

MILLENNIUM HOTELS' NET PROFIT WAS MULTIPLIED 14.4 TIMES TO 22.78 M

- The successful execution of the planned Pipeline boosts the company's net profit growth, exceeding the forecasts for this year and reaching 1.58 million in 2018.
- The revaluation of more than almost 11% of the properties acquired, as well as the 77% increase in income generated to EUR 4.54 million, have led to these magnificent results.
- The company has been able to invest more than EUR 200 million in 2019, forming a portfolio of prime properties with three hotels in operation and five hotels in development.
- The quoted price of REIT's shares at the end of 2019 increased by 8% since 4 July 2019, the date of the company's launch onto the Alternative Stock Market (Mercado Alternativo Bursátil - MAB), and the NAV per share increased by 9.2% from the original EUR 5.00 to 5.46 per share
- The company plans to carry out two further capital increases before the summer for a combined amount of up to 400 million.

Madrid, 4 March 2020 - The Board of Directors of the REIT Millennium Hotels Real Estate (MHRE) has approved the results for 2019, which recorded an increase in income of 77% over the previous year, reaching EUR 4.54 million. This increase is primarily due to the contribution of the *Lucentum* (Alicante) and *Vía Castellana* (Madrid) hotels throughout 2019, plus the contribution of the *Meliá Bilbao* in December alone. On the other hand, the Operating profit in 2019 was EUR 23.53 million compared to EUR 2.17 million obtained in the previous fiscal year, while the net profit amounted to EUR 22.78 million, which is 14.4 times the profit obtained in 2018.

The results obtained confirm the company's Value Added strategy and the creation of value through the processes of repositioning the properties acquired, since the positive evolution of the Operating Result and the net profit mainly respond to the revaluation of the company's property portfolio in an amount of EUR 25.9 million experienced in 2019.

Throughout 2019, in a highly competitive market environment, the company has been able to invest more than 200 million in the acquisition of properties, which have become part of a portfolio, located in reference cities and all of them in prime locations, made up of: three hotels in operation located in Paseo de la Castellana in Madrid, Avenida Alfonso XII el Sabio in Alicante and opposite the Palacio Euskalduna and next to the Guggenheim in Bilbao, as well as four more hotels in the process of conversion in Plaza de Canalejas 2 in Madrid, opposite the Four Season complex, in Gran Vía 4 in Bilbao and in Plaza de la Magdalena and La Plaza de San Francisco in Seville (2), plus a luxury hotel resort in La Hacienda de San Roque, next to Sotogrande (Cadiz).

Both the incorporation of new properties and the revaluation of existing ones mean that at the end of last year the property portfolio was valued at 319 million compared to 74.5 million at the end of 2018.

This set of positive factors has been reflected in the price of the REIT's shares, which rose 8%, well above the main reference indices of the Spanish stock market in the same period; and

fundamentally where the value of the shareholders lies: in terms of the growth of the NAV value of the company with an increase of 9.2% with respect to the price of incorporation into the MAB.

Javier Illán, Chairman of MHRE, highlighted *“The whole team is very satisfied with the good management and the very positive evolution of the company in 2019. It has been able to make acquisitions of high quality properties, which in a short period of time have generated significant added value for the shareholders and have allowed us to far exceed both the results of the previous year and the forecasts we published in July on the occasion of the incorporation into the MAB”*. In addition, he highlighted that *“In a highly competitive market, and in a sector that arouses great interest among investors, the acquisitions have been made in a much shorter time than initially planned, one and a half years, which significantly improves the profitability of the shareholders”*. Finally, Illán predicted that *“beyond the very good results of this financial year, we are still in the early stages of value creation, so we have great prospects for results in 2020 and 2021, and not only through revaluation of the portfolio, but also through dividends as the hotels that are currently in the process of conversion or development begin to generate income and new properties are added”*.

Capital increase and share revaluation

Following the successful capital increase in June 2019, which increased MHRE's equity to EUR 250 million, the General Shareholders' Meeting approved two capital increases on 18 December. The first one of EUR 150 million with preferential subscription rights and the second one of up to EUR 250 million without preferential subscription rights. In this way, the company will increase the resources needed to tackle the next phase of expansion, with a pipeline of identified properties worth more than EUR 900 million and will continue to move towards its next step in the Continuous Market.

Lower financing cost

Likewise, during the 2019 financial year, and under a criterion of prudence and cost optimisation, the company's financing in relation to the value of its properties was reduced by 15% to 29% of the debt ratio, also improving the average maturity of the debt to ten years and the average cost of the same to 1.7%, which represents 26% less than one year ago, both because of the lower leverage ratio and the improvement in the financing conditions obtained.

Millennium Hotels Real Estate is a REIT listed on the Alternative Stock Market, which is dedicated to the acquisition of flagship buildings in prime and mostly urban locations in Spain and Portugal for their subsequent development and repositioning as luxury hotels. It currently has a portfolio of eight hotels, three in operation, four in the process of repositioning and one in the process of development. This is a tax-efficient real estate investment vehicle that enables it to participate in the growth of the high-quality tourism market in the Iberian Peninsula.

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Hotel Carrera de San Jerónimo and Proyecto Alcaidesa's lease agreements are currently under negotiation. References to them are included for illustrative purposes. By receiving this communication you agree to be bound by the above limitations.