

MISHORIM

INVESTMENTS

Mishorim Real Estate Investments Ltd.

Company Presentation to Investors

Financial Statements as of December 31, 2018

Translated from Hebrew to English for convenience only. In the case of contradiction, the Hebrew version is the determining version



Forward looking information

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This presentation has been prepared by Mishorim Development Company Ltd. ("the Company") as a general presentation regarding the Company.

This presentation is not intended to replace the need to review formal reports, which have been published by the Company for the public on the Stock Exchange, which include the prospectus of February 27, 2018, before making a decision regarding an investment in the Company's securities. If there is a discrepancy between that stated in this presentation and that stated in the Company's reports, which are required pursuant to the law, that stated in the said reports shall have precedence.

The information that is included in the presentation does not constitute advice, a recommendation, an opinion or an offer regarding the feasibility of investing and it does not replace an independent check and personal advice in accordance with the special characteristics of each investor.

This presentation may include forward looking information, as defined in the Securities Law – 1968, including forecasts, assessments, estimates and other information regarding future events and matters. In certain cases, forward looking information can be identified by the means of such terminology as: "expected", "is of the opinion", "believes", "may", "estimates", "expects", "intends", "continues", "may", "plans", "expects" and similar terms and expressions.

The forward looking information in this presentation is based on the Company's management's up to date assessments and assumptions, as of the time of the presentation, which are uncertain by their very nature, even though the Company believes that they are reasonable. The forward looking information involves risks and uncertainties, including factors that are not under the Company's control, each of which, or a combination of which, may significantly impair the results of the Company's operations and cause the actual results to be significantly different from the forward looking information.

All forward looking information is intended solely and exclusively as of the date to which it relates and except for a commitment to reveal information which is required under the Securities Law, the Company does not undertake to update or to change any information that is included in this presentation, whether as a result of new information, a future event or other reasons. Furthermore, it is clarified that the Company's plans and strategies, which are included in this presentation are correct as of the time of their publication and they may change pursuant to decisions by the Company's Board of Directors, as they may be from time to time.

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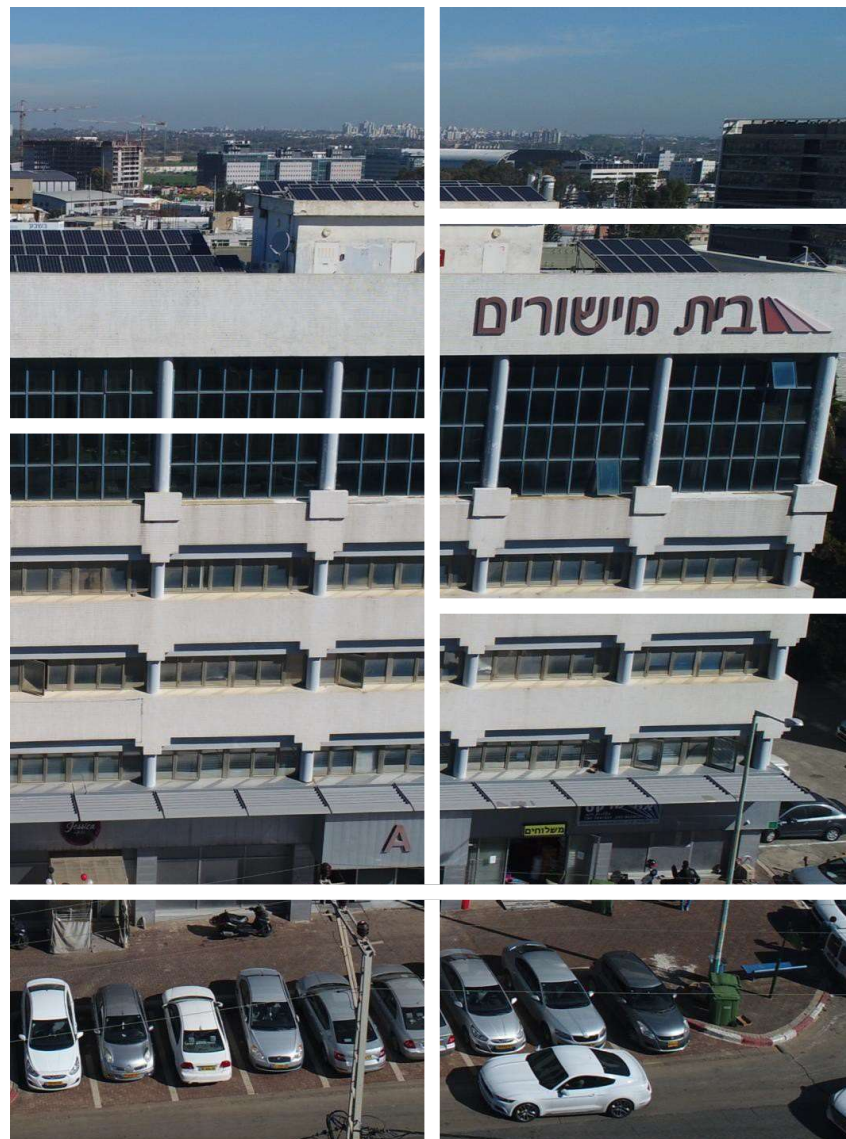
This presentation does not purport to encompass or to include all of the information that may be relevant for the purpose of making any decision whatsoever regarding an investment in the Company's securities.

In order to remove any doubt, it is clarified that the Company does not undertake to update the information that is included in the presentation.

This presentation does not constitute or contain part of any offer or invitation whatsoever to purchase the Company's securities and it does not constitute or contain part of an invitation to receive such offers. Such an offer may be made solely and exclusively by means of a prospectus that the Company may publish, after the receipt of the permits that are required from the Securities Authority and the Stock Exchange. In any case in which there is a discrepancy or lack of correlation between that stated in this presentation and the prospectus, that stated in the prospectus shall prevail. Furthermore, the presentation does not constitute any recommendation and/or any advice whatsoever in relation to the Company's securities.

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Business Card




Business Card

Mishorim invests in income-generating properties, commercial and office space, in Israel and in the United States.

 Mishorim's strategy focuses on investing in properties with significant capital gain potential.

 The Company owns properties with an overall area of approximately 246,000 Sq.m. (*) (along with partners).

 The Company's portfolio of properties in Israel has an average yield rate of approximately 17% on equity. The Company's portfolio of properties in the US has an average yield rate of approximately 27% on equity.

 Mishorim is a veteran company with rich, proven experience in enhancing income-generating properties and in generating high yield rates.

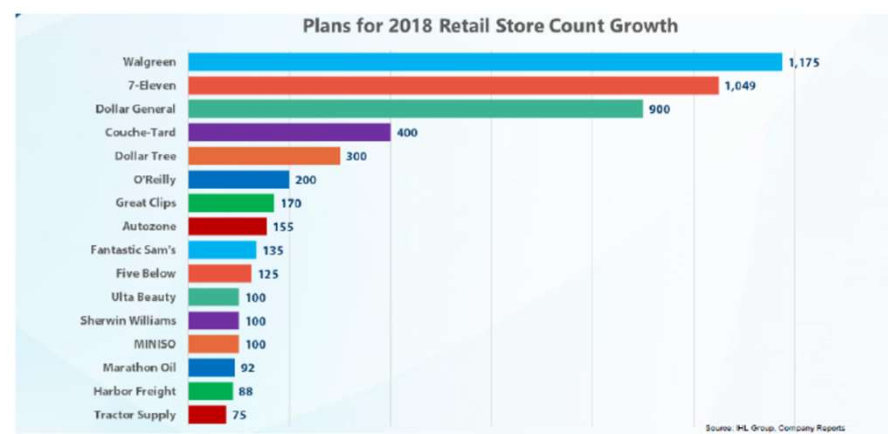
 In addition, Mishorim is the holder of controlling interest in Skyline Investments, which specializes in real estate investments in the hospitality field in the USA and in Canada, with a focus on yield properties.

The US commercial centers market

According to new research from IHL Group, North American retailers will open 12,663 stores and close 8,828 stores in 2018, for a net increase of 3,835 store locations. The report found that a handful of retailers — 16 companies — represented 66% of the total number of store closings.

“There has been a great deal of negative press about retail in the last two years, overall retail is very healthy... But there are vast differences in retail segments with some growing rapidly and others struggling.” Greg Buzek, president of IHL Group”

Stores that have been opened



Stores that have been closed



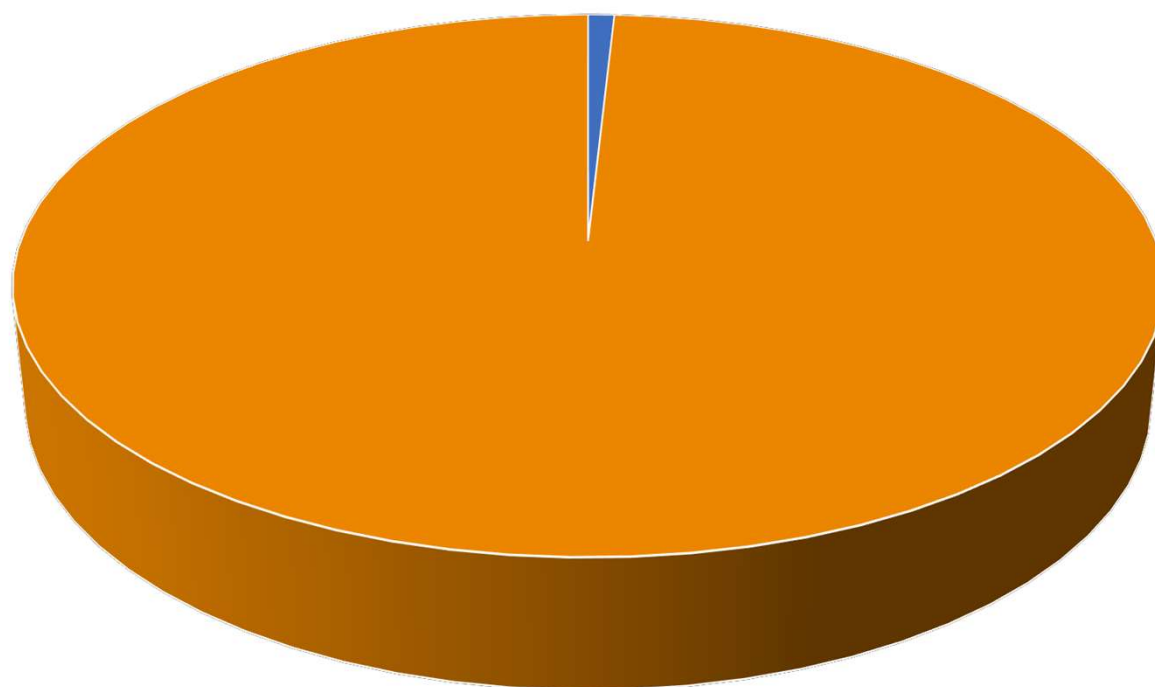
More new stores in the US were opened than were closed in 2018. The difference lies in the mix of stores.

Most of the Company's tenants in its centers are in two main categories:

- The services and entertainment sectors, including various of schools, clinics, entertainment places, restaurants, fitness centers and movie theaters.
- Discount stores, especially national chain stores such as: Family Dollar, Dollar Tree, Marshalls, TJ MAXX, Jo-Ann, Burlington and others.

The US commercial centers market

Malls 1,200



Strip mall
115,000

- There are 100 times more open centers than malls in the USA
- There are no giant retail chains in the centers that incorporate Mishorim properties
- The open centers in the "Shopping Plaza" format in which Mishorim invests are a completely different product from the malls, and this finds expression primarily in the different mix of tenants.

Business Card (as of 31.12.2018)

Capital equity
attributed to the
shareholders

NIS 478 M
(NIS 15.9 per
share)

Market value

NIS 211 M
As of 27.03.2019
(7.01 pershare)

A portfolio of
income-generating
properties in Israel
and in the USA with
an overall value of

NIS 941 M*

The representative
annual cash flows
and NOI in Israel and
the USA is

Approx.
NIS 70 M*

The Company's
bonds are rated at

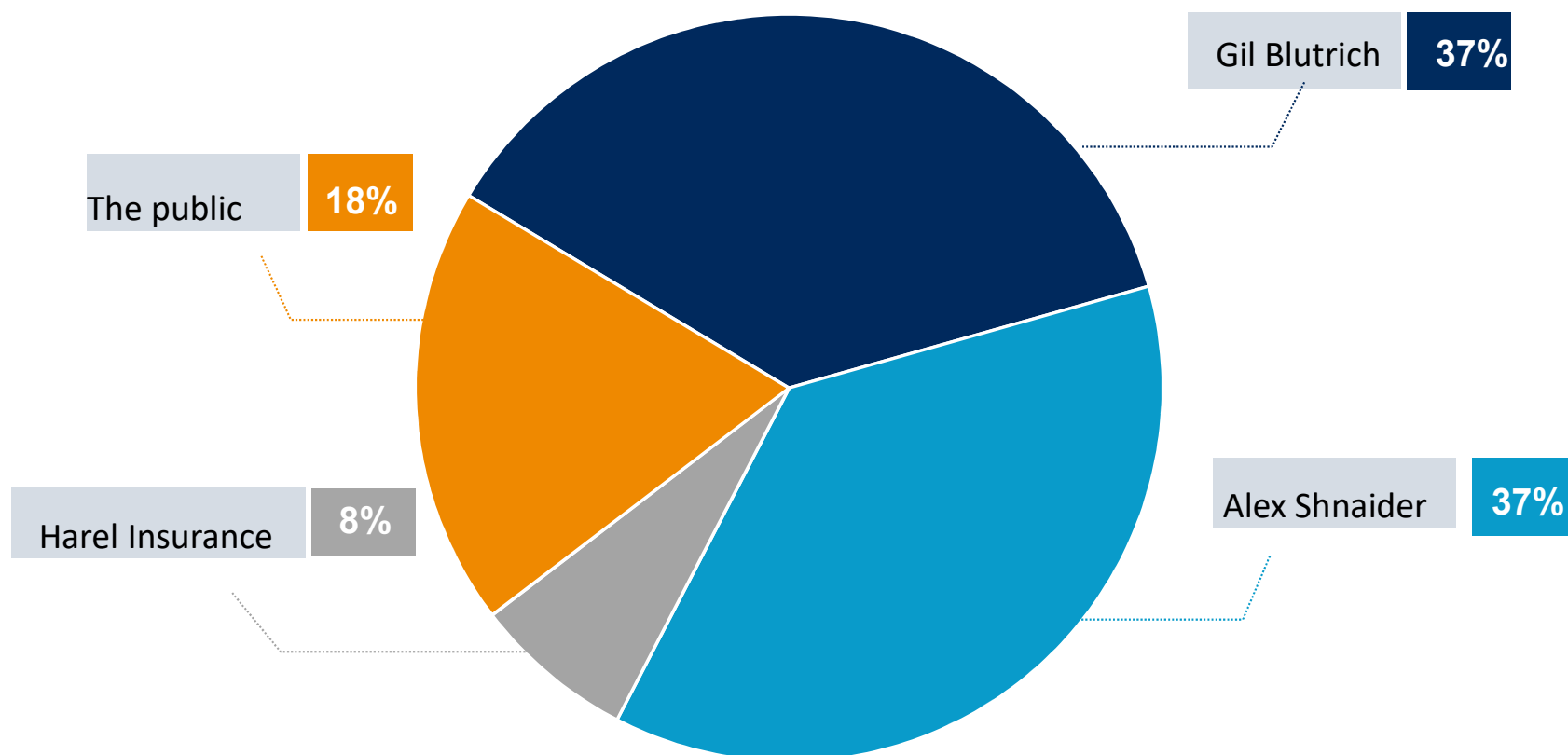
BBB+/Stable
by Maalot
S&P

Mr. Alex Shnaider and Mr. Gil Blutrigh are the joint holders of the controlling interest in the Company

* Excluding Mishorim's share of Skyline's properties.

The share holdings as of 31.12.2018

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Geographical distribution of activity

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Activity in USA and Canada
(Through Skyline)

NIS 358
million (**)

13 hotels of the Marriott Courtyard chain, another two hotels in Cleveland, 3 resorts in Canada with adjacent reserves of land for development and a ski resort in California in the USA

Activity in Israel (*)
(Through Mishorim)

NIS 413
million (*)

Income generating properties in Israel, primarily 12 office buildings and commercial areas in high demanded areas in the center of the country

Operations the USA
(Through Mishorim)

NIS 528
million (*)

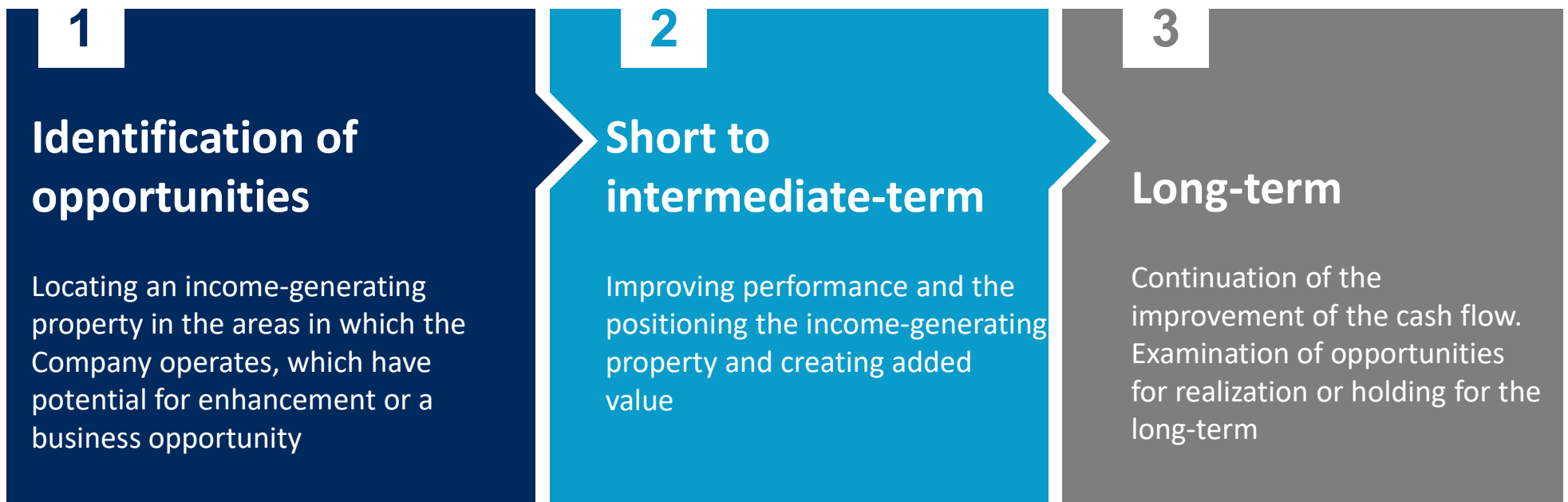
The holding is together with partners, in 14 income-generating properties in the United States, primarily commercial areas with high potential for enhancement as well as an apartments project

(*) Mishorim's effective share of the value of the real-estate properties as of 12.2018.

(**) The Company's share of Skyline's shareholders' equity

Strategy and business policy

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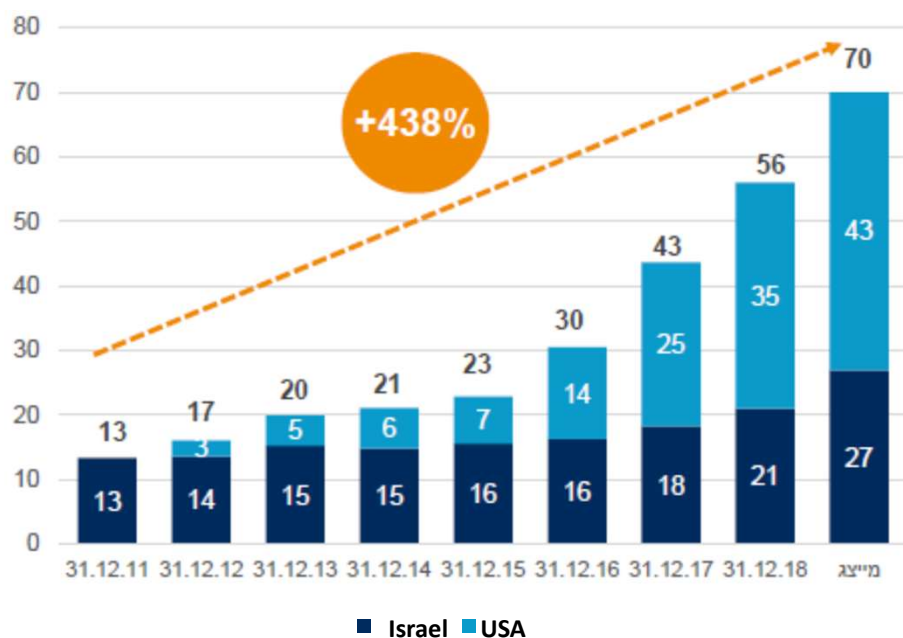
* See Chapter 1.3.3 of the report by the Board of Directors for details regarding the Company's plans.

Portfolio of income-generating properties

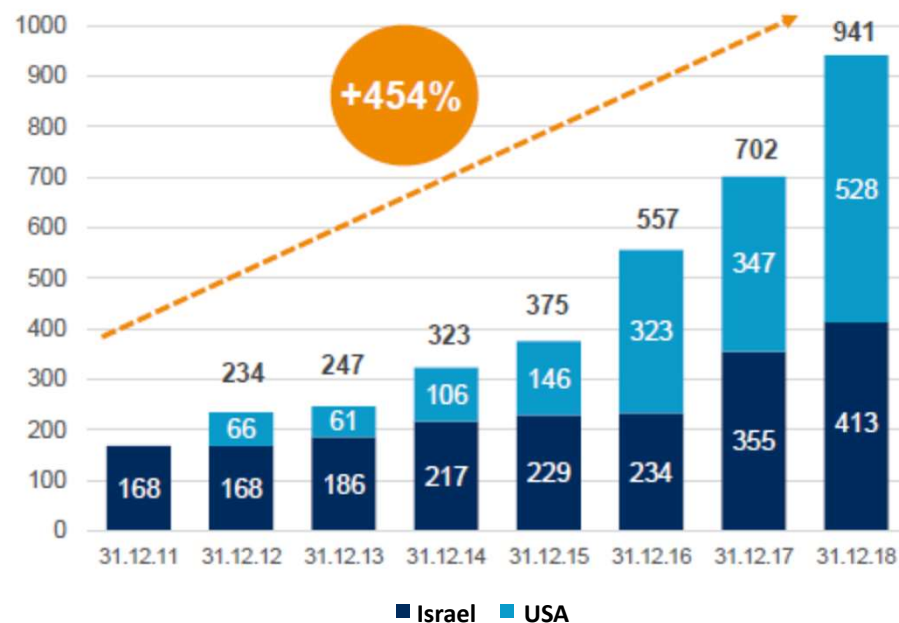
Operating activity in Israel and in the USA (the Company's relative share) – excluding Skyline

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NOI in NIS millions



The value of the assets in NIS millions



250% growth in the income-generating properties portfolio in three years and 300% growth in the NOI which the properties create.

* The representative NOI is an estimation only and a forward looking information, as defined in the Securities Law – 1968.

Development of the financial results

(In NIS thousands)

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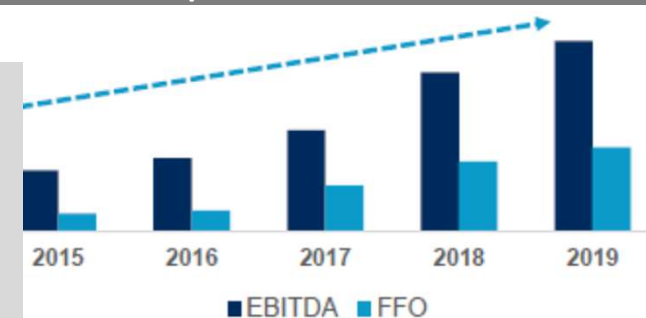
Consolidated with Skyline	2015	2016	2017	2018
Revenues	332,723	479,658	480,424	723,264
Gross profit	81,296	84,999	116,372	182,635
EBITDA	56,156	67,608	93,431	146,432
FFO	16,387	19,067	42,256	64,551

Expanded solo (*)	2015	2016	2017	2018
Revenues	38,936	56,727	57,449	78,644
Gross profit	24,142	30,576	43,602	55,603
EBITDA	15,691	20,306	31,525	39,422
FFO	(7,818)	(3,745)	(2,164)	(308)

(*) Expanded solo, including data from the company's income-generating properties activity in Israel and the USA alone.

** Estimation only and a forward looking information, as defined in the Securities Law – 1968.

Development in EBITDA and FFO



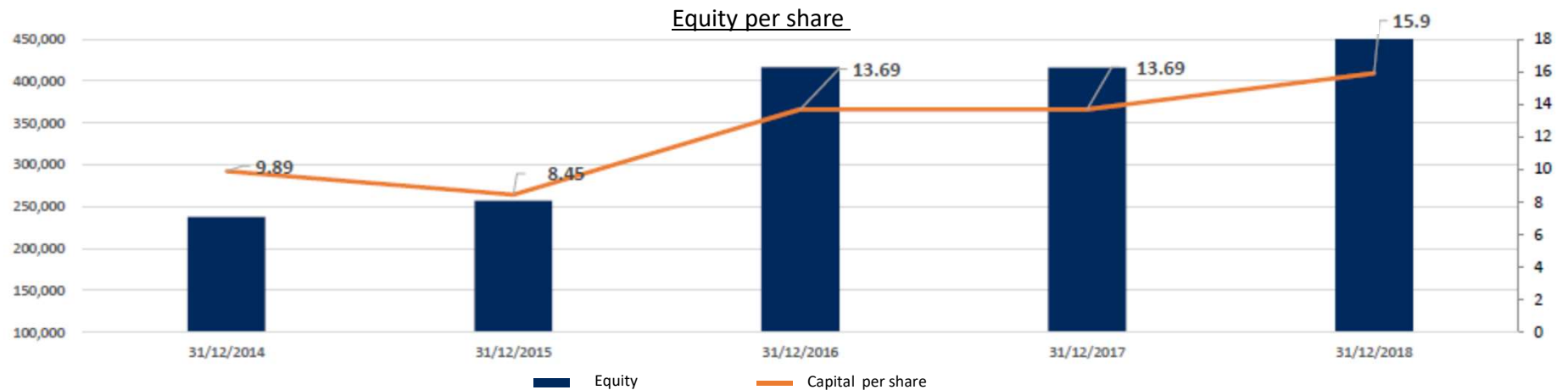
In 2019, the Company anticipates continued improvement in the results and that it will generate for the first time a material positive FFO (Extended Solo)

Development in EBITDA and FFO



Development of Company's equity

Equity and capital per share



The Company's Equity has increased from NIS 238 million in December 2014 to NIS 478 million in December 2018, an increase over 100%!

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Recent Developments



The main Events from 2018

▶ The acquisition of income-generating properties, with potential for enhancement and improvement in the cash flows in the short-intermediate term

▶ The sale of properties that have exhausted the potential for enhancement and in particular land that does not generate income.

- Constant improvement in the company's properties occupancy, acquisition of 3 additional properties and realization of 4 properties which have exhausted their potential for enhancement, improved and strengthened the actual NOI and EBITDA increasing in 26% compared to 2017 and almost **doubled compared to 2016**.
- The company presents for the first time balanced FFO in 2018 (excluding Skyline activity) and set a goal of significant positive FFO in 2019.
- The occupancy rate and the NOI on properties improved the value of properties significantly in 2018- **approximately NIS 31 Million increase in value of properties in Israel and NIS 34 Million and increase in value of properties in the US**.
- In 2017-2018 the company purchased 10 new properties in Israel and US, and realized 7 properties which have exhausted their potential for enhancement, a **total of 17 business transactions in 2 years!** All sales transactions were approximately to the company's book values.

Equity per share increased in 16% from 13.7 in 12.2017 to 15.9 in 12.2018

(*) Expanded solo, including data from the company's income-generating properties activity in Israel and the USA alone.

The main Events from 2018 | Skyline

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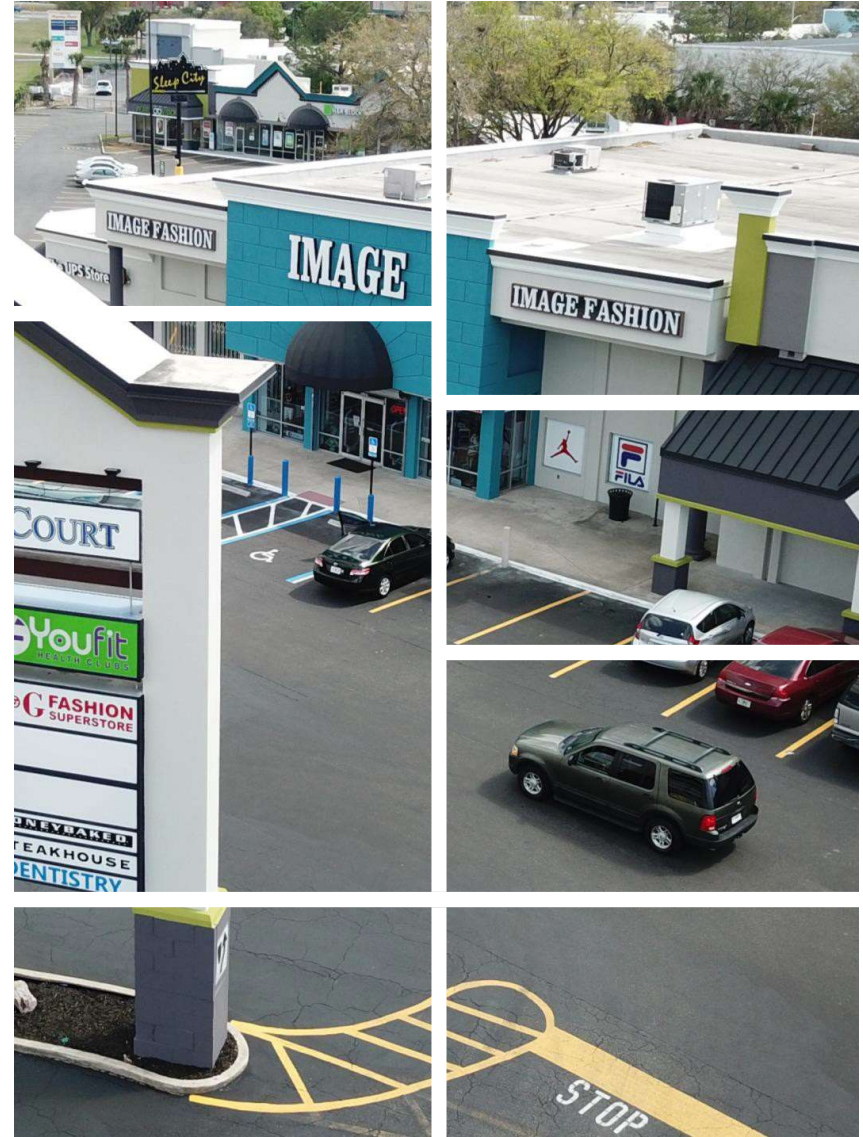
- **Increasing the income-generating component** in the Company's overall activity and reducing the non-income-generating component.
- **EBITDA increased by 83% compared to 2017, to CAN\$ 37 million.**
- **FFO increased by 113% to CAN\$ 24.7 million.**
- **The initial consolidation of the operations in 13 Marriott Courtyard hotels in the USA**, the acquisition of which was completed at the end of 2017 for a consideration of US\$ 135 million.
- **Continue to realize lands – has signed on a contract for the sale of 88 plots in Blue Mountain project for a consideration of CAN\$ 20 million** and at the beginning of 2019 signed a contract for the sale of commercial center in this site for CAN\$ 34.1 million, above the carrying value of the land in the accounting records.

SKYLINE
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Mishorim USA



Expertise

Specialization in the purchase of assets with a low occupancy rate and enhancing them by significantly increasing the occupancy rate, in a short-intermediate period of time and accordingly increasing the NOI on the assets **and strengthening the cash flows**

Location

Most of the assets that are purchased are open shopping plazas, which are located close to growing and known cities in the South-Eastern USA.

Tenants

Most of the Company's principal tenants are in two main categories:

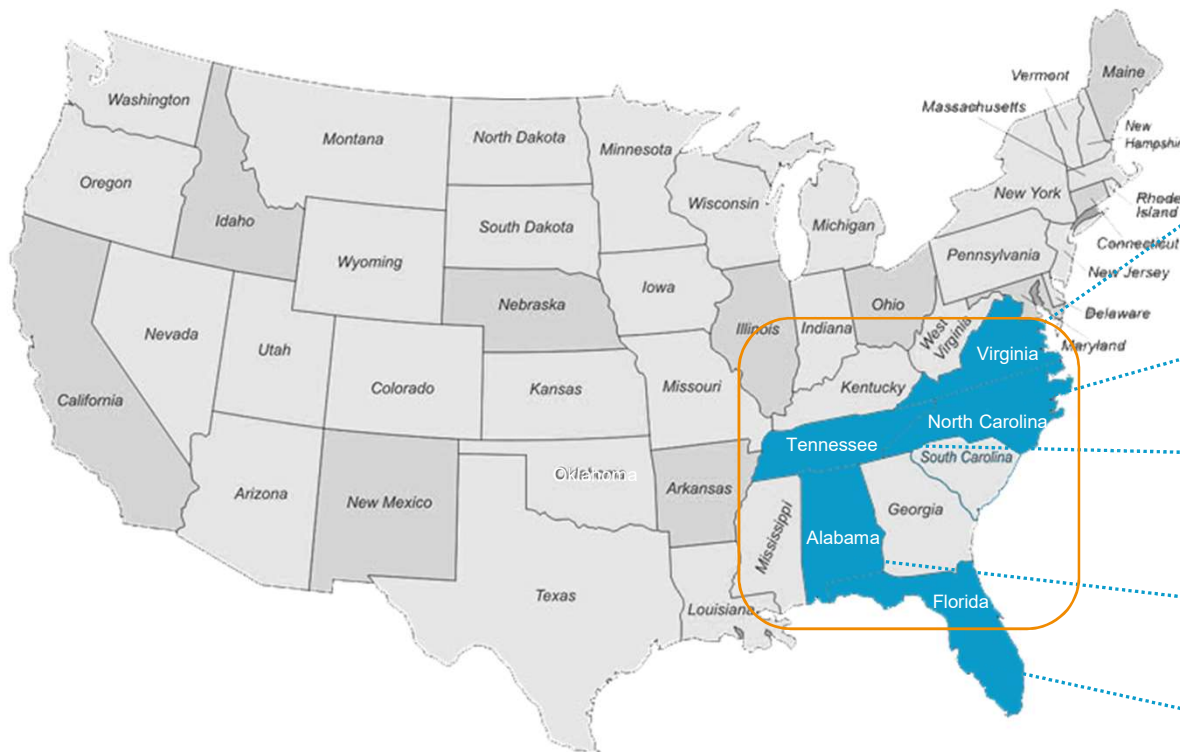
- The services and entertainment sectors, which include various sorts of schools, clinics, entertainment area, restaurants, fitness centers and movie theaters.
- Discount stores, in food, fashion and footwear, electrical products, toys, sport and camping fields, including supermarket chains such as: Food Lion and Bravo and others or chain stores with a national network, such as Dollar Tree, Family Dollar, Burlington, Jo-Ann, TJ MAXX, Marshalls and others

The Company believes that the tenants in these categories are less vulnerable to a fall in the retail sales, following the increase in on-line sales in the USA and that they will also be less vulnerable if and when there is a recession in the USA. As of the reporting date, the Company does not have any tenants that are giant retails store chains in the USA such as Walmart, Sears and others.

Mishorim USA

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The Company has 14 properties in the USA, most of which are concentrated in the South-Eastern of the Country



- Denbigh Village | Virginia
- Richmond | Virginia
- Lynnhaven | Virginia
- Dolley Madison | North Carolina
- Raleigh | North Carolina
- Battle Bridge | North Carolina
- Oakcreek | North Carolina
- Nashville | Tennessee
- University | Alabama
- Jacksonville | Florida
- Centro | Florida
- East Orlando | Florida
- Miami Parking | Florida
- Los Pasados | Nevada

USA | Summary of the properties portfolio

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All of the data are presented in NIS thousands ⁽¹⁾ as of 31.12.2018 and relate to the Company's share alone:

Property	Ownership %	Year purchased	Purchase cost	NOI at the time of the purchase	Current fair value	Representative NOI ⁽²⁾	NOI rate on cost	Occupancy rate	Specific debt	LTV	NOI rate on a cash basis – yield on equity
Los Pasados, Nevada	70%	2012	6,269	542	9,073	784	13%	90%	6,189	68%	595%
University, Alabama	60%	2015	43,318	2,409	58,997	5,007	12%	99%	32,861	56%	34%
Dolley Madison, N. Carolina	60%	2015	13,370	1,060	16,353	1,312	10%	78%	8,883	55%	20%
Denbigh, Virginia	60%	2016	31,243	2,313	58,775	4,556	15%	96%	34,669	59%	(3)
East Orlando, Florida	60%	2016	16,077	1,253	27,606	2,672	17%	100%	16,669	60%	(3)
Raleigh, N.Carolina	100%	2016	88,947	6,372	104,994	8,246	9%	100%	70,088	67%	24%
Centro, Florida	50%	2016	5,356	-	8,321	370	7%	100%	5,060	61%	30%
Richmond, Virginia	60%	2017	20,455	1,861	22,708	2,288	11%	86%	13,797	61%	25%
Regency court, Florida	60%	2017	12,383	1,291	31,725	2,474	20%	95%	7,397	23%	43%
Battle Bridge, N. Carolina	65%	2017	19,824	1,611	21,722	2,203	11%	100%	12,692	58%	24%
Oak Creek, N. Carolina	65%	2017	32,506	2,816	39,039	4,116	13%	100%	20,740	53%	28%
Hickory Hollow, Tennessee	65%	2018	30,316	2,475	39,795	2,412	8%	100%	19,713	50%	14%
Miami parking Lot	100%	2018	69,309	2,624	68,401	3,748	5%	NR	45,780	67%	7%
Lynnhaven Virginya	55%	2018	21,965	2,449	20,408	2,747	13%	57%	13,673	67%	25%
Total Portfolio			411,337	29,075	527,767	42,934	10%		308,210	58%	27%

48% growth in NOI, 28% increase in value

(1) At an exchange rate of 3.748.

(2) The representative NOI is an estimation only and a forward looking information, as defined in the Securities Law – 1968.

(3) Since all of the equity that had been invested has been recovered, so the yield on equity is infinite.

USA | Regency Court Florida

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In a period of approximately one year, the Company has increased the property's occupancy rate to 95%, which has significantly increased the NOI that the property generates and the value has increased accordingly.

Main points

- **General** | A commercial property that is located in Jacksonville, Florida in the USA. The property was acquired with an occupancy rate of just 34%, with the purchase price reflecting a yield of 10% on NOI that was generated at that occupancy rate.
- **Area for rental** | the commercial center has an area of approximately 32 thousand Sq.m. situated on land with an area of approximately 117 thousand Sq.m.
- **The timing of the acquisition of the property** | 11.2017
- **Mishorim's share of the property** | 60%

Developments in the main parameters (data pursuant to 100% of the property)

	At the time of the acquisition 11.2017	31.12.2018
Occupancy rate	34%	95%
Annual NOI rate (in \$ millions)	0.5	1.1
Value of the property (in \$ millions)	5	14.25

Activity performed to enhance the property

- Occupancy of most of the vacant areas within a short period of time.
- At the time of the purchase, the Company received financing for the property at an LTV of 68%.

USA | Denbigh Village Virginia



In a period of approximately six months, the Company has significantly increased the NOI that the property generates and the value has increased accordingly.

In the second quarter of 2018 the Company received bank financing of 15.7 million dollars, which recovered the full amount of the equity that was invested in the property for the Company.

Main points

- **General** | A commercial property that is located in Newport News in Virginia in the USA. The site contains a large amusement park, a bank branch and a dentist and numerous service businesses as well as the Burlington chain as an anchor tenant.
- **Area for rental** | the commercial center has an area of approximately 32 thousand Sq.m. situated on land with an area of approximately 117 thousand Sq.m.
- **The timing of the acquisition of the property** | 02.2016
- **Mishorim's share of the property** | 60%

Developments in the main parameters (data pursuant to 100% of the property)

	At the time of the acquisition 02.2016	31.12.2018
Occupancy rate	55%	96%
Annual NOI rate (in \$ millions)	1	2
Value of the property (in \$ millions)	10.7	26.4

Activity performed to enhance the property

- Occupancy of most of the vacant areas within a short period of time and at higher rentals than the existing rentals.
- Shortly after the acquisition, the Company received intermediate-term financing in an amount approximate to the cost of the investment in the property.

USA | University Place Alabama

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Main points

- **General** | A commercial property that is located in Huntsville in Alabama in the USA. The property has the Burlington chain as an anchor tenant
- **Area for rental** | the commercial center has an area of approximately 16 thousand Sq.m. situated on land with an area of approximately 90 thousand Sq.m.
- **The timing of the acquisition of the property** | 10.2014
- **Mishorim's share of the property** | 60%
- **In July 2017, the Company refinanced the property and received a bank loan of 15 million dollars.**
- **On 12.2018, the Company reported on a sale of the property for approximately 26.5\$ M**

Developments in the main parameters (data pursuant to 100% of the property)

	At the time of the acquisition 10.2014	31.12.2015	31.12.2018
Occupancy rate	47%	69%	99%
Annual NOI rate (in \$ millions)	1.1	1.2	2.2
Value of the property (in \$ millions)	16	23.35	26.50

Activity performed to enhance the property

- The occupancy of vacant areas at competitive rentals compared to that which is generally acceptable in the proximate competitive environment, which affords the Company an additional upside in the future when renewing contracts.
- The Company has received financing for the property and recovered most of the equity invested



In a period of approximately eighteen months, the Company has increased the property's occupancy rate to 100%, which has significantly increased the NOI that the property generates and the value has increased accordingly.

Eighteen months after the acquisition, banking finance was received returning the acquisition cost.

USA | Wakefield Commons Raleigh, North Carolina



Main points

- **General** | A commercial and entertainment center, which is located in the city of Raleigh in North Carolina. There are 2 anchor tenants in the property (a cinema and an amusement park). The center is built on part of a plot of land with an area of approximately 100 thousand Sq.m.
- **The timing of the acquisition of the property** | 11.2016
- **Mishorim's share of the property** | 100%
- **Year constructed** | 2000/2005
- **Area for rental** | approximately 15 thousand Sq.m.
- **Number of parking spaces** | approximately 1,300

Developments in the main parameters

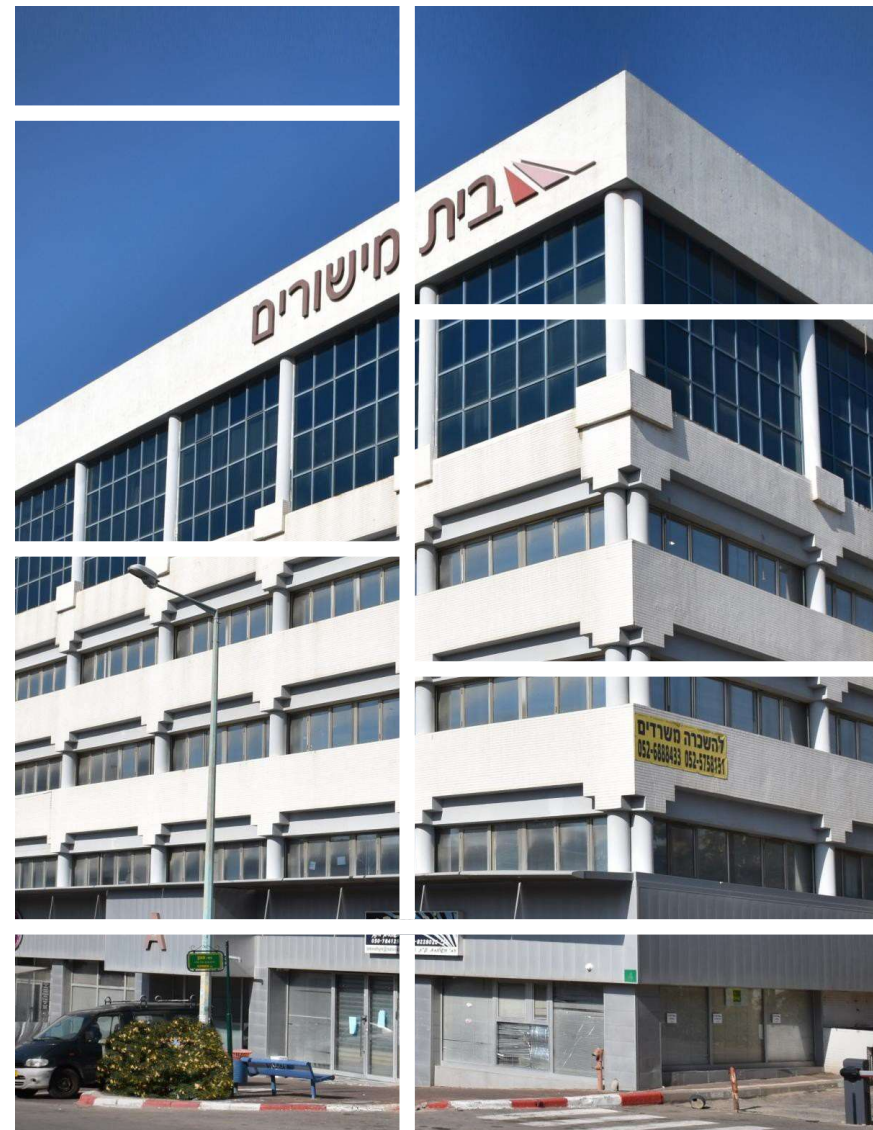
	At the time of the acquisition 11.2016	31.12.2018
Occupancy rate	83%	100%
Annual NOI rate (in \$ millions)	1.7	2.2
Value of the property (in \$ millions)	21.75	28.0

- The Kroger chain (BBB) rents approximately 35% of the commercial areas in the property under a long-term agreement, and it subleases the said areas to the amusement park that was opened recently, which is generating significantly higher rent than in the original rental agreement that was signed with the owner of the property.



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Mishorim Israel



Expertise

The Company specializes in the purchase of assets with a low occupancy rate and enhancing them by significantly increasing the occupancy rate, in a short-intermediate period of time and accordingly to increase the NOI on the assets **and strengthening the cash flows**

Location

Most of the assets that are purchased are office buildings, which are located in main and developing cities in the Center and in the North of the Country.

Tenants

Most of the Company's principal tenants are in two main categories:

- Technology companies (hi-tech) at the beginning of their journey, which are looking for areas to rent with potential for growth.
- Self employed people and small businesses – lawyers, accountants, insurance agencies and others.

The Company believes that the tenants in these categories afford maximum flexibility and the Company is not dependent on just one significant tenant. By renting medium-sized areas to numerous tenants, there are no significant empty areas left if a tenant leaves.

Israel | Summary of the portfolio of properties

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All of the data are in NIS thousands as of 31.12.2018

Property	Year purchased	Total cost	NOI at the time of purchase	Current fair value	Current NOI ⁽¹⁾	NOI rate on cost	Occupancy rate	Specific debt	LTV	NOI rate on a cash basis – yield on equity
Others (4)	1998-2002	7,815	700	15,800	942	12%	-100% 82%	6,935	43%	10%
Bilu Design	2006	18,591	1,500	38,100	2,418	13%	100%	-	-	13%
Kiryat Ha'Meda, Rehovot	2007	32,143	1,000	58,000	4,047	13%	89%	24,725	60%	(3)
Kfar Saba	2007	19,900	900	27,600	2,200	11%	100%	17,308	63%	85%
Kiryat Matlon, Petach Tikva	2008	28,889	-	44,900	2,711	9%	94%	28,031	62%	283%
Kiryat Arie, Petach Tikvah	2009	12,297	-	16,300	1,160	9%	100%	9,823	60%	47%
Rosh Ha'Ayin (2)	2013	28,300	200	43,700	3,216	11%	98%	23,675	54%	70%
Afula	2017	33,942	2,100	36,000	2,700	8%	97%	-	-	8%
Industrial Zone, Ra'anana	2017	24,797	1,100	21,500	817	3%	65%	11,229	52%	6%
Haifa	2017	83,700	-	111,000	7,350	8%	80%	-	-	8%
Total		295,764	7,500	412,900	27,561	9%		131,726	32%	17%

267% growth in NOI, 40% growth in value

(1) The representative NOI is an estimation only and a forward looking information, as defined in the Securities Law – 1968.

(2) 75% owned.

(3) Since all of the equity that had been invested has been recovered, the yield on equity is infinite. (4) Including realized property in the first quarter of 2018

Israel Sha'ar Ha'Namal, Haifa

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The property is in an excellent location, with high demand, and was acquired at a low occupancy rate

Main points

- **General:** Office buildings and a parking facility, which are located in the heart of the downtown in Haifa.
- **Area for rental:** Approximately 15,000 Sq.m. and approximately 420 parking spaces inside the building.
- **Timing of the acquisition of the property:** 07.2017
- **Mishorim's share of the property** 100%▪

Developments in the main parameters

	At the time of the acquisition 07.2017	31.12.2018
Occupancy rate	20%	80%
Annual NOI rate (in NIS millions)	-	7.35
Value of the property (in NIS millions)	58	111

Activity performed in order to enhance the property

- The office building is built on an overall area of 6,658 Sq.m., with a constructed area of approximately 33 thousand Sq.m. The Company acquired all of the ownership rights in the building, which is used for offices, storage, commercial areas and parking. As of the time of the signing of the purchase agreement, the occupancy rate in the building stood at just 20%.
- The Company opened the building to incidental customers and this raised the income from the parking facilities.
- Within a year, the Company has signed on rental agreements and has occupied the building, with the occupancy rate having been increased to approximately 70%.
- In addition, the company is working with the relevant authorities in order to receive additional construction rights in the property that would enable it to build additional floors on the roof of the building, which would be used for residential purposes or as offices.

Israel Kiryat Ha'Memshala, Afula

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At the time of the negotiations for the purchase of the property, the Company had increased the occupancy rate and the NOI that the property generates.

Main points

- **General** : A building for businesses and offices, which is located on Jerusalem Street in Afula, whereby most of the tenants are government ministries.
- **Area for rental** :5,747 Sq.m. and approximately 100 parking spaces on the ground floor.
- **Timing of the acquisition of the property** :04.2017
- **Mishorim's share of the property**: 100%

Developments in the main parameters

	At the time of the acquisition 04.2017	31.12.2018
Occupancy rate	70%	97%
Annual NOI rate (in NIS millions)	2.1	2.7
Value of the property (in NIS millions)	30	36

Activity performed in order to enhance the property

- The office building is built on land with an area of approximately 5,500 Sq.m., with a constructed area of approximately 7,350 Sq.m., of which the Company acquired 5,457 Sq.m., most of which is used for offices, which are leased to various government ministries. In addition, the Company purchased approximately 100 parking spaces adjacent to the building, with an area of 900 Sq.m.
- At the time of the negotiations for the purchase of the building, the Company conducted negotiations in parallel for the rental of the empty areas in the building, such that at the time of the acquisition, it had already succeeded in renting out most of the empty areas and the property was effectively acquired at a significantly higher yield.

Israel Park Afek, Rosh Ha'Ayin

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Main points

- **General** : A business and office building, which is located at 19 Ha'Malacha Street in the Park Afek Industrial Area in Rosh Ha'ayin.
- **Area for rental**: Approximately 6,300 Sq.m. and approximately 86 parking spaces on the ground floor.
- **Timing of the acquisition of the property** 11.2013
- **Mishorim's share of the property** 75%

Developments in the main parameters

	At the time of the acquisition 11.2013	31.12.2015	31.12.2018
Occupancy rate	12%	82%	100%
Annual NOI rate (in NIS millions)	0.2	1.5	3.2
Value of the property (in NIS millions)	18	34.8	43.7

Activity performed in order to enhance the property

- The Company has made investments in order to improve the positioning and visibility of the property, whilst adopting a modern design line.
- The occupancy of available areas at competitive rentals (approximately NIS 35 – 40 per square meter per month) compared with that which is generally acceptable in the nearby competitive environment (approximately NIS 40 – 55 per square meter per month), which affords the Company a future upside when renewing contracts.
- The Company has refinanced the property under attractive terms and thus has succeeded in recovering the main part of the independent resources.

The Company has increased the value of the property and the NOI that the property generates.

The Company's achievements in enhancing the property are particularly positive in light of the volume of vacant space in the area as well as the high level of competition in the nearby competitive environment.

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Skyline



Skyline

MISHORIM
I N V E S T M E N T S

Vision

To build one of the leading companies in North America specializing in investment in income-generating hospitality properties.

SKYLINE
I N V E S T M E N T S

Business strategy

- The acquisition of new income-generating hospitality properties with the objective of diversifying the geographical spread and reducing the impact of seasonality.
- The reduction of the component of land to the balance sheet total to less than 10%.
- Active management and the improvement of the cash flows from the existing properties.

The year 2018

- **EBITDA has increased by 83% compared to 2017 to CAN\$ 37 million.**
- **The FFO has increased in 63% to CAN\$ 19.7 million.**
- **The company has signed on a contract for the sale of 88 plots in Blue Mountain, in exchange of CAN\$ 20 million and at the beginning of 2019 signed a contract for the sale of shopping center at the same site for exchange of CAN\$ 34.1 (above the book value).**

Courtyard by Marriott

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Main points

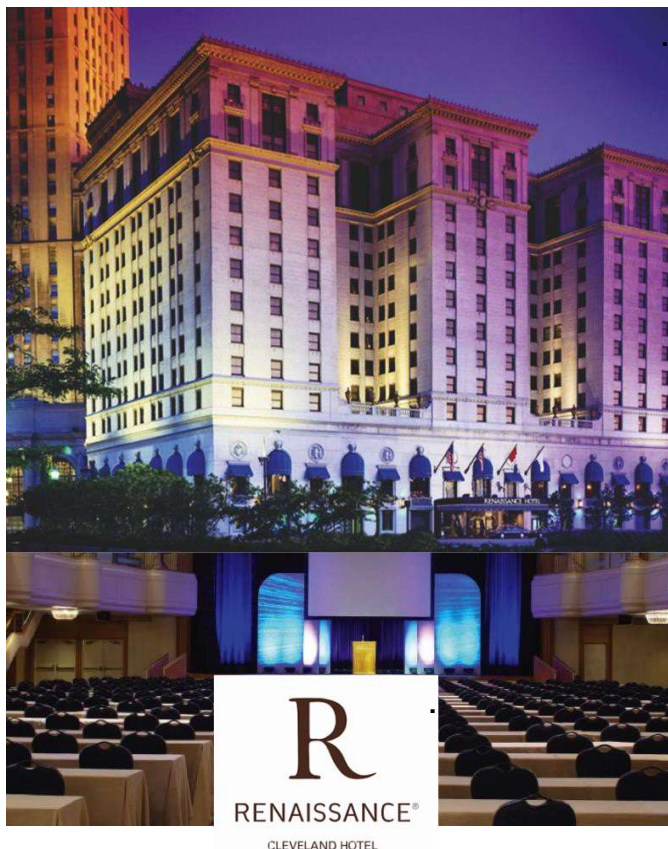
- In November 2017 Skyline completed the acquisition of 13 business hotels under the Courtyard by Marriott brand for a consideration of US\$ 135 million.
- Specific financing was received from an American bank in an amount of US\$ 90 million for the purposes of the transaction.
- The hotels are spread over 9 states in the USA, and contain 1,913 rooms.
- This is a leading brand of business hotels – Selected Service.
- The transaction reflects an average cost of US\$ 70,500 a room
- **After the completion of the transaction, Skyline owns 19 income-generating properties, with approximately 3,200 managed hotel rooms.**

In US\$ thousands	2015	2016	2017	2018
Revenues	49,236	51,127	52,937	50,628
NOI	13,121	14,508	14,920	13,792
Ratio of revenues to NOI	27%	28%	28%	27%

Renaissance Cleveland Hotel

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Main points

- A historical heritage site that was built in 1918. The property is located in the business center of downtown Cleveland, USA, close to the city's main square.
- The hotel contains 491 rooms and 34 conference rooms (with competitive positioning that is a leader in the region), on a significant scale of approximately 6,000 Sq.m. as well as an independent parking building (adjacent to the hotel) with approximately 300 parking spaces.
- The city square, adjacent to which the hotel is located, has been renovated by the municipality at an investment of US\$ 40 million.
- Shortly after the time of the acquisition of the property by the Company, a concession agreement was signed with the global Marriott chain for a period of 20 years. The hotel is managed by Ambridge, a management company that manages more than 300 hotels in the USA.
- The company holds the hotel together with a partner. The Company's share of the hotel stands at 50%.
- The hotel is expected to undergo a significant upgrade over the coming years.

Acquired for a consideration of US\$ 19.1 million + Skyline received a premium of \$3.5 million from the partner in the transaction

The current NOI on the property is CAN\$ 7.5 million

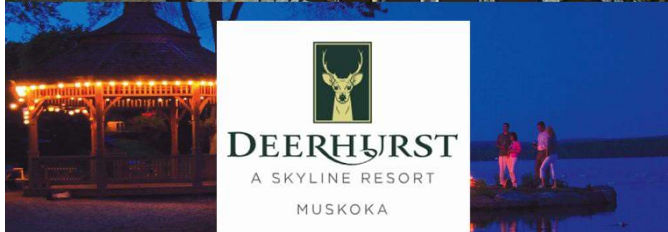
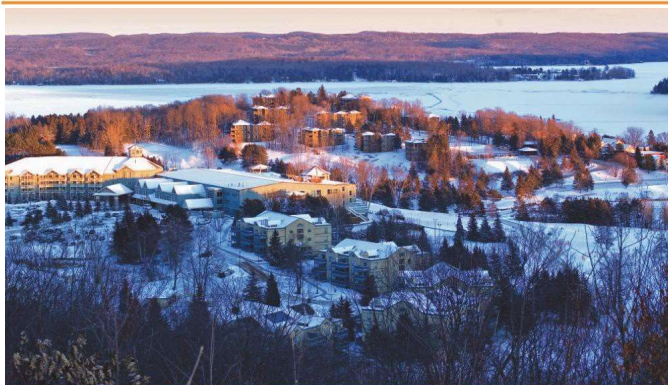
The fair value stands at CAN\$ 79 million as of 31.12.2018

The receipt of a bank financing facility of CAN\$ 35 million for the acquisition and enhancement

Deerhurst Resort

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Main points

- A luxury resort site that is located in the Muskoka District, which is located near to the City of Huntsville, about two hours travelling time from Toronto.
- The site contains 313 rooms (of which 102 rooms are owned by the Company and 211 are managed), two golf courses, conference halls, swimming pools, restaurants and a private airfield.
- The site, which is located on land with an area of approximately 800 acres (approximately 3.2 million Sq.m.), hosted the G-8 summit in 2010.
- The resort is expanding with the construction of the Lakeside Lodge project, an apartment building with 150 housing units, which can also function as an inventory of rooms for the hotel.
- A re-zoning plan has been approved for part of the land for approximately 640 housing units and approximately 4,500 Sq.m. of commercial space.

Acquired for a consideration of CAN\$ 27 million
At the time of the acquisition, the NOI stood at approximately CAN\$ 2 million.

137 apartments out of 150 that are under construction have been sold.
Income of CAN\$ 58 million is expected from the sales

The fair value stands at CAN\$ 76 million as of 31.12.2018.
The property generates NOI of CAN\$ 6.1 million.

The property serves as collateral for the bonds (Series A).

Financial Data



Main points from the December 2018 reports

- From the beginning of the year 2018, the Company has acquired three income-generating properties, in all of which a clear horizon of potential for enhancement and improvement in the cash flows in the short-medium term have been identified. The implication of these purchases on the cash flows has not yet found expression in the financial statements.
- The Company's operating turnover increased from approximately NIS 480 million in 2017 to approximately NIS 723 million in 2018 (+ 50%).
- The gross profit increased from approximately NIS 62 million in 2017 to approximately NIS 129 million in 2018 (+ 108%).
- The overall profit for the shareholders amounted on approximately NIS 65 million for 2018.
- **Mishorim's equity** as of December 31, 2018, amounted to NIS 939 million (of which NIS 478 million is attributed to the shareholders in the Company), constituting 29% of the balance sheet total.
- **The equity per share as of December 31, 2018, attributable to the shareholders in the Company, stands as NIS 15.9.**

Summary of the financial data at an expanded solo level

(12.2018 in NIS millions)

Income-generating properties in Israel	413	Debt against properties in Israel	132
Income-generating properties in the USA	528	Debt against properties in the USA	308
Other assets	37	Debt to bondholders	494
Cash and other Liquid balances	158	Total gross financial debt	934
Share of Skyline's shareholders' equity	358	Other liabilities, net (primarily deferred taxes)	82
		Equity – attributed to the shareholders in the Company	478
Total assets at an expanded solo level	1,494	Total liabilities and equity at an expanded solo level	1,494

Summary

- Mishorim has undergone a significant change in the past two years, which has found expression by focusing its operations in the field of income-generating properties, all commercial and office space in Israel and in the USA.
- The Company is **continuing the growth** in the focused field of activity has made three additional acquisitions during the year and has realized four properties which have exhausted their potential for enhancement.
- **In 2019, the Company anticipates continued improvement in the results and that it will generate for the first time a material positive FFO (Extended Solo)**
- **The Company's properties in the USA are leased to tenants in the services, entertainment and leisure fields, or to low-price and discount stores. The tenants from these categories are expected to be less vulnerable to a decline in the retail sales field as a result of increased on-line sales in the USA and also to be less vulnerable if and when there is a recession in the US.**
- All of the Company's investments in income-generating properties have made a significant enhancement by increasing the occupancy rate, increasing the NOI and strengthening the cash flows.
- **Skyline** (in which Mishorim has a holding of 50%) has undergone significant focusing in its field of activity; it has realized most of its holdings in land that does not generate income and is focusing on select service type hotels, which generate stable cash flows and are less exposed to seasonal fluctuations.



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Thank you

