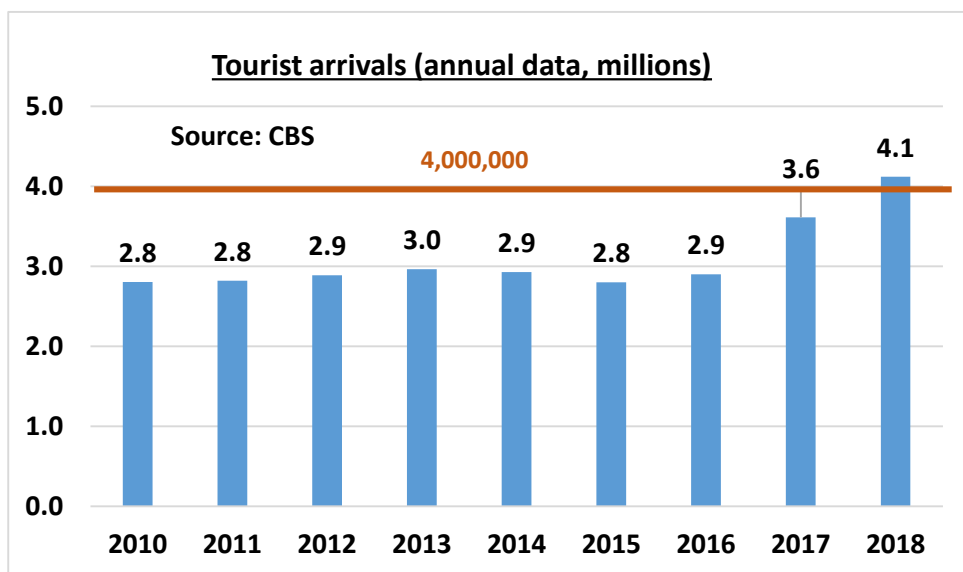


2018 ends in a second consecutive record-breaking year for tourist arrivals



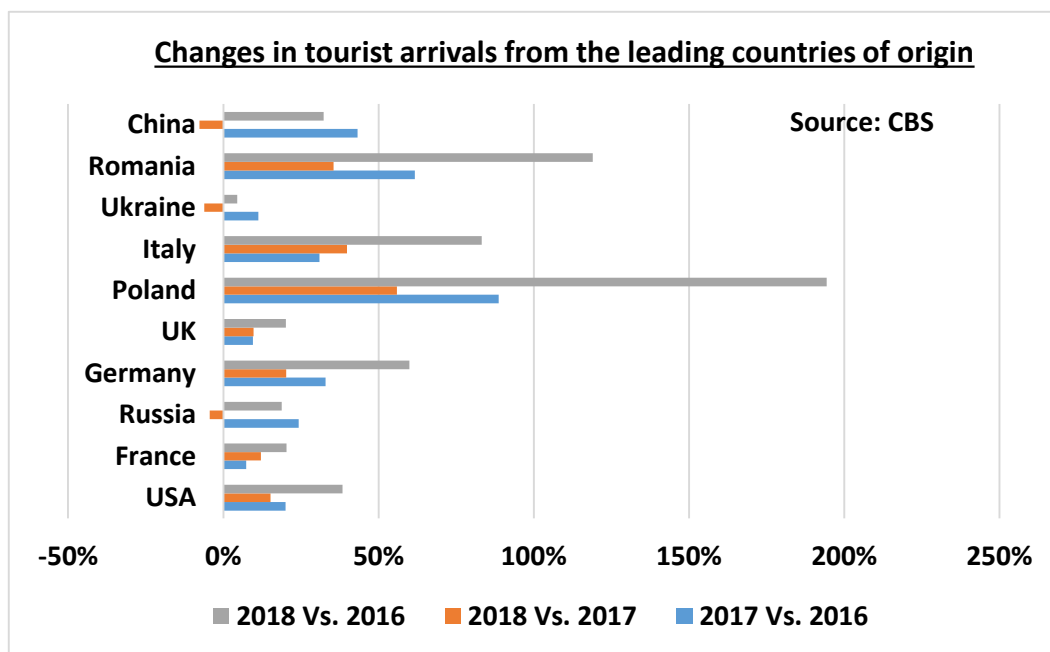
A record 4.1 million tourists entered Israel in 2018, an increase of 14% over 2017 and 42% over 2016. Tourist stays in Israel in 2018 averaged nine days, the main tourist seasons being March through May, and October-November. Estimated income from tourists in 2018 was NIS 22 billion compared with

NIS 18.5 billion in 2017 and NIS 16.6 billion in 2016. The tourism industry constitutes 2.6% of GDP.

Of the top ten countries of origin, growth in tourism from France, Italy and the UK in 2018 over 2017 exceeded growth compared to 2017 over 2016. Of the other countries, growth in tourism from Romania, Poland, Germany and the United States in 2018 remained positive, but was more modest compared with 2017. Tourist arrivals from China, Russia and the Ukraine declined in 2018; Chinese tourism, which grew by an impressive 43% in 2017, declined by 7.7% in 2018. Tourist arrivals from Russia in 2018 declined by 4.4% after grew by 24% in 2017.

Tourist arrivals from the Ukraine also posted a decline of 6.1% in 2018 after growth of 11% in 2017.

Current 'emerging' countries of origin are India, the Czech Republic, Brazil and Hungary.



Hotel revenue in Israel for the first nine months of 2018 totaled NIS 9 billion (NIS 3.6 billion

consisted of revenue from tourists), representing 8.6% real growth (beyond the Consumer Price Index) compared to the same period in 2017.

Revenue growth reflects an increase in real terms of 11.5% in tourist person-nights and of 6.7% in Israeli person-nights, events and other hotel services.

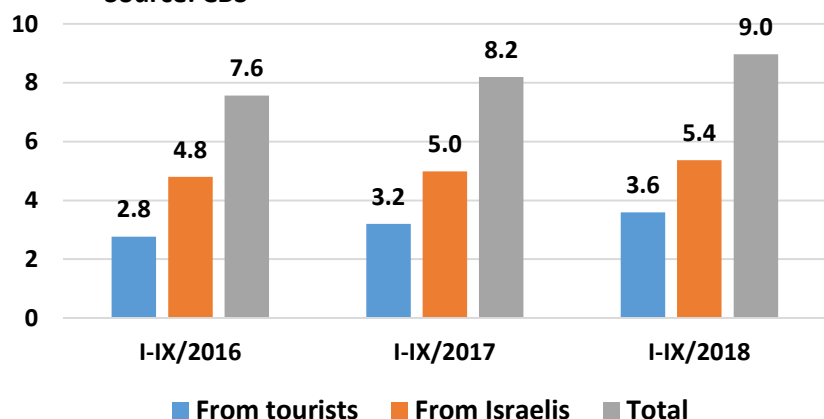
Income from domestic tourism as a percentage of total income from hotels is highly significant on a national average: 60% of revenue derives from Israeli person-nights, events and other hotel

services, and 40% from tourist person-nights.

However, segmentation of revenue data by city indicates that hotel income in Jerusalem and Tel Aviv is largely reliant on foreign tourists. In 2018, 69% of hotel revenue in Tel Aviv and 65% of hotel revenue in Jerusalem came from tourist person-nights. Dead Sea and Eilat hotels rely on domestic tourism and are less sensitive to changes in tourist arrivals.

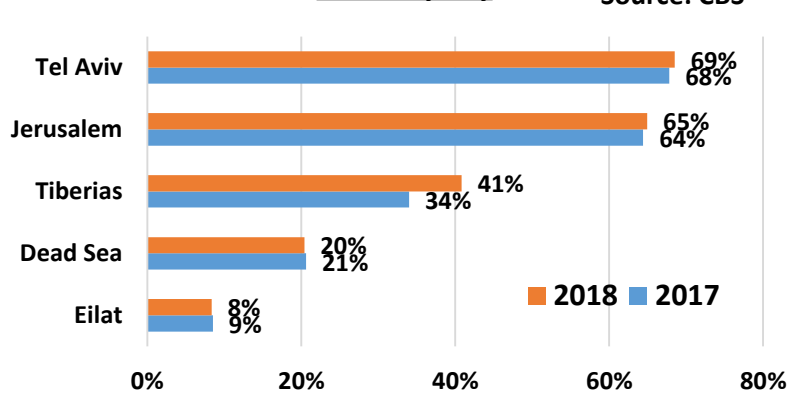
Revenue in hotels, NIS billions, Jan-Sep data 2016-2018

Source: CBS



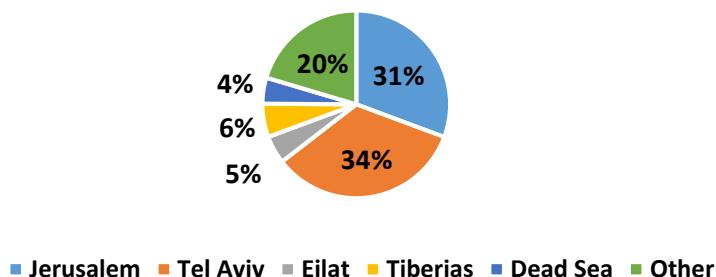
Revenue from tourists as % a of total revenue in hotels by city

Source: CBS



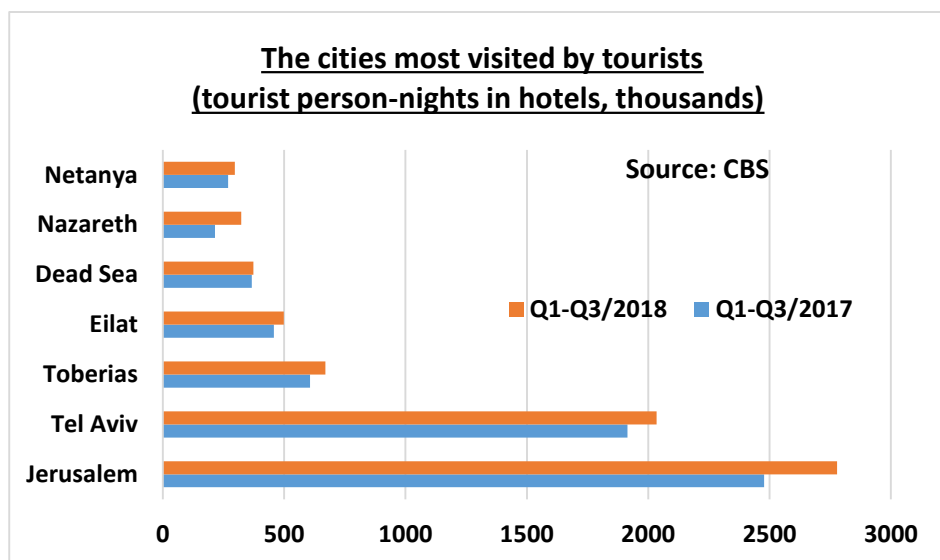
Revenue from tourist person-nights by city as % of total

Source: CBS



Two thirds of revenue from tourist person-nights were earned by hotels in Tel Aviv (34%) and Jerusalem (31%). Tourist person-nights in Tiberias hotels constituted 6% of the total. Eilat earned only 5% of the revenue from tourists and the Dead Sea 4%.

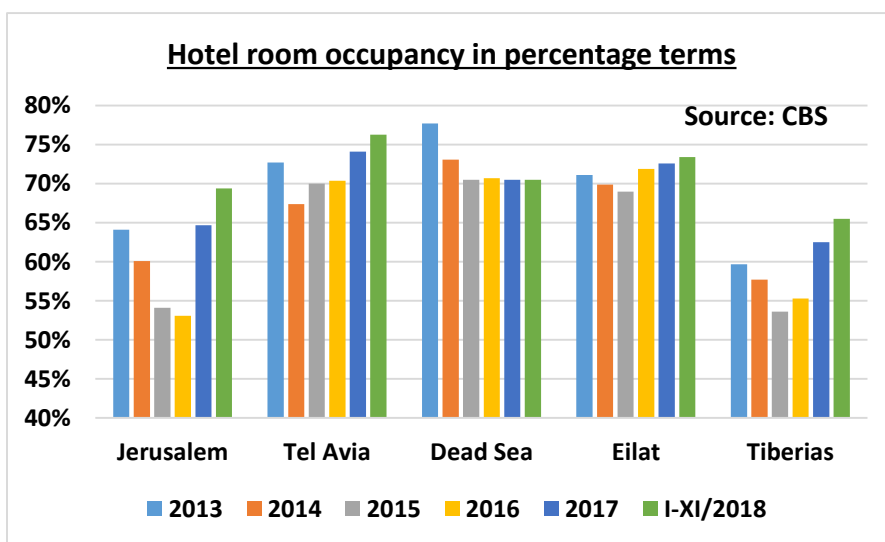
Jerusalem, Tel Aviv and Tiberias are the cities most visited by tourists in Israel



Based on the figures for tourist person-nights in hotels, Jerusalem is the city most visited by tourists in Israel. Tourist person-nights for the first three quarters of 2018 amounted to 2.8 million compared with 2.5 million for the same period in 2017. Tel Aviv posted a more modest increase; 2 million person-nights for the same period in 2018. As aforesaid, Jerusalem saw the

sharpest rise.

There was also a substantial increase in hotel room occupancy in Jerusalem, Tel Aviv and Tiberias. Hotel room occupancy in Jerusalem rose dramatically from 53% on average in 2016 to 70% on average for the period January to November 2018. In Tel Aviv, hotel occupancy rose from 70% to 76%, while Tiberias saw occupancy rise from 55% to 65%.



Hotels in Israel by region, as at June 2018 (source: CBS)		
	Number of hotels	Number of rooms
Jerusalem District	93	11,578
Tel Aviv District	94	10,628
Northern District	87	9,795
Haifa District	26	2,381
Southern District	83	17,043
Central District	30	2,862
<b>Total</b>	<b>413</b>	<b>54,287</b>

