fattal פתאל

HOUSE OF HOTELS | בית של מלונות

Capital Market Presentation, November 2021

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.

Data regarding: (i) distribution of hotels that are open by months; (ii) a summary of the number of hotels and hotel rooms according to ownership/ rent/ management, divided by sectors as of September 2021-which are shown in slides No. 4, 7 are provided in this presentation for the first time as additional information.

Fattal Group Business Card

Over 42,000
rooms

222
hotels

19
countries

NIS 1.1 billion
Cash balances on the date of signing this report

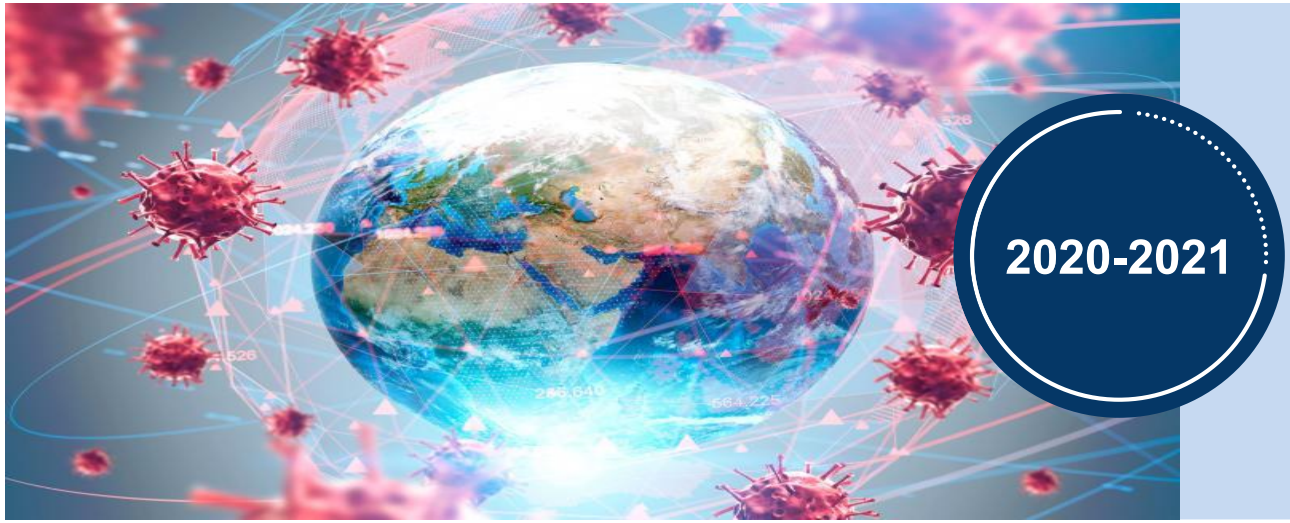
The Company was **established in 1998** by Mr. David Fattal

Israel's **largest and leading** hotel chain

Fast growth in Europe. More than **150** destinations across Europe

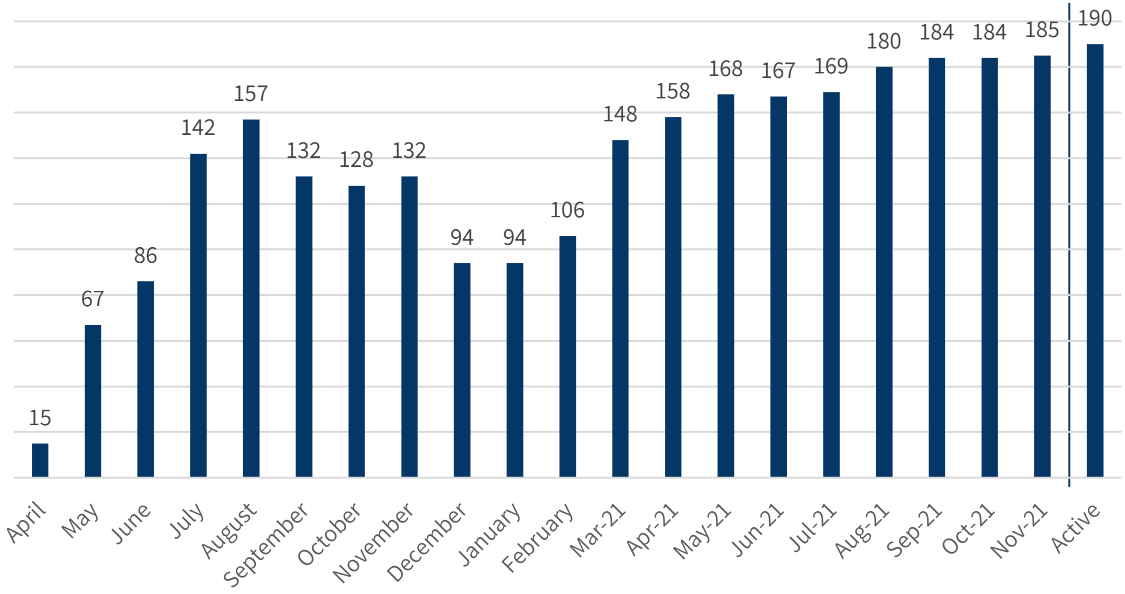
Including future hotels.

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

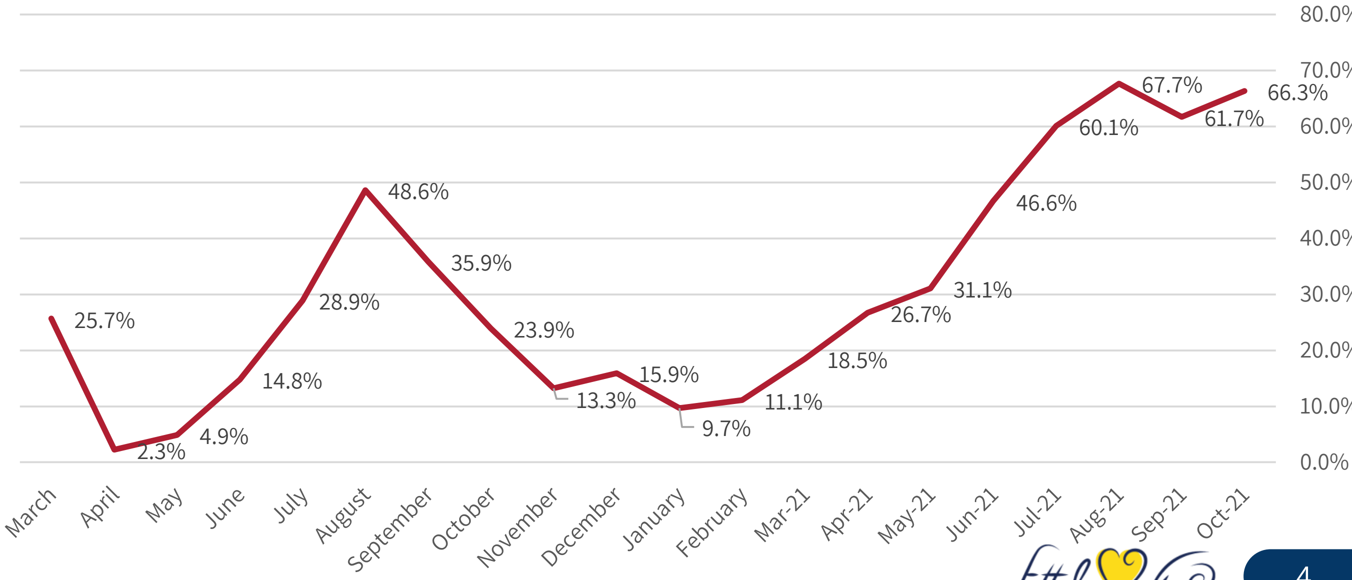


COVID 19 Pandemic

Distribution of hotels open over recent months



Distribution of chain occupancy rates by months



Successful dealing with the impacts of the global Corona pandemic

2020-2021

COVID 19
Pandemic

Actions taken in corona virus

Operational optimization in hotels

Actions of equity:
Issue of debentures about NIS 757 million
Raising of equity about NIS 150 million

Deferrals and waivers of rental payments in the amount of NIS 608 million

Receipt of government guaranteed loans:
Europe: **about EUR 67 million.**
Israel: **about NIS 134 million.**

Receipt of grants
NIS 835 million

Selling properties in Europe:
Net cash flow for the Company about NIS 200 million

The Company estimates that the performance of the following actions result in additional financial resources estimated in approximately over NIS 2 billion. Management and the Board of Directors estimate that these operations, where completed, together with cash and cash equivalents, in the amount of NIS 1.1 billion, which the Group have on the date of signing this report, will enable the Company to meet all its obligations during the next 12 months at least, after the date of approval of these financial statements and will allow a gradual return to activity routine without the need for additional steps.

Recovery

2021

Third quarter 2021 – record operating income (EBITDA & EBITDAR)

Occupancy for August 2021:
70% in Israel
74% in the UK

Record occupancy and record prices in tourist areas in Israel

Extensive government support in some European countries alongside progress in the vaccination campaign and lifting of restrictions.

Third Quarter

Income[1] - NIS 1,246 million
EBITDAR[1] - NIS 577million
EBITDA[1,2] - NIS 375 million
FFO - NIS 287 million

Opening of the businesses in Israel (in mid-February 2021).

Opening of the businesses in UK (in mid-May 2021).

Occupancy rates are rising each month in accordance with the opening of the businesses in Israel and Europe.

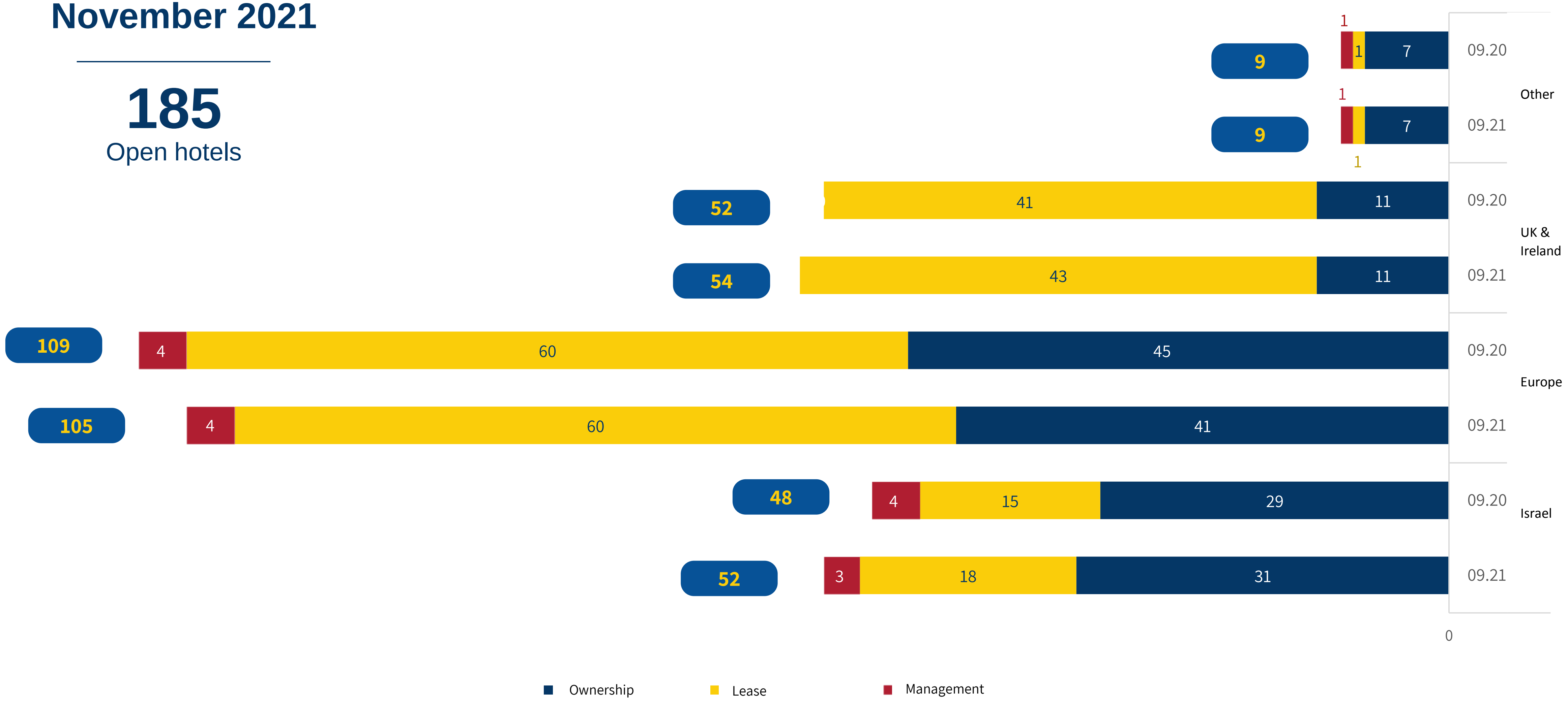
A diverse range of hotels adapted to the recovery of the economy in Israel and Europe.

[1] Including the relative part of hotels under 50% ownership.
[2] Prior to the Impact of Standard IFRS 16.

Number of Hotels[1] - Fattal Group

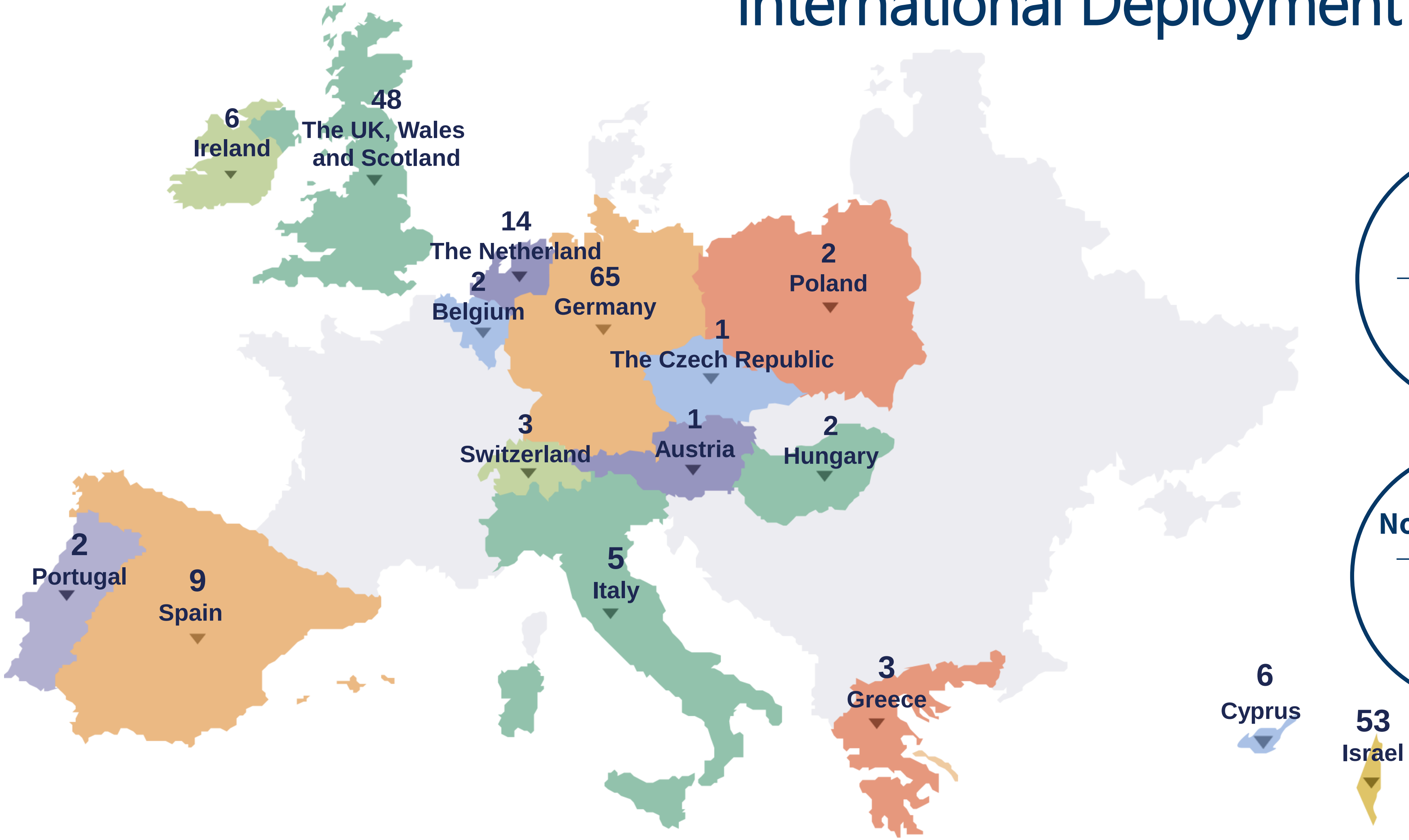
November 2021

185
Open hotels



1 As of September 30, 2021, including 11 future hotels in Israel (1,269 rooms), 11 future hotels in Europe (3,034 rooms), 5 future hotels in the United Kingdom (1,034 rooms) and 4 future hotels in Greece and Cyprus (744 rooms).

International Deployment[1] – 19 countries



222 hotels

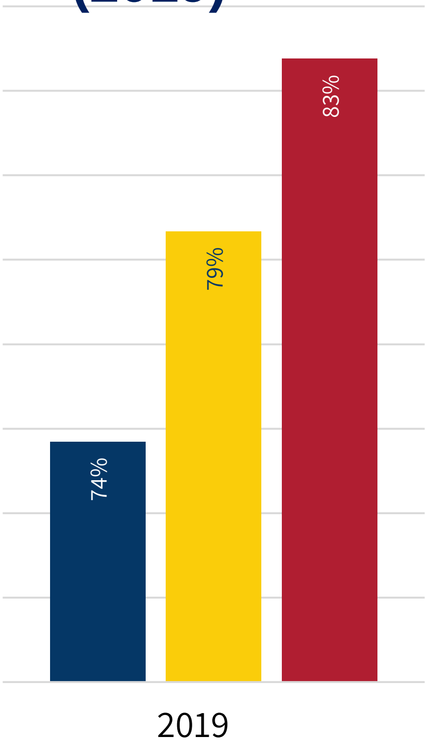
November 2021

185 Hotels open

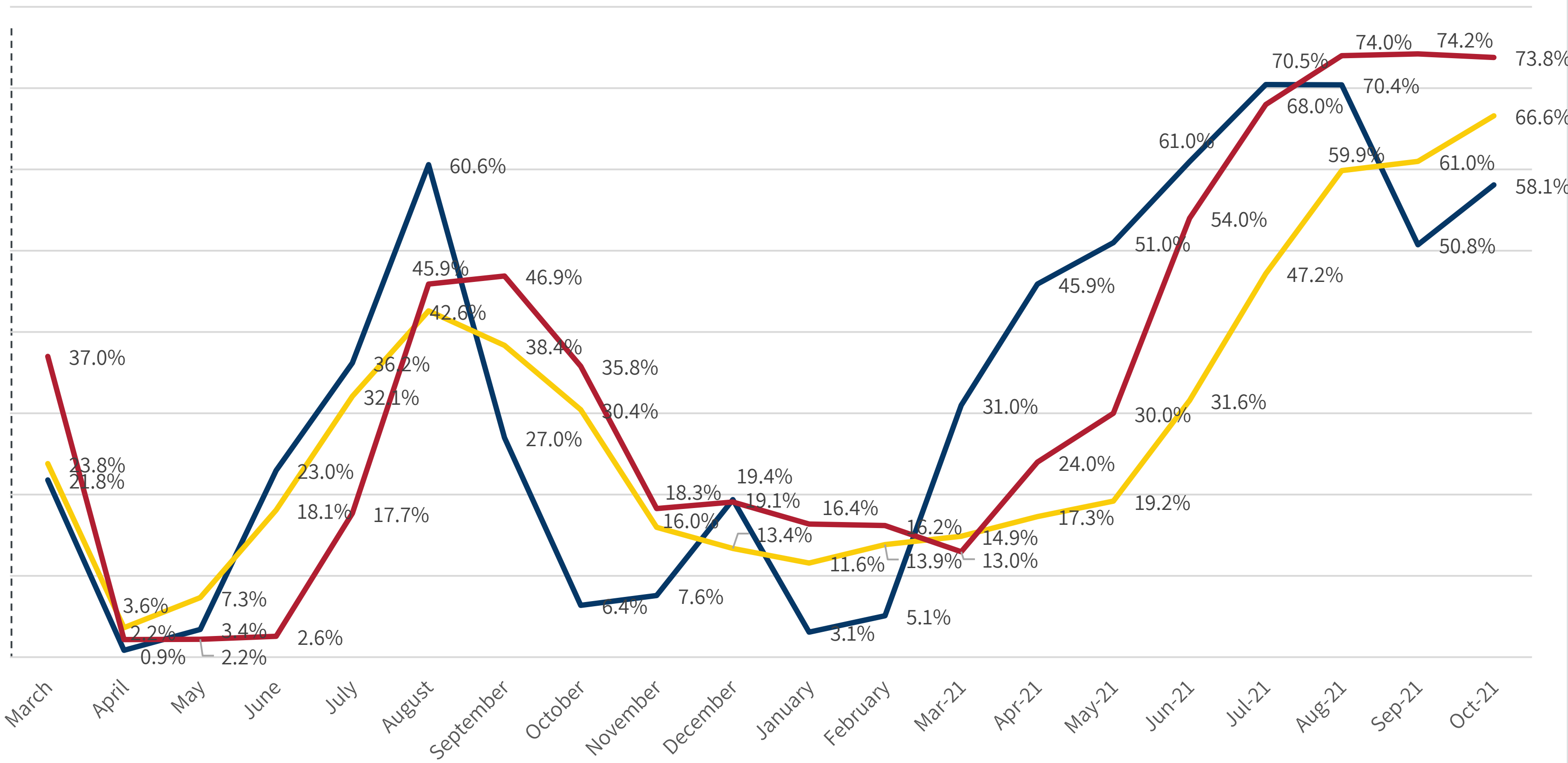
[1] Including future hotels.

Company Occupancy Data

Average Chain Occupancy Rates (2019)



Distribution of Occupancy Rates by Months in 2020/21



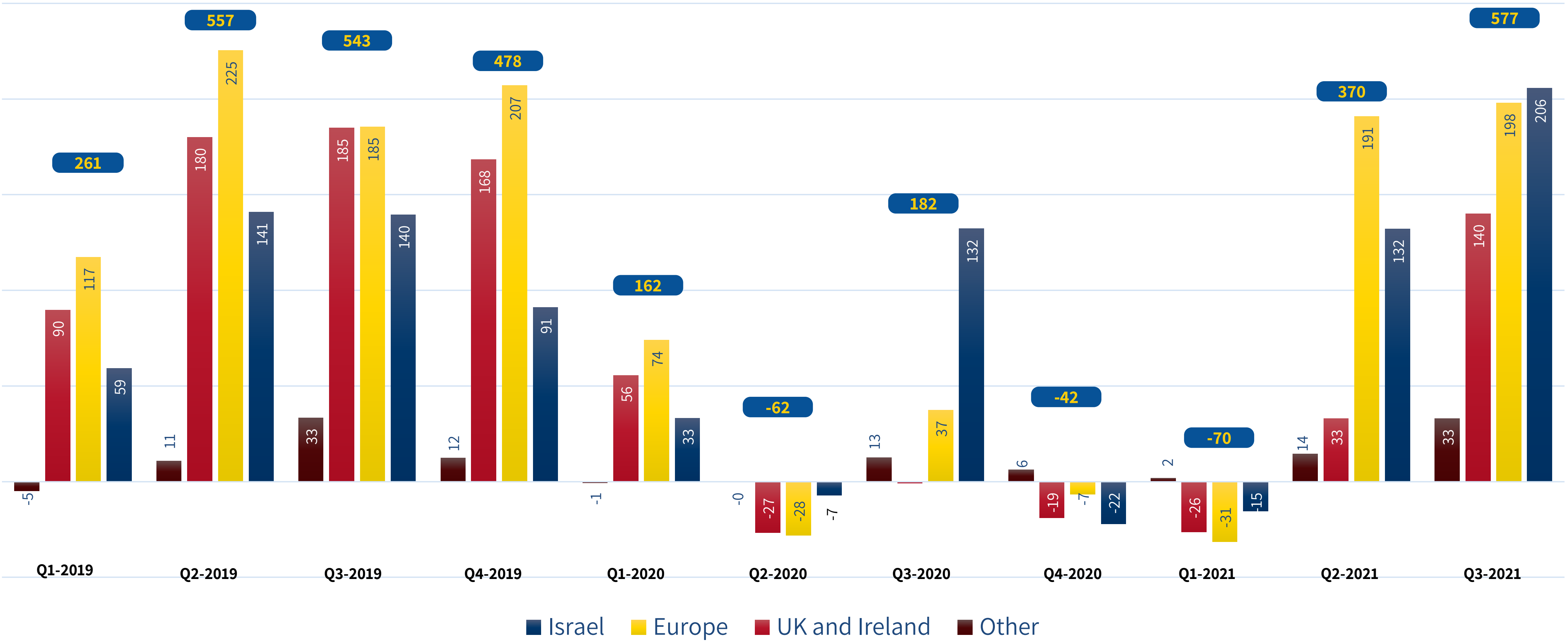
Israel

Europe

UK and Ireland

Main Financial Data (continued)

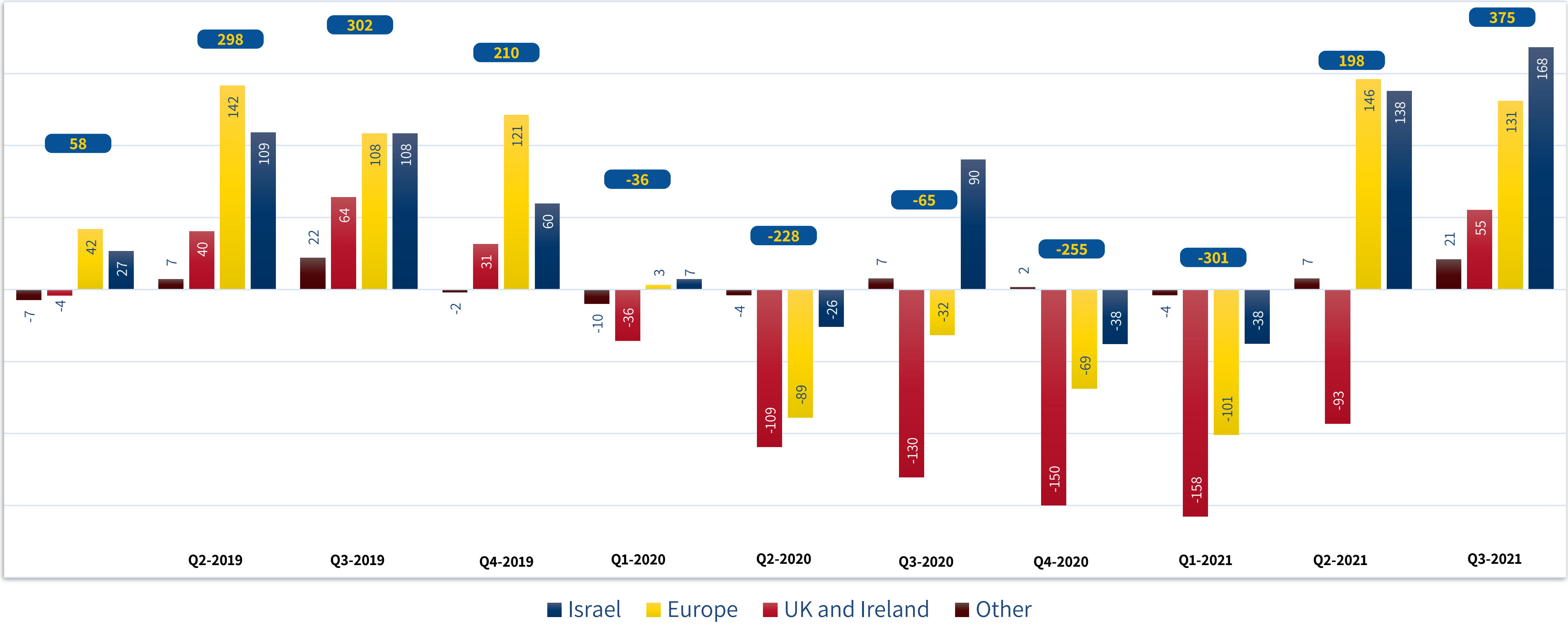
EBITDAR -Data for the quarters (NIS millions) [1]



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

Main Financial Data (continued)

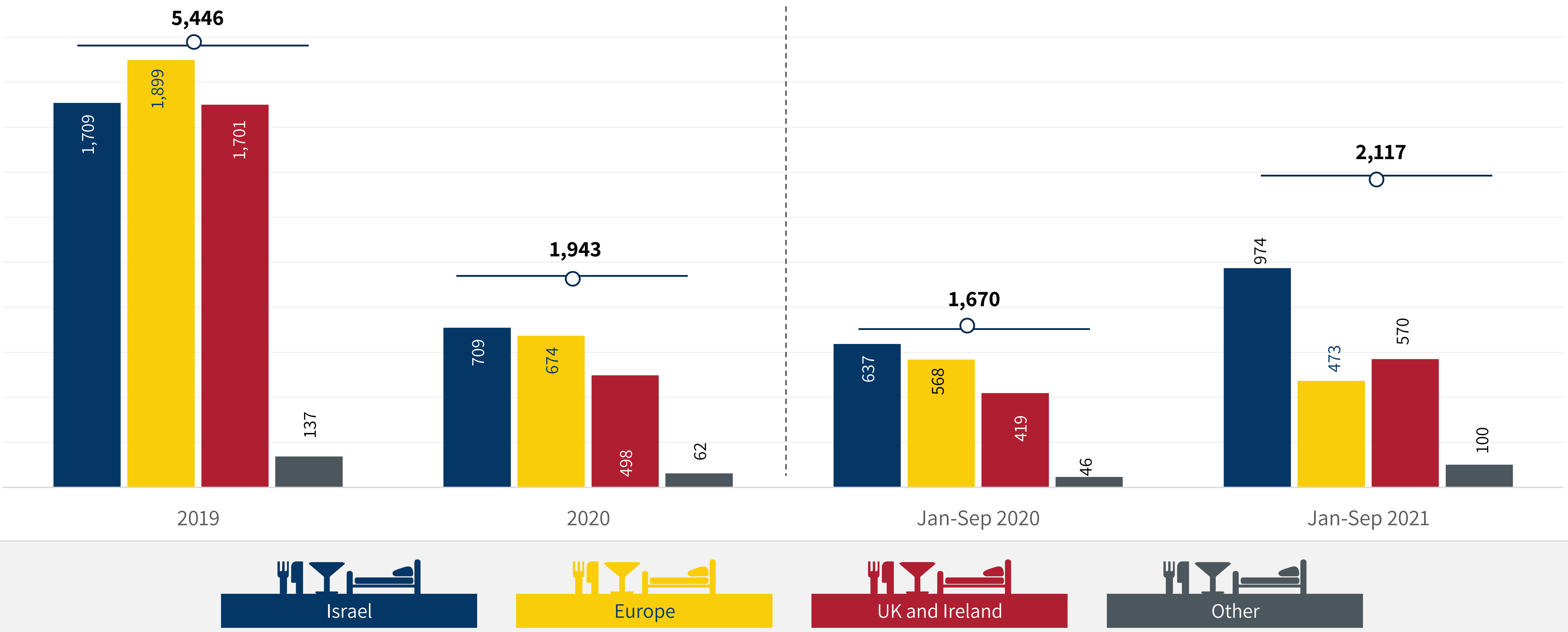
EBITDA -Data for the quarters (NIS millions) [1]



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

Main Financial Data

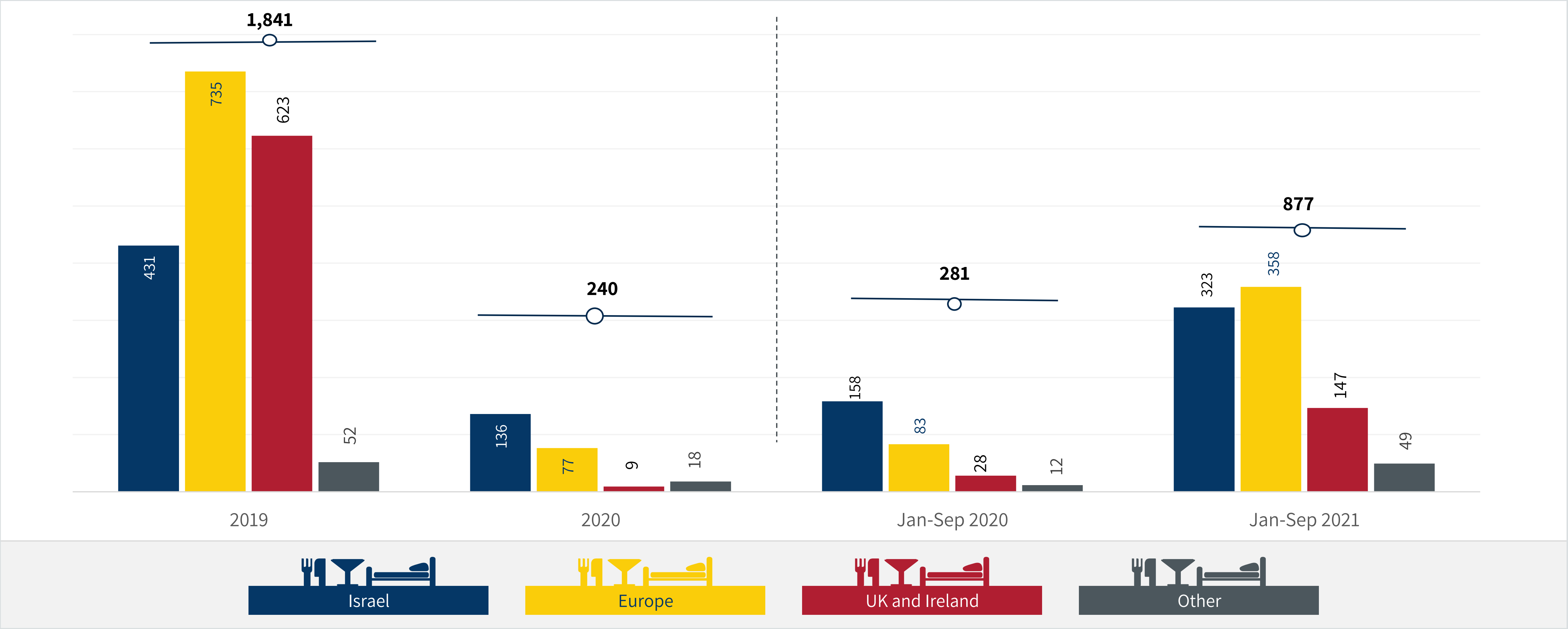
Fattal Chain Revenues (NIS millions)[1]



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

Main Financial Data (continued)

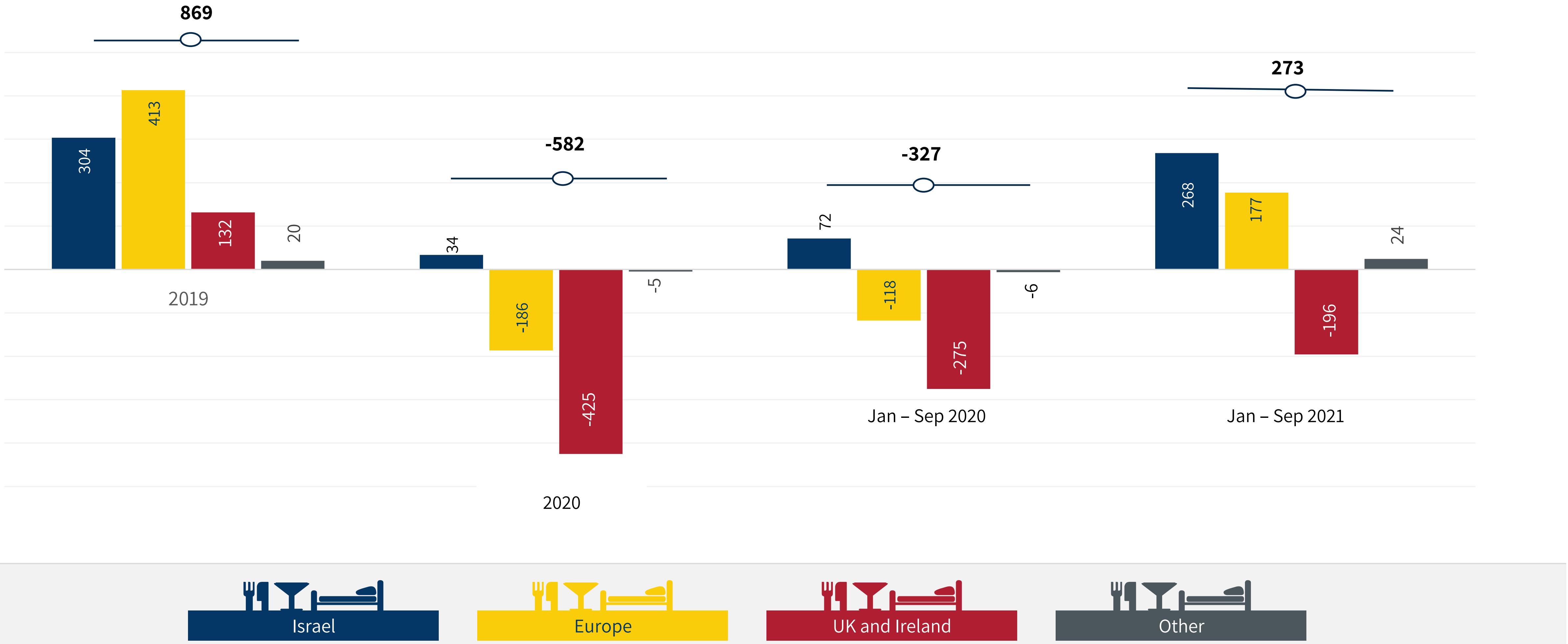
EBITDAR (NIS millions)[1]



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

Main Financial Data (continued)

EBITDA (NIS millions) 1 Prior to the Impact of Standard IFRS 16



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

Hotels with Future Opening Date[1]

Location		Rooms	Date	(M.EURO)
Dublin, Ireland	Owned (50%)	175	2023	6
Tel Aviv, Israel	Owned	74	2022	25
Athens, Greece	Leased	217	2022	17
Thessaloniki , Greece	Owned (50%)	135	2023	7.5
Limassol, Cyprus	Owned (50%)	194	2023	11.5
Edinburgh, Scotland	Owned	90	2022	18
Haifa, Israel	Owned	163	2022	30
Liverpool, England	Owned	207	2023	26
Nicosia, Cyprus	Owned (50%)	198	2023	10
Hamburg, Germany	Owned	236	2023	39
Manchester, England	Owned	275	2023	30
Lisbon, Portugal	Owned	144	2023	23
Porto, Portugal	Owned (33%)	560	2024	23
Dead sea, Israel	Owned	218	2024	30
Total (14 Hotels)		**2,886**		

1 Future transactions that were signed up to the date of approval of the financial statements

Location		Rooms	Date
Eschborn, Germany	Leased	234	2021
Augsburg, Germany	Leased	235	2021
Chester, England	Leased	94	2021
Tel Aviv, Israel	Leased	56	2022
Jerusalem, Israel	Managed	88	2022
Tel Aviv, Israel	Leased	78	2022
Koln, Germany	Leased	336	2022
Hamburg, Germany	Leased	191	2023
Koln, Germany	Leased	238	2023
Jerusalem, Israel	Leased	90	2023
Jerusalem, Israel	Leased	72	2023
Kibbutz Tzuba, Israel	Leased	152	2023
Koln, Germany	Leased	250	2023
Berlin, Germany	Leased	374	2023
Leipzig, Germany	Leased	236	2023
Jerusalem, Israel	Leased	168	2024
Liverpool, England	Leased	283	2024
Jerusalem, Israel	Leased	55	2023
Total (18 Hotels)		**3,230**	

CONSOLIDATED BALANCE SHEET (NIS millions)

	Sep 2021			Sep 2020	Dec 2020
	Data prior to implementation of IFRS16	**Impacts of IFRS16**	**As shown in the Financial Statements**		
Current Assets	1,986	(23)	1,963	1,907	2,062
Long Term Investments and Other Assets	2,767	11,469	14,236	14,233	14,030
Fixed Assets	5,319	-	5,319	5,492	5,383
Total Properties	**10,072**	**11,446**	**21,518**	**21,632**	**21,475**
Short Term Credit	635	-	635	548	526
Other Current Liabilities	1,420	301	1,721	1,540	1,408
Loans and Bonds – Long Term	4,678	-	4,678	4,431	4,932
Deferred taxes	259	-	259	280	263
Others	522	11,897	12,419	12,571	12,396
Total Liabilities	**7,514**	**12,198**	**19,712**	**19,370**	**19,525**
Shareholders' Equity	**2,558**	**(752)**	**1,806**	**2,262**	**1,950**
Total Liabilities and Equity	**10,072**	**11,446**	**21,518**	**21,632**	**21,475**

Profit and Loss Statement (NIS million)

	7-9/21			7-9/2020
	Data prior to implementation of IFRS16	**Impacts of IFRS16**	**As shown in the Financial Statements**	
Revenues from Hospitality Services and Others	1,208	-	1,208	677
Total Operating Expenses	656	-	656	498
Operating income before rent, depreciation and reductions (EBITDAR)	552	-	552	179
Total Rent	213	(212)	1	1
Operating income before depreciation and amortization (EBITDA)	339	212	551	178
Depreciation	(73)	(166)	(239)	(246)
Other Expenses, Net	24	6	30	(21)
Profit before Financing	290	52	342	(89)
Financing Expenses, Net	(64)	(165)	(229)	(208)
Group's Share in the Subsidiaries' Earnings (Losses)	6	2	8	(7)
Tax Expenses (Tax Benefit)	(61)	34	(27)	32
Net Income	**171**	**(77)**	**94**	**(272)**
Net Earnings Attributed to Shareholders of the company			94	(270)
Net Earnings Attributed to Non-controlling Interests				(2)
Real FFO	**287**		**287**	**(259)**

Profit and Loss Statement (NIS million)

	1-9/21			1-9/2020	1-12/2020
	Data prior to implementation of IFRS16	Impacts of IFRS16	As shown in the Financial Statements		
Revenues from Hospitality Services and Others	2,049	-	2,049	1,639	1,904
Total Operating Expenses	1,204	-	1,204	1,356	1,657
Operating income before rent, depreciation and reductions (EBITDAR)	845	-	845	283	247
Total Rent	635	(633)	2	3	3
Operating income before depreciation and amortization (EBITDA)	210	633	843	280	244
Depreciation	(222)	(495)	(717)	(718)	(961)
Other Expenses, Net	82	126	208	(66)	(41)
Profit before Financing	70	264	334	(504)	(758)
Financing Expenses, Net	(179)	(494)	(673)	(616)	(807)
Group's Share in the Subsidiaries' Earnings (Losses)	-	5	5	(28)	(34)
Tax Benefit	34	96	130	210	275
Net loss	**(75)**	**(129)**	**(204)**	**(938)**	**(1,324)**
Net Earnings Attributed to Shareholders of the company			(207)	(936)	(1,315)
Net Earnings Attributed to Non-controlling Interests			3	(2)	(10)
Real FFO	**67**		**67**	**(480)**	**(771)**

Cash Flow Statement (NIS millions)

	1-9/21	1-9/20	1-12/20
Cash flows from operating activities	343	65	(254)
Cash flows for investing activities	105	(348)	(327)
Cash flows from financing activities	(463)	375	966

Financial Ratios to Repayment

Debentures (Series B) [1,2]

	09/2021	As per Trust Deed
Shareholders' equity	2,557 (NIS million)	Not less than 1,250 (NIS million)
Ratio of equity to total assets	25.4%	Not less than 22.5%
Ratio of net financial adjusted debt to adjusted EBITDA	4.09	Not more than 8

Debentures (Series C) [1,2]

	09/2021	As per Trust Deed
Shareholders' equity	1,805 (NIS million)	Not less than 1,400 (NIS million)
EBITDA	1,842	Not less than 700 (NIS million)
Ratio of net financial debt to net CAP	65.8%	Not more than 76%

Convertible Bonds (Series 1) [1,2]

	09/2021	As per Trust Deed
Shareholders' equity	1,805 (NIS million)	Not less than 1,400 (NIS million)
Ratio of net financial debt to net CAP	65.8%	Not more than 76%

1 As of September 30, 2021, the Company meets all the standards to which it is obligated pursuant to review of the proforma as stated in section 11.3.1 in the Directors' Report .
2 For the definition of the terms "net financial debt", "EBITDA" and net CAP, see section 11.3 of the Company's Board of Directors' Report as of September 30, 2021 which is included in the Company's annual report at that date.

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Thank you for your attention!