



THE MILLENIUM HOTELS REAL ESTATE I, S.A., MANAGEMENT POLICY

1. INTRODUCTION

Millenium Hotels Real Estate I, S.A. (the 'Company'), qualifies for the tax procedure designed for the Spanish equivalent of REITs, SOCIMIs (*Sociedades Cotizadas de Inversión en el Mercado Inmobiliario*, literally 'Listed Companies that Invest in the Real Estate Market') under Spanish Act 11/2009 of 26 October regulating SOCIMIs. The Company feels this is the most efficient tax structure for channelling investments. In compliance with the requirements set for SOCIMIs, the Company is currently listed in the BME Growth segment of the BME MTF Equity market ('**BME Growth**'), formerly known as the *Mercado Alternativo Bursátil*, or Alternative Stock Market.

The Company will be focusing its investment efforts on the hotel real estate market. It may invest in acquiring, promoting, remodelling and developing hotels in the initial execution period in Spain and Portugal, if those hotels are capable of generating the anticipated returns for investors. Once the volume of investment estimated for the initial period has been executed, the Company will look at other destinations and leading world markets in the hotel industry where value creation through asset repositioning is a viable strategy.

The term 'Hotel' is understood to mean any building (or part thereof), set of buildings or properties adjacent to said buildings that can be operated as a hotel facility and can be used to provide authorized short- and medium-term accommodations, plus any other kind of real estate asset that is complementary and/or auxiliary to the hotel industry and/or is sold together with a specific Hotel ('Other Complementary Real Estate Assets'). All kinds of hotels are admissible, including but not limited to luxury hotels, all-inclusive hotels, historic and boutique hotels, urban hotels catering for tourist guests or business guests, holiday hotels, hostels and tourist apartments.

2. INVESTMENT STRATEGY

The Management Team (as defined in Section 3 below) has defined an investment strategy and established certain business hypotheses based on the current environment. These are to be updated yearly in the Business Plan, which is submitted to the Company's Board of Directors (the 'Board') for approval. The business hypotheses are based equally on the Management Team's experience and its knowledge of the real estate market. The Management Team has estimated the projections and returns that can be earned, but it offers absolutely no guarantee that they will be met, nor do the estimated projections and returns constitute any promise of shareholder returns or results.

The Company's investments must meet the following requirements (the 'Investment Strategy'):

(a) Asset types: The Company's real estate portfolio may only contain Hotels and assets accessory/complementary to Hotels.

(b) Total GAV: At the end of the asset acquisition period (the 'Investment Period'), which is anticipated to last twelve (12) to eighteen (18) months during the Initial Execution Period starting from the time the Company joins BME Growth and the same periods starting from the date of any successive capital increases, and the conclusion of asset repositioning and stabilization according to the asset types defined hereinafter, the total gross asset value ('Gross Asset Value' or 'total GAV') shall be distributed as stated below:

- (i) Over 80% of the total GAV shall be invested in Hotels as defined in point 1 above.
- (ii) Up to a maximum of 20% of the total GAV may be invested in other real estate assets.

(c) Hotel types:

(i) **Core Hotels**: Strategically located, working hotels that may or may not require an update of hotel design and interior design, but at all events any updating work would not require closing the Hotel. The characteristics of Core Hotels are:

- 1. They generate revenue as of their acquisition;
- 2. Their purchase price and returns are on an arm's-length basis; and
- 3. Value can be created by revenue enhancement through restyling and/or yield compression.

(ii) **Value-Added Hotels**: Poorly positioned existing hotels or non-hotel buildings that can be converted into hotels, which require a major investment in repositioning or conversion, this investment to be made based on a new conceptualization and project covering an estimated 12- to 18-month period. The characteristics of Value-Added Hotels are:

- 1. They generate rent once their repositioning or conversion period has ended;
- 2. Their purchase price is reasonably lower than that of comparable properties in the Core Hotel market;
- 3. Higher yields are forecast, as is a major change in value because of the variable rental income received, but more fundamentally because of yield compression due to the Hotel's repositioning and its conversion into a Core Hotel.

(iii) **Development Hotels**: Empty lots or sites where Hotels can be built, and existing Hotels going for a low price but requiring a large CAPEX investment for new construction or thorough remodeling, which will require a project completion period estimated at 24 to 30 months, where a new landmark Hotel or Hotel complex can be designed.

The characteristics of Development Hotels are:

1. They generate rental income once the project is concluded;
2. Their purchase price is estimated to be reasonably lower than comparable properties in the Value-Added or Core Hotel markets;
3. They are estimated to have the capacity to generate a significant increase in value stemming from the asset's conceptualization, the unique nature of the project and in terms of operating and cost efficiency, which means a greater capacity to generate revenues for the Company.

(iv) **Other Complementary Real Estate Assets:** Hotel athletic facilities and entertainment centres (e.g., beach clubs, parks, amusements, golf courses, tennis courts, football pitches), real estate connected to hotels or in the same building or set of buildings as hotels (e.g., business premises, shops, offices, recreational facilities, residential units), real estate developments attached to hotels (retail and/or residential premises), and holiday resorts and facilities of any other kind linked to hotel operation and/or complementary to hotel services and hotel improvement.

(d) Investment structure: The Company may implement alternative investment structures, including joint ventures, co-investment, direct or indirect acquisitions (creating fully owned subsidiaries) of Hotels and/or controlling or minority interests in companies. In addition, the Company may acquire Hotels through contracts and structures of any kind (including but not limited to direct purchase, equity acquisition and/or the purchase of debt).

To obtain a diversified portfolio during the Initial Execution Period, based on the Company's target size for that period (the initial NAV [Net Asset Value] target for the Company's portfolio is 400 million euros), no more than 20% of the Company's equity can be invested in a single asset, save with express authorization from the Shareholders' Meeting acting on a proposal from the Board.

(e) Leverage: Insofar as reasonable and suitable, financing is to be secured from banks or third parties, including alternative financing sources such as bonds, promissory notes, etc., subject to the following principles:

- (i) Once the Initial Execution Period has ended and the assets in the Company's portfolio have stabilized (for this purpose, 'stabilized assets' are those assets that have generated rental income after having belonged to the Company for at least one year for assets classified as Core, two years for assets classified as Value-Added and three years for assets classified as Development, pursuant to the asset categories in point 2.c) above), the Company's total indebtedness, represented by the sum of the Company's loans (net of cash), may be in excess of 50% of the most recent total GAV of the Company's assets, unless otherwise stated in the Business Plan update approved by the Board.
- (ii) Financing for acquisitions is evaluated individually for each operation, and/or in an overall corporate evaluation, depending on the options, the market environment and the Company's needs.

(iii) Indebtedness earmarked for hotel development must be ring fenced as thoroughly as possible to avoid linking it to other Company assets.

(f) Liquidity: If BME Growth fails to provide shareholders with enough liquidity, the Board of Directors will submit a proposal asking the Shareholders' Meeting to approve the appropriate liquidity mechanisms. This will involve the implementation of a specific five-year liquidity programme starting at the end of the third year after joining BME Growth, consisting in buying back up to 20% of the shares in circulation. If the Shareholders' Meeting does not approve the request to join BME Growth by the legal deadline, the liquidity programme will be implemented in the periods established above or as soon as reasonably possible after the decision is taken.

The Company may finance the share buyback programme with different instruments, which may include rotation and partial or total sale of the assets in the Company's portfolio. At all events the Company shall abide by the rules and regulations that apply from time to time to capital companies or listed companies, depending on whether or not the Company's shares are traded on BME Growth or are listed on any of the official secondary markets.

Should the Company's shares be listed on Stock Exchanges, the share buyback programme may be annulled.

3. CORPORATE STRUCTURE

3.1. Members of the Management Team

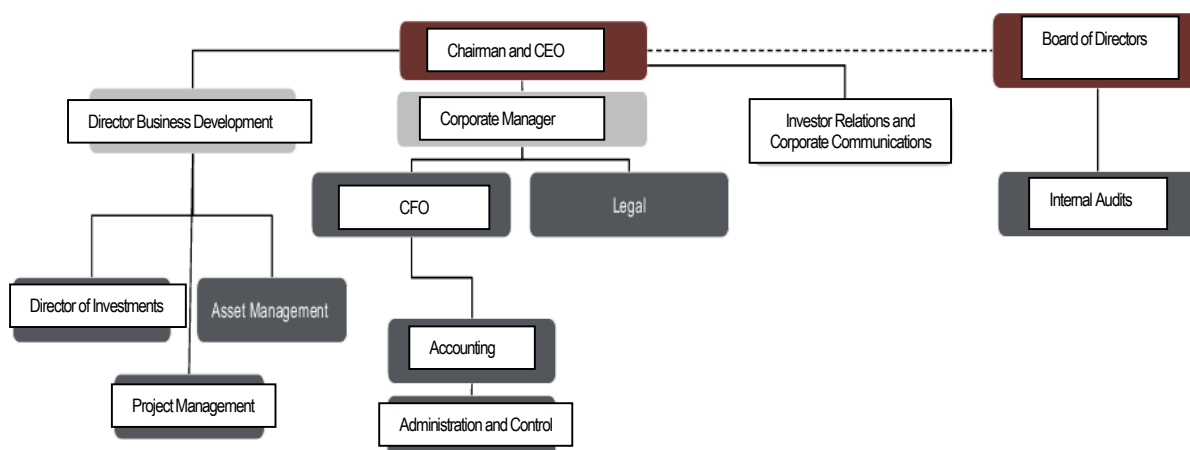
The Company's regular operations, including the implementation of the Investment Strategy, are carried out at all times by a sufficient number of highly qualified professionals with extensive experience in the real estate and hotel market (the 'Management Team'). The Key Persons (defined below) must necessarily belong to the Management Team. The Management Team is supported by the rest of the Company's employees, who perform the functions assigned to them in each of the departments of the Company's organizational structure (the 'General Staff').

Key Persons:

- Javier Illán (Chairman and CEO)
- Remigio Iglesias (Director of Business Development)
- Juan Odériz (Corporate General Manager)

The Management Team is made up of the Key Persons, the CFO, the Investment Manager and the Investor Relations Officer.

The descriptive chart below is a simplified outline of the Company's organizational structure.



3.2. Company Board of Directors

To begin with the Board has not less than five and not more than twelve directors. All directors who are not independent directors are considered executive or proprietary directors.

Non-executive directors have the right to receive payment, consisting in a fixed yearly sum and per diems for attendance. Executive members of the Board receive no payment for acting as directors but have no impediment against receiving payment (fixed pay and variable pay) for the executive tasks they perform for the Company and/or under the Incentive Plan (as detailed in section 3.3. below).

The following Key Persons shall be appointed as directors and hold the offices on the Board indicated below:

- Javier Illán Plaza shall be appointed Chairman and CEO. All delegable faculties of the Board that are not delegated to other bodies shall be delegated to the CEO.

3.3. Remuneration for the Management Team and other employees

With the goal of optimizing Company staff salaries and forging a strong alignment between shareholders' interests and the interests of the Management Team and other Company employees, a yearly remuneration structure (made up of a salary and bonus) is proposed for all Company employees, plus an incentive plan (Promote) indexed to shareholder returns and Business Plan compliance, whose beneficiaries are the members of the Management Team. Furthermore, the Key Persons have the right to special compensation in certain extraordinary events and compensation for unilateral contract termination by the Company.

3.3.1. Employees' yearly pay

The salary, bonus and working conditions of the Management Team and the rest of the Company's employees are stipulated in each person's respective contract with the Company for the term established in said contract. The exact amount that accrues from the Salaries and Bonus pools in a given year to each member of the Management Team and the rest of the

employees as established in their respective contracts with the Company is decided by the CEO at his discretion or, as appropriate, is proposed by the CEO to the Appointments and Remuneration Committee for submission in turn to the Board for approval. The exact amount assigned to the CEO is approved by the Board of Directors acting on a proposal from the Appointments and Remuneration Committee.

3.3.1.1. Fixed pay (Salary)

The sum of the Salaries of all the members of the Management Team and the rest of the employees that the Company brings onto its workforce each year is 1% of the Company's NAV at the close of each year on 31 December.

If, within the limit set above for all fixed Salaries under the respective employment contracts, the sum of the Salaries of the members of the Management Team and the rest of the employees accrued monthly throughout a given year does not reach 1% of the NAV, then the CEO decides how to allocate the surplus and reports accordingly to the Appointments and Remuneration Committee, indicating how the surplus up to the maximum limit of 1% of the NAV is to be allocated among the members of the Management Team and the rest of the employees.

3.3.1.2. Variable pay (Bonus)

In the event that the portfolio of operational assets —not counting (i) low-yield hotels that cannot be categorized as stabilized assets (for this purpose, 'stabilized assets' are those assets that have generated rental income after belonged to the Company for at least one year for assets classified as Core, two years for assets classified as Value-Added and three years for assets classified as Development, pursuant to the asset categories in point 2.c) above) and (ii) assets that are affected by extraordinary events with an effective impact on rental income generation (e.g., hotels that are totally or partially shut down, hotels that change operator, hotels whose rental income agreements are affected by extraordinary circumstances)—generates a Gross Yield On Cost (defined as the gross rental income accruing from the stabilized asset portfolio divided by the purchase cost plus development costs/CAPEX, as applicable) equal to or greater than 6% per year, then each year a total cash sum accrues and is paid to the group made up of the Management Team and the rest of the employees, said total cash sum being equivalent to the greater of:

- (i) the positive difference between (A) the total annual sum of the Salaries of the Management Team and the Company's employees and (B) 7% of the Gross Rental Income (defined as the total rental income accrued by the Company during the fiscal year) at 31 December of the fiscal year in question; and
- (ii) 0.5% of the NAV at the reporting date of the fiscal year in question.

Should the metrics set above not be met in the year in question, the Management Team and the rest of the employees are only entitled to receive the fixed pay, not the Bonus.

Within the parameters set above, the specific amount of the Bonus, if any, for each member of the Management Team and the rest of the employees is assigned on the basis of the CEO's decision and the essential characteristics of the job performed by each member of the Management Team during the year in question, such as (i) its importance in the Company, (ii) its impact on the Company's development, (iii) the scope of the responsibility it entails and (iv) compliance with any individual objectives set in their contracts.

3.3.4. Incentive Plan (Promote)

The Incentive Plan is established to motivate and remunerate the Management Team for any additional returns it generates each year for the Company's shareholders; that is to say, only in those cases where a pre-set profit threshold ('hurdle rate') is exceeded does the Management Team have the right to receive part of the profit generated over and above the objective initially anticipated for the Company and its shareholders.

The Promote model and its metrics are intended to encourage the Management Team to surpass the target profit rate and obtain the highest possible profit rate for the Company and the shareholders, while aligning the interests of all parties concerned should the annual profit rate fail to reach expectations.

The Incentive Plan (Promote) is governed according to the terms regulated here in the Management Policy. It is approved by the Company Shareholders' Meeting for the purposes of the Spanish Capital Company Act, section 219.

Definitions:

- The Calculation Period for calculating the Shareholder Return is from 1 January to 31 December each year. The Initial Calculation Period is the period commencing on 1 January 2019 and ending on 31 December 2019.
- Initial NAV: The Company NAV available at 29 July 2021.
- Final NAV of the Calculation Period: The Company NAV for the last day of the Calculation Period.
- The High-Water Mark of the Calculation Period is the greater of (i) the Initial NAV and (ii) the Final NAV of the most recent Calculation Period for which Promote has been paid.
- The Shareholder Rate of Return (SROR) during a given Calculation Period is the Shareholder Return for that period divided by (i) the Initial NAV in the case of the Initial Calculation Period or (ii) the Final NAV of the immediately preceding Calculation Period, stated as a percentage, in the case of Calculation Periods after the Initial Calculation Period.
- The Shareholder Return is the sum of (a) the increase in the NAV during said Calculation Period minus the net revenue of any share issue performed during said Calculation Period and (b) the total dividends (or any other form of shareholder remuneration or distribution) paid in said Calculation Period.

To ensure that share issues are correctly weighted in the Promote calculation formula, the following procedure is applied in fiscal years when any capital increases take place:

- (i) The weighted capital from the capital increase ('weighted capital') is added to the High Water Mark. For these purposes, 'weighted capital' is the sum of all drawdowns made by the Company from the funds thereby obtained for asset acquisition multiplied by the days remaining until the end of the year and divided by 365 days (the 'weighted capital').
- (ii) The weighted capital stated as a percentage of the effective amount of all capital increases is termed the 'capital weighting percentage'.
- (iii) In each capital increase, the total costs of the capital increase multiplied by the 'capital weighting percentage' are discounted from the capital increase.
- (iv) The Shareholder Return Rate (SROR) during said Calculation Period is the Shareholder Return for said period divided by the High Water Mark plus the weighted capital.

To clarify, Promote calculations do not take the net revenue from capital increases into account until that revenue has been invested by the Company. Once all or some of the net revenue from a capital increase has been invested, the amount effectively invested is included in the Promote calculations.

The Company calculates its NAV every six months according to EU-IFRS and/or the European Listed Property Association (EPRA) standards, on the basis of the most recent available Board-approved valuation of the Company's real estate assets. The Company's real estate assets are valued at 30 June and 31 December each year. Valuations are conducted by an independent RICS-accredited expert appointed by the Company. Valuations of the Company's real estate assets are conducted according to internationally accepted real estate valuation criteria.

Therefore, for incentives to be earned under Promote, the following thresholds must be met during the Calculation Period at issue:

- a) The Shareholder Return Rate (SROR) for the Calculation Period must be greater than the annual hurdle rate set for the Company (which is 9% per year);
- b) The sum of the Company's NAV on the last day of the Calculation Period, minus the net revenue from any share issues made during that Calculation Period or during any previous Calculation Period since the most recent Calculation Period for which Promote was paid, plus total dividends (or any other form of shareholder remuneration or distribution) paid in said Calculation Period or in any previous Calculation Period since the most recent Calculation Period for which Promote was paid must be greater than the High Water Mark.

Thus, the Management Team is entitled to collect Promote only if the thresholds specified above are met during the Calculation Period. Promote is payable in Company shares. The amount of Promote is the sum of (i) 20% of any profitability over 9%, if the SROR is between 9% and 11% at the end of the Calculation Period, and (ii) 30% of any profitability over 11%, if the SROR is above 11% at the end of the Calculation Period. As a result, the Company will owe the Management Team a number of shares equivalent to dividing the amount of Promote by the NAV per share at the end of the calculation period.

The Company shall pay out the shares earned under the Incentive Plan as soon as reasonably possible and necessarily within the calendar year after the last day of the Calculation Period. The method of payment is, firstly, to deliver to the beneficiaries treasury shares that the Company already holds or has decided to acquire through some derivative method (be it repurchases in the open market, repurchase programmes or block trading) pursuant to the authorization granted by the Shareholders' Meeting to the Board and, if these shares are not sufficient, to deliver newly issued shares to the beneficiaries. While the Company is in BME Growth, the Board of Directors may propose to the Shareholders' Meeting a capital increase without pre-emptive subscription rights or a capital increase through debt conversion, in order to create new shares for delivery to Incentive Plan beneficiaries. After the Company shares are admitted to trading on Spanish Stock Exchanges, the Board of Directors may propose to the Shareholders' Meeting a capital increase through debt conversion or issue the new shares under the authorization granted by the Shareholders' Meeting to the Board to increase the capital without pre-emptive subscription rights.

If the shares the Promote beneficiaries have earned cannot be delivered in full in a timely manner (be it because the Shareholders' Meeting has failed to approve a capital increase without pre-emptive subscription rights or through debt

conversion, because the Shareholders' Meeting has failed to authorize the Board to perform a derivative acquisition of treasury shares, because the Shareholders' Meeting has failed to authorize the Board to increase the capital without preemptive subscription rights, or because the Shareholders' Meeting has subsequently revoked any such authorizations), the Company is obligated to pay the Incentive Plan beneficiaries the economic equivalent of the remaining shares they have earned under Promote. For this purpose, account shall be taken of the amount found by dividing the EPRA NAV at the close of the fiscal year when the Promote right was created by the number of Company shares existing on that same date.

The CEO shall propose to the Appointments and Remuneration Committee the precise percentage of the accrued Promote Pool to be allocated to each of the Promote beneficiaries, so the Appointments and Remuneration Committee may then submit said allocation to the Board for approval.

The Board of Directors shall find the number of shares that ultimately corresponds to each Promote beneficiary according to the following factors: (a) the essential characteristics of the beneficiary's job (such as its importance in the Company, its impact on the Company's development and the scope of the responsibility it entails), (b) the maximum potential number of shares to be received under Promote as reported to the beneficiary at the close of the previous year (which may in no case be greater than the Promote Pool percentages stated in the Company's contracts with each of the said beneficiaries) and (c) the beneficiary's compliance with any other criteria and parameters set by the Board of Directors acting on a proposal from the Appointments and Remuneration Committee as a condition for earning shares under Promote in the fiscal year in question as reported to the beneficiary at the close of the previous year. To clarify, it is therefore established that the CEO may propose to the Appointments and Remuneration Committee that the number of shares one or more beneficiaries earns under Promote in a particular calculation period is zero if said beneficiary/beneficiaries' participation is considered deficient and the individual obligations and objectives of said beneficiary/beneficiaries have not been met.

Incentive Plan beneficiaries shall accept a tiered share lock-up agreement such that, from the reporting date of the fiscal year when the right to receive shares was earned, i.e., from 31 December of the fiscal year in question, until the scheduled lock-up expiration dates, share recipients have the right to receive any dividends their shares generate but may only dispose of (sell) the shares according to the following timetable:

- Beneficiaries may dispose of 1/3 of the shares earned under Promote 12 months after the date when they gained the right to receive the shares earned in a given Calculation Period,
- Beneficiaries may dispose of 1/3 of the shares earned under Promote 18 months after the date when they gained the right to receive the shares earned in a given Calculation Period;
- Beneficiaries may dispose of 1/3 of the shares earned under Promote 24 months after the date when they gained the right to receive the shares earned in a given Calculation Period.

Notwithstanding the right to obtain the Company's waiver of any share lock-up agreement that remains in force on the beneficiary's contract termination date in connection with the beneficiary's shares under Promote, the share lock-up agreement does not apply in the following events: (i) disposal of the shares to finance the beneficiary's payment of or compliance with any tax obligation arising in connection with the acquisition of the shares earned under Promote; and (ii) disposal of the shares earned under Promote in the case of an offer to acquire or sell the Company that is recommended by the Board of Directors or if the law requires the beneficiary to dispose of said shares.

3.3.5. Minimum commitment period and contract termination compensation for Key Persons

For the purpose of ensuring the execution of the Business Plan through retaining Key Persons at the Company until the process of converting, repositioning and stabilizing the portfolio of acquired assets is completed, the Company shall sign a commitment (the '**minimum commitment period**') with each Key Person in that Key Person's commercial or employment contract with the Company (as applicable), said commitment to last up to the later of these dates: (i) five years after joining BME Growth or (ii) five years after the execution date of the last capital increase approved by the Shareholders' Meeting, unless when approving said capital increase the Shareholders' Meeting resolves to apply a different minimum commitment period in accordance with the stabilization periods of the new assets acquired with the funds of the last increase, according to the definition of stabilized operational assets in point 3.3.1.2. above.

Compensatory payments in the case of unilateral termination of contracts with Key Persons by the Company, save in reference to extraordinary events or gross or culpable breach by Key Persons:

- (i) During the minimum commitment period: The minimum commitment period is mandatory for the Company. Therefore, should the Company unilaterally terminate a contract with a Key Person prior to the end of the minimum commitment period for reasons not involving gross or culpable breach by the Key Person, the Company is obligated to pay an economic compensation equivalent to the annual pay (Salary and Bonus) receivable by the Key Person for the remaining years of the Key Person's contract until the end of the minimum commitment period defined in section 3.3.5. above plus the Promote incentive earned thus far. Nevertheless, the compensation must be calculated individually and in accordance with the contract terms and conditions of each of Key Person, against the benchmark of the latest salary and bonus.
- (ii) After the minimum commitment period: Should the Company unilaterally terminate a contract with a Key Person after the end of the minimum commitment period for reasons not involving gross or culpable breach by the Key Person, the Company is obligated to pay an economic compensation that is calculated individually according to the Key Person's contract terms and conditions and is equivalent to three times (in the case of the CEO) or two times (in the case of a Key Person) the latest annual pay (Salary and Bonus) plus the Promote incentive earned thus far.

In both events, if the Company's NAV is greater than €400M, the compensation is calculated on the basis of 1.5 times the latest salary and bonus. Moreover, the Key Person has the right to receive the Promote incentive earned from the beginning of the year when the Key Person's Contract is terminated until the date when the Key Person's Contract is terminated. This compensation is paid in cash in full as soon as reasonably possible after contract termination and necessarily within the calendar year when the termination takes place.

Non-applicability of compensatory payments in the case of unilateral termination of contracts with Key Persons by the Company as a consequence of wilful culpable misconduct in the performance of the Key Person's functions:

Should the Company unilaterally terminate a contract with a Key Person due to wilful culpable misconduct in the performance of the Key Person's functions resulting in harm to the Company's interests, or due to any action or omission contrary to law or the Articles of Association or performed in neglect of the duties inherent in the Key Person's position and

resulting in harm to the Company, the Key Person has no right to any economic compensation whatsoever save sums lawfully owed and outstanding under the Key Person's contract.

Compensatory payments in the case of termination of contracts with Key Persons due to an Extraordinary Event:

(i) Definition of Extraordinary Events and contract termination at the Key Person's request:

The event where, during the ordinary course of the Company's business, the CEO is removed from office or the Board of Directors revokes all faculties delegated to the CEO, be it due to a structural modification of the Company as a result of a merger or takeover, the shareholders' approval of the winding-up or liquidation of the Company save in the case of liquidation due to insolvency, or a change of Company share ownership resulting in the acquisition of a majority or control over the Company (according to the 'control' threshold defined in the prevailing BME Growth rules or, if the Company shares are admitted for trading on Spanish Stock Exchanges, in Royal Decree 1066/2007 of 27 July on the takeover bid procedure), or be it as a consequence of a private sale or a public or other offer to buy shares (any of which is an '**Extraordinary Event**').

Should the Extraordinary Event take place before the end of the minimum commitment period, the CEO has the option, within 12 months of the effective date of the Extraordinary Event, of voluntarily terminating his contract with the Company and resigning, with the right to a special compensation equivalent to 3% of the greater of (a) the Company's NAV on the last day of the half-year closest to the half-year when the Extraordinary Event occurs, (b) the Company's liquidation value or (c) the price offered for Company shares in the transaction resulting in the acquisition of control of the Company and/or Extraordinary Event. If the CEO exercises the right to terminate his contract with the Company, then the CEO has the right to obtain the Company's waiver of any share lock-up agreement in force at the contract termination date in connection with the CEO's shares under Promote.

If the CEO does not exercise the right to terminate the contract within said period, then the contract remains in force in the new situation unless the Company and the CEO agree to different terms.

If, as a consequence of the Extraordinary Event, the rest of the Key Persons other than the CEO are relieved of their duties and/or their previous attributes and offices, then they too have the option, within 12 months of the effective date of the Extraordinary Event, to terminate their contract with the Company and resign, with the right to a special compensation equivalent to 1% of the Company's NAV.

(ii) Termination of contracts with Key Persons at the Company's initiative:

Where the Company's contract with a Key Person is cancelled at the Company's initiative, provided that the cancellation does not refer to gross or culpable breach of the Key Person's duties, in which case the terms specifically set out for this case apply, the Key Person has the right to a special cash compensation to be calculated as follows, depending on whether the termination takes place before or after the end of the minimum commitment period:

- Before the end of the minimum commitment period:

The special compensation is equivalent to the compensation yielded by applying the section above entitled '*Compensatory payments in the case of unilateral termination of contracts with Key Persons by the Company, save in reference to gross or culpable breach of the duties of Key Persons*' and is payable in the same time and fashion.

In addition to the above, Key Persons have the right to a cash compensation equivalent to, in the case of the CEO, 5% or, in the case of the rest of the Key Persons, 3% of the greater of (a) the Company NAV on the date of the last day of the half-year closest to the half-year when the Extraordinary Event occurs, (b) the Company's liquidation value or (c) the price offered for the Company shares in the transaction resulting in acquisition of control of the Company. This special compensation is paid in cash as soon as reasonably possible after contract termination and necessarily within the calendar year when the termination takes place.

The Key Person has the right to obtain the Company's waiver of any share lock-up agreement in force at the contract termination date in connection with the Key Person's shares under Promote.

- After the end of the minimum commitment period:

The special compensation is equivalent to the compensation yielded by applying section 3.3.5. above entitled '*Compensatory payments in the case of unilateral termination of contracts with Key Persons by the Company, save in reference to gross or culpable breach of the duties of Key Persons*' and is payable in the same time and fashion.

In addition to the compensation described above, Key Persons have the right to an extraordinary compensation equivalent to the compensation to which they would have been entitled in the 12 months after the contract termination date, measured according to the same metrics as in the incentive plans contained herein, provided that the contract termination takes place in a year preceded by a fiscal year in which the Company reached the hurdle rates (9% SROR) set in regard to the incentive plan therein at issue (Termination with goals achieved). The Company must pay the extraordinary Compensation in the three months following the close of the accounts for the year following contract termination.

If, on the other hand, the Company did not reach the goals set for the year prior to the effective contract termination date, then the Key Person has no right to additional compensation and receives only the compensation regulated in the previous paragraph.

The Key Person has the right to obtain the Company's waiver of any share lock-up agreement in force at the contract termination date in connection with the Key Person's shares under Promote.

3.3.6. Incentive Plan (IPO MIP)

The Incentive Plan (IPO Management Incentive Plan, or IPO MIP) is made up of cash and share incentives that the Company offers in order to keep, incentivise, motivate and reward members of the Management Team for achieving extra profitability for shareholders on the occasion of a liquidity event that generates extra profitability for shareholders.

The IPO MIP calls for payment of a success-based extra payment for members of the Management Team when the following liquidity events occur: (i) a public offering with the subsequent admission of the shares to trading on Spanish Stock

Exchanges, provided that the Company's largest shareholder accepts the offered price and can sell its shares in the Company ('IPO'); (ii) a public offering to purchase all the shares in the Company for a cash consideration, provided that the offer is accepted by the Company's largest shareholder; or (iii) a merger with a listed company in which the exchange ratio shows a net revaluation of the Company (each of the above events is a '**Liquidity Event**').

The IPO MIP must be acknowledged in the terms and conditions of the contracts between the members of the Management Team and the Company. The joint amount of the extraordinary IPO MIP payment for all the members of the Management Team is equivalent to the result of subtracting the Management Team Promote (which is equal to the market value on each of the corresponding earning dates of any shares earned by and paid to the members of the Management Team under the Promote Incentive Plan during the period from the Second Share Payment Date to the Liquidity Event) from the result of finding 20% of the following formula:

$$\text{Company Value in the Liquidity Event} - \text{Initial Value of the Company} - \text{Capital Increases} - \text{Hurdle Rate} + \text{Dividends} - \text{Transaction Costs}$$

For these purposes:

- a) The 'Second Share Payment Date' is the definitive closing date of the capital increase approved by the Annual and Extraordinary Meeting of the Company Shareholders held on 7 July 2021 and having an effective total value (par value plus issue premium) of 250 million euros.
- b) The 'Company Value in the Liquidity Event' is the sum of (a) the value or price assigned to the Company or its shares in the framework of a Liquidity Event and (b) the amount of the Incentive Plan (Promote) calculated according to this Policy. If the Liquidity Event takes place through an IPO, then the value or price assigned to the Company or its shares must be greater than the Company's published NAV, and the IPO's Transaction Costs are deducted.
- c) The 'Initial Value of the Company' is the total number of Company shares effectively paid up on the Second Share Payment Date multiplied by the subscription price per share paid in said capital increase.
- d) 'Capital Increases' are the net revenue stemming from capital increases the Company performs after the Second Share Payment Date.
- e) The 'Hurdle Rate' is a compound 9% per year of the Company's Initial NAV and subsequent Capital increases performed on their corresponding execution dates.
- f) 'Dividends' are the total gross sum of dividends the Company has approved after the Second Share Payment Date.

The condition is met if a Liquidity Event happens, which gives the Management Team the right to receive the agreed-to economic compensation regardless of whether shareholders decide to accept or reject the possibility. If the Liquidity Event does not concern all shares, the IPO MIP is proportional to the capital at issue in the Liquidity Event. The IPO MIP is paid to its beneficiaries entirely in cash, as soon as reasonably possible and necessarily within two months of the Liquidity Event.

4. COMPANY EXPENSES

4.1. Overhead

The Management Team undertakes to maintain a policy of efficiency and reasonability in the expenses of running the Company ('Overhead').

Overhead depends largely on effective resource management by the Management Team, and it depends especially on Key Persons' decisions. Overhead is fundamentally classified into Structural Expenses and Hotel-Related Expenses.

4.1.1. Structural Expenses

Structural Expenses are set at 1.5% of the company's NAV. The following are considered structural expenses: the fixed expenses of Salaries, the cost of the Board and its committees and corporate overhead necessary for smooth Company management (the 'Structural Expenses'). The following is a non-exhaustive list of Structural Expenses:

- (i) The fixed pay (Salaries) regulated in section 3.3.1.1. above and paid to all staff necessary (Management Team and rest of employees) to manage and administrate the volume of assets and investment proposed in the Business Plan;
- (ii) The expense budget for the Company's governing bodies (Board of Directors, Audit and Control Committee and Appointments and Remuneration Committee);
- (iii) The fees and expenses of appraisers, auditors, tax consultants and accountants working for the Company/appraisals;
- (iv) Legal advisory services, fees and expenses and any other procedural cost the Company bears;
- (v) Insurance premiums in connection with the Company;
- (vi) Rent on Company premises and offices, and supplies and utilities for said premises and offices;
- (vii) The expenses of advertising, marketing, public relations, website development and sales;
- (viii) Rent review expenses;
- (ix) Payment collection management;
- (x) Strategic planning advisors;
- (xi) Public relations/political consultants in connection with planning permissions;
- (xii) Marketing/event management, brochure design and branding;
- (xiii) Graphic design;
- (xiv) Technical and/or administrative staff for construction sites, if necessary;
- (xv) Costs of setting up meetings with the Company and printing out circulars, reports and investor notices (including the costs of facilitating tax information), including all travel expenses incurred by representatives attending said meetings;
- (xvi) All fees payable for Property management under a management contract, and any fees and expenses payable to any outside cash manager or consultants having to do with keeping the Company;
- (xvii) Fees and expenses for the Company's safe custody and listing on capital markets;
- (xviii) All reasonable travel expenses incurred by the Management Team in connection with managing the Company, raising funds for the Company, engaging in investor relations and similar activities;

- (xix) Costs of failed transactions in connection with Hotels, such as: appraisals, audits, due diligence (legal, technical, tax, labour, environmental, etc.); consultants' services regarding historical buildings/conservation/urban landscape, party walls and easement of light and view; technical consultants or design specialists; fees of outside consultants (including legal consultants and professional fees), etc.;
- (xx) Fees stemming from outsourcing Hotel management. These are understood to include the management of rent collection and late rent collection, administrative expenses for services, advisory services, the finding and procuring of insurance coverage and the administration of other services, including repair supervision, works requests and supervision of compliance with environmental laws;
- (xxi) Expenses stemming from the Company's corporate or financial structuring or restructuring, including taxes, fees, public prices and special costs owed to the Company's market regulator because of such operations;
- (xxii) Taxes, fees, public prices and costs stemming from having the Company listed, such as consultancy and/or audits in matters of corporate governance, stock market services, treasury share management, information technology, the creation and maintenance of the corporate website, maintenance in the trading system of the market where the Company is listed, etc.

4.1.2. Hotel-Related Expenses

All recurring expenses and costs related with the ownership of buildings and Hotels ('Hotel-Related Expenses') are considered Hotel-Related Expenses. Hotel-Related Expenses are reflected in the individual business plan of each property.

As a non-restrictive example, the following are considered Hotel-Related Expenses:

- (i) Taxes, rates and other governmental impositions owed due to Hotel ownership (tenants' association expenses, property tax, rubbish collection rates, etc.);
- (ii) Preventive and corrective maintenance;
- (iii) Ordinary legal and/or technical expenses;
- (iv) Rental agencies, valuations and assessments;
- (v) Fire insurance, insurance for the building and its contents, civil liability insurance, etc.;
- (vi) Costs of restitution and repair due to the end of the rental period;
- (vii) Structural inspections and technical audits, and any other works audits in Hotels;
- (viii) Environmental auditing and consultancy, which includes environmental evaluations and asbestos evaluations;
- (ix) Structural engineering services;
- (x) Architectural supervision and contractor management;
- (xi) The services of quantity surveyors/consultants;
- (xii) Health and risk prevention consultancy, including planning supervision;
- (xiii) Building codes and inspections;
- (xiv) Engineering for fire prevention and fire inspections;
- (xv) Façade engineering;
- (xvi) Costs stemming from and related with the management of daily Property maintenance not handled through other charges or departments.

4.2. Other Company Expenses

4.2.1. Start-Up Expenses

All expenses of going into business are considered start-up expenses. Start-up expenses are estimated to be (i) 3% of the Company's initial equity for structuring and placement and (ii) the necessary expenses of outside consultants and fees (the 'Start-Up Expenses'). The expenses of Company capital increases are also considered start-up expenses. As a non-restrictive illustration, the following are Start-up Expenses:

- (i) The fees of legal, financial and tax advisors, registered consultants and advisors of any other sort (including the fees of consultants, advisory services or financial advisors and/or investment banks due to structuring) incurred in the preparation and shaping of this investment project, including fees incurred in the preparation of the documents necessary to have the company listed in the proper regulated market;
- (ii) The expenses of issuing mandates to natural or legal persons that, in the capacity of advisors, are charged with raising funds and finding investors for the Company, including the Management Team and general Company staff (provided that these persons are not receiving a salary from the Company for performing the same work), and culminating successfully in securing funds and new investors for the Company (fees are paid for success only and are calculated according to the amount of investment obtained);
- (iii) Notaries' fees, registration fees and fees of any other sort incurred in registering any circumstance concerning the Company; and
- (iv) The expenses of listing of the Company's shares on the proper market (continuous market/BME Growth), such as fees or prices for access to the market.

4.2.2. Transaction Costs

Transaction costs ('Transaction Costs') include all expenses that are related with Hotel acquisition, investment, divestment and/or disposal and can, for accounting purposes, be capitalized in accordance with the General Chart of Accounts. Transaction Costs are estimated to be the sum of: (i) 3% of assets' purchasing value for intermediaries' fees and (ii) direct costs or expenses incurred in property acquisition, such as the costs of legal services, appraisals and due diligence, notarization expenses, registration costs, fees and stamp tax; these costs and expenses must be on an arm's-length basis, and their scope is set by the rules and regulations of the autonomous community where each asset is located.

As a non-restrictive example, the following are considered Transaction Costs:

- (i) Fees of intermediaries, commission agents and/or outside consultants (including legal consultants and professional honorariums);
- (ii) Technical due diligence, legal due diligence, tax due diligence, environmental due diligence, etc.;
- (iii) Valuations and appraisals;
- (iv) The expenses and costs of notarization and registration;
- (v) Costs and expenses stemming from loans associated with the Hotel, including mortgage loans;
- (vi) Expenses related with stamp tax, added-value tax and any other tax, rate or public price accruing by reason of transactions involving the Hotels.

5. CEO

The Board has appointed Javier Illán Plaza as the Company CEO and has delegated to him all delegable faculties that are not already assigned to other bodies.

6. EXCLUSIVITY AND CONFLICTS OF INTEREST

6.1. Exclusivity of the Management Team

While the members of the Management Team remain under contract with the Company, they may not invest directly in hotel acquisition, nor hold executive management positions, nor in any other way invest, collaborate or participate in other companies whose primary business activity is the acquisition, management or operation of hotels, save for the exceptions expressly stated below and/or with express authorization from the Company Shareholders' Meeting.

For these purposes, notwithstanding the terms set down hereinafter in connection with Javier Illán Plaza, all members of the Management Team have declared that none of the investment companies in which they are present effectively compete with the Company. In this sense, they have all declared that the companies in which they hold a significant number of shares and/or executive office have no impact on their exclusive commitment to the Company. Moreover, all members of the Management Team are obligated to keep the Company abreast of any situation in which they or persons related with them have any direct or indirect conflict of interests with the Company.

6.2. Conflicts of Interest for Directors

A conflict of interest is held to exist in those situations where the interest of the Company or the companies in its Group and a director's personal interest clash directly or indirectly. A director is deemed to have a personal interest when the matter affects the director or a person related with the director or, in the case of a proprietary director, the shareholder or shareholders who proposed or appointed the director or persons directly or indirectly related with said shareholder or shareholders.

The following definitions are understood:

- i. Persons related to a director who is a natural person:
 - a) The director's spouse (or persons with a comparable emotional relationship)
 - b) The ascendant relatives, descendants and siblings of the director or the director's spouse (or person with a comparable emotional relationship)
 - c) The spouses (or persons with a comparable emotional relationship) of the director's ascendant relatives, descendants and siblings
 - d) The companies or entities in which the director or any of the persons related to the director is personally or by proxy in one of the situations envisaged in article 42 of the Spanish Commercial Code
 - e) In the case of proprietary directors, also the shareholders on whose proposal the director was appointed
- ii. Persons related to a director that is a legal person:
 - a) Shareholders who are, in respect of the director, in one of the situations envisaged in article 42 of the Spanish Commercial Code.

- b) Companies belonging to the same group, according to the definition of this term in article 42 of the Spanish Commercial Code, and their shareholders.
- c) The natural person representing the director, the de-facto or de-jure directors of the director, the liquidators of the director and the attorneys-in-fact holding the director's general power of attorney.
- d) Persons who are considered related persons of the director's representative according to paragraph 2.(i) of this article for directors who are natural persons.

Directors must report any direct or indirect conflicts of interest to the Board of Directors and must abstain from representing the Company in the transaction to which the conflict refers, with the exceptions established in the applicable legislation. In addition, when required by law the Company shall report any conflict-of-interest situations involving its directors (or persons related to its directors) during the fiscal year in question that are brought to the Company's notice by the person concerned or otherwise.

Conflict-of-interest situations involving directors are reported in the notes on the Company's annual accounts.

In connection with the CEO, it is stated for the record that, due to his long career in business, Javier Illán Plaza is now and will in future be present as director and as reference shareholder in several companies that are in the business of real estate development and/or investment (including personal involvement as a co-investor with other investors or through vehicles in which he holds an interest directly himself or indirectly through one of his investment companies). At present Javier Illán Plaza is a shareholder and director of GrupoMillenium Investment Partners, S.L. (through which he holds an interest in the following companies: Millenium Costa del Sol, S.L., Proyecto Empresarial Plenty, S.L., and Elysium Suites, S.L.), and Gestión de Inversiones Millenium, S.L. (through which he holds an interest in turn in Millenium Expansión, S.L., and in Millenium Developmmnt, S.L.), and he is furthermore a director of Millenium Luz Palacio, S.L. (Hotel Hesperia), and a shareholder and director of Orbiso Gestión, S.L.

Consequently, it is stated for the record that Mr Illán may (as an individual or through the companies in which he has holdings or a directorship) continue making investments, including investments through direct or indirect acquisitions of properties —be they hotel properties, properties associated with hotel assets or other properties— and investments through co-investment with the Company and/or for the purpose of subsequent full or partial sale to the Company (for example, investment in assets that do not meet the requirements for direct acquisition by the Company yet and/or due to the Company's risk profile, but may qualify for acquisition later when they have reached a sufficient degree of maturity). In such situations, no conflict between the Company's interest and the interests of Javier Illán Plaza will be held to exist provided that the provisions set down in the paragraphs below are respected.

The Company expressly acknowledges the CEO's ability to perform these operations insofar as no effective competition with the Company is involved and/or, in cases where the operations are performed with the Company itself, the operations result in significant advantages for the Company, mainly because the CEO can operate faster than or under more favourable conditions than the Company, and to do otherwise could result in a greater risk than expected or the loss of a business opportunity for the Company. In addition, the Company acknowledges that —provided that the provisions in the paragraph below are respected and no damage can ensue for the Company— the company through which the CEO acts may obtain

advantages or remuneration for performing said operations, acting at all events in compliance with the applicable rules and regulations.

When the Company co-invests with a company controlled by the CEO or in which the CEO holds an interest or when the Company acquires from such a company a given asset previously acquired by said company, the transaction shall be done (i) on an arm's-length basis and at values lower than the maximums set by the appraisals/valuations performed at the time of the transaction, (ii) provided that the assets at issue meet the parameters set in the Business Plan and (iii) subject to approval by the Board of Directors with Javier Illán Plaza abstaining, which approval is in turn subject to a favourable prior report from the Audit and Control Committee.

7. ORGANIZATION OF THE COMPANY

7.1. Administrative Governing Body

The Company's administrative governing body is the Board of Directors, made up initially of the following members:

- (a) One (1) executive director:
Chairman and CEO: Javier Illán Plaza
- (b) Four (4) proprietary directors: José María Castellanos Ríos, Leticia Fusi Aizpurua, Eduardo D'Alessandro Cishek and Isaiah Toback
- (c) Four (4) independent directors: Isabel Dutilh Carvajal, Jaime Montalvo Correa, Macarena Sainz de Vicuña and Javier Martínez-Piqueras Barceló

7.2. Committees Supporting the Board of Directors

The Board shall appoint certain Committees whose functions are listed below.

7.1.(a) Audit and Control Committee

The Audit and Control Committee is made up of José María Castellanos Ríos, Isabel Dutilh Carvajal, Jaime Montalvo Correa, Javier Martínez-Piqueras and Isaiah Toback.

7.1.(b) Appointments and Remuneration Committee

The Appointments and Remuneration Committee is made up of Jaime Montalvo Correa, Jose María Castellanos Ríos, Isabel Dutilh Carvajal, Macarena Sainz de Vicuña and Eduardo D'Alessandro Cishek.

7.3. Advisory Committee on Investments and Strategy

The Company shall have an advisory committee on investment and strategy. This body shall coordinate the Company Management and support the work done by the CEO.

The advisory committee on investment and strategy shall be made up of no more than 20 members: Javier Martínez-Piqueras (chairman), Javier Illán, the director of investments and the shareholders or investors or representatives appointed by the Investors who hold the minimum share percentage set herein below.

For these purposes, any investor who represents at least 5% of the shares in the Company, individually or together with other investors who voluntarily agree to pool their individual shares, is considered an 'investor/committee member'. Members of the Company's Management Team may also attend as non-member guests of the Committee.

Executive real estate committee: This committee is made up of no less than three and no more than six members, where the chairman is a permanent member, plus those shareholders who, individually or together with other shareholders who voluntarily agree to pool their individual shares, represent at least 20% of the shares in the Company or any other percentage determined by the Board in view of the Company's shareholder structure from time to time, and therefore up to a maximum of five shareholder members. Members of the Company's Management Team may also attend as non-member guests of the Committee. The Executive real estate committee has the faculties assigned to it by the Board and established in the committee's regulations.

The Executive real estate committee is made up of Javier Illán, Javier Martínez-Piqueras and Leticia Fusi Aizpurua.