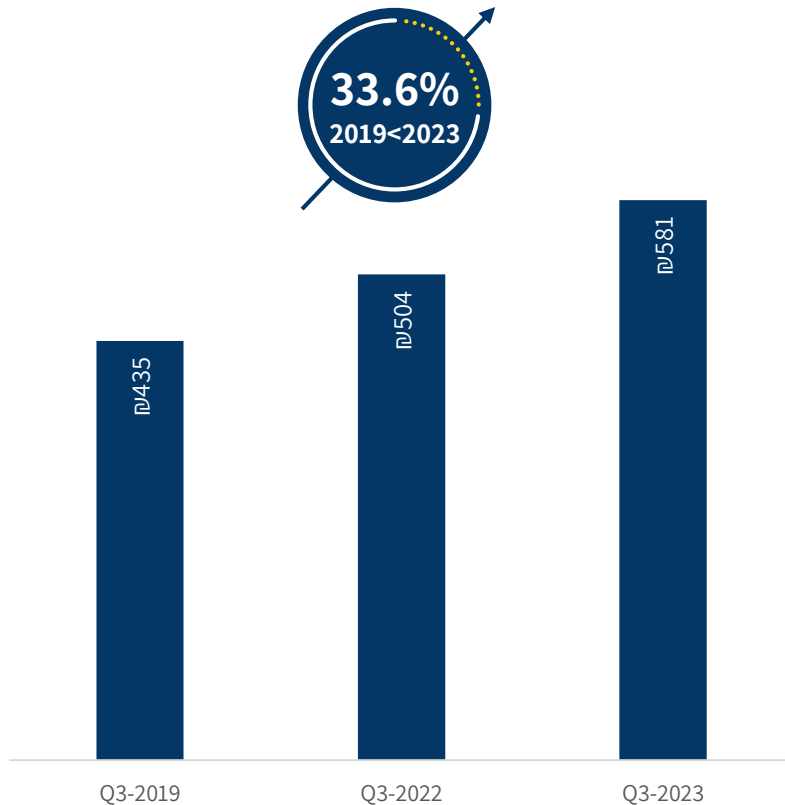


¹ Data from the UN World Tourism Organization (UNWTO)

Average Daily Revenue per Room of the entire chain (ADR¹) – Q3

Dealing With the Effects of Inflation and Rising Expenses

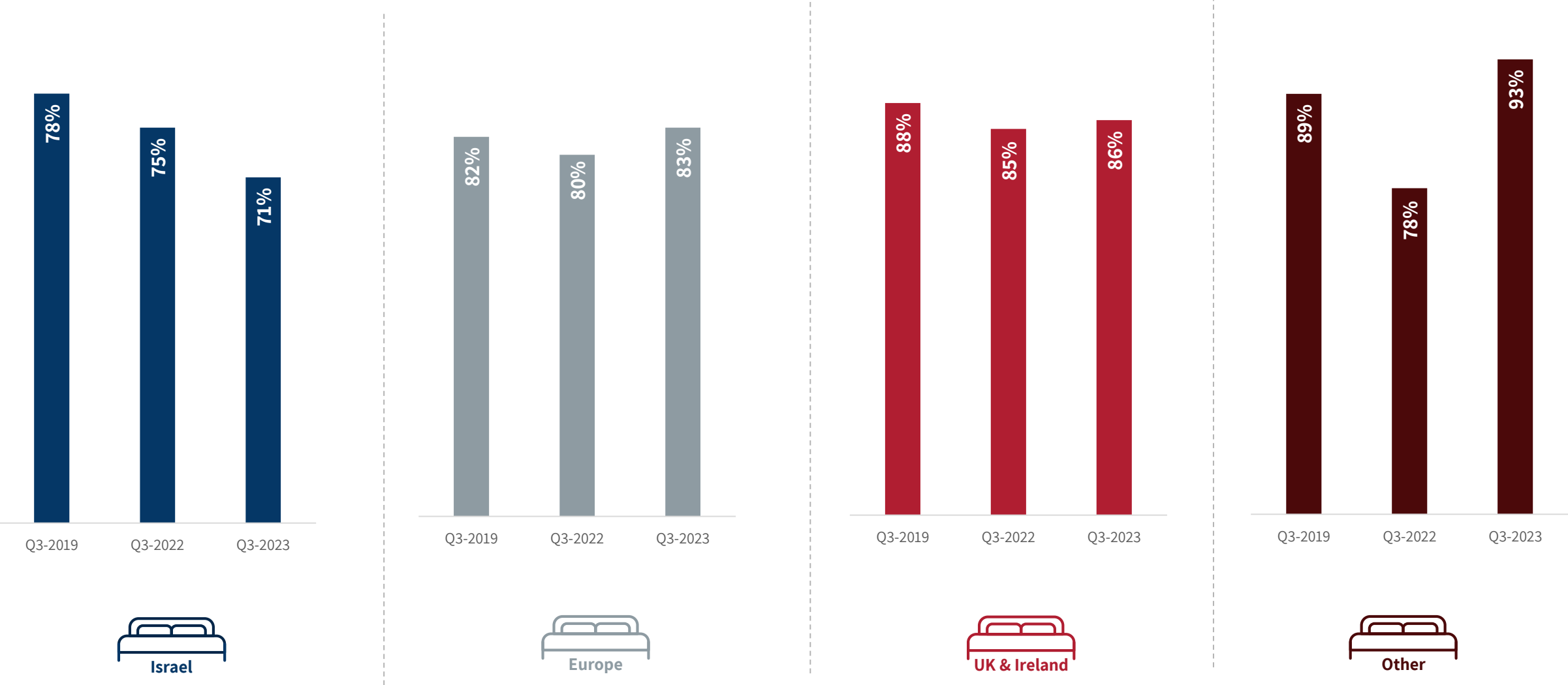
The data includes the currency effect



¹ The ratio between the hotel's total revenues and the occupied rooms in the hotel. This figure does not include managed hotels.



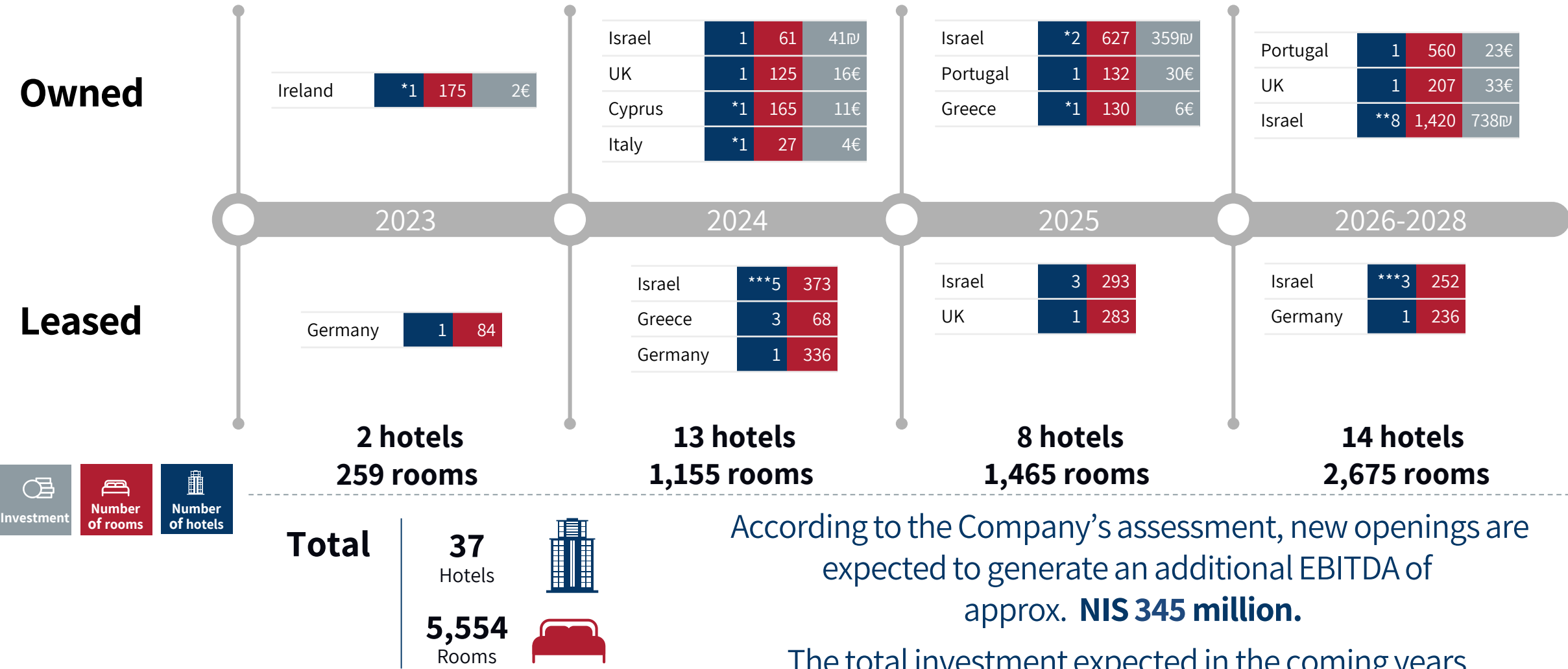
Average occupancy rates in the chain¹ – Q3



¹ Includes the Company's share in affiliated companies

Looking Ahead - Opening Hotels in the Coming Years¹

(excluding hotels under Hotel Partnership in Europe)



¹ Investment amounts shown are from September 30, 2023 onwards. The amounts are in millions

* 6 hotels of which are partially owned (1,124 rooms)

** 6 hotels of which are partially owned (1,060 rooms)

*** Including a management hotel



investment
commitment of
EUR 381 million



EUR 289 million
calls for money as
of today

Growth Engine - Establishing a Hotel Partnership in Europe



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



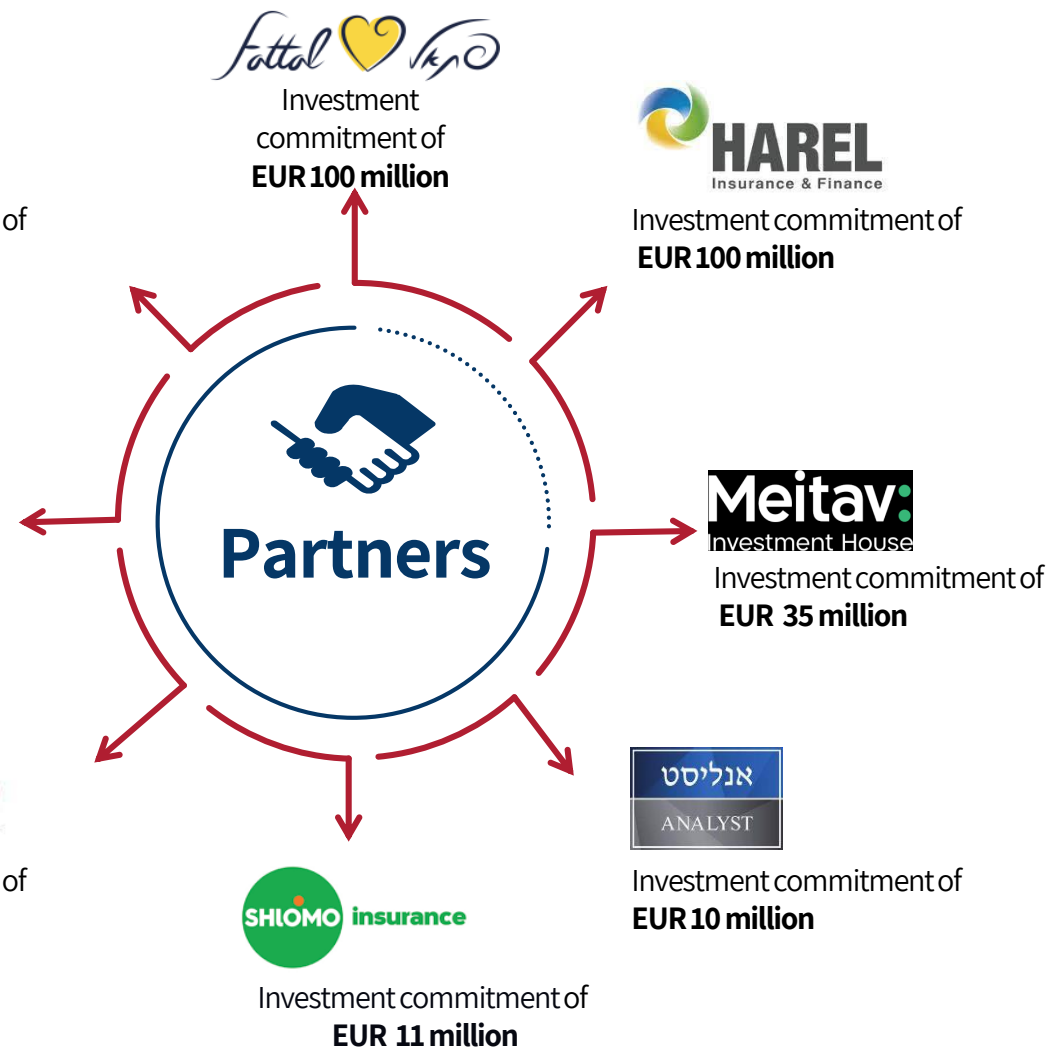
Investment commitment of
EUR 11 million



Investment commitment of
EUR 10 million



Investment commitment of
EUR 35 million



Growth Engine - Establishing a Hotel Partnership in Europe

	Spain – Barcelona, Ibiza, Malaga, Mallorca	1,748	9 Hotels
	Cyprus - Limassol, Larnaca, Latchi	460	3 Hotels
	Poland - Krakow	60	1 Hotel
	Greece - Nafplio	105	1 Hotel
	Austria - Vienna	213	1 Hotel
	England – London, Brighton	484	2 Hotel
	Italy – Garda	127	1 Hotel
	Germany – Berlin	190	1 Hotel

Total



19 Hotels



3,387 Rooms

651M€

The Value of
transactions
signed



850M€

total forecast
property
portfolio

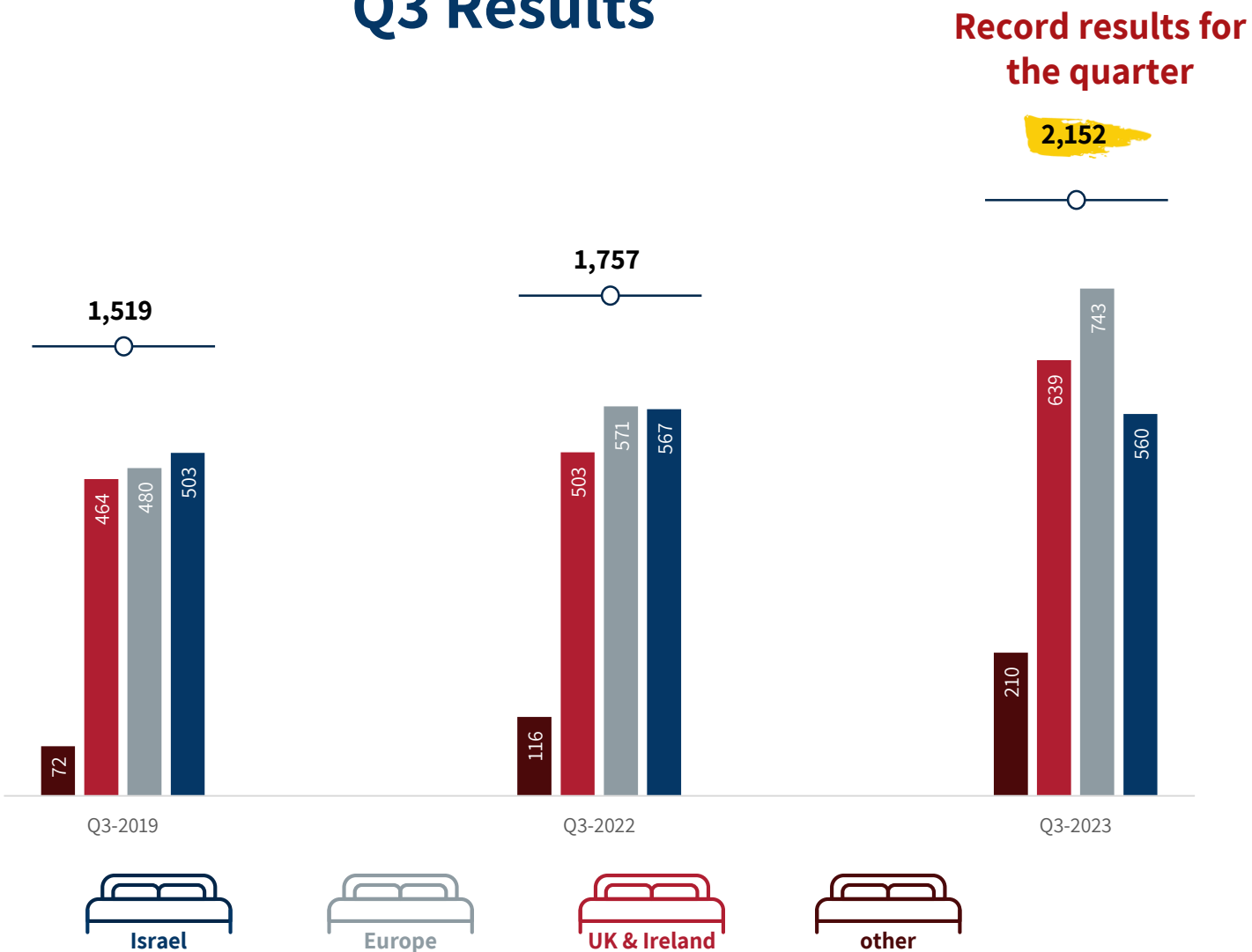




The Group's Financial Results 30.09.23

Main Financial Data – Revenues¹ (NIS millions)

Q3 Results

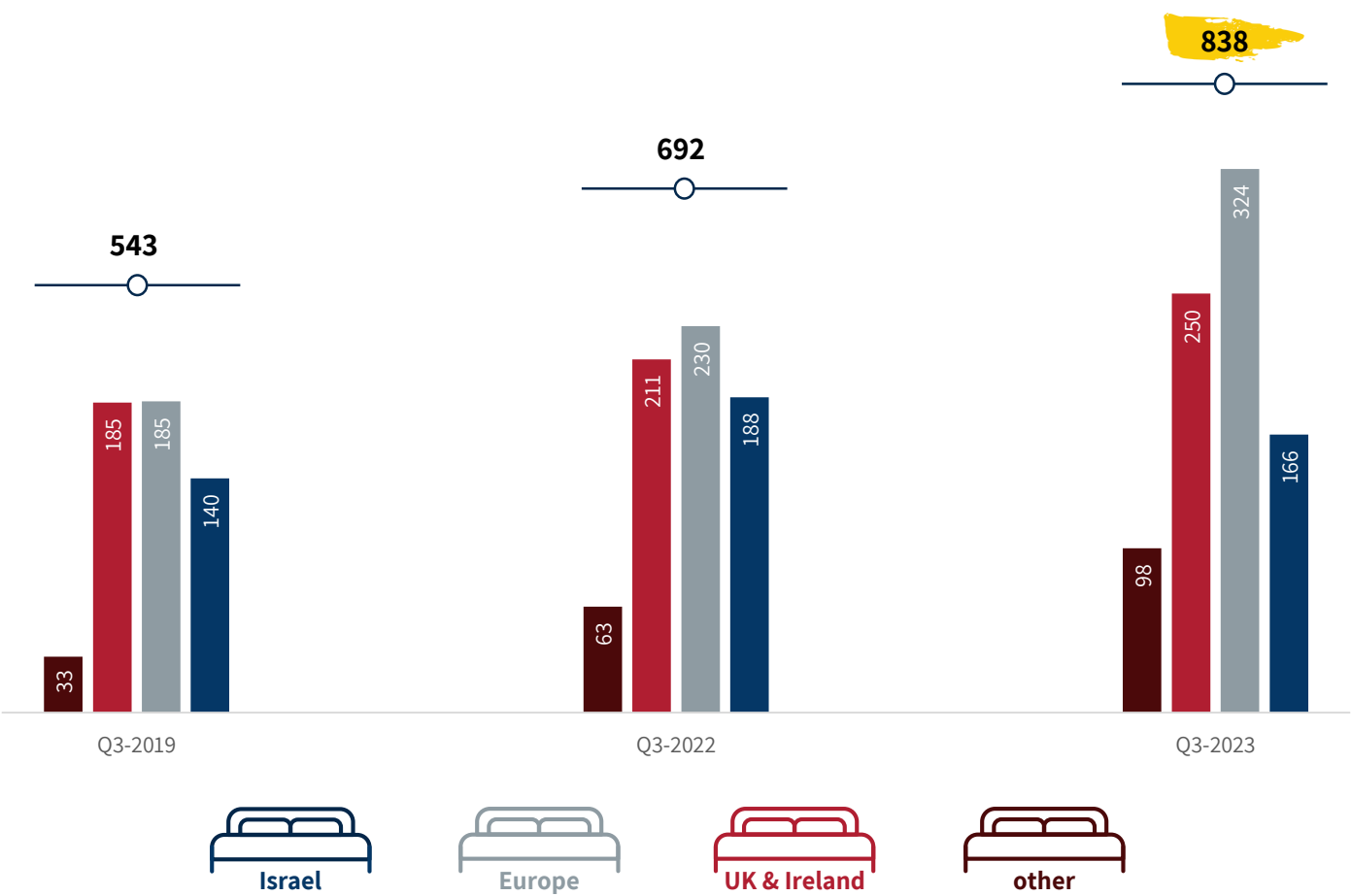


¹ Includes the Company's share in affiliated companies

Main Financial Data - EBITDAR¹ (NIS millions)

Q3 Results

Record results for the quarter

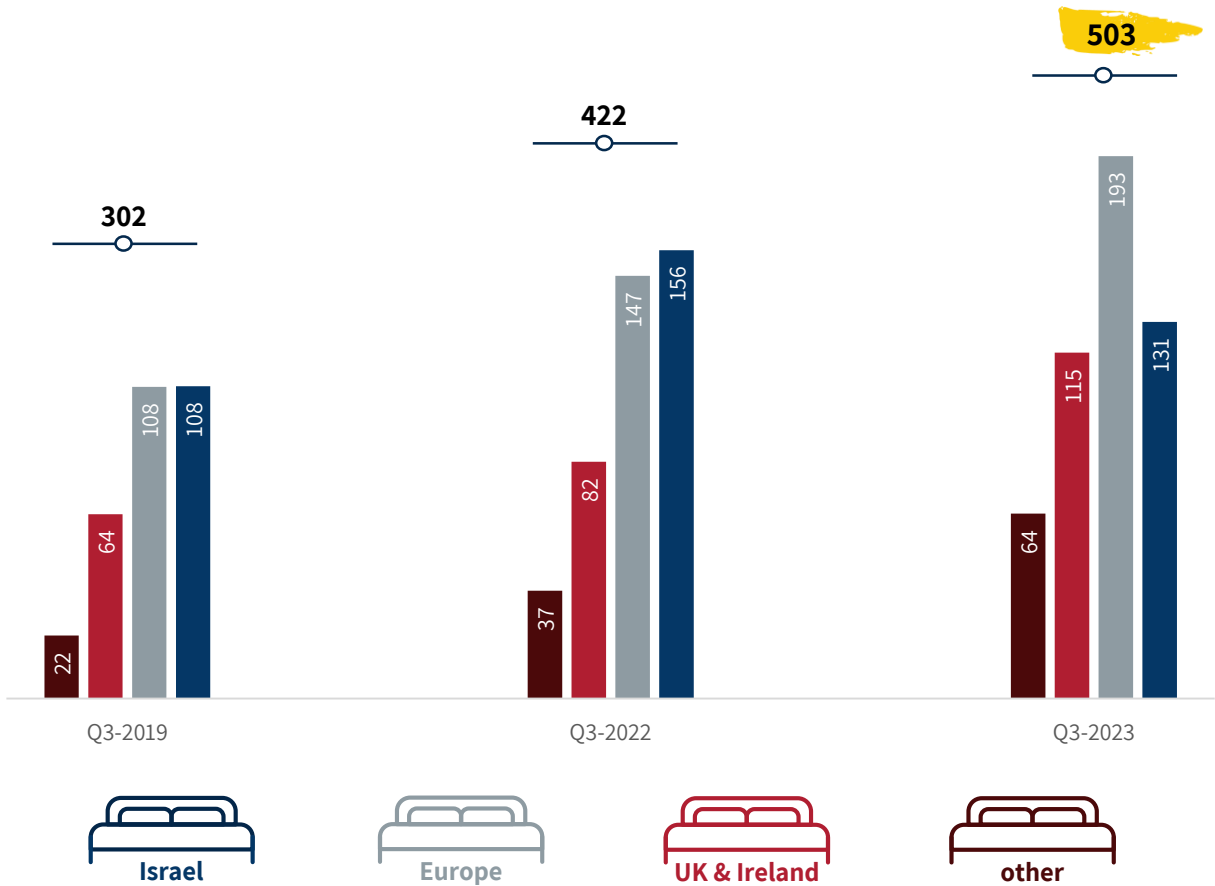


¹ Includes the Company's share in affiliated companies

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

Q3 Results

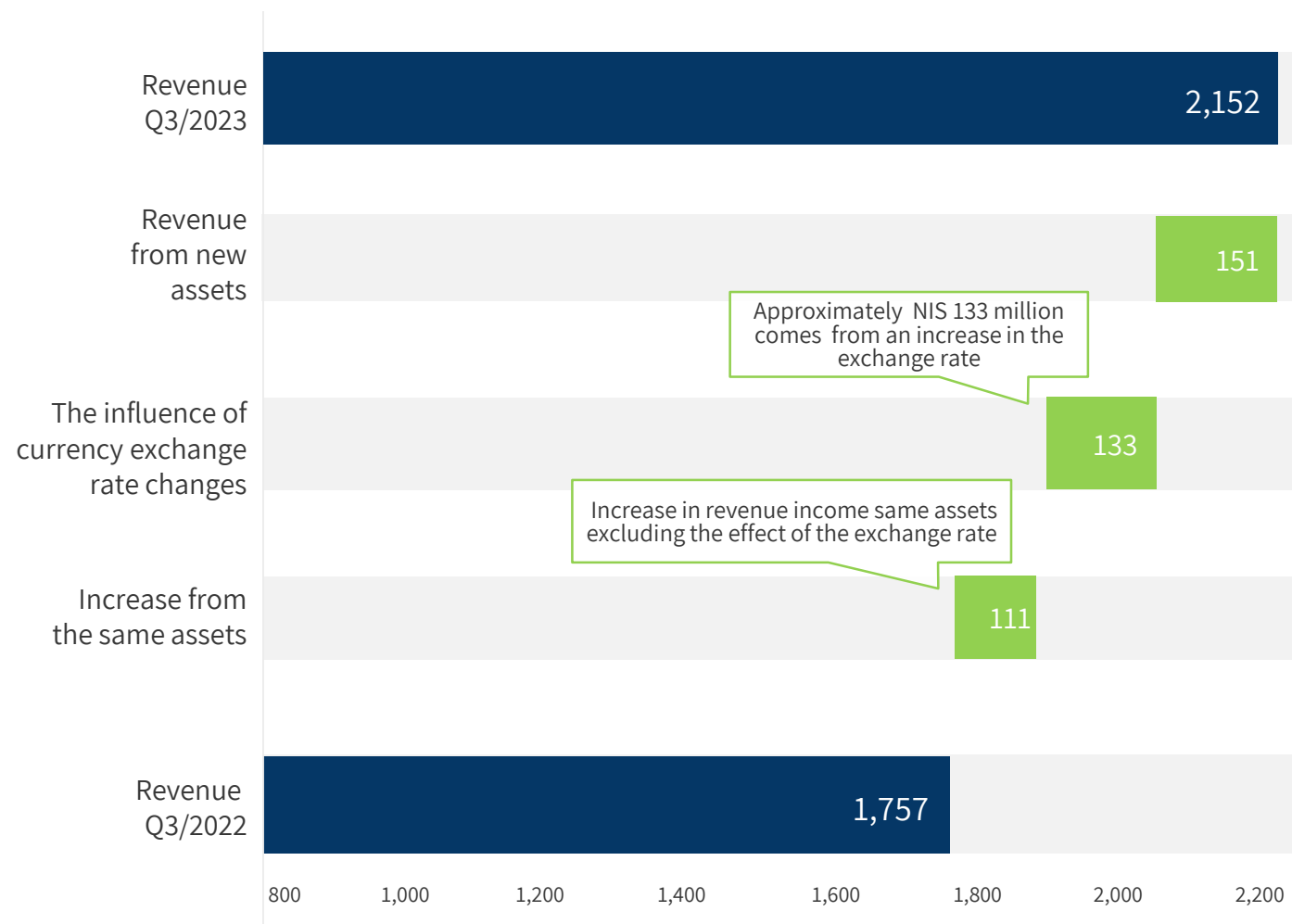
Record results for the quarter

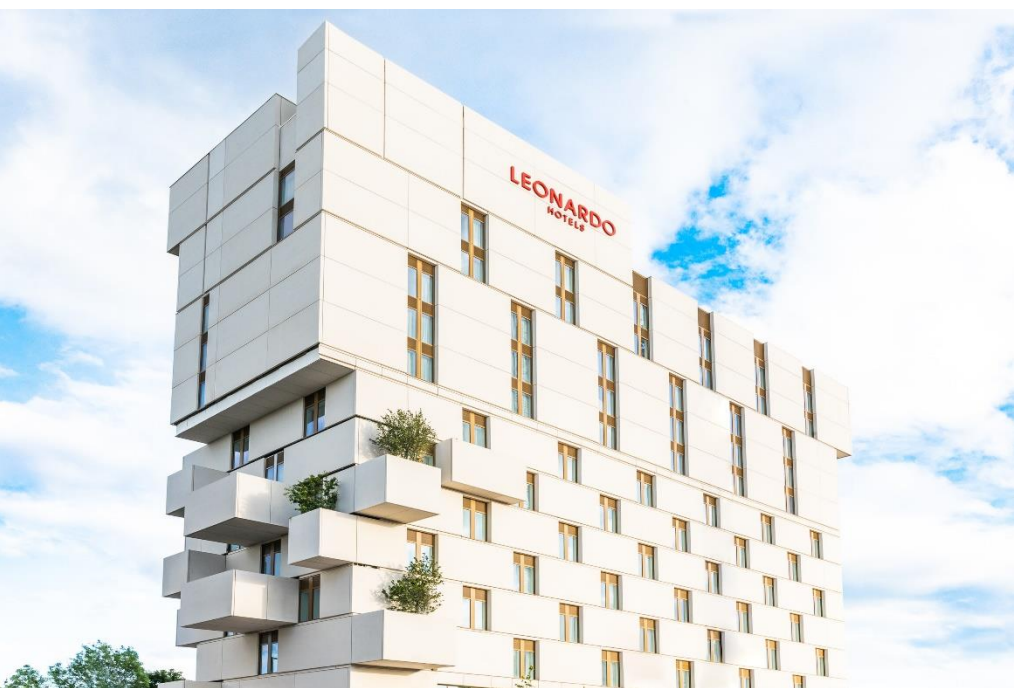


¹ Includes the Company's share in affiliated companies

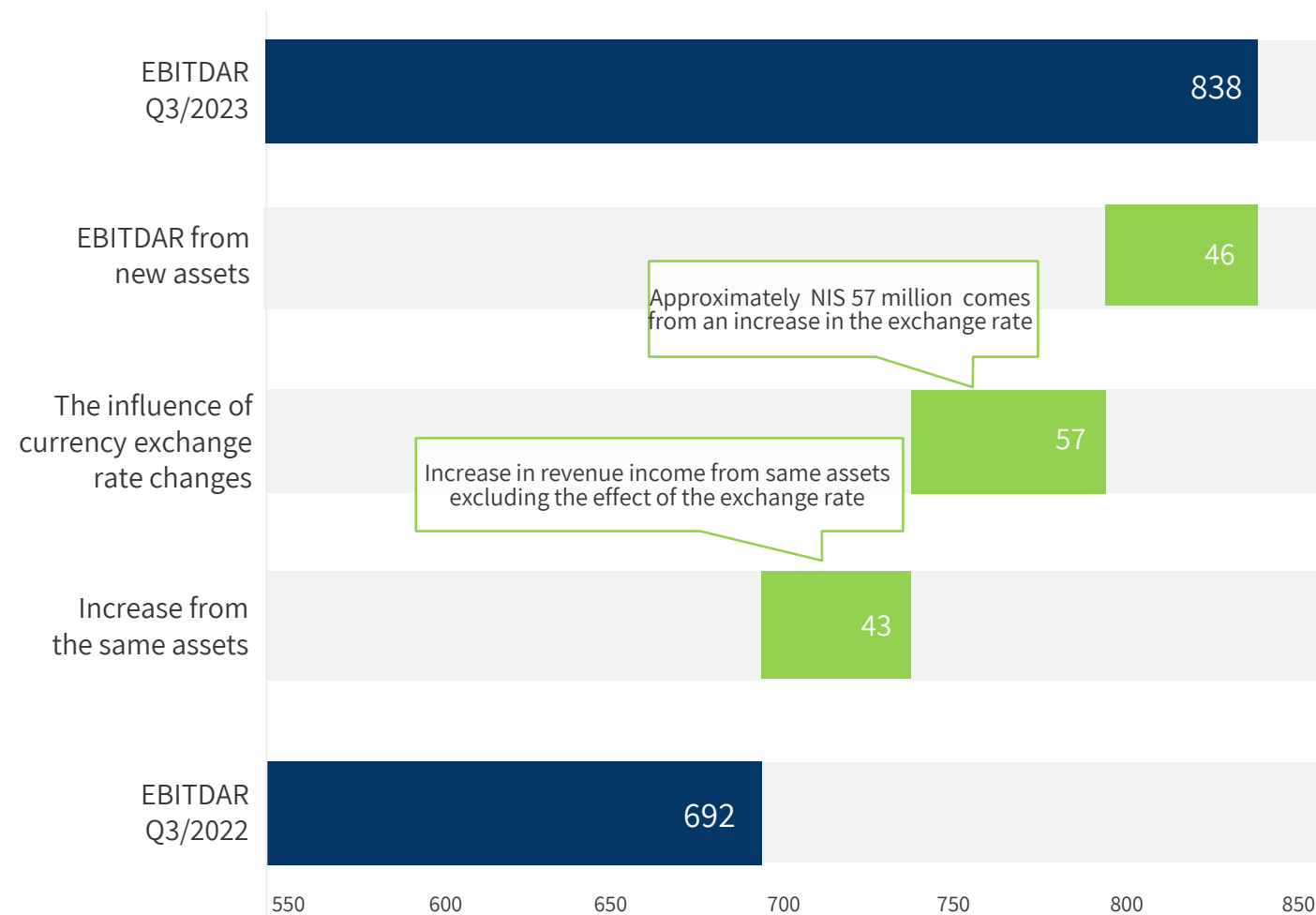


Segmentation of quarterly revenue cycle from the same assets– Q3



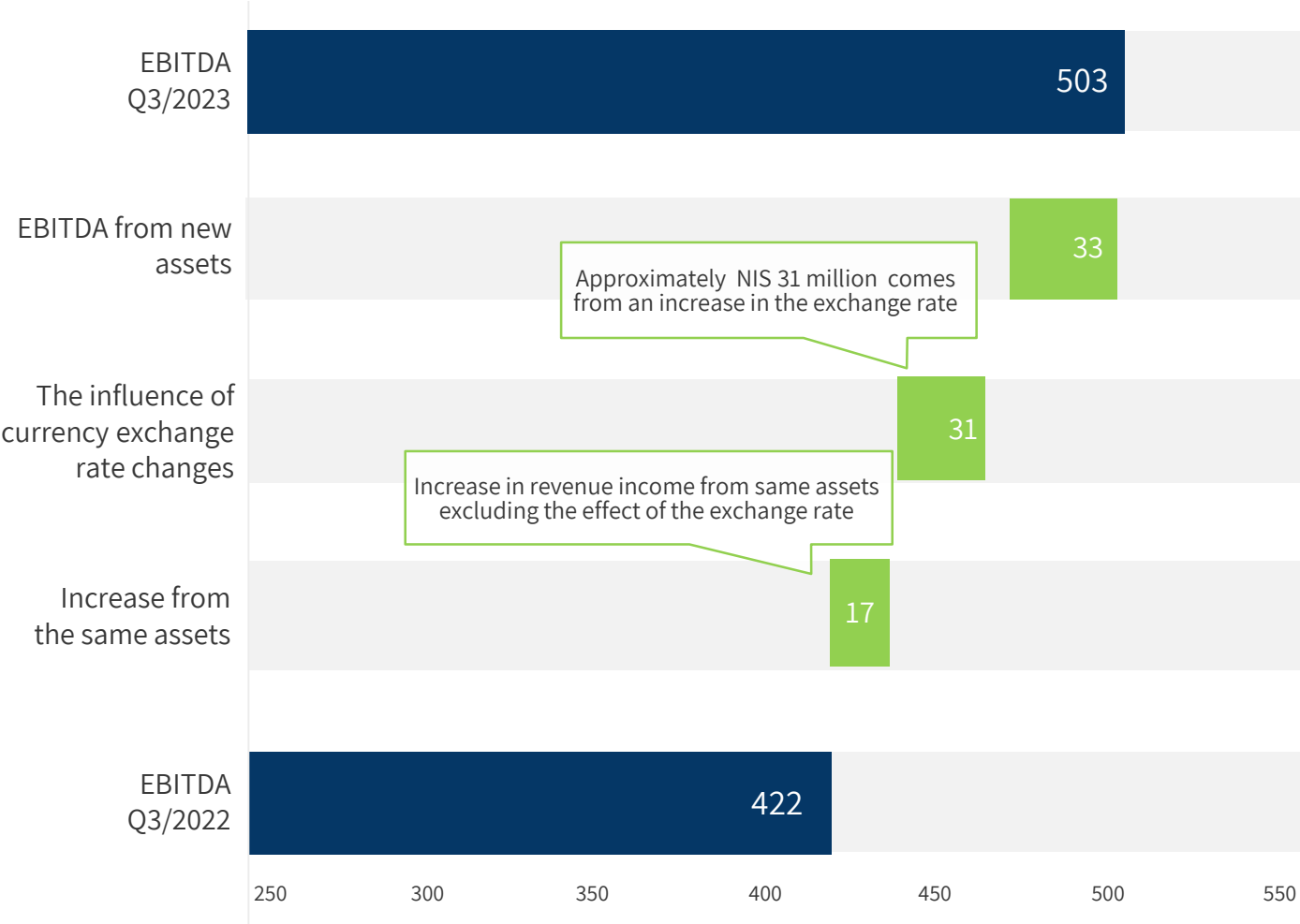


Segmentation of quarterly EBITDAR from the same assets– Q3

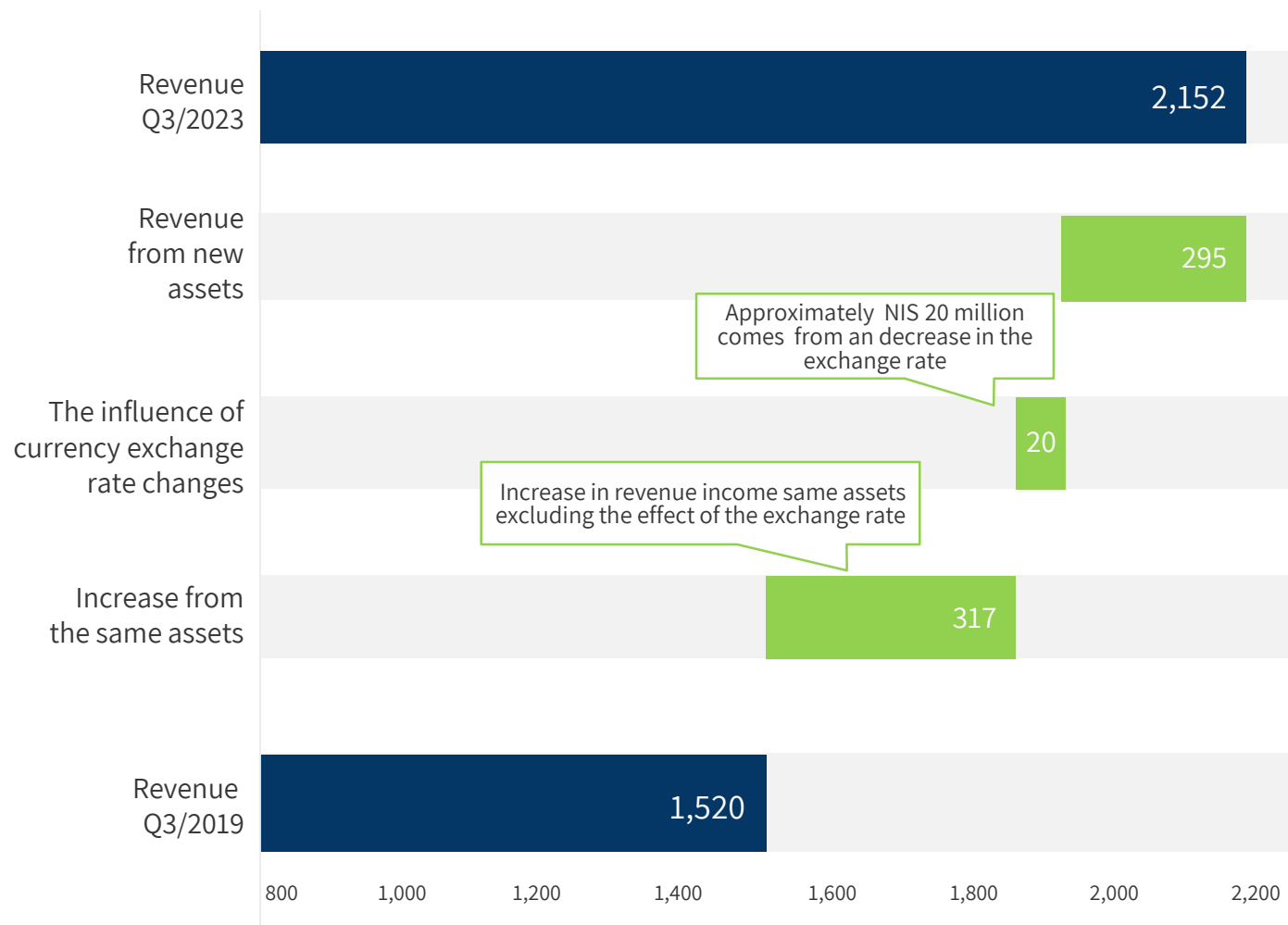
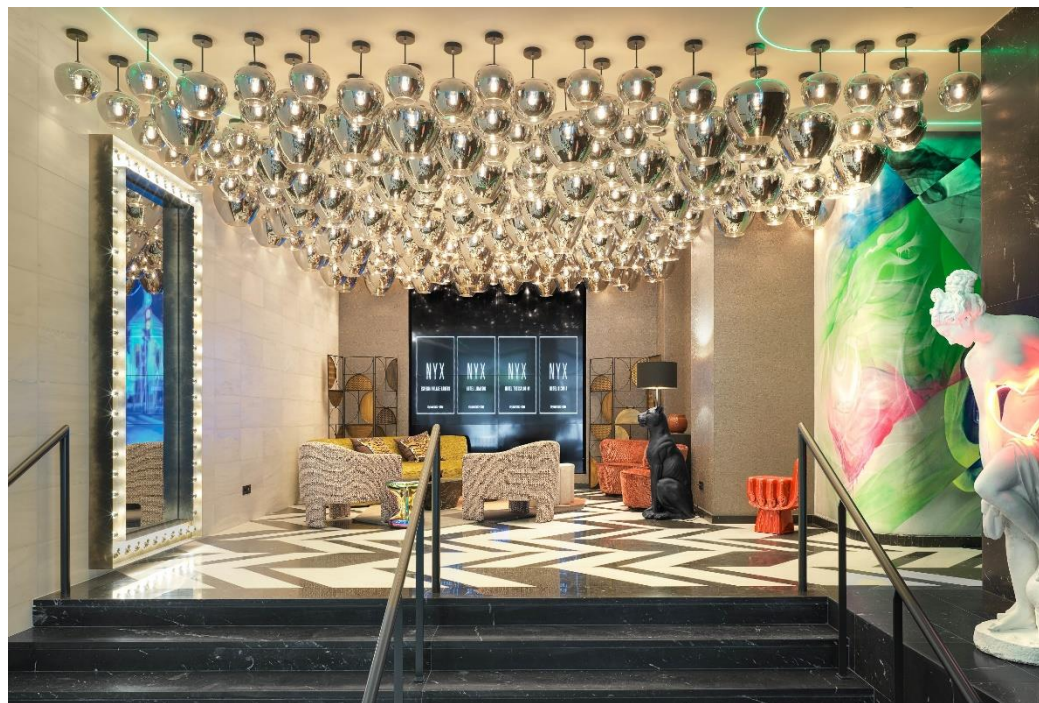




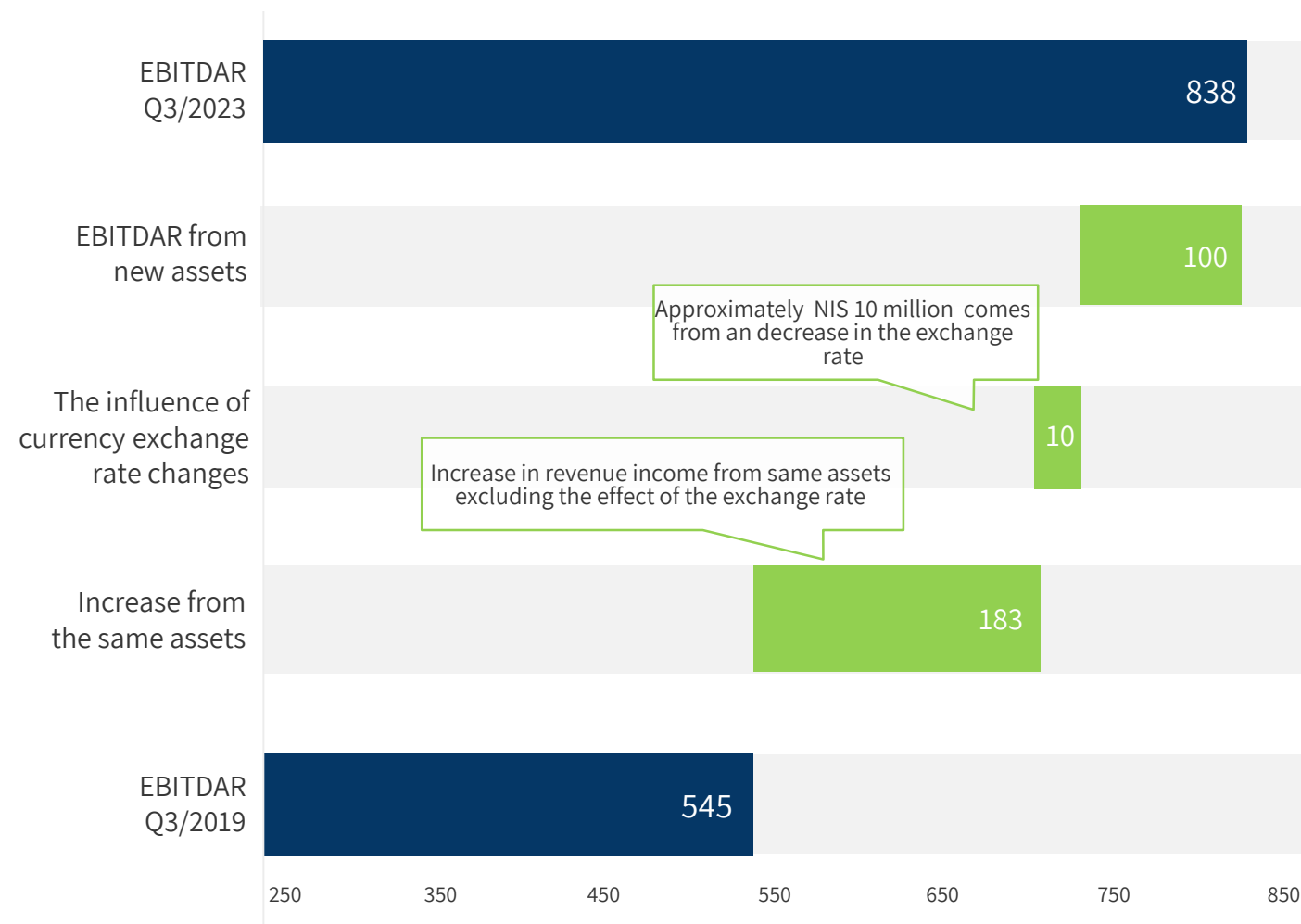
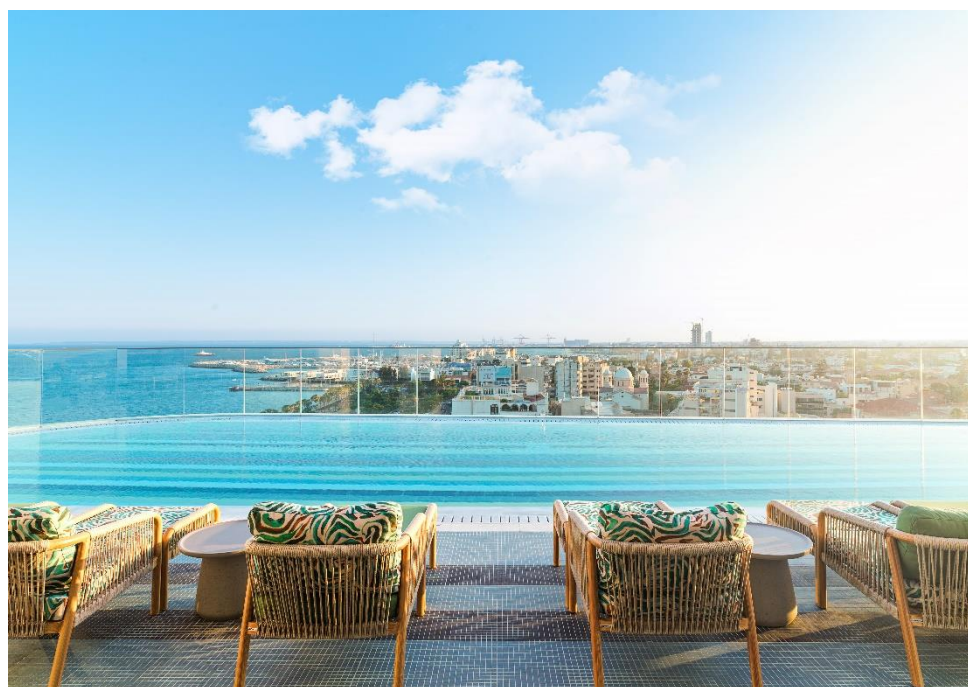
Segmentation of quarterly EBITDA from the same assets– Q3



Segmentation of quarterly revenue cycle from the same assets– Q3



Segmentation of quarterly EBITDAR from the same assets– Q3



Segmentation of quarterly EBITDA from the same assets– Q3



EBITDA
Q3/2023

503

EBITDA from new
assets

54

Approximately NIS 9 million comes
from an decrease in the exchange
rate

The influence of
currency exchange
rate changes

9

Increase in revenue income from same assets
excluding the effect of the exchange rate

Increase from
the same assets

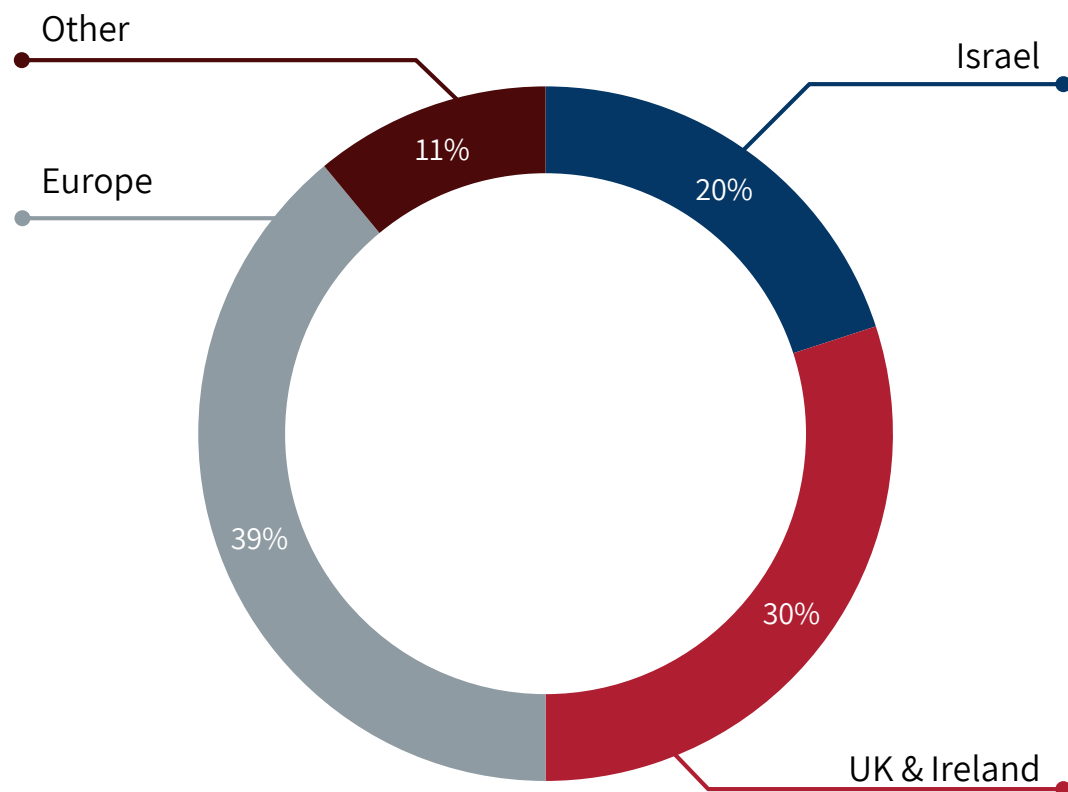
135

EBITDA
Q3/2019

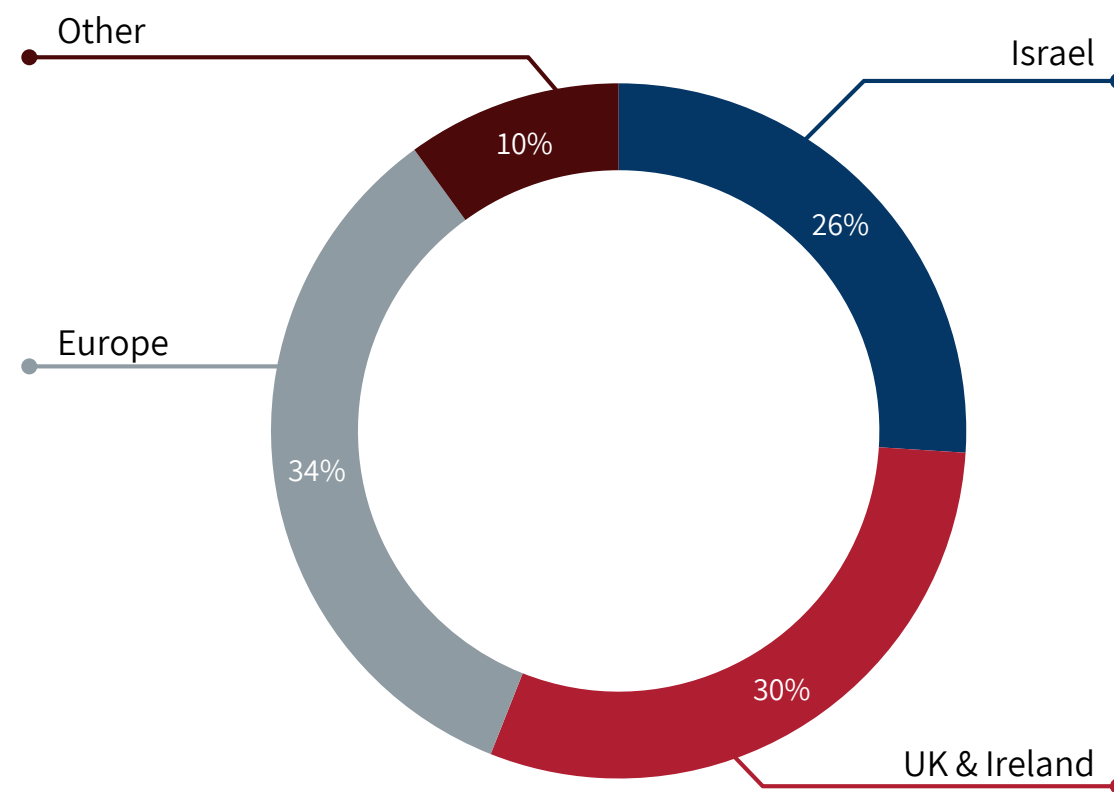
305

250 300 350 400 450 500 550

EBITDAR Split – Q3/2023

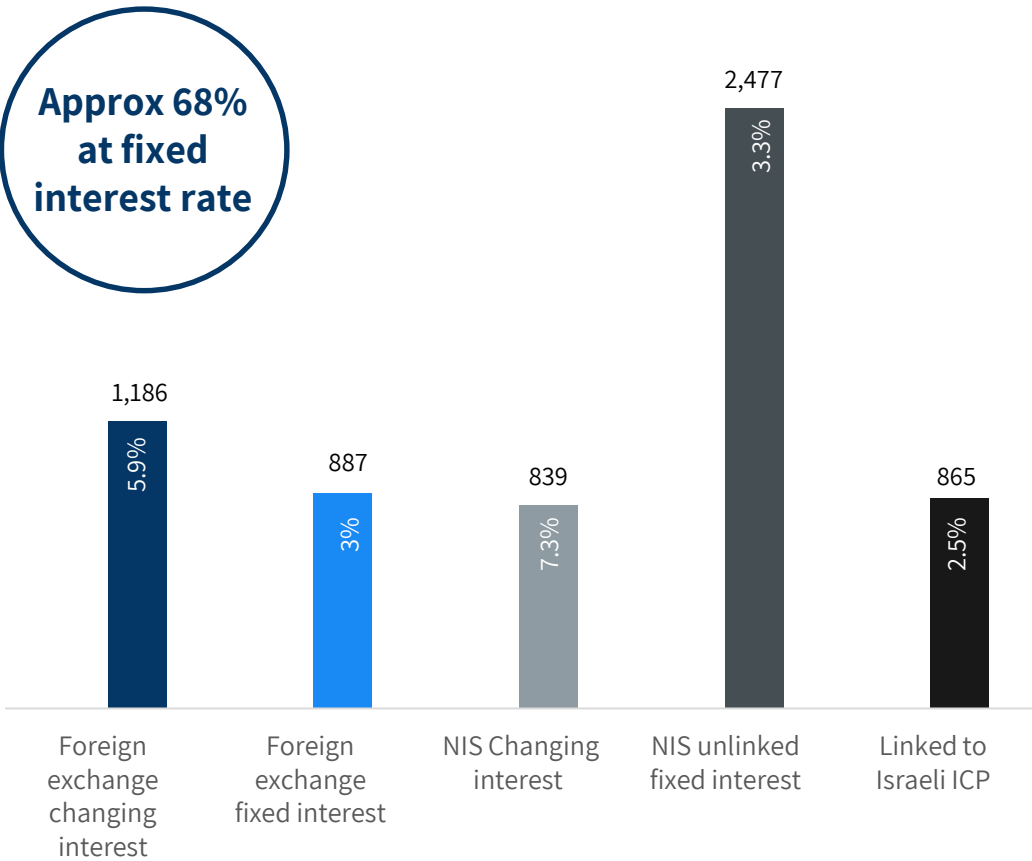


Revenue Split – Q3/2023



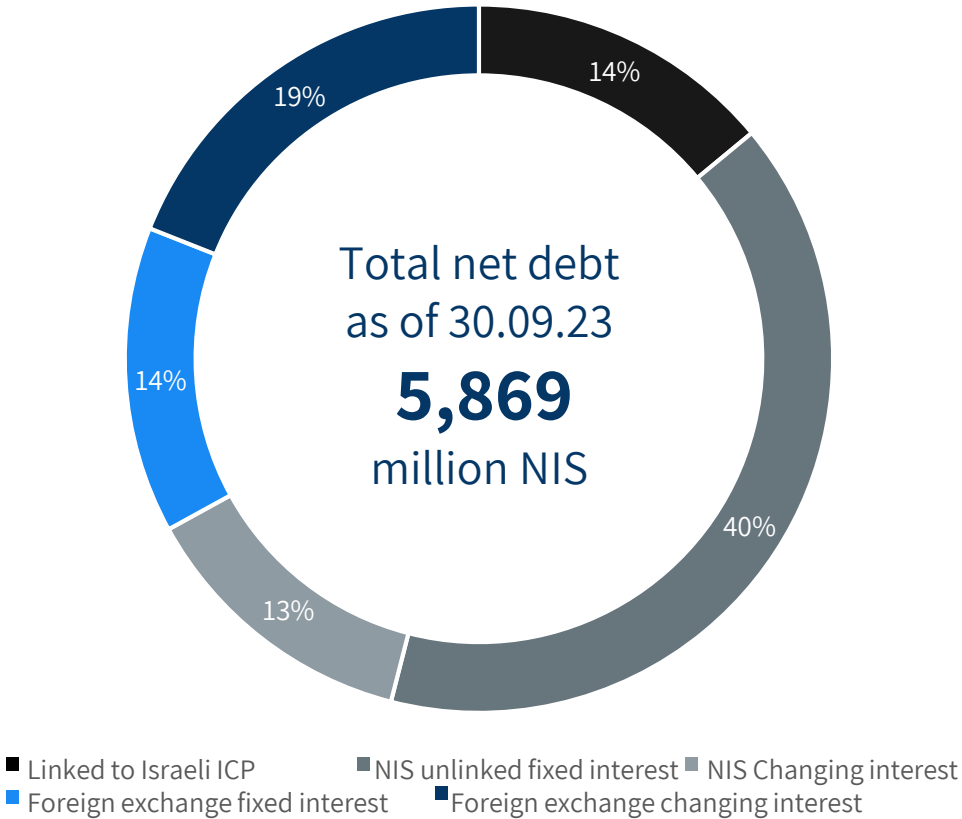
Key Debt Metrics(NIS millions)

Debt and average interest rate
as of 30.09.23



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

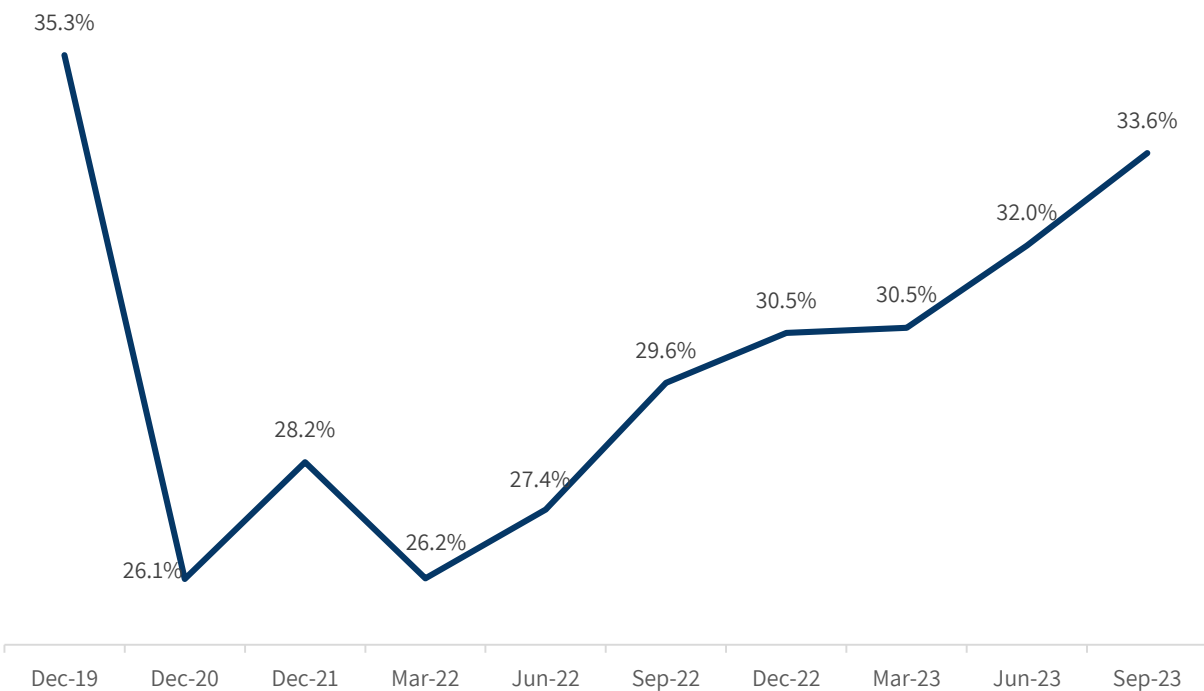
Split by debt type



The total debt of the Company includes its share in affiliated companies
As of September 30, 2023, approximately NIS 8,305 million

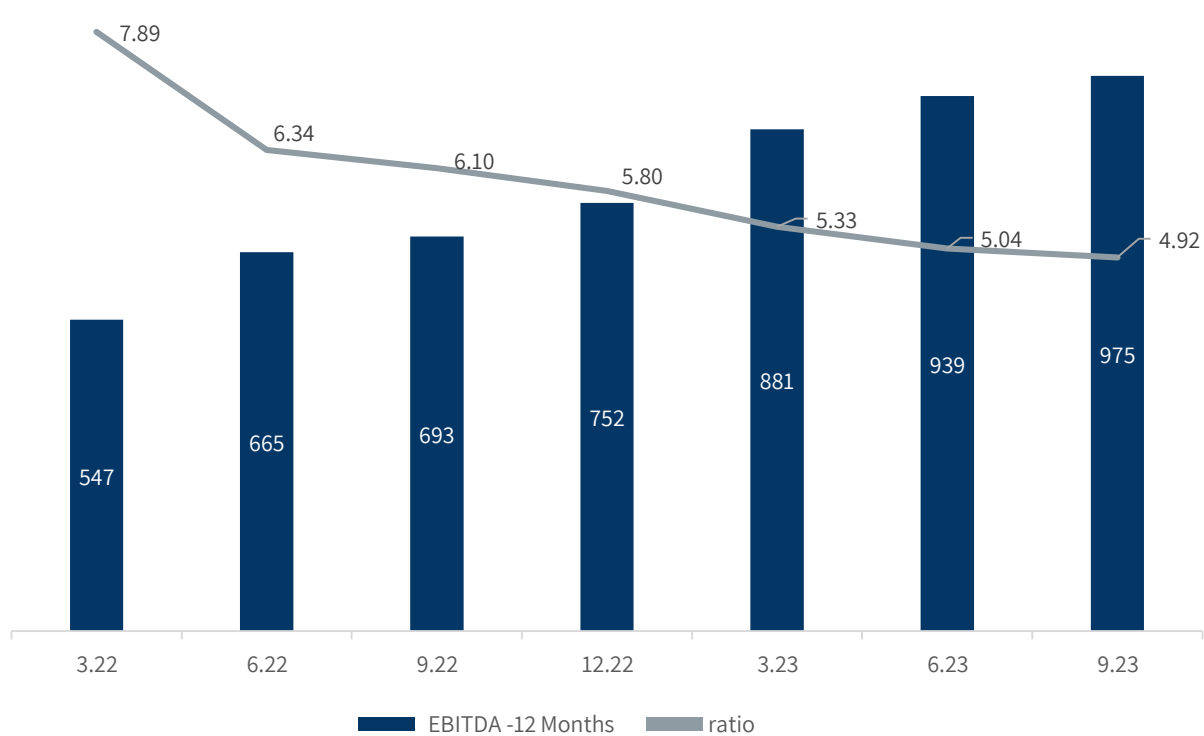
Financial Ratios¹ (NIS Millions)

Gradual increase in the equity-to-total assets ratio



The Company meets all financial standards to which it is committed

Declining debt/EBITDA ratio



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

Consolidated Balance Sheet (NIS millions)

	Sep-23		Sep-23	Sep-22	Dec-22
	Data prior to implementation of IFRS16	Impacts of IFRS16	As shown in the Financial Statements		
Current Assets	1,284	(70)	1,214	1,601	1,587
Long Term Investments and Other Assets	3,927	13,241	17,168	14,313	15,298
Fixed Assets	7,777	-	7,777	6,034	6,674
Total Assets	12,988	13,171	26,159	21,948	23,559
Short Term Credit	988	-	988	817	1,161
Other Current Liabilities	1,387	495	1,882	1,655	1,651
Loans and Bonds – Long Term	5,267	-	5,267	4,827	4,925
Deferred taxes	480	-	480	371	412
Others	502	13,915	14,417	11,967	12,850
Total Liabilities	8,624	14,410	23,034	19,637	20,999
Shareholders' Equity	4,364	(1,239)	3,125	2,311	2,560
Total Liabilities and Equity	12,988	13,171	26,159	21,948	23,559



Consolidated Profit and Loss Statement (NIS million)

		1-9/23		1-9/22	1-12/22
	Data prior to implementation of IFRS16	Impacts of IFRS16	As shown in the Financial Statements		
Revenues from Hospitality Services and Others	5,157	-	5,157	3,955	5,471
Total Operating Expenses	3,355	-	3,355	2,639	3,646
Operating income before rent, depreciation and reductions (EBITDAR)	1,802	-	1,802	1,316	1,825
Total Rent	1,043	(922)	121	64	93
Operating income before depreciation and amortization (EBITDA)	759	922	1,681	1,252	1,732
Depreciation	(266)	(572)	(838)	(713)	(1,005)
Other Income (Expenses), Net	(20)	-	(20)	18	21
Profit before Financing	473	350	823	557	748
Financing Expenses, Net	(224)	(542)	(766)	(675)	(882)
Group's Share in the Subsidiaries' Earnings (Losses)	(4)	4	-	(6)	1
Tax Benefit (Tax Expenses)	(65)	57	(8)	56	55
Net Income (loss)	180	(131)	49	(68)	(78)
Net Earnings Attributed to Shareholders of the company	180	(131)	48	(69)	(78)
Net Earnings Attributed to Non-controlling Interests	-	-	1	1	-
Real FFO	474		474	340	516



Consolidated Profit and Loss Statement (NIS million)

		7-9/23		7-9/22
	Data prior to implementation of IFRS16	Impacts of IFRS16	As shown in the Financial Statements	
Revenues from Hospitality Services and Others	2,024	-	2,024	1,695
Total Operating Expenses	1,229	-	1,229	1,036
Operating income before rent, depreciation and reductions (EBITDAR)	795	-	795	659
Total Rent	382	(320)	62	44
Operating income before depreciation and amortization (EBITDA)	413	320	733	615
Depreciation	(98)	(200)	(298)	(238)
Other Income (Expenses), Net	(14)	-	(14)	2
Profit before Financing	301	120	421	379
Financing Expenses, Net	(84)	(188)	(272)	(250)
Group's Share in the Subsidiaries' Earnings (Losses)	13	1	14	8
Tax Benefit (Tax Expenses)	(59)	20	(39)	(41)
Net Income	171	(47)	124	96
Net Earnings Attributed to Shareholders of the company	171	(47)	124	96
Net Earnings Attributed to Non-controlling Interests	-	-	-	-
Real FFO	324		324	298



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 yellow 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!