



*Millennium Hotels*  
*Real Estate*

*Excellent exposure to flagship hotel  
properties*

*Corporate Presentation*  
*June 2020*



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# Transaction Overview

<b>Issuing Entity</b>	<ul style="list-style-type: none"> <li>• Millenium Hotels Real Estate I Socimi, SA.</li> <li>• Traded on Spanish Alternative Stock Market (Mercado Alternativo Bursátil)</li> <li>• Bloomberg Ticker: YMHRE SM</li> <li>• Current Market Cap: € 241.0 Mn<sup>(1)</sup></li> </ul>
<b>Offering Size</b>	<ul style="list-style-type: none"> <li>• Cash capital increase of c.€ 150 Mn through a rights issue of up to 29,996,668 New Ordinary Shares (“New Shares”)</li> </ul>
<b>Subscription Price</b>	<ul style="list-style-type: none"> <li>• Subscription Price of €5.00 per New Share</li> </ul>
<b>Subscription Ratio</b>	<ul style="list-style-type: none"> <li>• 38N x 63O (38 new shares for every 63 outstanding shares, fully diluted)</li> </ul>
<b>Shares Outstanding</b>	<ul style="list-style-type: none"> <li>• The number of Shares of the Company following the Offering, assuming they are fully subscribed, will be 80,000,000</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>• The Company intends to use the net proceeds from the Offering to partially execute its pipeline of acquisition opportunities of hotel real estate properties</li> <li>• The Company expects to invest or commit to invest the net proceeds from the Offering within a maximum period of 18-24 months following the settlement of the Offering</li> </ul>
<b>Offering Structure</b>	<ul style="list-style-type: none"> <li>• Public offering in Spain</li> <li>• Reg S</li> <li>• Listing on the Alternative Stock Market (Mercado Alternativo Bursátil)</li> </ul>
<b>Syndicate Structure</b>	<ul style="list-style-type: none"> <li>• <b>Global Coordinators:</b> Banco Santander, Citigroup and Banco Sabadell</li> <li>• <b>Bookrunners:</b> Société Générale and JB Capital Markets</li> <li>• <b>Co-leads:</b> Rentamarkets, Banca March, Renta 4 and GBS Finance</li> </ul>
<b>Transaction Timeline</b>	<ul style="list-style-type: none"> <li>• <b>June 18th, 2020:</b> Approval of the Prospectus by the CNMV</li> <li>• <b>June 19th, 2020:</b> BORME Publication</li> <li>• <b>June 20th – July 19th, 2020:</b> Pre-emptive subscription period</li> <li>• <b>July 6th – July 10th, 2020:</b> Trading of the Pre-emptive Subscription Rights (guaranteed participation date)</li> <li>• <b>July 23rd, 2020:</b> End of the additional Allocation Period (if applicable)</li> <li>• <b>July 27th, 2020:</b> End of the Discretionary Allocation Period (if applicable)</li> <li>• <b>July 30th, 2020:</b> Expected commencement of trading of the New Shares issued on the MAB</li> <li>• <b>July 31st, 2020:</b> Settlement date of the Special Transaction for the transfer of Rump Shares allocated during the Discretionary Allocation Period (if applicable)</li> </ul>

(1) As of June 17<sup>th</sup> 2020



## Unique lodging SOCIMI listed with focus on Prime Value added luxury hotels in Spain and Portugal

Platform	Portfolio	GAV / Evolution	Financial Metrics
<p><b>Real estate Company</b> focused in the <b>Luxury Hotel</b> market in Spain &amp; Portugal</p> <p><b>+20 years</b> of average management team experience in the Spanish real estate sector</p> <p><b>Stable and diversified</b> shareholding</p>	<p><b>9</b> Hotels</p> <p><b>&gt; 1,200</b> Rooms<sup>(1)</sup></p> <p><b>100%</b> hotels in <b>prime locations</b> in the main Spanish cities and tourist areas</p> <p>Hotel Category <b>&gt;4* superior, 5* and boutique hotels</b></p>	<p><b>€314Mn</b> GAV:<sup>(2)</sup></p> <ul style="list-style-type: none"> <li>□ <b>36%</b> GAV in operation</li> <li>□ <b>48%</b> GAV in redevelopment</li> <li>□ <b>16%</b> GAV under development</li> </ul> <p><b>+11%</b> vs acquisition cost<sup>(3)</sup></p> <p><b>€25.9Mn</b> increase in value of properties in 2019<sup>(4)</sup></p> <p><b>&gt;€200Mn</b> invested in 2019</p>	<p><b>€22.8 Mn</b> Net Income in 2019</p> <p><b>29% LTV<sup>(5)</sup>,</b> with a maximum 50% target</p> <p><b>€267 Mn</b> Shareholders Equity as of 31 December 2019</p> <p><b>+9.2%</b> EPRA NAV per share as of 31 December 2019</p>

(1) La Hacienda San Roque number of rooms subject to final project approvals. As of the date of this document, the company has not developed a refurbishment project for Palacetes de Córdoba Hotel  
 (2) Source: CBRE Savills Aguirre Newman as of 31 May 2020 + asset related advanced payments amounting to €1m. Such figure not including pending capex  
 (3) Acquisition cost = purchase price + transaction costs + invested CAPEX until 31 December 2019  
 (4) Increase in property value and net income derived from the acquisition of La Hacienda San Roque  
 (5) Calculated as gross financial debt associated to the assets/GAV as of 31 December 2019

# Millenium Hotels Real Estate Evolution

**1**

Millenium Hotels RE is registered in July 2017 with a single shareholder: Javier Illán



**3** May 2018



Millenium acquires the building for Plaza Magdalena Hotel (Seville)

**5** March 2019



Millenium acquires the building for Gran Vía Bilbao Hotel (Bilbao)

**7** April 2019



Millenium acquires the buildings for Plaza San Francisco Hotel (Seville)

**9** October 2019



Millenium acquires the buildings for Plaza de Canalejas Hotel (Madrid)



**2** February 2018



Millenium acquires Eurostars Lucentum Hotel (Alicante)

**4** October 2018



Millenium acquires Vía Castellana Hotel (Madrid)

**6** April 2019



Millenium acquires the second building for Plaza Magdalena Hotel (Seville)

**8** July 2019

July 4<sup>th</sup> 2019, Millenium debuts in the MAB. Very positive evolution in the MAB during 2019: MAB +8% vs listing price <sup>(1)</sup>



**10** November 2019



Millenium acquires Meliá Bilbao Hotel (Bilbao)

**11** December 2019



Millenium acquires the land for the La Hacienda San Roque Cádiz (Cádiz) project and 2 golf courses

**12** March 2020



Millenium acquires Palacetes de Córdoba Hotel (Córdoba)

(1) Listing Price of €5/share. Calculated based on share price as of 31/12/2019.

## 2019

- **Successful capital increase to €250 Mn** of equity, in a market context with high volatility, demonstrating the **attractiveness of the Company's strategy**. Following this capital increase, Millenium is among the **15 biggest SOCIMIs in the Spanish market** by market capitalization<sup>(1)</sup>
- **High execution capabilities:** more than €200 Mn invested in 2019 in high quality properties
- **Portfolio GAV<sup>(2)</sup> of €314 Mn vs €74.6 Mn as of the end of 2018**, in high quality properties located in prime areas of the main Spanish cities and tourist areas
- **€25.9 Mn portfolio value increase in 2019; +11% vs acquisition cost**
- **2019 net income of €22.8 Mn;** 14.4x compared to 2018 net income and 151x vs guidance provided as part of the MAB listing in 4 July 2019
- **EPRA NAV per share of 5.46€<sup>(3)</sup>; +9.2% vs MAB listing Price (5€ per share)**
- **Potential pipeline worth c. €960Mn in properties in prime locations** identified and under negotiation

(1) As of February 2020

(2) Source: CBRE and Savills Aguirre Newman as of 31 May 2020 + asset related advanced payments amounting to €1m. Such figure not including pending capex

(3) As of 31 December 2019



# Only listed Company with Value Added focus in luxury hotels and presence in Spain and Portugal

## Prime Assets Strategy

- **Acquisition of flagship Real Estate assets in prime areas of the main cities and tourist regions**, whether hotels in operations or properties with potential to transform into luxury hotels
- Millenium Hotels RE combines **value creation through transformation and repositioning** of acquired assets, and through **active management of lease agreements** with tier 1 operators, under a scheme with a guaranteed fixed rent plus a variable rent indexed to the establishment's profits, which allows to participate in the positive evolution in the sector and to maximize returns while minimizing risks
- **Unique positioning in luxury hotels and prime locations:** 4-star superior, 5-star, resorts and grand luxury boutique hotels in the **best locations of the main cities** and tourist attractions in Spain and Portugal

## Growth and Quality Model

- **Differentiated, highly scalable model** which allows to acquire **flagship buildings at favourable prices and conditions**, thanks to the **network** of the management team which gives access to **off-market** opportunities, as well as a **deep** market understanding, proven ability, successful track record and **know-how** in the redevelopment of Real Estate properties to convert them into **iconic and profitable assets**
- **Opportunity: market niche with great potential.** The Spanish and Portuguese hotel industry mostly developed the medium price and volume tourism segments, and the **luxury hotel offer is still very limited**, with significant growing demand from premium clients and high quality international operators keen to enter and gain presence in Spain
- The Company's strategy allows to obtain **superior returns in the short term and a clear upward path in the medium term** as there is still a significant gap – specially in the **quality-oriented tourism segment** – between international and national **tariffs**, the latter being progressively increasing to converge those applied by operators in international markets

## Solid Balance Sheet and Financial Discipline

- Shareholders equity of €250 Mn after the June 2019 capital increase and **investment capacity up to €500 Mn**
- **Conservative strategy:** the company has a low financial leverage of 29%<sup>(2)</sup>, but could go up to a maximum 50% LTV
- **Defensive and profitable contractual strategy:** lease agreements with a **minimum guaranteed rent** by the operators and a variable rent indexed to the hotel's profits, which allows to participate in the sector growth, while maintaining the security of a guaranteed income
- **Resilience to Covid given the minimum fixed rent component of lease contracts and the limited exposure to operating assets**



(1) Source: INE

(2) Calculated as of 31/12/2019. Gross financial debt associated to assets/GAV



# Only listed Company with Value Added focus in luxury hotels and presence in Spain and Portugal

## Aligned Shareholders and Management

- Shareholders who prioritize investment in quality assets, medium and long term value creation, dividends and long term investment horizons: **private investors, Family Offices, Mutual Funds and insurance companies** are the bedrock of our capital
- **Over 460 shareholders** with a **52% Free Float**
- The management team holds 2% of Millenium Hotels RE's share capital
- **Management team with a successful track record, with over 20 years** of average experience in Real Estate, lodging and capital markets, highly qualified and committed with the Company's strategy
- Efficient and scalable personnel strategy, valid for the current and expected Company growth

## Corporate Governance: Resolve, Experience and Independency

- The **Board of Directors** is comprised of 6 **best-in-class members, with a majority of non-executive directors**
- The Company works with the best market practices and rules, internal and external audit, and Appointments and Retribution and Audit and Control Committees

## Significant Corporate Achievements Throughout 2019

- Millenium Hotels RE is among **the 15 biggest SOCIMIs** in the Spanish market by market capitalization<sup>(1)</sup>
- **Portfolio GAV<sup>(2)</sup> of €314 Mn as of May 2020 and €319 Mn as of end of 2019**, demonstrating high portfolio resilience despite the COVID 19 impact
- **Over €200 Mn invested in prime properties in 2019**
- **€25.9 Mn of asset revaluation in 2019 and €22.8 Mn of net profit in 2019**
- **EPRA NAV of 5.46 €/per share<sup>(3)</sup>, which is 9.2% above listing price in MAB (€5 per share)**
- **Average target yield** over acquisition price **above 6.5%**, and **target TSR** in a stabilized portfolio **>9%**



(1) As of 20 February 2020  
 (2) Source: CBRE and Savills Aguirre Newman as of 31 May 2020 + asset related advanced payments amounting to €1m. Such figure not including pending capex  
 (3) 31/12/2019

# Composition of the Company's asset portfolio

High quality and balanced asset portfolio with great potential to create value added – GAV<sup>(1)</sup>: € 314 Mn

In operation 36% / GAV<sup>(1)</sup>

Under redevelopment 48% / GAV<sup>(1)</sup>

Under development 16% / GAV<sup>(1)</sup>

GAV: € 38.2 Mn

GAV: € 27.0 Mn

GAV: € 47.9 Mn

GAV: € 28.8 Mn

GAV: € 24.0 Mn

GAV: € 6.1 Mn

GAV: € 88.7 Mn

GAV: € 3.4 Mn

GAV: € 50.3 Mn

Madrid

Alicante

Bilbao

Seville

Bilbao

Seville

Madrid

Córdoba

Sotogrande - Cádiz

Hotel Vía  
Castellana

Hotel Lucentum

Meliá Bilbao

Hotel Plaza  
Magdalena

Hotel Gran Vía

Plaza de San  
Francisco

Carrera San  
Jerónimo

Palacetes de  
Córdoba

La Hacienda San  
Roque



Project in progress<sup>(3)</sup>



- Rooms: 228
- Asset type: Bleisure
- Operator: Hotusa
- Contract type: Variable rental with a minimum guaranteed
- Included in the portfolio in 2018

- Rooms: 169
- Asset type: Leisure
- Operator: Hotusa
- Contract type: Fixed rental
- Included in the portfolio in 2018

- Rooms: 211
- Asset type: Bleisure / Luxury
- Operator: Meliá
- Contract type: Variable rental + fixed rental
- Included in the portfolio in 2019

- Rooms: 89
- Asset type: Luxury
- Operator: Radisson Collection
- Contract type: Variable rental with a minimum guaranteed
- Main building included in the portfolio in 2018 and annex building in 1H2019

- Rooms: 137
- Asset type: Luxury
- Operator: Radisson Collection
- Contract type: Variable rental with a minimum guaranteed
- Included in the portfolio in 1S2019

- Rooms: 29
- Asset type: Luxury boutique
- Operator: Alma Hoteles
- Contract type: Variable rental with a minimum guaranteed
- Included in the portfolio in April 2019. Consists of two buildings

- Rooms: 144
- Asset type: Luxury
- Operator: Marriot<sup>(2)</sup>
- Contract type: Variable rental with a minimum guaranteed<sup>(2)</sup>
- Included in the portfolio in October 2019. Consists of two buildings

- Rooms: TBC<sup>(3)</sup>
- Asset type: TBC<sup>(3)</sup>
- Operator: TBC<sup>(3)</sup>
- Contract type: TBC<sup>(3)</sup>
- Included in the portfolio in 1H2020. Consists of various mansions to establish a single hotel

- Rooms: 210<sup>(4)</sup>
- Asset type: Luxury with villas
- Operator: International<sup>(2)</sup>
- Contract type: Variable rental with a minimum guaranteed<sup>(2)</sup>
- Included in the portfolio in December 2019. Consists of various plots of land, two golf courses, a sports area and a large club house



For all the assets under turnaround, the LEED<sup>(5)</sup> Gold certification have been solicited

(1) Source: CBRE and Savills Aguirre Newman as of 31 May 2020 + asset related advanced payments amounting to €1m. Such figure not including pending capex.

(2) Project is under negotiation.

(3) As of the date of this document, the Company has not developed a refurbishment project for Hotel Palacetes de Córdoba

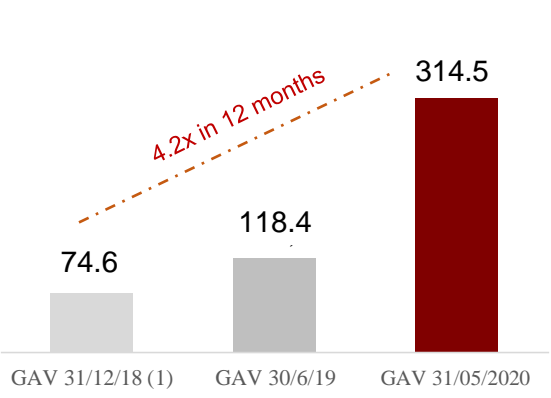
(4) Number of rooms of La Hacienda San Roque subject to final approval of the project.

(5) LEED is a sustainable building certification system developed by the U.S. Green Building Council

# Overview of asset portfolio and pipeline

9 hotels	4* Superior, 5* & 5* Boutique	Luxury hotels in prime location across major cities	+1,217 rooms	100% located in Spain
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Growth of portfolio's GAV<sup>(1)</sup> in €Mn



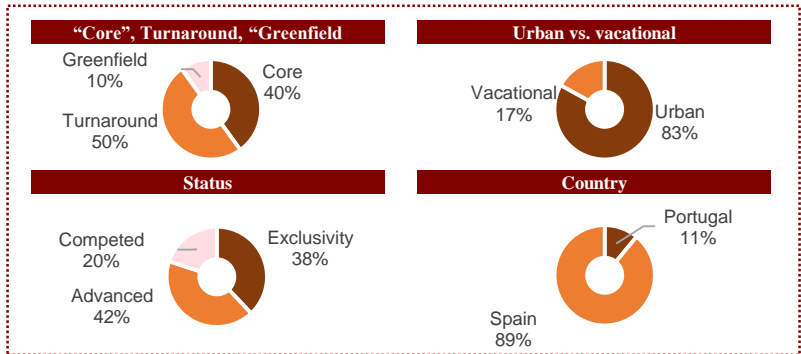
Development stage portfolio composition<sup>(2)</sup>

- 36% in operation
- 48% under redevelopment
- 16% under development

Expected date for 100% of portfolio in operation in 2Q 2022

Category	2020				2021				2022				Rooms	M <sup>2</sup>
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Via Castellana 4*	X	x	x	x	x	x	x	x	x	x	x	x	228	11,938
Hotel Lucentum 4*	X	x	x	x	x	x	x	x	x	x	x	x	169	9,790
Melia Bilbao 5*	X	x	x	x	x	x	x	x	x	x	x	x	211	19,624
Radisson Collection Sevilla 5*				x	x	x	x	x	x	x	x	x	89	6,738
Radisson Collection Bilbao 5*						x	x	x	x	x	x	x	137	11,325
Alma Sevilla 5*							x	x	x	x	x	x	29	2,595
Hotel Plaza Canalejas 5*									x	x	x	x	144	11,500
Proyecto La Hacienda San Roque <sup>(3)</sup> 5*										x	x	x	210	34,000
Hotel Palacetes de Córdoba <sup>(4)</sup> TBC														
<b>TOTAL</b>													<b>1,217</b>	<b>107,510</b>

Target Yield to Cost under a stabilized portfolio > 6.5%  
 Target Total Shareholder Return under a stabilized portfolio > 9.0%



Pipeline of high quality assets

c.€ 960 Mn

Pipeline with a Target Yield to Cost under a stabilized portfolio > 6.5%

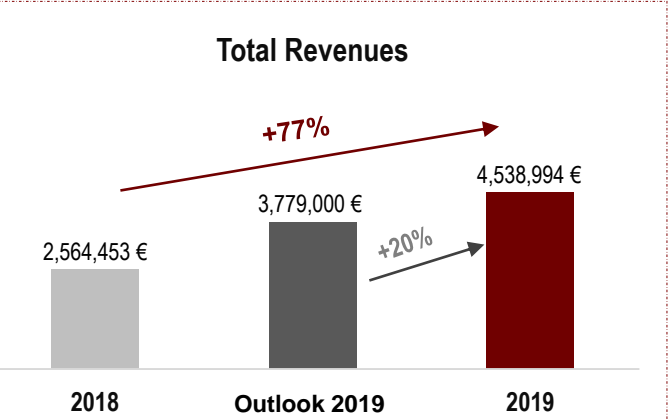
Pipeline with a Target TSR under a stabilized portfolio > 9.0%, in line with Company's objectives



(1) Source: CBRE and Savills Aguirre Newman as of 31 May 2020 + asset related advanced payments amounting to €1m. Such figure not including pending capex.  
 (2) As a percentage of GAV.  
 (3) The project of La Hacienda San Roque is subject to urban planning approval.  
 (4) As of the date of this document, the Company has not developed a refurbishment project for Hotel Palacetes de Córdoba

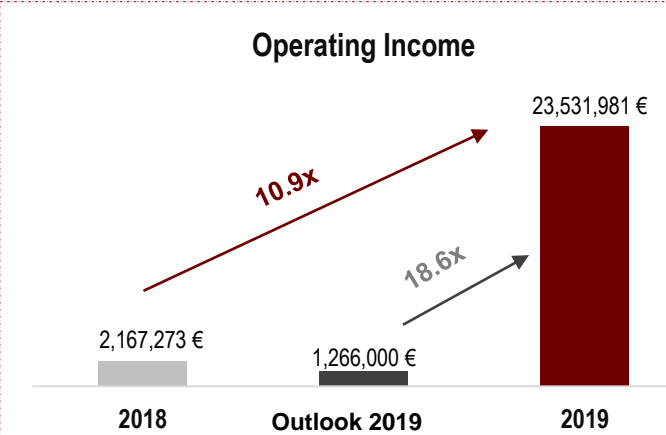
# 2019 Consolidated Financial Results (IFRS)<sup>(1)</sup>

## Main figures from the Profit & Loss Account



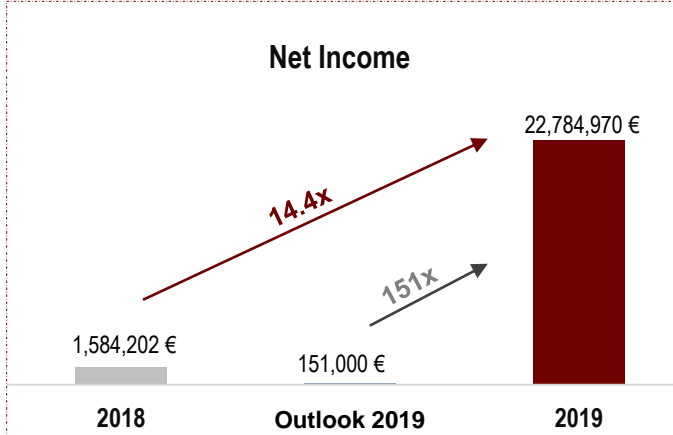
**Total Revenues increased 77% to € 4.54 Mn** mainly attributable to income from hotels Vía Castellana and Lucentum, and the incorporation of Meliá Bilbao into the Company's portfolio.

- ✓ This figure is 20% higher than the € 3.78 Mn<sup>(3)</sup> estimated Total Revenues presented in the Document on Admission to the MAB.
- ✓ Out of the 9 assets in the Company's portfolio, only 3 and one of the golf courses of Alcaidesa (La Hacienda San Roque) have contributed to Total Revenues in 2019, and only 2 have done so for 12 months of the year.



**Operating Income reached € 23.5 Mn**

- ✓ This figure is 11x the Operating Income generated in 2018, mainly driven by an increase in value of assets in the Company's portfolio of € 25.9 Mn, which shows the importance of prioritizing the search for property value versus just attractive yields as part of the Company's acquisition strategy.
- ✓ Operating Income in 2019 significantly exceeds the expected € 1.27<sup>(3)</sup> Mn as per projections in the Document on Admission to the MAB.



**Net Income of € 22.8 Mn**

- ✓ Significant levels of Net Income generated during the year as a result of higher total revenues, a greater number of assets owned, and an increase in the value of assets in the Company's portfolio, as indicated in the independent valuation report<sup>(2)</sup>.
- ✓ Net Income in 2019 surpasses the expected € 0.15 Mn indicated in the Document on Admission to the MAB.

(1) Projections provided in the Document on Admission to the MAB were published in accordance with the Plan General Contable accounting standards and in October 2019 the Board of Directors approved the adoption of the IFRS accounting standards.  
 (2) Source: CBRE and Savills Aguirre Newman as of 31 May 2020 + asset related advanced payments amounting to €1m. Such figure not including pending capex.  
 (3) On October 3rd, 2019 the Board of Directors approved the change in accounting standards from Plan General Contable (PGC) to IFRS.

# Company's growth enables a strategy of value creation and recurring cash flow generation

	Dec 2018	June 2019	Dec 2019	May 2020	Short-to-Medium term targets
<b>GAV (€Mn)</b>	74.6	117	319	314 <sup>(1)</sup>	> € 1,300 Mn
<b>LTV<sup>(3)</sup> (%)</b>	44%	41,1%	29.0%		Max. 50%
<b>Equity (€Mn)</b>	59	243	267		> 650

**Attractive return target rates for a business with a solid portfolio of prime real estate assets and recurring cash flow generation**

<b>Yield on Cost target<sup>(2)</sup> (%)</b>	<b>&gt; 6.5%</b>
<b>TSR target<sup>(2)</sup> (%)</b>	<b>&gt; 9.0%</b>
<b>Assets pipeline</b>	<b>c. € 960 Mn</b>

(1) Source: CBRE and Savills Aguirre Newman as of 31 May 2020 + asset related advanced payments amounting to €1m. Such figure not including pending capex.  
 (2) Estimated target under a stabilized portfolio.  
 (3) LTV calculated as gross financial debt/asset value at closing.

# Management team with more than 20 years of experience on average in the Spanish real estate sector with an incentive plan aligned with shareholders' interests and subject to achieving targets



**Javier Illán Plaza**  
President & Chief Executive Officer

26 years of industry expertise



**Remigio Iglesias**  
Head of Business Development

35 years of industry expertise



**Juan Odériz**  
Corporate General Manager

30 years of industry expertise



**Santiago López-Vilas**  
Investment Director

13 years of industry expertise



**María Pardo**  
Head of Investors Relations

20 years of industry expertise

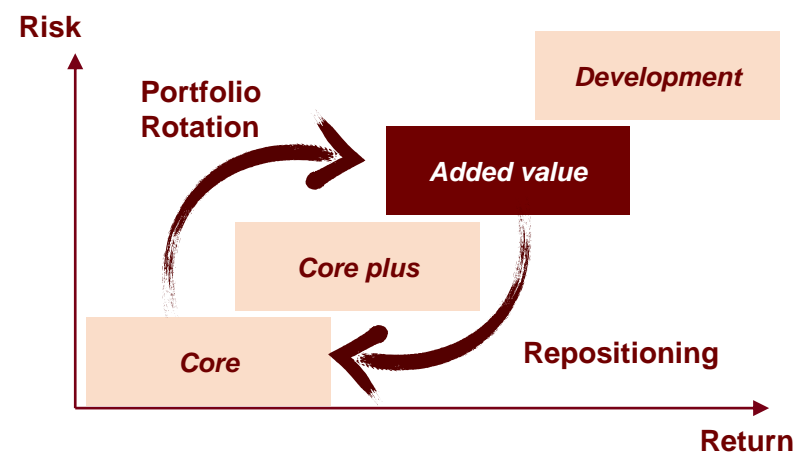


**Miguel Torres**  
Chief Financial Officer

20 years of industry expertise

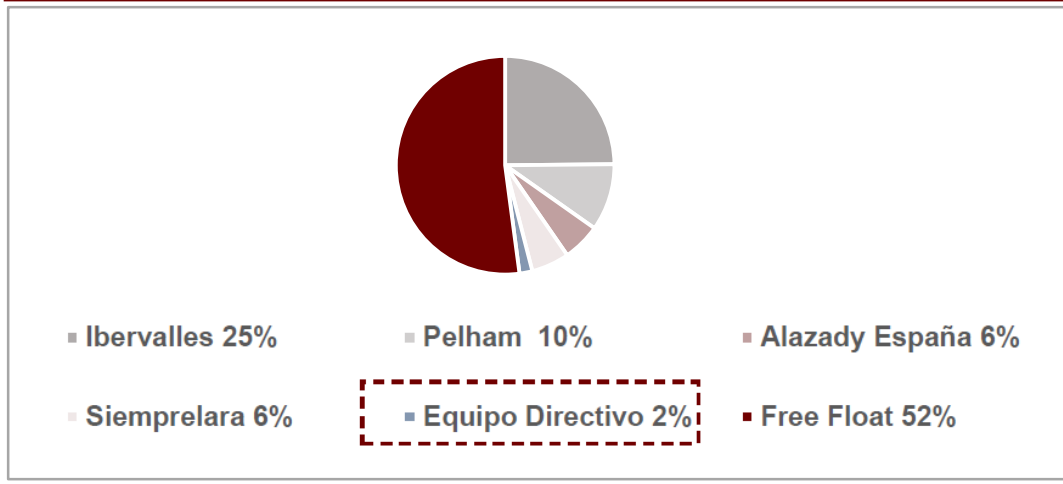
*Management team with extensive experience and industry recognition*

- ✓ **Management team with extensive experience spanning over 20 years on average in the Spanish real estate sector**, successfully executing repositioning strategies, asset rotation and in particular in the transformation of iconic assets for sale or return.
- ✓ **Significant access to capital**, being a continuous source of new investment opportunities.
- ✓ **Efficient structure of wages and remuneration**: up to 1% of the company's NAV. Once the Company's NAV reaches € 400 Mn, fixed salaries do not increase.
- ✓ Target-based incentive plan linked to **fulfillment of Business Plan**.



# Stable Shareholder Base with strong Management presence and well-recognized Board of Directors

## Shareholder structure<sup>(1)</sup>



- **Stable and well-diversified shareholder base**
- **48% of capital in significant holdings:** Ibervalles: 24.8%, Pelham: 9.9%, Alzady España: 5.6%, Siemprelara SL: 5.6%
- **Management team owns a stake of the Company** aligning itself with the interests of shareholders
- **Significant percentage of Free Float** at 52%<sup>(1)</sup> with more than 450 investors

## Board of Directors



- **The Board of Directors is made up of 6 members of recognized prestige**
- **Majority of non-executive directors** (2 executives out of 6 members)
- Frequent Board of Director meetings and close oversight over the Company through:
  - **Audit and Risk Control Committee**
  - **Appointments and Remuneration Committee**



(1) As of December 2019

# The Transaction

Execution of two capital increases approved at the Shareholders General Meeting held on the December 18th 2019 for an aggregate amount of up to €400 Mn



### Description

- **The General Shareholders Meeting held on December 18<sup>th</sup>, 2019 approved two capital increases** for an aggregate maximum amount of € 400 Mn, of which the first of €150 Mn is structured with preemptive rights for current shareholders at a price of € 5.00 per share to be executed within 1 year from the approval of the General Shareholders Meeting
- The execution of the capital increases requires the **registration and approval of the respective prospectuses relating to the offers with the CNMV.**

### Subscription dates<sup>(1)</sup>

- **1. Capital increase of € 150 Mn: June/July 2020** Price of € 5.00 per share.
- **2. Capital increase of € 250 Mn (estimate): H2 2020** at a price set by reference to the NAV as of 31/12/2019 of € 5.46 per share.

### Use of Funds:

1. **To take advantage of the great opportunities of the current market, increasing the size of the portfolio and the company** with the investment opportunities detected, which will allow the Company to acquire large properties on more advantageous terms than those foreseen in the market environment prior to Covid-19, and therefore improving and consolidating the overall value of the company in its medium and long-term strategy.
2. **To increase the Company's operating synergies, broaden the current shareholder base and the free float**, in order to become a leading company before starting to list in the Spanish Stock Exchanges.

	Capital increase with preemptive rights	Capital increase without preemptive rights
Offer Size (€)	Up to 150,000,000	Up to 250,000,000
Offer Price	5.00 €/share	Considering December 31st 2019 NAV (With 5 €/share floor)
Shares to be issued	30,000,000	50,000,000
Target Investors	Current shareholders, or acquirers of preemptive rights in the market, and if not completed, other investors	Domestic and international investors

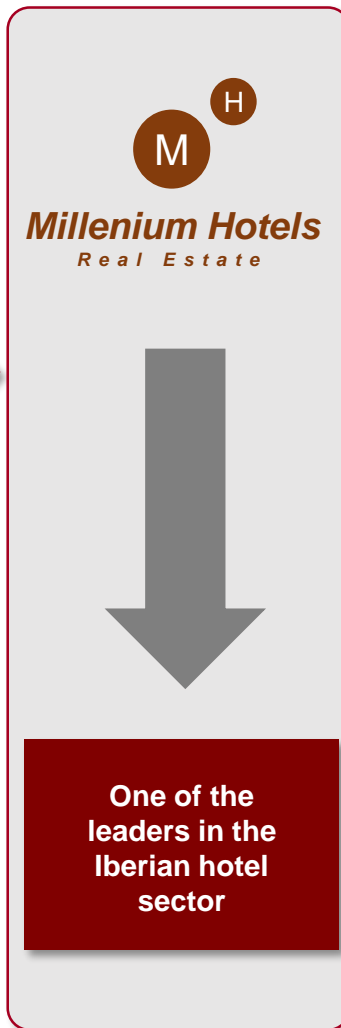
(1) The Prospectus approved by the CNMV on 16 June 2020 in relation to the capital increase with preemptive rights is available at the Company's website ([www.millenniumhotelsrealestate.com](http://www.millenniumhotelsrealestate.com)) and at the webpage of the CNMV ([www.cnmv.es](http://www.cnmv.es)), as well as any future supplements thereto (if applicable). The approval of the prospectus by the CNMV should not be construed as a backup of the securities offered or admitted to trading. Any potential investor should read the prospectus before making an investment decision so that they fully understand the potential risks and benefits involved in deciding to invest in these securities.



# Main takeaways

## Takeaways

- ✓ *The relevant and positive evolution of the Company during 2019, added to the success of the capital increase carried out during June 2019, has consolidated Millenium Hotels as a reference in the sector and one of the 15 largest real estate companies in the Spanish market, and shows the confidence of the Investors in the strategy of Millenium and in the capacity of execution of the same by the management team: Own resources of 267 Mn (+4.5x the closing of 2018) proves a solid position to face the current growth*
- ✓ *Strategy that creates value: The substantial rerating of the property portfolio confirms the value creation and the potential of the value-added strategy applied by the company's differential management model, which is contrasted and confirmed in highly stressed market environments such as the current one*
- ✓ *Prime portfolio with great potential: Having the Know How makes it possible to be able to create and execute emblematic projects, as opposed to acquiring them at excessive prices that have already been repositioned, consolidating a high quality portfolio at ratios per square meter and cost per room that are lower than the market average*
- ✓ *A great rerating potential: The repositioning of the assets generates increases in value during the repositioning process: firstly until the hotels come into operation, then until the portfolio stabilizes (third year after coming into operation) and in the medium to long term*
- ✓ *Execution capacity: Millenium, in a highly competitive market environment, has invested more than € 200 Mn, currently facing a market of opportunities*
- ✓ *Potential pipeline worth c. €960Mn of high quality assets located in the main tourist poles and cities of Spain and Portugal*
- ✓ *Highly favorable market context: The current circumstances make it possible to foresee the emergence of great opportunities in the market, which, together with the high execution capacity and in-depth knowledge of the market, will make it possible to complete and even improve the current portfolio with the new acquisitions*
- ✓ *The company is listed on the MAB, although it applies certain regulations and procedures typical of a Company listed on the Spanish Stock Exchanges. The Company intends to start listing in the Spanish Stock Exchanges once the planned capital increases are executed, the repositioning processes are completed and the asset portfolio is stabilized*

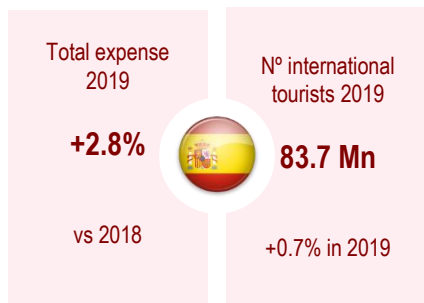
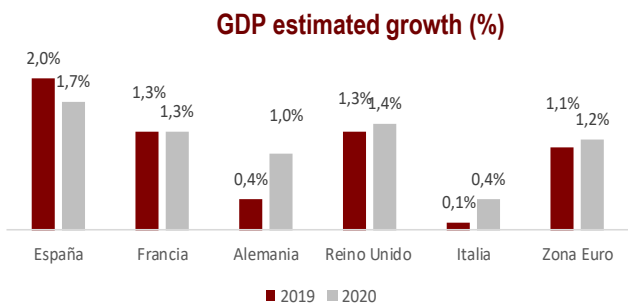


**Millenium Hotels**  
Real Estate

One of the  
leaders in the  
Iberian hotel  
sector

Despite the deterioration of the industry's good prospects caused by the Covid-19, the situation is prone to detect opportunities aligned with the Group's strategy in terms of profitability (I/II)

**1** In a pre Covid-19 environment, Spain continued to grow above the European Union average and was once again consolidated as the second country in the world by number of tourists and total expenditure on tourism



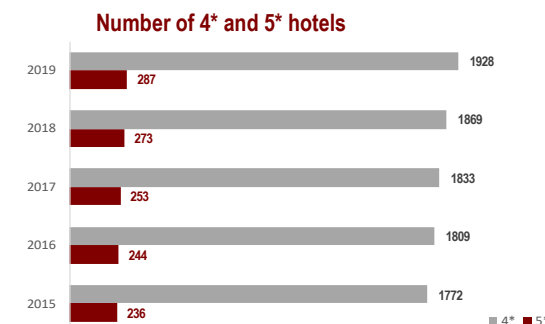
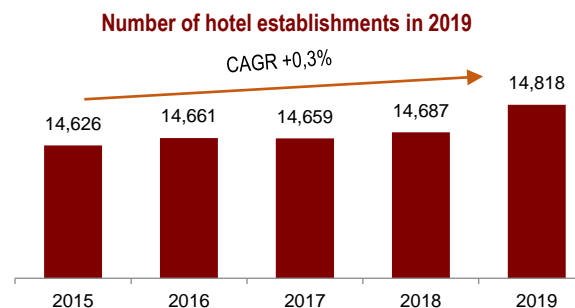
**2** Hotel metrics in Spain continued to improve during 2019, according to the latest data published by the INE, one more year

- Expenditure on hotel accommodation by international tourists increased by 4.4%
- During 2019, overnight stays in hotels increased by 0.9% compared to the same period last year
- The average stay in hotel accommodation was 3.16 days
- The increase in the number of tourists staying in hotels was 3.6% in 2019 vs. 2.8% in 2018
- Annual change in ADR +2.5% and REVPAR +3.2%

**3** Urban and luxury hotel tourism (5\*), which is the focus of the Millennium strategy, continued to grow in 2019 at a faster rate than the other categories and the traditional vacation tourist

- ADR in 5\* hotels stood at € 190.4 in 2019, which is almost double of the ADR for category 4\* (€ 97.6) and the national average (€ 91).
- The increase in REVPAR category 5\* hotels in 2019 was +3.8%
- The national average stay in 5\* hotels in 2019 was 3.52 days, versus 3.16 days for the national average
- The evolution of the Spanish market has already attracted large international chains that until now had no presence in Spain such as Mandarin, Four Season, St Regis or Beldmont, establishing the trend for the coming years.

**4** Despite this good data, the number of hotel establishments in 2019 remained at the same levels as in 2015 and only about 2% were in category 5\*



Source: INE, Exceltur, Cristies & Co, ODCE, European Commission and Market Report May 19 BME-JLL, World Tourism Organization (UNWTO) and Hosteltour, Ministry of Industry and Trade, Cristies & Co and Colliers International

# Despite the deterioration of the industry's good prospects caused by the Covid-19, the situation is prone to detect opportunities aligned with the Group's strategy in terms of profitability (II/II)

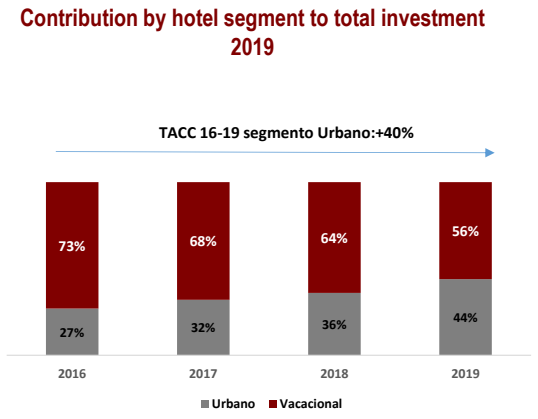
**5** During 2018 there was an increase to record levels in hotel investment in Spain, continuing in 2019 at higher levels (+34%) than the average of recent years

**Total hotel investment 2019**  
€2,518 Mn

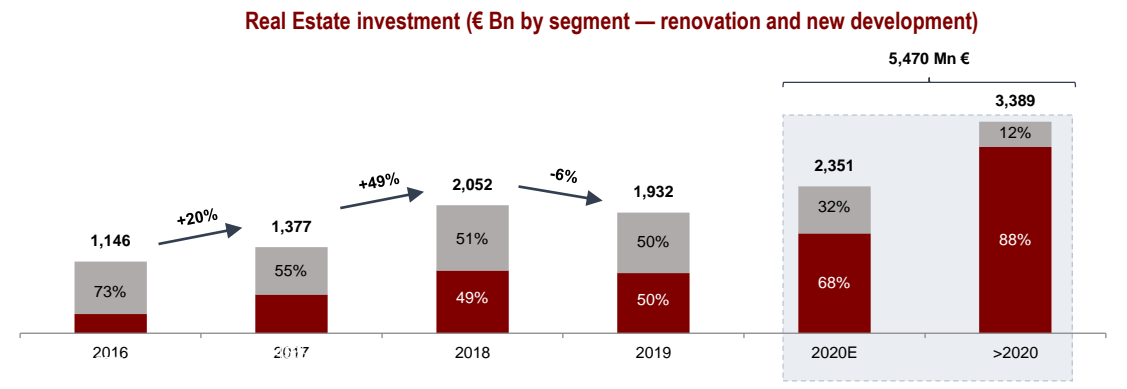
**Average hotel investment 2009-19**  
€1,878 Mn

**+11% increase in average price per hotel room transacted vs. 2018**

**Hotel investment in the urban segment contributed 44% in 2019 vs. 27% in 2015**

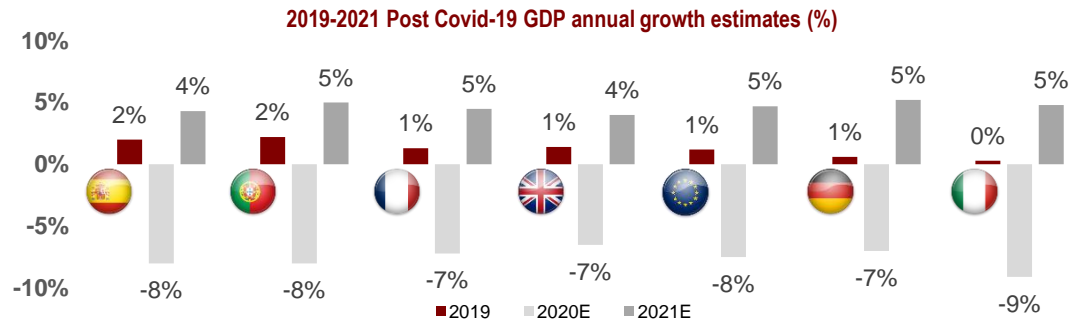


**6** In Spain, at the end of 2019 and before the outbreak of Covid-19, the amount invested in renovations and construction of hotels in Spain was expected to be about €2.3 Bn



Due to the economic impact of Covid-19 and the declaration of the state of emergency by the Spanish government, the amount invested in hotel renovation and construction in Spain can be expected to decrease

**7** Based on new post-Covid-19 estimates from official sources, impacts of around 8% fall in GDP are estimated for the main European economies, although with a strong upturn in 2021 and subsequent years



**8** The Company's business model, the medium- to long-term value creation strategy and the state of the asset portfolio could mitigate the impact of the Covid-19

- As of date, the **COVID-19 pandemic has affected mainly the revenue generating power of only three out of the nine properties that compose the Company's portfolio**, which are our only operating properties as of this date
- Non-operating properties that compose the Company's portfolio have not been directly and materially affected by the COVID-19 outbreak because they are not currently generating revenue.** This circumstance, together with the fact that the **Company's lease agreement strategy provides for a minimum fixed rent intended to protect the Company against a decline in the revenue** generated by hotel operators, has reduced the current and direct impact of the COVID-19 outbreak on the revenue generating power capacity of the Company's portfolio
- Regarding our **non-operative properties, the outbreak of COVID-19 has not had a relevant impact on their respective lease agreements**, on the refurbishment and development schedule or on the respective opening dates

Source: INE, Exceltur, Cristies & Co, ODCE, European Commission and Market Report May 19 BME-JLL, World Tourism Organization (UNWTO) and Hosteltour, Ministry of Industry and Trade, Cristies & Co and Colliers International

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