Madrid, a 7 de octubre de 2022

Millenium Hospitality Real Estate I, SOCIMI, S.A. en virtud de lo previsto en el artículo 17 del Reglamento (UE) nº 596/2014 sobre abuso de mercado y en el artículo 228 del texto refundido de la Ley del Mercado de Valores, aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre, y disposiciones concordantes, así como en la Circular 3/2020 del segmento BME Growth de BME MTF Equity ("BME Growth"), pone en conocimiento la siguiente

OTRA INFORMACIÓN RELEVANTE

- Informe de Revisión Limitada correspondiente a los Estados Financieros Intermedios Resumidos Consolidados del periodo de seis meses finalizado el 30 de junio de 2022.

- Estados Financieros Intermedios Resumidos Consolidados e Informe de Gestión Intermedio Consolidado correspondientes al periodo de seis meses finalizado el 30 de junio de 2022.

- Balance intermedio y Cuenta de Pérdidas y Ganancias intermedia individuales del periodo de seis meses finalizado el 30 de junio de 2022.

La documentación anterior también se encuentra a disposición del mercado en la página web de la Sociedad (www.mhre.es).

De conformidad con lo dispuesto en la Circular 3/2020 de BME Growth, se hace constar que la información comunicada por la presente ha sido elaborada bajo la exclusiva responsabilidad de la Sociedad y sus administradores

Quedamos a su disposición para cuantas aclaraciones precisen.

Atentamente,
Maria Pardo Martinez
Directora de Relación con Inversores
MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI SA

Report on Limited Review

MILLENIUM HOSPITALITY REAL ESTATE SOCIMI, S.A. and subsidiaries
Interim Condensed Consolidated Financial Statements and Interim Consolidated Management Report
for the six-months ended
June 2022

Building a better working world

Ernst & Young, S.L.
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REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report and condensed consolidated 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, at the request of the Directors

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements of MILLENIUM HOSPITALITY REAL ESTATE SOCIMI, S.A. (from now on, the Parent) and subsidiaries (from now on, the Group), which consists of the consolidated statement of financial position, the interim consolidated statement of profit or loss, Interim consolidated statement of changes in equity, the Interim consolidated cash flow statement and the explanatory notes thereto (all of them condensed) for the 6-months period ended June 30, 2022. The directors are responsible for the preparation of the Company's interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed consolidated financial information and for such internal control as they determine is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on said interim condensed consolidated financial statements based on our limited review.

Scope of the review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing audit regulations in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim condensed consolidated financial statements.

Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, nothing came to our attention that would lead us to conclude that the accompanying interim condensed consolidated financial statements for the six-months ended at June 30, 2022 are not prepared, in all material respects, in conformity with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed consolidated financial statements.

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Building a better working world

Emphasis of matter

We draw attention to the matter described in accompanying explanatory note 2.1, which indicates that the abovementioned interim condensed consolidated financial statements do not include all the information that would be required for complete financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and therefore, the accompanying interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021. This matter does not modify our conclusion.

Report on other legal and regulatory requirements

The accompanying interim consolidated management report for the six months ended June 30, 2022, contains such explanations as the parent's directors consider necessary regarding significant events which occurred during this period and their effect on the interim condensed consolidated financial statements. We have checked that the accounting information included in the aforementioned interim consolidated management report agrees with the interim condensed consolidated financial statements for the six months ended June 30, 2012. Our work is limited to verifying the interim consolidated management report in accordance with the scope described in this paragraph and does not include the review of information other than that obtained from the accounting records of MILLENIUM HOSPITALITY REAL ESTATE SOCIMI, S.A. and its subsidiaries.

Other matters

This report was prepared at the request of the Directors of the Parent in connection with the publication of the semi-annual financial report required by cicurlar 3/2020 of Bolsas y Mercados Españoles Sistemas de Negociación, S.A. on "Information to be provided by expanding companies and SOCIMI incorporated for trading on the Alternative Stock Market".

We will not accept any responsibility from any third parties different to the addressees of this report.

ERNST & YOUNG, S.L.

(Signed in the original in Spanish)

María Teresa Pérez Bartolomé

October 7, 2022

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

Interim condensed consolidated financial statements and interim consolidated management report for the six-month period ended June 30, 2022

Interim consolidated statement of financial position at June 30, 2022

(Expressed in euros)

ASSETS	Notes	6/30/2022	12/31/2021
NON-CURRENT ASSETS		**460,970,240**	**405,829,116**
Property, plant, and equipment	6	19,132,784	17,304,370
Investment properties	7	436,852,000	387,702,000
Financial investments	8	2,219,790	822,746
Trade receivables	8	2,765,666	-
CURRENT ASSETS		**226,718,270**	**122,699,831**
Inventories	9	783,876	427,547
Trade and other receivables		10,356,433	13,021,504
Trade receivables	8	3,491,990	4,898,892
Other receivables	8	761	-
Receivable from public administrations	13	6,863,682	8,122,612
Financial investments	8	10,400,049	12,254,977
Other current assets	8	782,089	421,343
Cash and cash equivalents	10	204,395,823	53,545,370
		226,718,270	**79,670,741**
Assets held for sale	15.6	-	43,029,090
TOTAL ASSETS		**687,688,510**	**528,528,947**

EQUITY AND LIABILITIES	Notes	6/30/2022	12/31/2021
EQUITY		**543,480,045**	**372,160,949**
Capital and reserves		**543,480,045**	**372,419,934**
Share capital	11.1	116,032,487	76,926,101
Share premium	11.2	341,887,362	224,568,204
Reserves and retained earnings	11.3	70,759,579	62,458,447
Shares of the Parent company	11.4	(983,876)	(1,006,627)
Profit for the year attributed to the Parent company		15,784,493	9,473,809
Unrealized gains (losses) reserve		**-**	**(258,985)**
NON-CURRENT LIABILITIES		**119,346,493**	**113,634,618**
Borrowings		116,832,199	111,120,324
Bank borrowings	12	112,621,619	108,081,012
Finance lease payables	12	4,382	28,915
Other financial liabilities	12	4,206,198	3,010,397
Deferred tax liabilities	13	2,514,294	2,514,294
CURRENT LIABILITIES		**24,861,972**	**42,733,380**
Provisions		121,886	161,886
Borrowings		8,453,135	9,764,229
Bank borrowings	12	6,079,757	5,993,965
Finance lease payables	12	107,176	173,234
Other financial liabilities	12	2,266,202	3,597,030
Trade and other payables		16,029,347	12,566,031
Suppliers and other payables	12	13,392,704	10,448,445
Employee benefits payable	12	1,185,344	1,444,780
Payables to public administrations	13	1,325,253	346,634
Customer advances	12	126,046	326,172
Other current liabilities		257,604	53,351
		24,861,972	**22,545,497**
Liabilities associated with assets held for sale	15.6	-	20,187,883
TOTAL EQUITY AND LIABILITIES		**687,688,510**	**528,528,947**

The accompanying Notes 1 to 18 are an integral part of the interim consolidated statement of financial position at June 30, 2022.

Separate interim consolidated statement of profit or loss for the six-month period ended June 30, 2022

(In euros)

	Notes	6/30/2022	6/30/2021
Continuing operations			
Revenue		**5,505,400**	**3,725,450**
Lease income	7.4 & 15.1	4,758,966	3,189,495
Rendering of services	15.1	672,777	414,600
Sales income	15.1	73,657	121,355
Cost of sales		**(46,685)**	**(70,559)**
Other operating income		**317,788**	**29,046**
Employee benefits expense	**15.2**	**(3,167,616)**	**(1,833,107)**
Other operating expenses		**(2,304,101)**	**(1,827,519)**
External services	15.3	(1,572,217)	(959,668)
Taxes (other than income tax)	15.5	(731,884)	(867,851)
Impairment losses on receivables	**8.1**	**-**	**(3,202,343)**
Change in fair value of investment properties	**7**	**16,788,741**	**6,948,388**
Depreciation and amortization	**6**	**(328,417)**	**(346,498)**
Impairment losses and gains (losses) on disposal of non-current assets	**6**	**(733,301)**	**(1,669,172)**
Gains (losses) due to loss of control over subsidiaries	**15.6**	**860,198**	**-**
OPERATING PROFIT		**16,892,007**	**1,753,686**
Finance income		**6,325**	**1,002**
From marketable securities & other financial instruments		6,325	1,002
Finance costs	**15.4**	**(911,906)**	**(505,957)**
Third-party borrowings		(911,906)	(505,957)
Changes in fair value of financial instruments	**8.2**	**(198,850)**	**-**
Exchange gains (losses)		**(3,083)**	**(6,101)**
FINANCE COST		**(1,107,514)**	**(511,056)**
PROFIT (LOSS) BEFORE TAX		**15,784,493**	**1,242,630**
Corporate income tax	14	-	-
PROFIT (LOSS) FOR THE PERIOD		**15,784,493**	**1,242,630**
Profit for the year attributed to the Parent company		**15,784,493**	**1,242,630**
Profit for the year attributed to minority interests		**-**	**-**

EARNINGS PER SHARE			
Basic earnings per share	5	**0.19**	**0.02**

The accompanying Notes 1 to 18 are an integral part of the separate interim consolidated statement of profit or loss for the six-month period ended June 30, 2022.

Interim consolidated statement of comprehensive income for the six-month period ended June 30, 2022

(In euros)

	Notes	6/30/2022	6/30/2021
Consolidated profit (loss) for the period (I)		**15,784,493**	**1,242,630**
Income and expense recognized directly in consolidated equity			
From cash flow hedges		-	10,666
From other adjustments	11.3	(1,158,559)	(270,106)
Tax effect		-	-
Total income and expense recognized directly in consolidated equity (II)		**(1,158,559)**	**(259,440)**
Amounts transferred to consolidated statement of profit or loss			
From cash flow hedges		-	64,243
Tax effect		-	-
Total amounts transferred to the consolidated statement of profit or loss (III)		**-**	**64,243**
Total consolidated income and expense recognized (I+II+III)		**14,625,934**	**1,047,433**
Total consolidated income and expense recognized and attributed to the Parent company		**14,625,934**	**1,047,433**
Total consolidated income and expense recognized and attributed to minority interests		**-**	**-**

The accompanying Notes 1 to 18 are an integral part of the interim consolidated statement of comprehensive income for the six-month period ended June 30, 2022.

Interim consolidated statement of changes in equity for the six-month period ended June 30, 2022

(In euros)

	Share capital (Note 11.1)	Share premium (Note 11.2)	Reserves and retained earnings (Note 11.3)	Shares of the Parent company (Note 11.4)	Profit (loss) for the period attributed to Parent company	Unrealized gains (losses) reserve	Total
Balance at December 31, 2020	**54,601,101**	**157,593,204**	**78,392,525**	**(1,057,080)**	**(14,995,441)**	**(442,351)**	**274,091,958**
Consolidated income and expense recognized	**-**	**-**	**(270,106)**	**-**	**1,242,630**	**74,909**	**1,047,433**
Transactions with partners or owners:	**-**	**-**	**(27,832)**	**41,037**	**-**	**-**	**13,205**
Capital increases (decreases)	-	-	-	-	-	-	-
Transactions with shares of the Parent company (net)	-	-	(27,832)	41,037	-	-	13,205
Other changes in equity	**-**	**-**	**(14,995,441)**	**-**	**14,995,441**	**-**	**-**
Balance at June 30, 2021	**54,601,101**	**157,593,204**	**63,099,146**	**(1,016,043)**	**1,242,630**	**(367,442)**	**275,152,596**
Balance at December 31, 2021	**76,926,101**	**224,568,204**	**62,458,447**	**(1,006,627)**	**9,473,809**	**(258,985)**	**372,160,949**
Consolidated income and expense recognized	**-**	**-**	**(1,158,559)**	**-**	**15,784,493**	**-**	**14,625,934**
Transactions with partners or owners:	**39,106,386**	**117,319,158**	**(14,118)**	**22,751**	**-**	**-**	**156,434,177**
Capital increases (decreases)	39,106,386	117,319,158	-	-	-	-	156,425,544
Transactions with shares of the Parent company (net)	-	-	(14,118)	22,751	-	-	8,633
Other changes in equity	**-**	**-**	**9,473,809**	**-**	**(9,473,809)**	**258,985**	**258,985**
Balance at June 30, 2022	**116,032,487**	**341,887,362**	**70,759,579**	**(983,876)**	**15,784,493**	**-**	**543,480,045**

Notes 1 to 18 form an integral part of the interim consolidated statement of changes in equity for the six-month period ended June 30, 2022.

Interim consolidated cash flow statement for the six-month period ended June 30, 2022

(In euros)

	Notes	6/30/2022	6/30/2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		**15,784,493**	**1,242,630**
Adjustments to profit		**(14,497,322)**	**(1,144,318)**
Depreciation and amortization	6	328,417	346,498
Impairment losses	6 & 8.1	733,301	4,871,395
Changes in provisions		1,145,316	75,000
Gains (losses) from derecognition and disposals of non-current assets		-	121
Finance income		(6,325)	(1,002)
Finance costs	15.4	911,906	505,957
Exchange gains (losses)		3,083	6,101
Changes in fair value of financial instruments	8.2	198,850	-
Changes in fair value of investment properties	7	(16,788,741)	(6,948,388)
Other income and expenses		(1,023,129)	-
Changes in working capital		**1,652,963**	**(4,294,170)**
Inventories		(356,329)	236,647
Trade and other receivables		(100,595)	(4,086,805)
Other current assets		(372,366)	(261,983)
Trade and other payables		2,278,000	(344,063)
Other current liabilities		204,253	162,034
Other cash flows from operating activities		**(756,588)**	**(404,932)**
Interest paid		(756,710)	(405,934)
Interest received		122	1,002
Cash flows from operating activities		**2,183,546**	**(4,600,790)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(45,912,287)**	**(19,335,420)**
Property, plant, and equipment		(2,536,333)	(1,987,583)
Investment properties		(32,276,648)	(16,815,096)
Other financial assets		(11,099,306)	(532,741)
Proceeds from disinvestments		**35,768,717**	**4,319**
Property, plant, and equipment		-	894
Investment properties		4,098	-
Other financial assets		11,364,543	3,425
Business unit	15.6	24,400,076	-
Cash flows from (used in) investing activities		**(10,143,570)**	**(19,331,101)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**155,275,618**	**(256,901)**
Proceeds from issuance of equity instruments	11.1	155,266,985	(270,106)
Acquisition of equity instruments of the Parent company	11.4	(66,997)	(97,870)
Disposal of equity instruments of the Parent company	11.4	75,630	111,075
Proceeds from and payments of financial liabilities		**3,537,942**	**22,059,734**
Issues		8,306,372	33,787,194
Bank borrowings		7,340,711	33,781,194
Other borrowings		965,661	6,000
Repayment and redemption of		(4,768,430)	(11,727,460)
Bank borrowings		(3,265,157)	(11,727,460)
Other borrowings		(1,503,273)	-
Cash flows from financing activities		**158,813,560**	**21,802,833**
Net foreign exchange difference		(3,083)	(6,101)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**150,850,453**	**(2,135,159)**
Cash and cash equivalents at beginning of period		53,545,370	20,672,752
Cash and cash equivalents at end of period	10	204,395,823	18,537,593

The accompanying Notes 1 to 18 are an integral part of the interim consolidated cash flow statement for the six-month period ended June 30, 2022.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

1. GENERAL INFORMATION ON THE GROUP

MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A. ("the Parent" or "MHRE") and subsidiaries ("the Group" or "the MHRE Group") comprise a group of companies mainly engaged in the following activities:

a. The acquisition and promotion of urban properties for their leasing, including refurbishment activities on buildings on the terms established in Law 37/1992 of December 28, on Value Added Tax;

b. The holding of shares or participation units in the capital of other Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario ("SOCIMI"- Spanish REIT) or in the capital of other non-resident companies in Spain which have the same corporate purpose as the SOCIMIs and are subject to a regime similar to the one established for SOCIMIs as far as legally required or bylaw-stipulated policies regarding distribution of profits are concerned;

c. The holding of shares or participation units in the capital of other resident or non-resident entities in Spain whose main corporate purpose is the acquisition of urban properties for their leasing, and which are subject to the same regime as the SOCIMIs as far as legally required or bylaw-stipulated policies regarding distribution of profits are concerned, and which fulfill the investment requirements established in article 3 of Law 11/2009 of October 26, regulating SOCIMIs (Note 1.1);

d. The holding of shares or participation units in Collective Property Investment Institutions regulated by Law 35/2003 of November 4, or the regulations which replace said law in the future; and

e. Other activities complementary to the above, understood as those which taken as a whole represent less than 20% of the Group's revenue in each tax period.

These business activities are at present carried out in Spain.

The Parent was incorporated on June 6, 2017 as a private limited company, under protocol number 2.919. Its registered address is Paseo de la Castellana 102, 28046, Madrid.

In addition, the extraordinary general shareholder meeting held on September 30, 2021, amongst other matters, agreed upon modifying the corporate name of MHRE to the current version, with the resulting modification to article 1 of its bylaws duly filed at the Mercantile Registry on February 17, 2022.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

The subsidiaries which together with the Parent form a part of the consolidation scope at June 30, 2022 are broken down as follows:

Company	Registered address	Activity	Group company owning the interest	% of direct ownership interest	Auditor	Consolidation method	Functional currency
Varia Pza Magdalena, S.L.U.	Paseo de la Castellana 102, Madrid	(*)	Millenium Hospitality Real Estate, SOCIMI, S.A.	100%	Ernst & Young, S.L.	Full consolidation	Euros
Alcaidesa Holding, S.A.U.	Club de Golf Alcaidesa. Avenida Pablo Cerezo S/N, San Roque, Cádiz	(**)	Millenium Hospitality Real Estate, SOCIMI, S.A.	100%	Ernst & Young, S.L.	Full consolidation	Euros
MHRE San Roque, S.L.U.	Paseo de la Castellana 102, Madrid	(*)	Millenium Hospitality Real Estate, SOCIMI, S.A.	100%	Ernst & Young, S.L.	Full consolidation	Euros

(*) Acquisition and promotion of urban investment properties for leasing activities
(**) Acquisition, holding, use, and transformation of properties as well as other related activities; all types of transactions relating to urban properties and the organization of appropriate services for such purposes; the performance of those leisure, sports, and recreational activities or the rendering of services which contribute to the commercial development of the aforementioned operations; as well as the construction, holding, administration, management, control, and operation of golf courses, including advisory services.

It is worth noting that on January 31, 2022 the sale to the former Board member Ibervalles, S.A. of all the shareholding units held by MHRE in Millenium Hotels C220, S.L.U. was formalized, as approved at the ordinary and extraordinary general shareholder meeting held on July 7, 2021 (Note 15.6), with said subsidiary thus exiting the consolidation scope at said date.

The breakdown of the consolidation scope at December 31, 2021 and the corresponding movements during 2021 are disclosed in Note 1 to the consolidated financial statements for FY 2021.

The subsidiaries use the same reporting periods as the Parent.

The Parent and all its subsidiaries are regulated by Law 11/2009 of October 26, modified by Law 16/2012 of December 27, and Law 11/2021 of July 9, regulating SOCIMIs (Note 1.1).

Given the Group's activity, it has no environmental expenses, assets, provisions or contingencies that could have a significant effect on its equity, financial position or results. Thus, specific environmental disclosures are not provided in the accompanying interim condensed consolidated financial statements.

The Group's functional currency is the euro as this is the currency of the primary economic area in which the Group companies operate.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

1.1. SOCIMI regime (Spanish REIT)

At June 30, 2022 the Parent and all its subsidiaries are regulated by Law 11/2009 of October 26, modified by Law 16/2012 of December 27, and Law 11/2011 of July 9, regulating SOCIMIs ("the SOCIMI Law"). The information relating to the application of the SOCIMI tax regime by each Group company is disclosed in Note 1.1 to the consolidated financial statements for FY 2021.

Article 3 of the SOCIMI Law establishes the following investment requirements for this type of company:

- The SOCIMIs must invest at least 80% of their assets in urban properties dedicated to rental activities or land dedicated to the promotion of properties which will be used for that purpose, provided that the promotion is initiated within the three years following acquisition; or in stakes held in the share capital or equity of the other entities referred to in section 1 of article 2 of the aforementioned SOCIMI Law.

  The value of the assets shall be determined in accordance with the average of the consolidated quarterly balances of the year. When calculating said amount, the SOCIMI can opt to substitute carrying amounts with the market value of the items making up said balances, applicable to all consolidated balances of the year. For these purposes, this calculation does not include the money or credit rights arising from the transfers of said properties or stakes carried out in the same year or prior years, provided that, in the latter case, the reinvestment period to which article 6 of the SOCIMI Law refers has not elapsed.

- Likewise, at least 80% of income generated during the tax period corresponding to each year, excluding revenue arising from the transfer of stakes and urban properties dedicated to fulfilling the corporate purpose, once the maintenance period to which the next section refers has elapsed, must arise from property leasing and dividends or shares in profit arising from said stakes.

  This percentage shall be calculated over the consolidated results, should the SOCIMI be the parent of a group as per the criteria established in article 42 of the Commercial Code, regardless of residence and the obligation to prepare consolidated financial statements. Said group will exclusively be made up of SOCIMIs and the remaining entities to which section 1 of article 2 of the SOCIMI Law refers.

- The investment properties which make up the assets of the SOCIMI must be leased during at least three years. For purposes of calculation, the time periods for which the properties have been offered for leasing will be added up to a maximum of one year. The time period shall be calculated as follows:

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

- In the case of investment properties which make up the equity of the SOCIMI before availing itself of the regime, from the date of initiating the first tax period in which the special tax regime will be applied as established in the SOCIMI Law, provided that at said date it is being leased or is being offered for leasing. Otherwise, the following will apply:

- In the case of investment properties promoted or acquired subsequently by the SOCIMI, from the date on which they were leased or offered for leasing for the first time.

- In the case of shares or participation units in entities to which section 1 of article 2 of the SOCIMI Law refers, they must be maintained as assets of the SOCIMI for at least three years counting from the acquisition date or, if applicable, from the beginning of the first tax period in which the special tax regime established in the SOCIMI Law is applied.

In addition, the SOCIMI Law establishes the following obligations:

- The shares of the SOCIMI must be admitted to trading on a regulated market or a multilateral trading system (a requisite which is not applicable to a sub-SOCIMI).

- The minimum capital required amounts to 5 million euros, the shares must be bearer shares and there can only be one type of share (a requisite which is not applicable to a sub-SOCIMI).

- The SOCIMI is obliged to distribute profits obtained during the year in the form of dividends to its shareholders, once the corresponding mercantile obligations have been fulfilled, and must agree upon the distribution within six months subsequent to the closing of each reporting period, as indicated in Note 3.

Failure to comply with the requirements established in the SOCIMI Law for applying said regime will result in the SOCIMI filing its tax return under the general regime for companies starting from the tax period in which said non-compliance occurs, unless corrected in the subsequent year. In addition, the SOCIMI is obliged to pay, together with the tax payable for said tax period, the difference between the amount resulting from applying the general tax regime and the amount paid which resulted from applying the special tax regime for previous periods, without prejudice to any late payment interest, surcharges and fines which may be applicable.

The corporate income tax rate for SOCIMIs is fixed at 0%. However, when the dividends distributed by the SOCIMI to its shareholders with a stake greater than 5% are exempt or file taxes at a rate less than 10%, the SOCIMI will be subjected to a special rate of 19%, which will be considered the corporate tax rate, on the amount of the dividend distributed to said shareholders. Should it be applicable, this special tax must be settled by the SOCIMI within two months from the date on which the dividends were distributed. In addition, effective for the tax periods starting from January 1, 2021, in accordance with the modification introduced by the second final provision of Law 11/2021, of July 9, the SOCIMI shall be subject to a special tax rate of 15% on the amount of profits obtained during the year which are not used for distribution, provided that the revenue was not taxed at the general corporate income tax rate and the revenue is not subject to the regulated reinvestment period in letter b) of section 1 in article 6 of the SOCIMI Law. Said tax rate shall be considered as the corporate income tax rate.

At June 30, 2022 the Parent and subsidiaries fulfill the requirements established in the SOCIMI Law.

2. BASIS OF PRESENTATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1. Financial reporting framework applicable to the Group

The interim condensed consolidated financial statements of the Group for the six-month period ended June 30, 2022 were prepared in accordance with the regulatory framework for financial information as established in:

- The International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Standards Committee (IFRIC) adopted by the EU, in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and Council and subsequent modifications (together, "the IFRS-EU")
- Law 11/2009 of October 26, which regulates SOCIMIs with respect to disclosure requirements in the explanatory notes
- Circular 3/2020 of Bolsas y Mercados Españoles (Spanish Exchanges and Stock Markets -"BME" in its Spanish acronym) on "Information to be provided by companies listed on the BME Growth segment of BME MTF Equity"
- The Spanish Commercial Code and remaining applicable Spanish mercantile legislation.

The accompanying interim condensed consolidated financial statements were prepared by the directors of the Parent and reviewed by Ernst & Young, S.L. for their publication in accordance with Circular 3/2020 of the BME on "Information to be provided by companies listed on the BME Growth segment of BME MTF Equity" and the International Accounting Standard (IAS) 34 on Interim Financial Reporting.

In keeping with IAS 34, the interim financial information has been prepared solely for the purpose of providing an update with respect to the last complete set of annual consolidated financial statements authorized for issue and accordingly focuses on new activities, events and circumstances arising in the period. It does not, therefore, duplicate the information previously reported in the annual consolidated financial statements. Thus, the interim condensed consolidated financial statements at June 30, 2022 do not include all the information required for complete consolidated financial statements prepared in accordance with IFRS-EU, so that the accompanying interim condensed consolidated financial statements must be read together with

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

the Group's annual consolidated financial statements for the year ended December 31, 2021, which were audited by Ernst & Young, S.L. and approved by the ordinary and extraordinary general shareholder meeting held on June 22, 2022.

2.2. Changes in accounting policies

a) Standards and interpretations approved by the European Union and applied for the first time during the current reporting period

The accounting standards used to prepare the accompanying interim condensed consolidated financial statements are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2021, as none of the standards, interpretations or amendments that are effective for the first time in the current year have had any impact on the Group's accounting policies.

b) Standards and interpretations issued by the IASB not applicable for the current reporting period since they have not been adopted by the European Union

The Group intends to apply the standards, interpretations, and amendments to standards issued by the IASB when they become effective in the European Union to the extent applicable. Although the Group is at present analyzing the impact of the standards, interpretations, and amendments to standards issued by the IASB, based on the analysis performed to date, it estimates that their initial application will not have a significant impact on its consolidated financial statements.

2.3. True and fair view

The interim condensed consolidated financial statements have been prepared based on the auxiliary accounting records of the companies included in the consolidation scope in accordance with prevailing accounting legislation to give a true and fair view of the Group's consolidated equity and consolidated financial position at June 30, 2022, and consolidated results, consolidated changes in equity, and consolidated cash flows corresponding to the six-month period ended June 30, 2022.

All figures included in the interim condensed consolidated financial statements are expressed in euros, unless stated otherwise.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

2.4. Critical issues concerning the measurement and estimation of uncertainty

The directors of MHRE have prepared the Group's interim condensed consolidated financial statements using estimates to determine the carrying amounts of certain assets, liabilities, income, and expenses, as well as related disclosures. Those estimates were made on the basis of the best available information at the reporting date. However, given the uncertainty inherent in these estimates and the uncertainty arising from the emergency situation driven by the COVID-19 pandemic as well as the war against Ukraine (Note 2.8), future events could oblige the Group to modify them in subsequent periods. Any such modifications would be done prospectively, as established in IAS 8.

In addition to other relevant information regarding estimation of uncertainty at the closing date for the period, the key assumptions regarding the future which represent a considerable risk that the carrying amounts of assets and liabilities may require significant adjustments in the next period, are as follows:

- Compliance with the SOCIMI tax regime (Note 1.1)
- Valuation of investment properties (Note 7)

2.5. Comparison of information

In accordance with IFRS-EU, for comparative purposes, for each of the items included in the interim consolidated statement of financial position for the year ended December 31, 2021, and for each of the items included in the separate interim consolidated statement of profit or loss, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity, and the interim consolidated cash flow statement, the corresponding figures for the same period in the prior year are also presented.

2.6. Consolidation principles

The consolidation and measurement standards used by the Group to prepare its interim condensed consolidated financial statements are the same as those disclosed in Note 2.6 to the consolidated financial statements for FY 2021.

2.7. Seasonal nature of Group transactions

Given the nature of the activities performed by the Group companies, the transactions carried out are not especially cyclical or seasonal in nature. Consequently, the notes to the accompanying interim condensed consolidated financial statements for the six-month period ended June 30, 2022 do not include specific seasonality disclosures.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

2.8. Effects arising from the pandemic generated by COVID-19 and the war against Ukraine in the interim condensed consolidated financial statements

During the first half of 2022, the health crisis provoked by COVID-19, described in Note 2.7 to the consolidated financial statements for FY 2021, had a limited direct effect on the Group's operations given that the Spanish government did not impose additional restrictions regarding activities or limit individual mobility. However, this health crisis has generated problems in the supply chain for materials at an international level and has thereby indirectly affected the Group's operations.

In addition, on February 24, 2022 Russia invaded Ukraine and started a war with uncertain geopolitical consequences worldwide. Although the Group's operations have not been directly affected by the ongoing conflict or the international sanctions imposed, the indirect effects, such as the increase in prices, the impact on construction costs, and the increase in the cost of energy, are currently affecting all economic agents in the sector.

Thus, progress in the work on buildings which are being reconverted or developed was affected by supply chain problems for materials on a global level as well as by the Russian war against Ukraine, though without generating significant delays or increases in costs.

In addition, on March 15, 2022 the Hotel Radisson Collection opened in Bilbao after having finalized the reconversion work on the property. An addendum to the lease agreement for this hotel was signed on the same date, by virtue of which, amongst other matters, the installments due in 2022 were adjusted with a view to helping the lessee overcome the difficult market situation while complying with the contract in force (Note 7.4).

In light of this situation, Parent Management and its directors are continually supervising the changing situation as well as the effects it may have on credit markets and consider that given the Group's sound financial position at June 30, 2022 and the funds obtained from the second capital increase executed in May 2022 amounting to 156.4 million euros (Note 11.1), the Group will be able to maintain its solvency while fulfilling its short-term payment obligations disclosed in the interim condensed consolidated statement of financial position at June 30, 2022 as there is no material uncertainty regarding continuity of the Group's operations.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

3. DISTRIBUTION OF RESULTS AND CAPITAL MANAGEMENT

As indicated in Note 1.1, MHRE and other Group companies have availed themselves of the special tax regime established in the SOCIMI Law. In accordance with said Law, the SOCIMIs are obliged to distribute gains obtained during the year to their shareholders in the form of dividends, once the corresponding mercantile obligations have been fulfilled, and must agree upon the distribution within the six months subsequent to the closing of each reporting period, as follows:

a) 100% of the gains arising from dividends or profit-sharing based on interests held in other SOCIMIs or other interests whose main corporate purpose is the acquisition of urban properties.

b) At least 50% of the gains arising from transfer of properties and shares or participation units to which section 1 of article 2 of the SOCIMI Law refers, realized once the deadlines have elapsed to which section 3 of article 3 of this Law refers, relating to compliance with the main corporate purpose. The remaining gains must be reinvested in other properties or interests relating to compliance with said corporate purpose within three years subsequent to the transfer date. In default thereof, said gains must be distributed in their entirety together with the gains, if any, which arise in the year in which the reinvestment period ends. If the items subject to reinvestment are transferred within the holding period, any corresponding gains must be distributed in their entirety together with the gains, if any, which arise from the year in which they were transferred. The obligation to distribute does not affect the portion of those gains attributable to years in which the Group did not file taxes under the special tax regime established in the SOCIMI Law.

c) At least 80% of the remaining gains obtained.

When the distribution of dividends is performed with a charge against reserves arising from gains obtained during a year in which the special tax regime was applied, the distribution will obligatorily be adopted with the agreement to which the previous section refers.

MHRE is obliged to transfer 10% of profit for the year to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders (Note 11.3).

In accordance with the stipulations of the SOCIMI Law, MHRE's bylaws do not establish any other unrestricted reserve apart from the legal reserve.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

4. CALCULATION OF FAIR VALUE

The Group applies the criteria disclosed in Note 4.18 to the consolidated financial statements for FY 2021 when calculating fair value for assets and liabilities.

The disclosures relating to the fair value of non-financial assets (investment properties) measured at fair value, or for which fair value is disclosed, are included in Note 7.

The following table shows the fair value hierarchy for the Group's assets:

		Fair value measurement used (Euros)			
6/30/2022	**Date of measurement**	**Total**	**Quoted value on active markets (Level 1)**	**Significant observable variables (Level 2)**	**Significant unobservable variables (Level 3)**
Assets measured at fair value					
Investment properties (Note 7)					
Hotels being operated	6/30/2022	94,371,080	-	-	94,371,080
Hotels in development	6/30/2022	331,590,919	-	-	331,590,919
Alcaidesa Golf - Club House Restaurant	6/30/2022	3,100,001	-	-	3,100,001

There were no transfers between Levels 1 and 2 during the six-month period ended June 30, 2022.

The table which presents the fair value hierarchy for the Group's assets and liabilities at 2021 year end is included in Note 4.18 to the consolidated financial statements for FY 2021.

5. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to the ordinary shareholders of the Parent by the weighted average number of ordinary shares circulating during the period, excluding treasury shares.

	6/30/2022	6/30/2021
Profit (loss) for the period attributable to shareholders of MHRE (euros)	15,784,493	1,242,630
Weighted average number of shares circulating (shares)	84,052,136	54,375,353
Basic earnings per share (euros)	**0.19**	**0.02**

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

Diluted earnings per share

Diluted earnings per share are calculated by adjusting profit for the year attributable to holders of the Parent's equity instruments and the weighted average number of ordinary shares circulating with all the dilutive effects inherent to potential ordinary shares, that is, as though all potentially dilutive ordinary shares had been converted.

As the Parent does not have different classes of potentially dilutive ordinary shares, no diluted earnings per share were calculated.

6. PROPERTY, PLANT, AND EQUIPMENT

The balance for this heading at June 30, 2022 and December 31, 2021 mainly corresponds to the PP&E items associated with the golf courses called "Alcaidesa Links" and "Alcaidesa Heathland," which boast a club house, in the municipality of San Roque, Cádiz, and which are temporarily being exploited by the Group.

The movements in PP&E during the six-month period ended June 30, 2022 were as follows:

(Euros)	12/31/2021	Additions/ Allowances	Derecognitions/ Amounts applied	Transfers (Note 7)	6/30/2022
Cost					
Land	2,443,368	-	-	-	2,443,368
Buildings	5,216,674	21,500	-	-	5,238,174
Machinery	191,857	-	-	-	191,857
Plant	318,751	224,117	-	-	542,868
Furniture	50,141	11,052	-	-	61,193
Data processing equipment	26,857	12,607	-	-	39,464
Transport equipment	390,668	-	-	-	390,668
Right-of-use assets	3,238,772	472,773	(246,632)	-	3,464,913
PP&E under construction	7,087,770	2,267,057	-	-	9,354,827
	18,964,858	3,009,106	(246,632)	-	21,727,332
Accumulated depreciation					
Buildings	(309,569)	(76,953)	-	11,430	(375,092)
Machinery	(143,135)	(23,007)	-	-	(166,142)
Plant	(48,891)	(50,731)	-	-	(99,622)
Furniture	(11,628)	(5,205)	-	-	(16,833)
Data processing equipment	(12,223)	(6,496)	-	-	(18,719)
Transport equipment	(273,364)	(65,594)	-	-	(338,958)
Right-of-use assets	(403,414)	(100,431)	116,228	-	(387,617)
	(1,202,224)	(328,417)	116,228	11,430	(1,402,983)
Impairment losses					
Buildings	(458,264)	-	(733,301)	-	(1,191,565)
	(458,264)	-	(733,301)	-	(1,191,565)
Net carrying amount	**17,304,370**				**19,132,784**

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

The additions during the first half of 2022 mainly correspond to the remodeling work at the "Alcaidesa Links" golf course which was reopened on July 15, 2022 (Note 18) and, to a lesser extent, the refurbishment of MHRE offices. Further, the additions under "Right-of-use assets" correspond to the novation agreement reached with respect to the rental contract for the MHRE offices located in Paseo de la Castellana 102, Madrid, with a view to including more rented space, amongst other matters, and the new rental contract for MHRE offices located in Paseo de la Castellana 98, Madrid. The derecognitions under this heading are due to Millenium Hotels C220 S.L.U. exiting the consolidation scope (Notes 1 and 15.6).

Furthermore, as a consequence of the appraisals carried out by an independent expert for the assets associated with the golf courses, which are temporarily being exploited by the Group, at June 30, 2022 an impairment loss of 733.3 thousand euros was recognized.

The movements in PP&E during 2021 are disclosed in Note 6 to the consolidated financial statements for FY 2021.

7. INVESTMENT PROPERTIES

At June 30, 2022 the Group held the following investment properties:

Investment property	Location	Status
Hotel Eurostars Lucentum	Avenida Alfonso X El Sabio 11, Alicante	Operating
Hotel Meliá Bilbao	Lehendakari Leizaola 29, Bilbao	Operating
Hotel Radisson Collection Sevilla	Plaza de la Magdalena 1 and c/ Rioja 26, Seville	Operating
Hotel Radisson Collection Bilbao	Gran Vía de Don Diego López de Haro 4, Bilbao	Operating
Alcaidesa Golf - Club House Restaurant	San Roque, Cádiz	Operating
Hotel JW Marriott	Carrera de San Jerónimo 9-11, Madrid	In development
Hotel Alma Sevilla	Plaza San Francisco 11-12, Seville	In development
Hotel Nobu San Sebastián	Miraconcha 32, San Sebastián	In development
Hotel & Villas La Hacienda	San Roque, Cádiz	In development
Hotel Palacetes de Córdoba	Cabezas 13, 15, and 19, and Caldereros 3, Córdoba	In development
Hotel Nobu Madrid	Alcalá 26, Madrid	In development

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

7.1. Movements during the period

The breakdown and movements for investment properties at June 30, 2022 are as follows:

(Euros)	12/31/2021	Additions	Derecognitions	Transfers (Note 6)	Changes in fair value	6/30/2022
Hotels being operated	90,000,000	6,450	-	-	4,364,630	94,371,080
Hotels in development	293,802,000	25,576,437	(4,098)	-	12,216,580	331,590,919
Alcaidesa Golf - Club House Restaurant	2,900,000	3,900	-	(11,430)	207,531	3,100,001
Advances	1,000,000	6,790,000	-	-	-	7,790,000
TOTAL	**387,702,000**	**32,376,787**	**(4,098)**	**(11,430)**	**16,788,741**	**436,852,000**

The additions during the period mainly correspond to costs capitalized in connection with the construction and refurbishment work for various hotels, amounting to a total of 25,583 thousand euros, of which 848 thousand euros correspond to finance costs. Further, a balance of 6,790 thousand euros was paid in advance relating to the acquisition of some plots of land in Marbella for purposes of developing a luxury hotel complex, though definitive acquisition is subject to fulfillment of a series of suspensive conditions.

The breakdown and movements for investment properties at December 31, 2021 are included in Note 7.1 to the consolidated financial statements for FY 2021.

7.2. Other disclosures on investment properties

At June 30, 2022 the investment properties were mortgaged with different financial entities in guarantee of loans for a balance totaling 116.1 million euros (December 31, 2021: 111.5 million euros).

All properties are located outside Spain and are covered by insurance policies for the amount required to reconstruct and refurbish them.

7.3. Valuation of investment properties

The fair value indicated for each of the properties corresponds to the estimated market value based on the appraisals performed by independent experts at June 30, 2022 in accordance with the valuation standards published by the Royal Institute of Chartered Surveyors (RICS) in Great Britain. In order to calculate said fair value, discount rates acceptable for a potential investor were used, in line with those applied in the market for assets with similar characteristics and locations. Further, in order to calculate the residual value of an asset for the last year of the forecasts made regarding cash flows, a net exit yield is applied. The valuation model is in accordance with the recommendations of the "International Valuation Standards Committee" and is consistent with the principles established in IFRS 13.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

The breakdown of the net exit yields considered and the rate used for discounting projected cash flows is as follows:

June 30, 2022	***Net exit yields***	***Discount rate***
Hotels being operated	5.00% - 6.50%	7.25% - 8.75%
Hotels in development	4.50% - 7.50%	7.25% - 13.00%
Alcaidesa Golf - Club House Restaurant	11.00%	12.00%

December 31, 2021	***Net exit yields***	***Discount rate***
Hotels being operated	5.25% - 6.50%	7.25% - 9.00%
Hotels in development	4.50% - 7.50%	7.25% - 13.00%
Alcaidesa Golf - Club House Restaurant	11.00%	12.00%

A change of one quarter percentage point in net exit yields has the following impact on the valuations used by the Group for determining the fair value of its operational real estate:

(Euros)	**Carrying amount**	**-0.25% in net exit yields**	**+0.25% in net exit yields**
Properties being operated at 6/30/2022	180,500,000	186,130,000	175,380,000
Properties being operated at 12/31/2021	129,100,000	133,201,000	125,350,000

In contrast, a change of two and a half percentage points in the estimated construction costs for the properties under development has the following impact on the valuations used by the Group for determining the fair value of said properties:

(Euros)	**Carrying amount**	**-2.5% in construction costs**	**+2.5% in construction costs**
Properties in development at 6/30/2022	248,562,000	253,351,000	243,846,000
Properties in development at 12/31/2021	257,602,000	262,509,000	252,635,000

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

7.4. Leasing investment properties

Except for certain hotels under development, the investment properties owned by the Group are leased to third parties via operating lease contracts as described below:

- The Hotel Eurostars Lucentum was leased for an initial period finalizing in August 2020. On June 29, 2020 an addendum to the contract was subscribed, by virtue of which it was agreed upon, amongst other matters, to extend the term by 10 additional years, the first 5 years of which (that is, until the month of August 2025) will be obligatory. Subsequently, on November 8, 2021 a new addendum was subscribed, having agreed upon the deferral of part of the installments due for the period from October 2021 to June 2022 as well as a new payment schedule. In addition, an extension to the lease contract was included which will allow the lessee to extend the lease duration until August 2024, subject to fulfilling certain economic conditions. Revenue from this lease until August 2025 will be fixed. Subsequently a part of it will be fixed and another part variable, referenced to the revenue invoiced by the hotel. The fixed revenue agreed upon is referenced to annual CPI.

- The Hotel Melía de Bilbao was leased for an initial duration which finalizes in September 2024 plus an automatic extension for a single period of 5 years, should neither of the parties object. Lease income from this contract, in which MHRE was subrogated at the moment of acquiring said property in November 2019, is fixed and referenced to annual CPI.

- In addition, with respect to the Melía de Bilbao Hotel, the Group has contracted the following operating lease agreements with third parties, and with respect to which it was subrogated upon acquisition of the property:
    - Premises to be operated as a restaurant were leased until December 31, 2022 in accordance with the addendum signed on December 30, 2021. The revenue from this lease agreement is fixed and referenced to annual CPI.
    - Four contracts ceding use of space on the rooftop terrace of the Hotel Melía Bilbao for the installation of telecommunications antenna, maturing in September 2036 in accordance with the contracts signed in July 2021. In all cases the revenue agreed upon is fixed and referenced to annual CPI.

- Lease of the Hotel Radisson Collection Sevilla for an initial obligatory period from June 25, 2021 (delivery date for the hotel) to December 31, 2026, including three automatic renewals for a duration of 5 years each, provided the lessee complies with certain economic metrics at the end of each period. Lease revenue from this hotel is composed of a fixed component scaled progressively and a variable component referenced to the operating results obtained by the leased hotel. These conditions were agreed upon in the addendum to the contract signed on June 25, 2021.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

- Lease of restaurant space in the building at calle Rioja no. 26 in Seville, where the Hotel Radisson Collection Sevilla is located, for an initial obligatory duration of 5 years and including automatic and successive renewals of 5 years, if none of the signing parties objects. Revenue from this space is composed of a fixed component and a variable component referenced to the operating results obtained by the restaurant.

- Further, with respect to the building located at calle Rioja no. 26 in Seville, the Group leases commercial premises on the ground floor of the Hotel Radisson Collection Sevilla to a third party. The duration of the lease is 5 years, renewable once for a single term of 5 years, provided that none of the signing parties objects. The revenue from this lease agreement is fixed and referenced to annual CPI.

- Lease of the Hotel Radisson Collection Bilbao for an initial obligatory period from March 15, 2022 (delivery date for the hotel) to December 31, 2027, including three automatic renewals for a duration of 5 years each, provided the lessee complies with certain economic metrics at the end of each period. Lease revenue from this hotel is composed of a fixed component scaled progressively and a variable component referenced to the operating results obtained by the leased hotel. These conditions were agreed upon in the contract addendum signed on March 15, 2022, which also regulated lease income for 2022.

- With respect to the future Hotel Alma Sevilla, on May 14, 2019 MHRE signed a 20-year operating lease agreement for this property, with the first 5 years of the contract established as obligatory for the lessee. The agreement also includes three automatic renewals for a duration of 5 years each, provided the lessee fulfills the objectives for certain economic metrics at the end of each 5-year period. Revenue from this lease is composed of a fixed part and a variable part referenced to the operating results obtained by the hotel, income from which will start accruing once the finished property is made available to the lessee.

- Lease of the future Hotel JW Marriott for a period of 25 years counting form the date on which the finished property is made available to the lessee, with the first 5 years of the contract established as obligatory for the lessee. The agreement also includes four automatic renewals for a duration of 5 years each, provided the lessee fulfills the objectives for certain economic metrics at the end of each 5-year period. Lease revenue from this hotel, to be accrued from the date of delivering the hotel, is composed of a fixed component and a variable component referenced to the operating results obtained by the hotel.

- With respect to the property located at Carrera de San Jerónimo 9 and 11 in Madrid, where the future Hotel JW Marriott is located, on March 25, 2022 the Group signed an agreement to lease restaurant space for a period of 20 years counting from the opening date of the restaurant, with the first 5 years established as obligatory for the lessee. The agreement also includes three automatic renewals for a period of 5 years each, provided the lessee fulfills certain economic metrics at the end of each 5-year period. Revenue from these premises is composed of a fixed component and a variable component referenced to the volume of invoices issued by the restaurant.

- Lease of the future Hotel Nobu de San Sebastián for a duration of 20 years counting from the hotel's opening date, with the first 5 years of the contract established as obligatory for the lessee. The agreement includes a maximum of 3 automatic renewals for successive periods of 5 years each, provided the lessee fulfills certain economic metrics at the end of each period. Lease revenue from this hotel, to be accrued starting from the date on which the hotel opens, is composed of a fixed component and a variable component referenced to the operating results obtained by the hotel. In addition, this contract included a purchase option for the lessee, which became ineffective with the signing of the addendum to the contract on May 30, 2022.

- With respect to the future Hotel Nobu Madrid, on February 4, 2022 MHRE signed a 20-year operating lease agreement for this property, with the first 5 years of the contract established as obligatory for the lessee. The remaining term consists of three automatic renewals for successive periods of 5 years each, provided the lessee fulfills the objectives for certain economic metrics at the end of each 5-year period. Lease revenue from this hotel, to be accrued starting from the date on which the hotel opens, is composed of a fixed component and a variable component referenced to the operating results obtained by the hotel.

- Lease of the restaurant at the club house of the La Hacienda Alcaidesa Links Golf Resort golf courses for an initial obligatory duration of 7 years and including an automatic renewal of 5 years, provided the lessee fulfills the objectives for certain economic metrics at the end of the initial term. Revenue from this premise is composed of a fixed component and a variable component referenced to the operating results obtained by the restaurant.

In addition, MHRE is party to operating lease contracts entered into with third parties for commercial office space, to which it was subrogated when acquiring the building located at calle Alcalá 26 in Madrid (the future Hotel Nobu Madrid). The corresponding maturities for said leases range from April 2023 to June 2026, given that the early cancellation of a lease was agreed upon with one of the lessees on July 26, 2022, effective from July 29, 2022, while also agreeing upon an indemnity payment to cover loss of earnings in the amount of 210,174 euros (Note 18). The revenue agreed upon in all said contracts is fixed and referenced to annual CPI.

The income from all aforementioned operating lease contracts amounted to 4,758,966 euros for the six-month period ended June 30, 2022 (3,189,495 euros for the same period in 2021; Note15.1).

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

The expenses associated with the investment properties that have generated this income are broken down as follows:

(Euros)	6/30/2022	6/30/2021
Supplies	180,206	7,608
Taxes (other than income tax)	260,722	333,689
Other operating expenses	116,991	70,542
Impairment losses on accounts receivable (Note 8.1)	-	3,202,343
TOTAL	**557,919**	**3,614,182**

The breakdown of future minimum collections from the non-cancelable operating lease contracts (without including the contracts relating to hotels under development as they are not yet in force) is as follows:

(Euros)	6/30/2022	12/31/2021
Within one year	9,525,636	6,973,028
Between one and five years	25,117,000	19,256,954
More than five years	1,716,550	390,000
TOTAL	**36,359,186**	**26,619,982**

8. FINANCIAL ASSETS

The breakdown of financial assets by category and class is as follows:

	Debt securities		Loans, derivatives, and other		Total	
(Euros)	6/30/2022	12/31/2021	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Non-current financial assets						
Financial assets at amortized cost	-	-	4,985,456	822,746	4,985,456	822,746
	-	-	4,985,456	822,746	4,985,456	822,746
Current financial assets						
Financial assets at amortized cost	-	-	14,674,889	17,575,212	14,674,889	17,575,212
	-	-	14,674,889	17,575,212	14,674,889	17,575,212
TOTAL	**-**	**-**	**19,660,345**	**18,397,958**	**19,660,345**	**18,397,958**

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

These amounts are included in the following headings of the consolidated statement of financial position:

(Euros)	Loans, derivatives, and other 6/30/2022	Loans, derivatives, and other 12/31/2021	Total 6/30/2022	Total 12/31/2021
Non-current financial assets				
Financial investments (Note 8.2)	2,219,790	822,746	2,219,790	822,746
Trade receivables (Note 8.1)	2,765,666	-	2,765,666	-
	4,985,456	822,746	4,985,456	822,746
Current financial assets				
Trade receivables (Note 8.1)	3,491,990	4,898,892	3,491,990	4,898,892
Other receivables	761	-	761	-
Financial investments (Note 8.2)	10,400,049	12,254,977	10,400,049	12,254,977
Other current assets	782,089	421,343	782,089	421,343
	14,674,889	17,575,212	14,674,889	17,575,212
TOTAL	**19,660,345**	**18,397,958**	**19,660,345**	**18,397,958**

The carrying amounts of these financial assets do not differ significantly from their fair value.

8.1. Trade receivables

The non-current balance for trade receivables includes provisions for income accrued but yet to be invoiced, mainly associated with the payment deferrals agreed upon with the lessees of the operational hotels due to the health crisis linked to COVID-19.

The breakdown for current balances corresponding to trade receivables is as follows:

(Euros)	6/30/2022	12/31/2021
Trade receivables	424,840	187,467
Invoices pending issue	1,017,933	2,662,208
Trade bills in portfolio	2,049,217	2,049,217
TOTAL	**3,491,990**	**4,898,892**

The balance for invoices pending issue includes provisions for income accrued but yet to be invoiced, mainly associated with the payment deferrals agreed upon with the lessees of the operational hotels due to the health crisis linked to COVID-19.

Trade bills correspond to letters of credit received from the lessee of the Hotel Eurostars Lucentum in guarantee of rental payments (Note 12.2).

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

In addition, the balance for "Trade receivables" was recognized net of an impairment loss which had the following movements during the period:

(Euros)	6/30/2022	12/31/2021
Opening balance	**(64,295)**	**(2,505)**
Amounts provisioned	-	(5,782,832)
Reversals	-	4,910,106
Amounts applied	-	810,936
Closing balance	**(64,295)**	**(64,295)**

The breakdown of movements for impairment losses on accounts receivable in 2021 is included in Note 8.1 to the consolidated financial statements corresponding to said year.

8.2. Current and non-current financial investments

The breakdown of these headings is as follows:

(Euros)	6/30/2022	12/31/2021
Non-current financial investments		
Derivative financial instruments	793,550	492,400
Guarantees	1,426,240	330,346
TOTAL	**2,219,790**	**822,746**
Current financial investments		
Security deposits	10,092,892	11,535,011
Guarantees	307,157	719,966
TOTAL	**10,400,049**	**12,254,977**

Two structured deposits are included as derivative financial instruments which generate remuneration subject to the share price performance of three companies listed on the IBEX-35, one of which was incorporated during the first half of 2022 with an amount of 500 thousand euros. During said period the fair value of these deposits varied in an amount of 198,850 euros (0 euros for the same period in 2021).

The guarantees relate to amounts deposited with the corresponding public authorities in connection with the property leases and the work being performed on some of said properties. During the first half of 2022 security deposits associated with the property leases were received, duly presented before the corresponding public bodies and amounting to 982 thousand euros (Note 12.2).

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

Current security deposits at December 31, 2021 included a fixed-term deposit of 9.5 million euros, which matured in January 2022. During the first half of 2022 another fixed-term deposit was arranged for the same amount. These security deposits bear interest at market rates and mature in the short term. In addition, at said date a balance of 1.4 million euros was included corresponding to amounts withheld from the seller of Palacio Vista Eder in San Sebastián (the future Hotel Nobu) as a guarantee for fulfillment of certain obligations. The Group returned said balance during the first half of 2022. Finally, at June 30, 2022 and December 31, 2021 a security deposit amounting to 494 thousand euros was also included as a guarantee for repayment of the mortgage loan associated with the Hotel Radisson Collection Sevilla.

9. INVENTORIES

The breakdown of this heading is as follows:

(Euros)	6/30/2022	12/31/2021
Golf shop merchandise	81,794	78,183
Prepayments to suppliers	702,082	349,364
TOTAL	**783,876**	**427,547**

The Group did not recognize a corresponding provision for impairment losses during the first half of 2022 (neither did it in 2021).

10. CASH AND CASH EQUIVALENTS

This heading reflects the current accounts held by the Group, which bear interest at market rates and whose balance at June 30, 2022 totals 204,395,823 euros (December 31, 2021: 53,545,370 euros. Of said amount, a balance of 2,432 thousand euros (December 31, 2021: 6,458 thousand euros) will be restricted until the corresponding amounts are justified by evidence of *capex* investments for which the Group obtained bank financing.

The Group generally places cash and cash equivalents at financial institutions with high credit ratings.

11. EQUITY

The breakdown of consolidated equity and related movements are shown in the interim consolidated statement of changes in equity.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

11.1. Share capital

At June 30, 2022 MHRE's share capital consisted of 116,032,487 shares (December 31, 2021: 76,926,101 shares) with a nominal value of 1 euro each. All the shares are of the same class and confer the same rights and are listed on BME Growth.

The breakdown of shareholders holding ownership interest in the share capital of MHRE greater than 5% at June 30, 2022 is as follows:

Shareholder	% of ownership interest
CL MH Spain S.à. (controlled by Castlelake)	49.72%
Arconas International	5.05%
Mutualidad General de Previsión de la Abogacía	5.05%

The breakdown of shareholders holding ownership interest in the share capital of MHRE greater than 5% at December 31, 2021 is as follows:

Shareholder	% of ownership interest
CL MH Spain S.à. (controlled by Castlelake)	42.50%
Pelham Capital, Ltd.	6.97%
Alazady España, S.L. (controlled by Mr. José María Castellano)	5.84%

On May 27, 2022 the corresponding deed was granted relating to the second disbursement for the capital increase carried out by MHRE without any preferential rights. It had been approved by the ordinary and extraordinary general shareholders meeting held on July 7, 2021, as filed at the Madrid Mercantile Registry on May 30, 2022. Execution of the second disbursement for said capital increase involved subscription of a total of 39,106,386 new shares at a nominal value of one euro each and a share premium of 3 euros each, so that the effective total balance corresponding to said second disbursement amounted to 156,425,544 euros.

The costs of this capital increase, accrued during the six-month period ended June 30, 2022, amounted to 1,158,559 euros (270,106 euros for the same period in 2021), recognized as a lower amount for reserves (Note 11.3).

11.2. Share premium

The share premium can be freely distributed. The first half of 2022 saw an increase in the share premium of 117,319,158 euros as a result of the second disbursement relating to the capital increase approved by the shareholders in their ordinary and extraordinary general meeting held on July 7, 2021 (Note 11.1).

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

11.3. Reserves and retained earnings

The breakdown and movements in the items recognized under this heading are as follows:

(Euros)	Balance at 12/31/2021	Appropriation of profit	Capital increase expenses (Note 11.1)	Other changes (Note 11.4)	Balance at 6/30/2022
Legal reserve	3,040,560	-	-	-	3,040,560
Reserves in consolidated companies	(159,836)	-	-	-	(159,836)
Voluntary reserves	50,578,617	-	(1,158,559)	(14,118)	49,405,940
	53,459,341	-	(1,158,559)	(14,118)	52,286,664
Retained earnings	8,999,106	9,473,809	-	-	18,472,915
TOTAL	**62,458,447**	**9,473,809**	**(1,158,559)**	**(14,118)**	**70,759,579**

(Euros)	Balance at 12/31/2020	Appropriation of profit	Capital increase expenses (Note 11.1)	Other changes (Note 11.4)	Balance at 6/30/2021
Legal reserve	3,040,560	-	-	-	3,040,560
Reserves in consolidated companies	(159,836)	-	-	-	(159,836)
Voluntary reserves	51,517,254	-	(270,106)	(27,832)	51,219,316
	54,397,978	-	(270,106)	(27,832)	54,100,040
Retained earnings	23,994,547	(14,995,441)	-	-	8,999,106
TOTAL	**78,392,525**	**(14,995,441)**	**(270,106)**	**(27,832)**	**63,099,146**

Legal reserve

The balance of this heading corresponds entirely to the Parent. In accordance with the consolidated text of the Corporate Enterprises Act, until the legal reserve exceeds the limit of 20% of share capital, it cannot be distributed to shareholders and can only be used to offset losses, if no other reserves are available for this purpose. This reserve can also be used to increase share capital by the amount exceeding 10% of the new capital after the increase.

Voluntary reserves

The balance of these reserves corresponds entirely to the Parent and are freely distributable. However, at June 30, 2022 this reserve includes a balance of 57,770,640 euros (December 31, 2021: 57,770,640 euros) which can only be used under the same conditions required for capital reductions. The ordinary and extraordinary general shareholder meeting for MHRE held on June 22, 2022 approved, amongst other matters, offsetting the losses from prior years in the amount of 19,141,696 euros with a charge against said special voluntary reserve. Thus, the mandatory announcement was published on June 28, 2022 in the Official Gazette of the Mercantile Registry and on MHRE's corporate website, in accordance with the provisions of article 319 of the revised text of the Spanish Corporate Enterprises Act, referred to in article 335.c) of the aforementioned

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

law. Since none of MHRE's creditors objected to offsetting the losses in a timely manner and due form, the directors of MHRE unanimously agreed to execute said operation at their meeting held on October 6, 2022 (Note 18).

11.4. Shares of the Parent company

During the six-month period ended June 30, 2022 MHRE acquired 17,456 treasury shares (24,134 treasury shares during the same period in 2021) at an average price of 3.81 euros per share (4.06 euros per share during the same period in 2021) and sold 19,479 treasury shares (28,653 treasury shares during the same period in 2021) at an average price of 3.88 euros per share (3.90 euros per share during the same period in 2021). The difference between the cost price and the sales price for the shares, totaling a net amount of 14,118 euros (27,832 euros for the same period in 2021) was recognized under "Voluntary reserves" (Note 11.3).

At June 30, 2022 MHRE held a treasury share portfolio comprised of 217,190 treasury shares, representing 0.2% of its share capital (December 31, 2021: 219,212 treasury shares, representing 0.3% of its share capital).

12. FINANCIAL LIABILITIES

The breakdown of financial liabilities by category is as follows:

(Euros)	6/30/2022	12/31/2021
Non-current financial liabilities		
Financial liabilities at amortized cost	116,832,199	111,120,324
Bank borrowings (Note 12.1)	112,621,619	108,081,012
Finance lease payables	4,382	28,915
Other financial liabilities (Note 12.2)	4,206,198	3,010,397
	116,832,199	**111,120,324**
Current financial liabilities		
Financial liabilities at amortized cost	23,157,229	21,983,626
Bank borrowings (Note 12.1)	6,079,757	5,993,965
Finance lease payables	107,176	173,234
Other financial liabilities (Note 12.2)	2,266,202	3,597,030
Trade and other payables (Note 12.3)	14,704,094	12,219,397
	23,157,229	**21,983,626**
TOTAL	**139,989,428**	**133,103,950**

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

The breakdown of maturities for financial liabilities at June 30, 2022, without taking into account debt arrangement expenses amounting to 1,643,600 euros, is as follows:

(Euros)	Current	Non-current						Total
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total non-current	
Bank borrowings	6,079,757	6,451,748	22,648,154	26,059,113	32,197,625	26,908,579	114,265,219	120,344,976
Finance lease payables	107,176	4,382	-	-	-	-	4,382	111,558
Other financial liabilities	2,266,202	281,745	145,801	521,705	346,702	2,910,245	4,206,198	6,472,400
Trade and other payables	14,704,094	-	-	-	-	-	-	14,704,094
TOTAL	**23,157,229**	**6,737,875**	**22,793,955**	**26,580,818**	**32,544,327**	**29,818,824**	**118,475,799**	**141,633,028**

The breakdown of maturities for financial liabilities at December 31, 2021, without taking into account debt arrangement expenses amounting to 1,842,216 euros, is as follows:

(Euros)	Current	Non-current						Total
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total non-current	
Bank borrowings	5,993,965	5,929,623	7,209,130	22,804,479	25,834,737	48,145,259	109,923,228	115,917,193
Finance lease payables	173,234	28,915	-	-	-	-	28,915	202,149
Other financial liabilities	3,597,030	153,304	185,761	87,865	109,794	2,473,673	3,010,397	6,607,427
Trade and other payables	12,219,397	-	-	-	-	-	-	12,219,397
TOTAL	**21,983,626**	**6,111,842**	**7,394,891**	**22,892,344**	**25,944,531**	**50,618,932**	**112,962,540**	**134,946,166**

12.1. Bank borrowings

The breakdown for bank borrowings is included in Note 12.1 to the consolidated financial statements for FY 2021.

During the first half of 2022, a balance of 7.3 million euros was drawn down on the loan guaranteed by ICO and granted for financing the properties that will make up the future Hotel JW Marriott, covering the adaptation costs for said hotel. In addition, a balance of 3.3 million euros was repaid on said borrowings.

In contrast, during the six-month period ended June 30, 2022, borrowings from credit entities accrued finance costs amounting to 1,717 thousand euros (1,679 thousand euros during the same period in 2021), of which 848 thousand euros were capitalized in connection with hotels under development (1,303 thousand euros during the same period in 2021; Note 7) and 869 thousand euros were recognized in the separate interim consolidated statement of profit or loss (376 thousand euros during the same period in 2021).

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

The mortgage loans related to the Hotel Radisson Collection Sevilla, the Hotel Radisson Collection Bilbao, the Hotel Melía Bilbao, and the future Hotel JW Marriott include the obligation to comply with a series of financial ratios in some cases, applicable once the corresponding hotel has been operating for a given period of time. The loans can be called ahead of maturity in the event of failure to meet the ratios. At June 30, 2022 the Group was in compliance with the ratios applicable at said date, except for one case in which the corresponding waiver had been obtained from the banking entity (same situation at December 31, 2021).

12.2. Other financial liabilities

The breakdown of this heading is as follows:

(Euros)	6/30/2022	12/31/2021
Other non-current financial liabilities		
Security deposits received	1,202,535	209,374
Lease liabilities	3,003,663	2,801,023
TOTAL	**4,206,198**	**3,010,397**
Other current financial liabilities		
Security deposits received	2,049,217	2,959,218
Lease liabilities	209,577	130,404
Other	7,408	507,408
TOTAL	**2,266,202**	**3,597,030**

The changes in non-current security deposits received were due to the fact that during the first half of 2022 security deposits associated with the property leases were received in an amount of 982 thousand euros (Note 8.2).

The increase in lease liabilities corresponds to the novation agreement reached with respect to the rental contract for the MHRE offices located in Paseo de la Castellana 102, Madrid, with a view to including more rented space, amongst other matters, and the new rental contract for the MHRE offices located in Paseo de la Castellana 98, Madrid (Note 6). In addition, a decrease in the heading was recognized in the amount of 141 thousand euros as a consequence of Millenium Hotels C220, S.L.U. exiting the consolidation scope (Notes 1 and 15.6).

The balance recognized for current security deposits mainly includes the letters of credit received from the lessee of the Hotel Eurostars Lucentum in guarantee of rental payments (Note 8.1). The decrease in said heading and "Other" is due to the reimbursement of 1.4 million euros corresponding to amounts which had been withheld from the seller of Palacio Vista Eder in San Sebastián (the future Hotel Nobu) as a guarantee for fulfillment of certain obligations.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

12.3. Trade and other payables

The breakdown of financial liabilities included under this heading is as follows:

(Euros)	6/30/2022	12/31/2021
Suppliers and other payables	13,392,704	10,448,445
Remuneration pending payment to employees	1,185,344	1,444,780
Customer advances	126,046	326,172
TOTAL	**14,704,094**	**12,219,397**

The increase for "Suppliers and other payables" is mainly due to the performance of refurbishment work at various hotels (Note 7) and the "Alcaidesa Links" golf course.

Remuneration payable to employees at June 30, 2022 mainly includes provisions for bonuses amounting to 510 thousand euros (December 31, 2021: 0 euros) as well as other items amounting to 675 thousand euros (December 31, 2021: 1,443 thousand euros), to be paid out once 2022 ends in accordance with the MHRE Management Policy.

Customer advances correspond entirely to payments received in advance from clients of the golf courses at the La Hacienda Alcaidesa Links Golf Resort in connection with subscription fees for each year.

13. TAX SITUATION

The breakdown of tax assets and tax liabilities is as follows:

(Euros)	6/30/2022	12/31/2021
Tax credits		
Other receivables from public administrations		
VAT	6,821,869	8,090,316
Withholdings on corporate income tax	41,813	32,296
TOTAL	**6,863,682**	**8,122,612**
Tax liabilities		
Deferred tax liabilities	2,514,294	2,514,294
Other payables to public administrations		
VAT	120,497	4,276
Withholdings	815,868	281,680
Provision for property tax (Note 15.5)	315,000	-
Social security	73,888	60,678
TOTAL	**3,839,547**	**2,860,928**

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by the tax authorities or until the four-year inspection period has expired. The Group companies are open to inspection of all taxes to which they are liable for the last four years. At June 30, 2022 the Group is subject to ongoing limited verification procedures initiated by the tax authorities with respect to VAT corresponding to Alcaidesa Holding, S.A.U. for 2021. The directors of MHRE and its tax advisors consider that, in the event of a tax inspection, no significant tax contingencies would arise as a result of varying interpretations of the tax legislation applicable to transactions carried out by Group companies.

13.1. Corporate income tax

As stated in Note 1.1, MHRE and its subsidiaries are subject to the special regime established in the SOCIMI Law. In accordance with said special tax regime for the SOCIMIs, the returns generated by their activities which fulfill the stipulated requirements are exempt from taxation. Thus, during the six-month period ended June 30, 2022 the Group did not accrue any expenses or income related to corporate income tax (neither did it during the same period in 2021).

The reconciliation between income tax expense (income) and the result of multiplying total recognized income and expenses by applicable tax rates is not presented given that the tax rate applicable to the Group companies in 2022 is 0% (2021: 0%).

13.2. Disclosure requirements arising from the condition of SOCIMI for the Group companies. Law 11/2009, modified by Law 16/2012, and Law 11/2021 ("the SOCIMI Law")

The disclosure requirements established by article 11 of the SOCIMI Law relating to Group companies which avail themselves of said special tax regime is provided in Note 14.3 to the consolidated financial statements for FY 2021.

14. SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed, discussed, and assessed by the Group’s chief operating decision maker in order to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

Group management has categorized its activity in accordance with the business segments described below, based on the type of assets acquired and managed:

- Leasing of hotels: investment activities relating to properties leased for hotel and accessory businesses.
- Other activities: this segment includes the golf course business activity.

Income and expenses which cannot be attributed to a business segment or which affect the Group in general are attributed to the Parent, as the "Corporate Unit."

The Management Team is responsible for taking decisions and monitors the operating results of its business units separately so as to be able to make decisions regarding allocation of resources and performance evaluation. Segment performance is evaluated based on profit or loss before taxes and is measured consistently with profit or loss before taxes in the interim condensed consolidated financial statements. However, taxes on profits are managed at the Group level and are not assigned to operating segments.

The transfer prices between operating segments are similar to those applied to transactions with third parties.

Information by segment is provided below for the period:

	Hotel leases		Other activities		Corporate unit		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	4,758,966	3,189,495	746,434	535,955	-	-	5,505,400	3,725,450
Cost of sales	-	-	(46,685)	(70,559)	-	-	(46,685)	(70,559)
Other operating income	279,341	-	38,447	29,046	-	-	317,788	29,046
Employee benefits expense	-	-	(744,983)	(583,932)	(2,422,633)	(1,249,175)	(3,167,616)	(1,833,107)
Other operating expenses	(967,182)	(2,914,314)	(494,379)	(462,627)	(842,540)	(1,652,921)	(2,304,101)	(5,029,862)
Change in fair value of investment properties	16,788,741	6,948,388	-	-	-	-	16,788,741	6,948,388
Depreciation and amortization	(38,913)	(84,662)	(192,110)	(252,956)	(97,394)	(8,880)	(328,417)	(346,498)
Impairment losses on assets	-	-	(733,301)	(1,669,172)	-	-	(733,301)	(1,669,172)
Gains (losses) due to loss of control over subsidiaries	-	-	-	-	860,198	-	860,198	-
OPERATING PROFIT	**20,820,953**	**7,138,907**	**(1,426,577)**	**(2,474,245)**	**(2,502,369)**	**(2,910,976)**	**16,892,007**	**1,753,686**
Finance income and expenses (net)	(878,190)	(500,872)	(32,892)	(10,184)	(196,432)	-	(1,107,514)	(511,056)
PROFIT (LOSS) BEFORE TAX	**19,942,763**	**6,638,035**	**(1,459,469)**	**(2,484,429)**	**(2,698,801)**	**(2,910,976)**	**15,784,493**	**1,242,630**

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

	Hotel leases		Other activities		Corporate unit		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Total assets	**454,311,504**	**379,840,076**	**17,870,978**	**8,956,250**	**215,506,028**	**20,088,145**	**687,688,510**	**408,884,471**
Total liabilities	**132,874,392**	**127,796,123**	**8,304,388**	**5,064,127**	**3,029,685**	**871,626**	**144,208,465**	**133,731,875**
Other disclosures								
Acquisitions of PP&E	-	-	2,313,979	1,972,061	695,127	15,522	3,009,106	1,987,583
Acquisitions of investment properties	32,376,787	17,217,573	-	-	-	-	32,376,787	17,217,573

15. INCOME AND EXPENSES

15.1. Revenue

The amount recognized under this heading mainly corresponds to revenue received from leasing the hotels owned by the Group, amounting to 4,758,966 euros (2021: 3,189,495 euros; Note 7.4). During the six-month period ended June 30, 2022 additional income was obtained from the rendering of services, amounting to 672,777 euros (414,600 euros during the same period in 2021), and from sales of sports articles, amounting to a total of 73,657 euros (121,355 euros during the same period in 2021), all of which was related to the operation of two golf courses (Note 6).

The distribution of Group revenue by geographical markets is as follows:

(Euros)	6/30/2022	6/30/2021
Madrid	732,011	983,005
Alicante	858,127	838,465
Bilbao	1,982,975	1,293,024
Cádiz	796,016	566,703
Seville	1,136,271	44,253
TOTAL	**5,505,400**	**3,725,450**

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

15.2. Employee benefits expense

The breakdown of this heading is as follows:

(Euros)	6/30/2022	6/30/2021
Wages and salaries	1,667,333	1,648,345
Provision for bonuses and other remuneration items (Note 12.3)	1,185,316	-
Social security payable by the company	286,528	170,874
Other employee benefits expense	28,439	13,888
TOTAL	**3,167,616**	**1,833,107**

The breakdown by category of the Group's employees is as follows:

	Number of persons employed at end of the period			Average number of persons employed during the period	Average number persons with disability >33% employed during the period
Categories	**Men**	**Women**	**Total**		
6/30/2022					
Chief Executive Officer	1	-	1	1	-
Remaining management team	3	1	4	3	-
Department directors	7	3	10	11	-
Other employees	44	19	63	59	-
TOTAL	**55**	**23**	**78**	**74**	**-**
6/30/2021					
Chief Executive Officer	1	-	1	1	-
Remaining management team	4	1	5	5	-
Department directors	4	2	6	5	-
Other employees	23	10	33	35	-
TOTAL	**32**	**13**	**45**	**46**	**-**

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

15.3. External services

The breakdown of this heading is as follows:

(Euros)	6/30/2022	6/30/2021
Leases and royalties	9,996	5,235
Repairs and maintenance	150,777	149,995
Independent professional services	724,023	483,538
Transportation	7,776	8,553
Insurance premiums	85,619	81,672
Banking and similar services	13,119	10,942
Publicity, advertising, and public relations	176,653	46,678
Supplies	306,342	132,390
Other services	97,912	40,665
TOTAL	**1,572,217**	**959,668**

15.4. Finance costs

The breakdown of this heading is as follows:

(Euros)	6/30/2022	6/30/2021
Interest on borrowings from credit entities	746,914	376,380
Interest on derivative instruments	10,483	64,243
Other finance costs	154,509	65,334
TOTAL	**911,906**	**505,957**

15.5. Other taxes

This heading mainly includes the property tax on the real estate assets owned by the Group. The corresponding expense is recognized in the separate interim consolidated statement of profit or loss at the beginning of the year at the amount corresponding to the total expense for said tax during the year, in accordance with IFRIC 21 - Levies.

15.6. Gains (losses) due to loss of control over subsidiaries

As described in Note 5 to the consolidated financial statements for FY 2021, on January 31, 2022 the sale of all the shares held by MHRE in Millenium Hotels C220, S.L. to the former director, Ibervalles, S.A., was executed. The transaction had previously been approved at the ordinary and extraordinary general shareholder meeting held on July 7, 2021, resulting in Hotel Vía Castellana no longer forming part of the Group's portfolio. The price of this sale was fixed at 27.5 million euros, of which an advance payment amounting to 3 million euros had previously been received on July 30, 2021. In addition, on the date of signing the corresponding purchase-sale deed, 500 thousand euros were retained by the buyer as a guarantee until April 30, 2022, of which 433 thousand euros were finally returned. Thus, the profit recognized for this transaction amounted to 860.2 thousand euros.

Consequently, the assets associated with said transaction were classified under "Assets held for sale" and the liabilities associated with these assets were classified under "Liabilities associated with assets held for sale" in the consolidated statement of financial position at December 31, 2021. The breakdown of these assets and liabilities is included in Note 5 to the 2021 consolidated financial statements.

16. TRANSACTIONS WITH RELATED PARTIES

Related parties with which the Group carried out transactions during the six-month period ended June 30, 2022, and the nature of the relationship, are as follows:

Related party	Nature of the relationship
Grupomillenium Investment Partners, S.L.	Entity related to Board members
Tzar Rent a Car, S.L.	Entity related to Board members
Millenium Development, S.L.	Entity related to Board members
A&J Home Systems, S.L.	Entity related to Board members
Members of the Board of Directors of MHRE	Directors
Chairman and CEO of MHRE	Senior management

The related party transactions correspond to normal Group business operations and are carried out on an arm's length basis in a manner similar to transactions with unrelated parties.

16.1. Related parties

The breakdown of transactions carried out with related parties during the six-month period ended June 30 is as follows:

	Entities related to Board members	
(Euros)	6/30/2022	6/30/2021
Leases	44,961	30,000
Professional services	30,238	-
Purchase of materials	4,933	-
Transportation	5,650	5,450
TOTAL	**85,782**	**35,450**

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2022

The Parent has leased the offices in Madrid to Grupomillenium Investment Partners, S.L. until March 31, 2023. Subsequently, this contract will automatically be renewed for one-year periods unless the lessee expressly states otherwise.

The breakdown of balances with related parties is as follows:

	Entities related to Board members	
(Euros)	**6/30/2022**	**12/31/2021**
Other payables	6,824	28,228
TOTAL	**6,824**	**28,228**

16.2. Directors and senior management

The ordinary and extraordinary general MHRE shareholder meeting held on June 22, 2022 approved, amongst other matters, an increase in the number of Board members by two additional members (from 9 to 11), appointing Ms. Pilar Muñoz Sanz and Mr. Luis Basagoiti Robles as independent directors.

Consequently, at June 30, 2022, MHRE's Board of Directors consisted of 11 members, 7 of whom were men and 4 women (December 31, 2021: 10 members, 7 of whom were men, together with a company represented by a man and two women).

The breakdown of remuneration earned by members of the MHRE Board of Directors and senior management during the six-month period ended June 30, 2022 is as follows:

(Euros)	6/30/2022	6/30/2021
Directors		
Salaries	192,000	192,000
Per diems	73,000	61,000
	265,000	**253,000**
Senior management		
Salaries	300,000	674,998
Bonus provision	225,000	-
	525,000	**674,998**
TOTAL	**790,000**	**927,998**

The Group had not contracted any commitments for pension plans for the directors or senior management of MHRE at June 30, 2022 or December 31, 2021.

At June 30, 2022 and December 31, 2021 the Group had not granted any loans or advances to Board members or senior management of MHRE, nor had it pledged any guarantees on their behalf.

During the six-month period ended June 30, 2022 the Group settled a balance of 57,055 euros corresponding to civil liability insurance premiums on behalf of MHRE directors to cover potential damages caused in the course of carrying out their duties (57,055 euros during the same period in 2021). Likewise, during said period, a life insurance premium was settled in favor of senior management, amounting to 10,346 euros (9,598 euros during the same period in 2021).

17. RISK MANAGEMENT POLICIES

The Group manages its capital and financial structure with a view to ensuring it can meet current payment obligations, investment commitments, and debts, while maximizing returns generated for its shareholders.

The management policies for financial risk within the sector in which the Group operates are fundamentally determined by the analysis of investment projects, management of building occupancy, and the situation of financial markets:

- Credit risk: the Group's credit risk mainly arises from the risk of non-payment of rental installments by the tenants of their properties. The Group manages said risk by careful selection of tenants and requesting security deposits or guarantees in the contracts to be signed. During the first half of 2022 no impairment losses were recognized for accounts receivable (during the same period in 2021 an impairment loss was recognized for the balances pending collection at June 30, 2021 from the lessees of Hotel Vía Castellana and Hotel Eurostars Lucentum, amounting to a net balance of 3,202 thousand euros).

- Liquidity risk: this risk reflects the possibility that the Group will have insufficient funds or lack access to sufficient funds at an acceptable cost to meet its payment obligations at any point in time. At June 30, 2022 the Group presented a loan to value ratio (LTV), defined as financial debt divided by the fair value of the assets, of 26.7% (December 31, 2021: 28.7%); positive working capital amounting to 201.9 million euros (December 31, 2020: 80 million euros); and a cash balance of 204.4 million euros (December 31, 2021: 53.5 million euros). Thus, in light of its financial position at June 30, 2022, the directors of MHRE consider that the Group will be able to meet its payment obligations in the short term.

- Market risk: this represents one of the main risks to which the Group is exposed as a consequence of low property occupancy or downward renegotiation of expiring lease agreements. Materialization of this risk would decrease Group revenue and negatively affect the valuation of assets. Taking into account the location of the Group's properties and the duration of the lease agreements (Note 7.4), the directors of MHRE consider this a moderate risk.

- Interest rate risk: at June 30, 2022 approximately 79% of the debt held by the Group with credit entities is subject to a fixed interest rate (December 31, 2021: 78%). The remaining bank borrowings are referenced to the Euribor rate. Taking the present situation into account regarding interest rate hikes, the directors of MHRE consider the possible impact of this risk for the Group's equity as moderate.

18. EVENTS AFTER THE REPORTING DATE

The following significant events took place between June 30, 2022 and the date of authorization for issue of the accompanying interim condensed consolidated financial statements:

- On July 15, 2022 the golf course called "Alcaidesa Links", which is temporarily being operated by the Group, was reopened and completely remodeled.
- On July 26, 2022 early termination of the lease for the property located at calle Alcalá 26 in Madrid was agreed upon with one of the lessees, effective from July 29, 2022. Collection of a compensation for loss of earnings was also agreed upon, amounting to 210,174 euros.
- On July 27, 2022, the Group acquired a property for a price of 30 million euros located at calle Zorrilla 19 in Madrid with a view to converting it into a 5-star hotel. The expenses associated with this acquisition amounted to approximately 945 thousand euros.
- On July 29, 2022 the Group signed the lease contract for the future Hotel & Villas Fairmont La Hacienda, which is under development in Cadiz.
- On October 6, 2022, the directors of MHRE unanimously resolved to offset losses from previous years in the amount of 19,141,696 euros with a charge against the special voluntary reserve, as approved at the ordinary and extraordinary general shareholder meeting of MHRE held on June 22, 2022.

19. ADDITIONAL NOTE FOR ENGLISH TRANSLATION

These interim condensed consolidated financial statements are presented on the basis of IFRS-EU and other regulatory framework for financial information applicable in Spain. Consequently, certain accounting practices applied by the Group may not conform with generally accepted principles in other countries.

Interim consolidated management report for the six-month period ended June 30, 2022

Situation of the market in which the Group performs its activity

During the first half of 2022, the health crisis provoked by COVID-19 had a limited direct effect on the Group's operations given that the Spanish government did not impose additional restrictions regarding activities or limit individual mobility. However, this health crisis has generated problems in the supply chain for materials at an international level and has thereby indirectly affected the Group's operations.

In addition, on February 24, 2022 Russia invaded Ukraine and started a war with uncertain geopolitical consequences worldwide. Although the Group's operations have not been directly affected by the ongoing conflict or the international sanctions imposed, the indirect effects, such as the increase in prices, the impact on construction costs, and the increase in the cost of energy, are currently affecting all economic agents in the sector.

In light of this situation, the directors and Management of the Parent are constantly monitoring the developing situation as well as the effects it may have on credit markets.

Business performance and situation of the Group

During the first half of 2022, in this unprecedented and highly uncertain context, the Group obtained a positive result of 15.8 million euros (1.2 million euros for the same period in 2021) in spite of the fact that only four of its hotels were being operated since the Hotel Vía Castellana had only been included in its portfolio for one month until Millenium Hotels C220, S.L.U. no longer formed part of the consolidation scope, sale of which resulted in a profit of 0.86 million euros, as explained below. In addition, the net result for the period was generated thanks to the positive change in the fair value of real estate assets, which presented a profit of 16.8 million euros (6.9 million euros for the same period in 2021) though also affected by impairment losses on the golf courses amounting to 0.7 million euros (1.7 million euros for the same period in 2021).

During the first half of 2022 the Group's hotel leasing activity showed signs of recovery with income increasing by 49% as compared to the previous year, a consequence of opening new hotels that had been under construction during the prior year and CPI-adjusted rental installments. The significant positive results were mainly generated thanks to the aforementioned positive change in the fair value of real estate assets, evidencing the resilience of MHRE's asset portfolio and business model.

It is worth noting that on January 31, 2022 the sale of all the shares held by MHRE in Millenium Hotels C220, S.L.U. to the former director, Ibervalles, S.A., was executed. The transaction had previously been approved at the ordinary and extraordinary general shareholder meeting held on July 7, 2021, resulting in Hotel Vía Castellana no longer forming part of the Group's portfolio. The price of this sale was fixed at 27.5 million euros, of which an advance payment of 3 million euros had previously been received on July 30, 2021. In addition, on the date of signing the corresponding purchase-sale deed, 500 thousand euros were retained by the buyer as a guarantee until April 30, 2022, of which 433 thousand euros were finally returned. Consequently, the profit recognized for this transaction amounted to 860.2 thousand euros.

Interim consolidated management report for the six-month period ended June 30, 2022

On March 15, 2022 the Hotel Radisson Collection opened in Bilbao after having finalized the reconversion work on the property. An addendum to the lease agreement for this hotel was signed on the same date, by virtue of which, amongst other matters, the rental installments due in 2022 were adjusted with a view to helping the lessee overcome the difficult market situation while complying with the contract in force.

In addition, the Group continued closing agreements with some of the world's leading hotel chains which operate in the luxury segment. On February 4, 2022 a lease agreement was signed for the future Hotel Nobu Madrid and on July 29, 2022 a lease agreement was signed for the future Hotel & Villas Fairmont La Hacienda, which is under development in Cadiz.

In addition, progress in the work on buildings which are being reconverted or developed was affected by supply chain problems for materials on a global level as well as by the Russian war against Ukraine, though without generating significant delays or increases in costs.

With respect to the golf courses which the Group is temporarily operating, its activity was affected during the first half of 2022 as the "Alcaidesa Links" golf course remained closed in order to complete its total remodeling, which allowed it to join the prestigious European Tour Destination network. The reopening took place on July 15, 2022. In addition, as a consequence of the appraisal carried out by an independent expert for the assets associated with these golf courses at June 30, 2022, an impairment loss of 733 thousand euros was recognized.

Though no new properties were acquired during the first half of 2022, a balance of 6,790 thousand euros was paid in advance relating to the acquisition of some plots of land in Marbella for purposes of developing a luxury hotel complex, definitive acquisition of which is subject to fulfillment of a series of suspensive conditions.

On July 27, 2022 a property located at calle Zorrilla 19 in Madrid was acquired for a price of 30 million euros in order to convert it into a 5-star hotel. The expenses associated with this acquisition amounted to approximately 945 thousand euros. The acquired property is an emblematic building of classical architecture from the late nineteenth century, located in one of the most exclusive areas of Madrid, the Gran Vía-Alcalá axis, next to the Parliament and a few meters from Plaza Canalejas and the Thyssen-Bornemisza Museum.

Interim consolidated management report for the six-month period ended June 30, 2022

The Gross Asset Value (GAV) of the Group's real estate portfolio at June 30, 2022 amounts to 444.9 million euros (of which 15.8 million euros correspond to the La Hacienda Alcaidesa Links Golf Resort golf courses accounted for as PP&E and without considering the advance payments for the purchase of properties in an amount of 7.8 million euros), having made investments during the year in work which affects all real estate assets (including the golf courses) for a total amount of 27.9 million euros.

The EPRA Net Asset Value (EPRA NAV) of the Group at June 30, 2022, calculated as per the recommendations of the European Public Real Estate Association ("EPRA"), published in November 2016, is broken down as follows:

(Euros)	**6/30/2022**	**12/31/2021**
EQUITY	**543,480,045**	**372,160,949**
Adjustments:		
Fair value of derivative financial instruments	-	258,985
Deferred tax related to investment properties	2,514,294	5,708,722
EPRA NAV	**545,994,339**	**378,128,656**
Total shares circulating	116,032,487	76,926,101
EPRA NAV / share	**4.71**	**4.92**

The Group's EPRA NAV increased during the first half of 2022, a consequence of both the second disbursement for the MHRE capital increase and profit obtained during the period. On May 27, 2022 the corresponding deed was granted for the second disbursement relating to the capital increase carried out by MHRE without any preferential rights. It had been approved by the ordinary and extraordinary general shareholders meeting held on July 7, 2021, as filed at the Madrid Mercantile Registry on May 30, 2022. Execution of the second disbursement for said capital increase involved subscription of a total of 39,106,386 new shares at a nominal value of one euro each and a share premium of 3 euros each, so that the effective total balance corresponding to said second disbursement amounted to 156,425,544 euros.

The main objective of the Group for the coming months is to complete its work in progress so as to make its entire portfolio of assets currently held fully profitable over the next 18-24 months, as well as to carry out new acquisitions with the funds obtained from the first and second disbursement of the capital increase carried out in July 2021 and May 2022, respectively. This will allow the Group to consolidate its portfolio, consequently increasing income, which will in turn allow it to begin distributing dividends to shareholders. In addition, during the coming months, MHRE shares are expected to be listed on the Continuous Market (Sistema de Interconexión Bursátil) with a view to improving liquidity for shareholders and boosting the share price.

Interim consolidated management report for the six-month period ended June 30, 2022

Description of the main risks and uncertainties facing the Group

The risk factors which can affect the Group, as well as the policies implemented to mitigate them, are described below:

- Credit risk: the Group's credit risk mainly arises from the risk of non-payment of rental installments by the tenants of their properties. The Group manages said risk by careful selection of tenants and requesting security deposits or guarantees in the contracts to be signed. During the first half of 2022 no impairment losses were recognized for accounts receivable (during the same period in 2021 an impairment loss was recognized for the balances pending collection at June 30, 2021 from the lessees of Hotel Vía Castellana and Hotel Eurostars Lucentum, amounting to a net balance of 3,202 thousand euros).

- Liquidity risk: this risk reflects the possibility that the Group will have insufficient funds or lack access to sufficient funds at an acceptable cost to meet its payment obligations at any point in time. At June 30, 2022 the Group presented a loan to value ratio (LTV), defined as financial debt divided by the fair value of the assets, of 26.7% (December 31, 2021: 28.7%); positive working capital amounting to 201.9 million euros (December 31, 2020: 80 million euros); and a cash balance of 204.4 million euros (December 31, 2021: 53.5 million euros). Thus, in light of its financial position at June 30, 2022, the directors of MHRE consider that the Group will be able to meet its payment obligations in the short term.

- Market risk: this represents one of the main risks to which the Group is exposed as a consequence of low property occupancy or downward renegotiation of expiring lease agreements. Materialization of this risk would decrease Group revenue and negatively affect the valuation of assets. Based on the location of the Group's properties and the duration of the lease agreements in force, the directors of MHRE consider this a moderate risk.

- Interest rate risk: at June 30, 2022 approximately 79% of the debt held by the Group with credit entities is subject to a fixed interest rate (December 31, 2021: 78%). The remaining bank borrowings are referenced to the Euribor rate. Taking the present situation into account regarding interest rate hikes, the directors of MHRE consider the possible impact of this risk for the Group's equity as moderate.

Given the changing environment, the directors and Management of MHRE are constantly monitoring the developing situation with a view to successfully dealing with the possible impacts which may arise.

Interim consolidated management report for the six-month period ended June 30, 2022

Research and development activities

The Group did not engage in any R&D activity during the first half of 2022.

Treasury shares

During the six-month period ended June 30, 2022 MHRE acquired 17,456 treasury shares (24,134 treasury shares during the same period in 2021) at an average price of 3.81 euros per share (4.06 euros per share during the same period in 2021) and sold 19,479 treasury shares (28,653 treasury shares during the same period in 2021) at an average price of 3.88 euros per share (3.90 euros per share during the same period in 2021).

At June 30, 2022 MHRE held a treasury share portfolio comprised of 217,190 treasury shares, representing 0.2% of its share capital (December 31, 2021: 219,212 treasury shares, representing 0.3% of its share capital).

Use of financial instruments

Until Millenium Hotels C220, S.L.U. exited the consolidation scope on January 31, 2022, the Group carried out cash flow hedging transactions relating to the real estate finance lease liability which said subsidiary held at a variable interest rate.

In addition, the Group contracted a new derivative financial instrument during the first half of 2022 consisting of a structured deposit amounting to 500 thousand euros, for which remuneration is subject to the share price performance of three companies listed on the IBEX 35.

Events after the reporting date

No additional significants events occurred after the reporting date other than those disclosed in Note 18 to the interim condensed consolidated financial statements.

Authorization of the interim condensed consolidated financial statements and interim consolidated management report for the six-month period ended June 30, 2022

At the meeting of the Board of Directors of MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A., held on October 6, 2022, its members authorized the interim condensed consolidated financial statements together with the interim consolidated management report of MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A. and subsidiaries for the six-month period ended June 30, 2022, consisting of the documents attached above, initialed by the Secretary of the Board of Directors for purposes of identification, with all of the members of the Board of Directors signing this last page.

F. Javier Illán Plaza
Chairman and Chief Executive Officer

Leticia Fusi Aizpurua
Board member

F. Javier Illán Plaza (on behalf of **Jaime Montalvo Correa**) (*)
Board member

Leticia Fusi Aizpurua (on behalf of **Eduardo D'Alessandro Cishek**) (*)
Board member

F. Javier Illán Plaza (on behalf of **José María Castellano Ríos**) (*)
Board member

Leticia Fusi Aizpurua (on behalf of **Isaiah Toback**) (*)
Board member

Macarena Sainz de Vicuña Primo de Rivera
Board member

Javier Martínez-Piqueras Barceló
Board member

Luis Basagoiti Robles
Board member

María Isabel Dutilh Carvajal
Board member

Pilar Muñoz Sanz
Board member

(*) The directors Mr. Eduardo D'Alessandro Cishek and Mr. Isaiah Toback have not attended the meeting, having expressly authorized Ms. Leticia Fusi Aizpurura to approve the interim condensed consolidated financial statements together with the interim consolidated management report for the six-month period ended June 30, 2022, and to sign this last page on their behalf. Additionally, the directors Mr. José María Castellano Ríos and Mr. Jaime Montalvo Correa have attended the meeting by videoconference, having expressed their agreement with these documents and their authorization, expressly authorizing Mr. Javier Illán Plaza to sign this last page on their behalf.

MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.

Financial information (Interim balance sheet and Interim statement of profit or loss) on stand-alone basis for the six-month period ended June 30, 2022

Interim balance sheet at June 30, 2022

(In euros)

ASSETS	06/30/22 (*)	12/31/21
NON-CURRENT ASSETS	**378,255,454**	**346,896,249**
Property, plant, and equipment	255,488	69,012
Investment properties	296,501,859	278,481,705
Investments in group companies	77,363,177	67,528,785
Financial investments	1,946,399	816,747
Trade receivables	2,188,531	-
CURRENT ASSETS	**222,855,409**	**94,263,694**
Assets held for sale	-	20,539,612
Inventories	637,947	348,868
Trade and other receivables	5,120,084	8,385,741
Trade receivables	2,848,797	3,955,861
Trade receivables, group companies	-	30,787
Other receivables	761	-
Receivable from public administrations	2,270,526	4,399,093
Investments in group companies	6,048,049	7,929,676
Financial investments	9,642,542	11,500,882
Other current assets	586,986	306,591
Cash and cash equivalents	200,819,801	45,252,324
TOTAL ASSETS	**601,110,863**	**441,159,943**

EQUITY AND LIABILITIES		
EQUITY	**492,791,352**	**334,965,158**
Capital and reserves	**492,791,352**	**334,965,158**
Share capital	116,032,487	76,926,101
Share premium	341,887,362	224,568,204
Reserves	52,446,499	53,619,176
Shares of the company	(983,876)	(1,006,627)
Retained earnings	(19,141,696)	(9,676,160)
Profit (loss) for the period	2,550,576	(9,465,536)
NON-CURRENT LIABILITIES	**92,978,499**	**87,372,243**
Financial liabilities	92,978,499	87,372,243
Bank borrowings	92,054,531	87,168,869
Other financial liabilities	923,968	203,374
CURRENT LIABILITIES	**15,341,012**	**18,822,542**
Provisions	35,000	-
Financial liabilities	7,282,758	8,646,517
Bank borrowings	5,233,541	5,187,300
Other financial liabilities	2,049,217	3,459,217
Trade and other payables	8,023,254	10,175,332
Suppliers	4,233,208	3,817,540
Other payables	1,818,398	1,669,681
Employee benefits payable	1,185,316	1,445,674
Payables to public administrations	783,107	239,212
Customer advances	3,225	3,003,225
Other current liabilities	-	693
TOTAL EQUITY AND LIABILITIES	**601,110,863**	**441,159,943**

(*) Non audited

Interim statement of profit or loss for the six-month period ended June 30, 2022

(In euros)

	06/30/22 (*)	06/30/21 (*)
Continuing operations		
Revenue	**3,451,974**	**2,131,489**
Lease income	3,451,974	2,131,489
Other operating income	**173,936**	**23,562**
Employee expense	**(2,422,633)**	**(1,249,175)**
Salaries and wages	(2,296,173)	(1,165,372)
Employee benefits expense	(126,460)	(83,803)
Other operating expenses	**(1,469,091)**	**(2,446,328)**
External services	(1,110,590)	(591,012)
Taxes (other than income tax)	(358,501)	(253,497)
Impairment losses on receivables	-	(1,601,819)
Depreciation and amortization	**(760,392)**	**(483,255)**
Impairment losses and gains (losses) on disposal of non-current assets	**(1,351,935)**	**824,119**
Other income (loss)	**(13,925)**	**-**
OPERATING PROFIT (LOSS)	**(2,392,066)**	**(1,199,588)**
Finance income	**602,850**	**463,803**
From equity investments	48,977	280,854
From marketable securities & other financial instruments	553,873	182,949
Finance costs	**(1,306,435)**	**(1,141,416)**
Third-party borrowings	(1,306,435)	(1,141,416)
Changes in fair value of financial instruments	**(198,850)**	**-**
Fair value with changes in profit and loss	(198,850)	-
Foreign exchange gains (losses)	**(3,082)**	**(6,102)**
Impairment losses and gains (losses) on disposal of financial instruments	**5,000,495**	**1,136,114**
Impairment and losses	(1,654,976)	1,136,114
Gains (losses) on disposal and others	6,655,471	-
Finance costs capitalized in fixed assets	**847,664**	**844,047**
FINANCE PROFIT (LOSS)	**4,942,642**	**1,296,446**
PROFIT (LOSS) BEFORE TAX	**2,550,576**	**96,858**
Corporate income tax	-	-
PROFIT (LOSS) FOR THE PERIOD	**2,550,576**	**96,858**

(*) Non audited