



Millenium
Hospitality Real Estate

**FINANCIAL INFORMATION AND FISCAL
COMPLIANCE POLICY**

Table of Contents

1. Objective	2
2. Normative framework to be applied when preparing financial information	2
3. Principles governing the preparation of financial information.....	2
4. Principles governing tax matters.....	3
5. Approval, validity and review of the Policy.....	4

1. Objective

The Board of Directors of Millenium Hospitality Real Estate SOCIMI, S.A. (henceforth “**MHRE**” or the “**organisation**”) has been tasked to approve the general strategies and policies of the organisation and its group of companies (henceforth, “**the MHRE Group**”). In performing said duty it has approved the following policy which sets out to define the basic principles which must apply when drawing up the financial information that the MHRE Group has to prepare, in compliance with the attendant commercial and accounting legislation, as well as to comply with its tax obligations.

2. Normative framework to be applied when preparing financial information

The normative framework for financial information which must be applied by MHRE Group companies when preparing their individual and/or consolidated annual accounts (henceforth, “**the Annual Accounts**”) shall be as follows, in line with that applicable in each case:

- The International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) adopted by the European Union, pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council and its successive amendments.
- General Chart of Accounts approved by RD 1514 enacted on 20 November 2007 which was amended by RD 602 enacted on 2 December 2016.
- Act 11 enacted on 26 October 2009 which regulates the SOCIMI (*Spanish Real Estate investment trusts*) with regard to the information to be set out in the notes to the report.
- Circular 3/2020 on Spanish Markets and Stock Exchanges (BME) regarding "Information to be provided by companies incorporated for trading in the BME Growth segment of BME MTF Equity".
- The Commerce Code and the other Spanish accounting and commercial legislation which is applicable.
- Any other internal regulations to which the MHRE Group is subject.

3. Principles governing the preparation of financial information

- The Annual Accounts shall be drawn up in the manner and within the timeframes determined in the regulations in force at any time.
- The Annual Accounts shall be drawn up in line with the accounting records of each company of the MHRE Group which must reflect all its transactions and its assets and liabilities, with a view to demonstrating a fair view of the equity, the financial position, the earnings from operations and the changes to equity and cash flows.
- The significant accounting policies adopted to draw up the Annual Accounts shall be suitably described in the notes to the report.
- Each item of the Annual Accounts will be properly classified, described and broken down, in accordance with the applicable normative framework for financial information.

- All the balances and transactions with companies of the group, multigroup and associates and other related parties will be posted and broken down in the notes to the report, in accordance with the applicable regulations.
- The information shall be broken down pertaining to all the remuneration, advances, credits, life insurance, pension plans, guarantees etc. with regard to senior management staff and the members of the administration body of the MHRE Group, in accordance with the requirements of the regulations in force. In this regard, executive directors must be regarded as senior management staff.
- All liabilities must be posted or broken down, both present and contingent ones, and all the guarantees granted to third parties shall be broken down.
- To determine the book value of assets, liabilities, income and expenses of MHRE, the best information available shall be used as the basis, but without disregarding that to prepare the Annual Accounts, estimates and hypotheses will need to be drawn up which may impact the accounting policies adopted and the amount of the assets, liabilities, income, expenses and breakdowns related therewith. The estimates and hypotheses shall be continuously evaluated and shall be based on historic experience and other factors, including the expectations of any future events which are deemed to be reasonable under the expected circumstances.

4. Principles governing tax matters

The MHRE Group shall deal with the Administration in a lawful, ethical, respectful way and in line with the international provisions on the prevention of corruption and bribery. Hence, as regards fiscal relations, the normative provisions shall be complied with which are applicable to avoid sanctions and inefficiencies that generate costs.

With this in mind, the following operating principles shall be adopted:

- Complying with the tax obligations that are legally required.
- Not using structures which are unreal, artificial or without any economic or business sense to reduce the tax burden.
- Not working in territories classified as tax havens to reduce the tax burden.
- Acting according to a fair interpretation of the regulations on taxes and levies.
- Any decisions with tax implications shall be taken in accordance with the criteria of business reality, the resources available, the generation of value and risks (legal and reputational).
- The relations with the Administration must be conducted in line with good faith, professionalism and mutual cooperation, without neglecting to legitimately defend the interests of the organisation and its shareholders.
- Working with other organisations to put forward improvements to the regulations and drive forward the competitiveness of companies.

5. Approval, validity and review of the Policy

This Policy has been approved by the Board of Directors of MHRE at its meeting held in Madrid on 16th of March 2022

The follow-up and monitoring of the application of this Policy shall be carried out by the Board of Directors through the Audit and Control Committee, by the Financial Director and by the Compliance Officer of Millenium Hospitality Real Estate SOCIMI, S.A.