



INTERNAL AUDIT CHARTER

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INTRODUCTION

By means of this charter, the decision of MILLENIUM HOSPITALITY REAL ESTATE (hereinafter, "MHRE") Management to implement the Internal Audit function, reporting to the Board of Directors, is made known.

This Charter applies to the company MHRE, hereinafter Company, for the purpose of verifying and consulting on the effectiveness and efficiency of the controls implemented in the Company.

1. Mission

The purpose of the Internal Audit Function is to provide assurance and control, based on the philosophy of adding value to the activity of MHRE, by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes, through continuous, independent and objective oversight.

The scope of the Internal Audit Function includes all areas of the Company, as well as all activities linked thereto. These statutes are mandatory for the internal audit function of MHRE.

2. Objectives

The objectives of the Internal Audit Function are:

- 2.1. To ensure that the control system in place is adequate and sufficient;
- 2.2. To assist the Board of Directors and relevant Audit Committee in complying with their obligations, providing support to the company's Management and Company in the improvement and consolidation of the internal control procedure, procedures applied and control activities;
- 2.3. To verify that, through the consistent and efficient application of the policies and procedures that comprise the internal control system, risks are adequately managed, enabling the achievement of the strategic objectives of MILLENIUM HOSPITALITY REAL STATE;
- 2.4. To review and verify that the Company's processes are adequate and compliant with approved policies and procedures;
- 2.5. To identify and assess risks of all kinds faced by the Company;
- 2.6. To ensure the integrity of accounting and management information issued, both internally and externally i.e. that the information is complete and accurate;
- 2.7. To ensure compliance with applicable laws.

All the activities, operations and processes of MHRE may be subject to an Internal Audit assessment, not limited to economic and financial areas.

3. Position within the organisation and authority

The Internal Audit Function is located outside the organisational structure, delegating the functions inherent to the Control Unit to PricewaterhouseCoopers, administratively dependent on the Audit Committee so that its independence and performance of the assigned functions are assured.

The Audit Committee shall approve all the actions and documents drawn up by the Internal Audit Function that have to be endorsed.

Responsibility for the Audit Function lies with the designated PwC partner, whose appointment shall be approved by the Audit Committee.

The Internal Audit team shall be subject to the same rules as those established for the Company as whole, the Internal Audit Function being responsible for the objectives, professional plans and evaluation of its staff.

The other Management bodies of the Organisation have no authority over the Internal Audit Function or its members.

The Internal Audit area shall remain independent in respect of the activities it assesses, assuming no responsibilities over the operations. This means that it is not an executive body and has no authority or competence over the Company's business areas or activities, except for the monitoring and oversight of the implementation of the improvements and recommendations it makes.

Any circumstance that could compromise the independence or objectivity of the Internal Control Function or any of the internal auditors shall be communicated to the Audit Committee.

4. Functions

The Internal Audit function carries out the audit controls specified in the approved audit plans and can act at the request of the Audit Committee, Board of Directors or on its own initiative. Moreover, the Board of Directors of MHRE can commission specific assignments through the Control Unit which shall establish the work schedule and objectives for such assignments.

The Internal Audit Function is tasked with:

- 4.1. Drawing up the annual audit plans within the reference framework approved by the Audit Committee;
- 4.2. Executing the audit plans in accordance with the scope and guidelines they establish, through the planning and carrying out of audit, research and consulting activities;
- 4.3. Communicating and keeping the Internal Audit Function and, where appropriate, the Management bodies concerned, informed of the results of all audit, research and consulting activities. It shall also regularly report to the Audit Committee on the application of the audit plans and other relevant activities;
- 4.4. Advising the Company on aspects relating to the prevention of fraud and corruption and other illicit activities, as well as on compliance with anti-money laundering legislation;
- 4.5. Examining and assessing the reliability of financial information, both accounting and management, and the integrity and accuracy thereof, as well as the procedures for its registration, the information, accounting and data processing systems;
- 4.6. Examining and assessing the systems and procedures in place to control and mitigate risks, as well as the methodologies used;

- 4.7. Examining and assessing the systems and procedures established to ensure compliance with applicable laws, rules and regulations;
- 4.8. Preparing and subsequently discussing with the heads of the Management bodies assessed, where appropriate, the results of the work prior to the definitive issue of the reports;
- 4.9. Assessing the degree of implementation and efficiency of the recommendations by virtue of the reports issued, and reporting to the Audit Committee on this matter.
- 4.10. Communicating the development needs of the members of the Function to the Audit Committee and addressing such needs appropriately.

5. Competencies

For the performance of their activity, the members of the Internal Audit Function are authorised to review and examine all the documents and records considered relevant and shall have the freedom to access all areas and premises of the Company, as established in the specific work plan, after prior communication to the persons in charge or depositaries. In the event of restricted information, express authorisation shall be required for which the relevant mechanisms for authorisation and the resolution of incidents shall be required.

Likewise, the members of the Internal Audit Function shall be responsible for being duly informed of all the relevant aspects for the performance of their activity. To this end, they shall be able to attend all the meetings, roundtables and forums in which their presence is requested, as well as those in which the auditors consider their participation relevant, after consultation with the convener.

The Internal Audit Function shall have access to all persons, files, data, systems and assets that are considered necessary to carry out its functions and execute the work plan. The information requested shall be provided within a reasonable timeframe and shall be accurate and complete. In this respect, the Internal Audit Function may also require permanent access to the reading of data and information systems. The Internal Audit Function shall immediately inform the Audit Committee of any intent to hamper the performance of its functions

The Internal Audit Function, within the framework of this Charter, defines the operating principles in the Internal Rules of Conduct.

6. Responsibilities

The members of the Internal Audit Function have the obligation to safeguard and protect the interests of MHRE, and assume the following responsibilities:

- 6.1. Comply with the code of ethics defined in the Audit Manual, as well as with the standards for the professional practice of Internal Auditing;
- 6.2. Maintain an attitude that fosters a state of independence and objectivity with respect to the activities assessed and the Company, and avoid actions or situations that undermine their professional integrity, generate conflicts of interest or prejudice;
- 6.3. Maintain, update and enrich a body of knowledge, standards, techniques, disciplines, methodologies and tools, which enable them to carry out their responsibilities and accomplish their objectives with the highest levels of quality;
- 6.4. Possess and develop the professional qualities necessary to establish good relations with the environment, and have good communication skills, both oral and written, in order to convey the objectives, evaluations, conclusions and recommendations with clarity and effectiveness;

- 6.5. Fulfil the objectives and scope defined by the Internal Audit Function, as formally established in the audit plans, and issue the relevant reports with the greatest possible degree of objectivity;
- 6.6. Prepare and obtain approval from the Audit Committee for the annual report of activities, which shall be defined in accordance with the provisions of the Internal Audit Manual; and submit said report to the National Securities Market Commission;
- 6.7. Adequately manage the budget allocated, as well as the resources available to the Internal Audit Function;
- 6.8. Undergo inspection by independent third parties, when considered appropriate, to ensure the quality of the work and compliance with the accepted standards and procedures established in the internal regulations.