

Investors Presentation

Luxurious Northern Hotel



Background

The hotel will spread on a total area of 26 Dunam on seashores of Galilee Sea. The built area including rooms and public space is 10,833 Sq. meters with an average room's size of 45 Sq. meters, another 45 Sq. meters for public services and a total of 120 rooms.

The hotel will have the most advanced and state of the art facilities such as marine activities and Spa, similarly and with higher levels in comparison to Yearot Hakarmel and Mitzhpe Hayamim hotels, that target the upper socio-economic levels of visitors

Images 1



Images 2



Images 3



Optimization

The architectural planning had been performed according to expertise and years of experience in operating similar ventures that are still very profitable. In addition, professional literature had been read in order to locate successful variables for achieving the hotel's business plan goals.

It was found, according to professional literature, that hotels adjacent to seashores, with number of rooms that do not exceed 150 with well distinguished services, have the right effective variables that optimize earnings and occupancy rates.

These distinguish services such as marine activities, Spa, cultural activities such as musical concerts along with healthy and distinguish culinary, are ways for achieving higher demand beside luxurious rooms and lavish surrounding.

Legal Structure

A new corporation will be established and controlled by the community (the northern settlement community) in one hand and in the other hand private and institutional investors. The community also controls an agricultural partnership corporation which has 2 and well established corporations for the tourism industry

There will be 2 stages for governing the new corporation. The first stage will be for architectural planning, permits and construction, and the second stage will have a full operational management which will be elected by the Directories. The hotel management is committed to get land permits for this venture.

Positioning

The hotel is planned to be the most lavish and luxurious hotel in the northern part of Israel.

Its facilities will be comprised of marine equipment, Spa facilities, healthy food and cultural activity.

In comparison to well known hotels and according to familiar features of hotels and accommodation ventures, this hotel will have extended quality that attracts many visitors who get better services for the same price.

Annual Occupational Rate

The occupational rates were set according to a survey of other nearby hotels that we had managed to receive.

A minimum rate of 65% will be achieved under a very high probability and according to the current community management will reach even to 72% and up, similarly to the occupancy rates of Yearot Hakarmel Hotel.

Investment

| <u>Sum - NIS</u> | <u>Business Plan</u> |
|---------------------------|--|
| 124,068,616 | *Private and institutional Investments |
| 11,420,402 | Working Capital |
| -24,068,616 | Governmental Grants |
| <u>111,420,402</u> | <u>Total Private and Institutional Investment</u> |

*The sums above do not include land and development costs
which are assessed for NIS Million 10

Time Table

| <u>End Date</u> | <u>Period in Months</u> | <u>Clause</u> |
|-----------------|-------------------------|---|
| 08/2018 | 12 | Blue Prints for Construction Permits |
| 12/2018 | 4 | Construction Permits |
| 4/2019 | 4 | Land Development |
| 10/2020 | 18 | Construction |
| 04/2021 | 6 | Operational Trial Period |
| | 05/2021 | Full operational Mode |

Financial Results

| <u>Per Annum*</u> | <u>Clause</u> |
|--------------------|---|
| <u>66,816,729</u> | <u>Income</u> |
| -24,741,716 | Cost of services and goods |
| <u>42,075,013</u> | <u>Gross Profit</u> |
| -9,082,775 | G&A |
| -2,549,124 | Marketing |
| <u>-11,631,899</u> | <u>Total G&A and Marketing</u> |
| <u>30,066,387</u> | <u>Balance before financing and Tax</u> |

* These results will be achieved from the 4th operational year and up, under the business plan's occupational rates

Investors Yield

| <u>Value</u> | <u>Investor's Sort</u> |
|----------------------------|--|
| <u>*135,489,018</u> | Private, Institutional and Governmental |
| <u>30,066,387</u> | Earnings before Tax and Financing |
| <u>22.19%</u> | Total yield rate |

*Including governmental grants, private and institutional investments without land and development costs