



Madrid, 15 March 2023

Millenium Hospitality Real Estate, SOCIMI, S.A. pursuant to the provisions of Article 17 of Regulation (EU) No. 596/2014 on market abuse and Article 228 of the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October, and related provisions, as well as Circular 3/2020 of the BME Growth segment of BME MTF Equity ("BME Growth"), hereby discloses the following

OTHER PRIVILEGED INFORMATION

- Audit reports corresponding to the Consolidated and Individual Financial Statements for the fiscal year ended 31 December 2022.
- Consolidated and Individual Financial Statements and Consolidated Management Report for the fiscal year ended 31 December 2022.
- Information on the Company's organisational structure and internal control system for compliance with the reporting obligations established by the Market.

The foregoing documentation is also available to the market on the Company's website (www.mhre.es).

In accordance with the provisions laid down in BME Growth Circular 3/2020, it is hereby stated that the information provided herein has been prepared under the sole responsibility of the Company and its directors.

We remain at your disposal for any further clarification you may require.

Best regards,

Javier Illán Plaza
Chairman and CEO
Millenium Hospitality Real Estate, SOCIMI, S.A.

**Audit Report on the Consolidated Financial Statements
issued by an Independent Auditor**

**MILLENIUM HOSPITALITY REAL ESTATE SOCIMI, S.A. AND
SUBSIDIARIES**

**Consolidated Financial Statements and
consolidated Management Report
for the year ended
December 31, 2022**

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of MILLENIUM HOSPITALITY REAL ESTATE SOCIMI, S.A.:

Opinion

We have audited the consolidated financial statements of MILLENIUM HOSPITALITY REAL ESTATE SOCIMI, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, the separate consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the explanatory notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2022 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

Measurement of investment properties

Description The Group's consolidated statement of financial position shows an amount of 578,444 thousand euros in "Investment properties" at December 31, 2022, corresponding to the carrying amount of the buildings it owns, which represent 84% of total assets.

The parent's directors periodically determine the fair value of investment properties based on appraisals conducted by independent experts in accordance with the valuation standards of the Royal Institution of Chartered Surveyors ("RICS").

Given the significance of the amounts involved and the fact that determining the fair values of investment properties requires that independent experts, Group management and the parent's directors make significant estimates that entail applying judgments to determine the assumptions used (in particular, assumptions underlying estimated rents, discount rates and exit yields used for investment properties), we determined this to be a key audit matter.

Information on applicable measurement standards, the methodologies and principal assumptions and related disclosures are provided in Notes 4.3 and 7 of the explanatory notes to the consolidated financial statements.

Our response

In relation to this matter, our audit procedures included:

- ▶ Understanding the process designed by parent management to identify whether there are indications of impairment and to determine the fair value of assets recorded as "Investment properties," and assessing the design and implementation of the relevant controls in place in that process.
- ▶ Obtaining the valuation reports prepared by the independent experts engaged by parent management to appraise the real estate portfolio, assessing the competence, capacity, and objectivity of the experts for the purpose of using their work as audit evidence.
- ▶ Reviewing the appraisal models used by independent experts to determine the recoverable amounts of a sample of assets, with the involvement of our valuation specialists, focusing particularly on the mathematical coherence of the models and the reasonableness of the rents, comparable data, discount rates, initial exit yields, and the sensitivity analysis used.
- ▶ Reviewing the disclosures included in the explanatory notes to the consolidated financial statements and assessing their conformity with the financial reporting framework.

Assessment of compliance with the requirements of the SOCIMIs special tax regime

Description As explained in Note 1.1 of the explanatory notes to the accompanying consolidated financial statements, the parent and its subsidiaries avail themselves of the special tax regime for SOCIMIs established in Law 11/2009, of October 26, which regulates Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario "SOCIMI" (Spanish REITs), effective as of their respective dates of incorporation. One of the main characteristics of these entities is that they are not subject to corporate income tax.

Under the special tax regime, SOCIMIs are subject to compliance with certain requirements regarding, inter alia, corporate purpose, minimum share capital, equity investment, the income generated by these investments, trading on a regulated market or multilateral trading system, as well as information and mandatory distribution of profits. The assessment of compliance with some of these requirements involves estimates that entail judgments on the part of the parent management to establish the assumptions underlying those estimates.

Due to the complexity of making these estimates when assessing compliance with some of the aforementioned requirements and to the fact that failure to comply with these requirements, if not remedied, could render the parent ineligible to avail itself of the special tax regime, and given that, should this occur, the parent and its subsidiaries would be taxed under the general corporate income tax regime, which would have a significant impact on the consolidated financial statements, we determined this to be a key audit matter.

The information on applying the special tax regime for Spanish SOCIMIs and compliance with the related requirements is provided in Notes 1.1, 4.9 and 14.3 of the explanatory notes to the consolidated financial statements.

**Our
response**

In relation to this matter, our audit procedures included the following:

- ▶ Understanding parent management's process for assessing compliance with the of the special SOCIMI regime requirements.
- ▶ Obtaining the documentation prepared by parent management related to compliance with the above requirements.
- ▶ Reviewing and assessing the reasonableness of the information obtained and its completeness with regard to all matters contemplated by prevailing regulations at the date of analysis, with the involvement of our tax specialists.
- ▶ Reviewing the disclosures included in the explanatory notes to the consolidated financial statements and assessing their conformity with the financial reporting framework.

Other information: consolidated management report

Other information refers exclusively to the 2022 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.