Madrid, 30 September 2024

Millenium Hospitality Real Estate, SOCIMI, S.A., under the provisions of Article 17 of Regulation (EU) No. 596/2014 on market abuse and Article 228 of the revised text of the Stock Market Act, approved by Royal Legislative Decree 4/2015 of 23 October, and related provisions, as well as Circular 3/2020 of the BME Growth segment of BME MTF Equity ("BME Growth"), hereby reports the following

OTHER RELEVANT INFORMATION

- Limited Review Report on the Consolidated Abridged Interim Financial Statements for the six-month period ending 30 June 2024.
- Consolidated Abridged Interim Financial Statements and Consolidated Interim Management Report for the six-month period ending 30 June 2024.
- Individual Interim Balance Sheet and Profit and Loss Account for the six-month period ending 30 June 2024.

The above documentation is also available to the market on the Company's website (www.mhre.es).

In accordance with the provisions of BME Growth Circular 3/2020, it is hereby stated that the information communicated herein has been prepared under the sole responsibility of the Company and its directors

We remain at your disposal for any further clarifications you deem appropriate.

Sincerely,
Maria Pardo Martinez
Investor Relations Director
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 30, 2024

Building a better working world

Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

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, 2024. 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, 2024 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: Calle de 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. C.I.F. B-78970506.

A member firm of Ernst & Young Global Limited.

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 financial statements for the year ended December 31, 2023. This matter does not modify our conclusion.

Other information

The accompanying interim consolidated management report for the six months ended June 30, 2024, 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, 2024. 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 I SOCIMI, S.A. and its subsidiaries.

Other matters

This report was prepared at the request of the Board of Directors of the parent in connection with the publication of the semi-annual financial report required by circular 3/2020 of Bolsas y Mercados Españoles Sistemas de Negociación, S.A. on "Information to be provided by expanding companies incorporated for trading in the segment BME Growth of BME MTF Equity".

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

September 23, 2024

Millenium
Hospitality Real Estate

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, 2024

Interim consolidated statement of financial position at June 30, 2024

(In euros)

ASSETS	Notes	6/30/2024	12/31/2023
NON-CURRENT ASSETS		**681,400,565**	**638,548,493**
Intangible assets	6	81,709	69,194
Goodwill	6	931,841	-
Property, plant, and equipment	6	18,295,018	18,727,394
Investment properties	7	657,536,277	616,170,277
Financial investments	8	2,625,900	2,149,586
Trade receivables	8	1,929,820	1,432,042
CURRENT ASSETS		**59,219,150**	**105,114,348**
Inventories	9	1,480,478	1,241,349
Trade and other receivables		18,783,019	12,679,441
Trade receivables	8	4,421,791	4,280,489
Other receivables	8	182,098	2,003
Receivable from public administrations	14	14,179,130	8,396,949
Financial investments	8	18,297,733	23,473,477
Other current assets	8	507,635	1,079,285
Cash and cash equivalents	10	20,150,285	33,126,747
		59,219,150	**71,600,299**
Non-current assets held for sale	19	-	33,514,049
TOTAL ASSETS		**740,619,715**	**743,662,841**

EQUITY AND LIABILITIES	Notes	6/30/2024	12/31/2023
EQUITY		**536,780,437**	**535,613,979**
Capital and reserves		**537,494,445**	**536,403,717**
Share capital	11.1	116,032,487	116,032,487
Share premium		341,887,362	341,887,362
Reserves and retained earnings	11.2	78,637,297	82,511,971
Shares of the Parent company	11.3	(1,142,346)	(1,101,380)
Profit for the year attributed to the Parent company		2,079,645	(2,926,723)
Unrealized gains (losses) reserve	**8.2**	**(714,008)**	**(789,738)**
NON-CURRENT LIABILITIES		**152,672,107**	**164,172,234**
Borrowings		150,157,813	161,657,940
Bank borrowings	12.1	144,179,801	156,395,294
Other financial liabilities	12.2	5,978,012	5,262,646
Deferred tax liabilities	14	2,514,294	2,514,294
CURRENT LIABILITIES		**51,167,171**	**43,876,628**
Provisions	13	35,000	535,000
Borrowings		24,294,327	8,479,418
Bank borrowings	12.1	23,096,226	6,924,353
Other financial liabilities	12.2	1,198,101	1,555,065
Trade and other payables		26,399,379	23,519,789
Suppliers and other payables	12.3	23,855,855	22,257,371
Employee benefits payable (remuneration pending payment)	12.3	875,263	349,219
Payables to public administrations	14	1,251,010	405,864
Customer advances	12.3	417,251	507,335
Other current liabilities	12	438,465	72,449
		51,167,171	**32,606,656**
Liabilities associated with non-current assets held for sale	19	-	11,269,972
TOTAL EQUITY AND LIABILITIES		**740,619,715**	**743,662,841**

The accompanying Notes 1 to 20 are an integral part of the interim consolidated statement of financial position at June 30, 2024.

Separate interim consolidated statement of profit or loss for the six-month period ended June 30, 2024

(In euros)

	Notes	6/30/2024	6/30/2023
Continuing operations			
Revenue		**12,223,705**	**9,930,362**
Lease income	7.4 & 16.1	8,506,423	8,272,626
Rendering of services	16.1	3,468,214	1,481,432
Sales income	16.1	249,068	176,304
Cost of sales		**(330,867)**	**(97,165)**
Other operating income		**548,623**	**295,390**
Employee benefits expense	**16.2**	**(4,745,915)**	**(3,504,868)**
Other operating expenses		**(4,661,316)**	**(3,441,306)**
External services	16.3	(3,540,698)	(2,391,344)
Taxes (other than income tax)	16.4	(1,120,618)	(1,049,962)
Impairment losses on accounts receivable	**8.1**	**65,639**	**13,498**
Change in fair value of investment properties	**7**	**3,578,445**	**6,466,800**
Depreciation and amortization	**6**	**(395,225)**	**(413,368)**
Impairment losses and gains (losses) on disposal of non-current assets		**(1,597,337)**	**(1,828,952)**
Impairment and losses	6	(121,334)	(1,844,058)
Gains (losses) on disposals	19	(1,476,003)	15,106
Other gains (losses)		**189,450**	**-**
OPERATING PROFIT		**4,875,202**	**7,420,391**
Finance income	**16.5**	**432,216**	**205,662**
From marketable securities & other financial instruments		432,216	205,662
Finance costs	**16.6**	**(3,738,948)**	**(2,325,218)**
Third-party borrowings		(3,738,948)	(2,325,218)
Changes in fair value of financial instruments	**8.2**	**229,657**	**171,356**
Exchange gains (losses)		**2,851**	**(1,616)**
Impairment and gains (losses) on disposal of financial instruments		**278,667**	**-**
FINANCE COST		**(2,795,557)**	**(1,949,816)**
PROFIT BEFORE TAX		**2,079,645**	**5,470,575**
Corporate income tax	14	-	-
PROFIT FOR THE PERIOD		**2,079,645**	**5,470,575**
Profit for the year attributed to the Parent company		**2,079,645**	**5,470,575**
Profit for the year attributed to non-controlling interests		**-**	**-**

EARNINGS PER SHARE			
Basic earnings per share	5	**0.02**	**0.05**

The accompanying Notes 1 to 20 are an integral part of the separate interim consolidated statement of profit or loss for the six-month period ended June 30, 2024.

Interim consolidated statement of comprehensive income for the six-month period ended June 30, 2024

(In euros)

	Notes	6/30/2024	6/30/2023
Consolidated profit (loss) for the period (I)		**2,079,645**	**5,470,575**
Income and expense recognized directly in consolidated equity			
From cash flow hedges	8.2	75,730	(304,252)
Tax effect		-	-
Total income and expense recognized directly in consolidated equity (II)		**75,730**	**(304,252)**
Amounts transferred to the separate consolidated statement of profit or loss			
From cash flow hedges		-	-
Tax effect		-	-
Total amounts transferred to the separate consolidated statement of profit or loss (III)		**-**	**-**
Total consolidated income and expense recognized (I+II+III)		**2,155,375**	**5,166,323**
Total consolidated income and expense recognized and attributed to the Parent company		**2,155,375**	**5,166,323**
Total consolidated income and expense recognized and attributed to non-controlling interests		**-**	**-**

The accompanying Notes 1 to 20 are an integral part of the interim consolidated statement of comprehensive income for the six-month period ended June 30, 2024.

Interim consolidated statement of changes in equity for the six-month period ended June 30, 2024
(In euros)

	Share capital (Note 11.1)	Share premium	Reserves and retained earnings (Note 11.2)	Shares of the Parent company (Note 11.3)	Profit (loss) for the period attributed to the Parent company	Unrealized gains (losses) reserve (Note 8.2)	Total
Balance at December 31, 2022	**116,032,487**	**341,887,362**	**70,761,203**	**(1,039,664)**	**11,786,776**	**-**	**539,428,164**
Consolidated income and expense recognized	**-**	**-**	**-**	**-**	**5,470,575**	**(304,252)**	**5,166,323**
Transactions with partners or owners:	**-**	**-**	**(22,030)**	**6,326**	**-**	**-**	**(15,704)**
Transactions with shares of the Parent company (net)	-	-	(22,030)	6,326	-	-	(15,704)
Other changes in equity	**-**	**-**	**11,786,776**	**-**	**(11,786,776)**	**-**	**-**
Balance at June 30, 2023	**116,032,487**	**341,887,362**	**82,525,949**	**(1,033,338)**	**5,470,575**	**(304,252)**	**544,578,783**
Balance at December 31, 2023	**116,032,487**	**341,887,362**	**82,511,971**	**(1,101,380)**	**(2,926,723)**	**(789,738)**	**535,613,979**
Consolidated income and expense recognized	**-**	**-**	**-**	**-**	**2,079,645**	**75,730**	**2,155,375**
Transactions with partners or owners:	**-**	**-**	**(64,436)**	**(40,966)**	**-**	**-**	**(105,402)**
Transactions with shares of the Parent company (net)	-	-	(64,436)	(40,966)	-	-	(105,402)
Other changes	**-**	**-**	**(883,515)**	**-**	**-**	**-**	**(883,515)**
Other changes in equity	**-**	**-**	**(2,926,723)**	**-**	**2,926,723**	**-**	**-**
Balance at June 30, 2024	**116,032,487**	**341,887,362**	**78,637,297**	**(1,142,346)**	**2,079,645**	**(714,008)**	**536,780,437**

The accompanying Notes 1 to 20 are an integral part of the interim consolidated statement of changes in equity for the six-month period ended June 30, 2024.

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

Interim consolidated cash flow statement for the six-month period ended June 30, 2024

(In euros)

	Notes	6/30/2024	6/30/2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		**2,079,645**	**5,470,575**
Adjustments to profit		**(655,135)**	**(1,622,717)**
Depreciation and amortization	6	395,225	413,368
Impairment loss allowances	6 & 8.1	54,602	1,830,560
Changes in provisions	12.3 & 13	875,263	675,945
Gains (losses) from derecognition and disposals of non-current assets	6	(1,476,003)	(15,106)
Finance income	16.5	(432,216)	(205,662)
Finance costs	16.6	3,738,948	2,325,218
Exchange gains (losses)		(2,851)	1,616
Changes in fair value of financial instruments	8.2	(229,657)	(171,356)
Changes in fair value of investment properties	7	(3,578,445)	(6,466,800)
Other income and expenses		**2,079,645**	(10,500)
Changes in working capital		**(1,074,279)**	**9,660,687**
Inventories	9	(239,129)	20,041
Trade and other receivables		(3,777,143)	4,929,004
Other current assets		571,650	(859,684)
Trade and other payables		2,004,327	5,238,906
Other current liabilities		366,016	332,420
Other cash flows from operating activities		**(3,539,475)**	**(1,712,783)**
Interest paid		(3,436,644)	(1,900,971)
Interest received		397,169	203,465
Other proceeds (payments)		(500,000)	(15,277)
Cash flows from operating activities		**(3,189,243)**	**11,795,762**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(38,443,552)**	**(55,433,745)**
Intangible assets and PP&E	6	(95,604)	(1,444,145)
Investment properties	7	(37,787,555)	(39,799,635)
Other financial assets		(560,393)	(14,189,965)
Proceeds from disinvestments		**34,568,416**	**54,036**
Intangible assets and PP&E	6	-	18,000
Investment properties	7	-	1,434
Other financial assets		4,668,416	34,602
Non-current assets held for sale	19	29,900,000	
Cash flows from (used in) investing activities		**(3,875,137)**	**(55,379,709)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**(988,917)**	**(15,704)**
Proceeds from issuance of equity instruments		-	-
Acquisition of equity instruments of the Parent company	11.3	(243,197)	(94,598)
Disposal of equity instruments of the Parent company	11.3	(745,720)	78,894
Proceeds from and payments of financial liabilities		**(4,926,016)**	**43,995,433**
Issues		(1,265,235)	47,176,212
Bank borrowings		(1,939,726)	46,761,383
Other borrowings		674,491	414,829
Repayment and redemption of		(3,660,781)	(3,180,779)
Bank borrowings		(3,153,599)	(2,960,850)
Other borrowings		(507,182)	(219,929)
Cash flows from financing activities		**(5,914,933)**	**43,979,729**
Net foreign exchange difference		2,851	(1,616)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**394,166**	**394,166**
Cash and cash equivalents at beginning of period		33,126,747	72,460,965
Cash and cash equivalents at end of period	10	20,150,285	72,855,131

The accompanying Notes 1 to 20 are an integral part of the interim consolidated cash flow statement for the six-month period ended June 30, 2024.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2024

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, 2024

The subsidiaries which together with the Parent form a part of the consolidation scope at June 30, 2024 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	(*)	MHRE	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	(**)	MHRE	100%	Ernst & Young, S.L.	Full consolidation	Euros
MHRE San Roque, S.L.U.	Paseo de la Castellana 102, Madrid	(*)	MHRE	100%	Ernst & Young, S.L.	Full consolidation	Euros
Global Kioto, S.L.U.	Paseo de la Castellana 102, Madrid	Inactive	MHRE	100%	-	Full consolidation	Euros
Hotel Villa Miraconcha, S.L.U.	Paseo de Mirakontxa 32, San Sebastián	(***)	MHRE	100%	-	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.
(***) Operation of lodging and accommodation business services in the form of hotels, hostels, boarding houses, pensions or any other form which is legally permitted, as well as the acquisition, purchase, and non-financial leasing of premises or real estate for such purposes.

The breakdown of the consolidation scope at December 31, 2023 and the corresponding movements during 2023 are disclosed in Note 1 to the consolidated financial statements for FY 2023. In addition, during the first half of 2024 the Group acquired two new companies, Global Kioto, S.L.U. and Hotel Villa Miraconcha, S.L.U., which thereby became a part of the Group.

Acquisition of Global Kioto, S.L.U.

On March 4, 2024, the Parent signed a purchase-sale contract to acquire all the shares of Global Kioto, S.L.U. for an amount of 1 euro. Said purchase gave rise to provisional goodwill amounting to 1,093 euros (which is impaired) as a consequence of the price paid. This operation was carried out as a single transaction. Further, the Company held no equity interest in the acquired entity prior to the transaction, nor was there any prior shareholder relationship between the two entities.

The assets and liabilities resulting from said acquisition were as follows:

(Euros)	Carrying amount	Fair value adjustments	Market value recognized at acquisition
Cash	704	-	704
Total assets	**704**	**-**	**704**
Borrowings from group companies	(691)	-	(691)
Trade and other payables	(1,105)	-	(1,105)
Total liabilities	**(1,797)**	**-**	**(1,797)**
Total net assets at market value	**(1,092)**	**-**	**(1,092)**
Amount paid			**1**
Goodwill (Note 6)			**1,093**

As a result of said acquisition, goodwill amounting to 1,093 euros was generated, subsequently impaired.

Acquisition of Hotel Villa Miraconcha, S.L.U.

On March 4, 2024, the Parent signed a purchase-sale contract for 100% of the shares of Hotel Villa Miraconcha, S.L.U. for an amount of 1 euro. Said entity operates the Hotel Nobu San Sebastián. In said purchase, provisional goodwill amounting to 931,841 euros arose as a consequence of the price paid. This operation was carried out as a single transaction. Further, the Company held no equity interest in the acquired entity prior to the transaction, nor was there any prior shareholder relationship between the two entities. The impact in the Profit and Loss account as of June 30, 2024, if the mentioned operation would have taken place on January 1st, 2024, is not significant.

The assets and liabilities resulting from said acquisition were as follows:

(Euros)	Carrying amount	Fair value adjustments	Market value recognized at acquisition
Property, plant, and equipment	32,947	-	32,947
Inventories	105,309	-	105,309
Trade and other receivables	373,376	-	373,376
Current accruals	5,133	-	5,133
Cash in hand	162,758	-	162,758
Total assets	**679,523**	**-**	**679,523**
Non-current borrowings	(290,551)	-	(290,551)
Current borrowings	(7,605)	-	(7,605)
Current borrowings from group companies	(274,870)	-	(274,870)
Trade and other payables	(1,038,337)	-	(1,038,337)
Total liabilities	**(1,611,363)**	**-**	**(1,611,363)**
Total net assets	**(931,840)**	**-**	**(931,840)**
Amount paid			**1**
Goodwill (Note 6)			**931,841**

The subsidiaries use the same reporting periods as the Parent.

The Parent and all its subsidiaries (except for the companies acquired during the first six months of 2024) 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 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.

1.1. SOCIMI regime (Spanish REIT)

At June 30, 2024, the Parent and all its subsidiaries (except for the companies acquired during the first six months of 2024) 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 2023.

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:

  - 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, 2022, 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, 2024, the Parent and subsidiaries to which the SOCIMI Law is applicable are in compliance with the requirements established therein.

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, 2024 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, 2024 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 the Group's annual consolidated financial statements for the year ended December 31, 2023, which were audited by Ernst & Young, S.L. and approved by the ordinary and extraordinary general shareholder meeting held on June 21, 2024.

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, 2023, 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, not mandatory in the European Union, when they become effective and 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 interim condensed 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, 2024, and consolidated results, consolidated changes in equity, and consolidated cash flows corresponding to the six-month period then ended.

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

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, 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, 2023, 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 2023.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2024

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, 2024 do not include specific seasonality disclosures.

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 this reserve exceeds said amount, it cannot be distributed to shareholders.

In accordance with the stipulations of the SOCIMI Law, MHRE's bylaws do not establish any other restricted reserve apart from the legal reserve (Note 11.2).

4. CALCULATION OF FAIR VALUE

The Group applies the criteria disclosed in Note 4.19 to the consolidated financial statements for FY 2023 when calculating fair value for assets and liabilities.

The disclosures relating to the fair value of financial instruments and non-financial assets measured at fair value or for which fair value is disclosed, are included in the following notes:

- Investment properties (Note 7)
- Derivative financial instruments (Note 8.2)

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

		Fair value measurement used (Euros)			
6/30/2024	**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)					
Operational hotels	6/30/2024	434,600,000	-	-	434,600,000
Hotels in development	6/30/2024	219,403,000	-	-	219,403,000
Alcaidesa Golf - Club House Restaurant	6/30/2024	3,533,277	-	-	3,533,277
Non-current financial investments					
Derivative financial instruments (Note 8.2)	6/30/2024	682,690	-	682,690	-

There were no transfers between Levels 1 and 2 during the six-month period ended June 30, 2024.

The table which presents the fair value hierarchy for the Group's assets and liabilities at 2023 year end is included in Note 4.19 to the consolidated financial statements for FY 2023.

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 MHRE by the weighted average number of ordinary shares circulating during the period, excluding treasury shares.

	6/30/2024	6/30/2023
Profit (loss) for the period attributable to shareholders of MHRE (euros)	2,079,645	5,470,575
Weighted average number of shares circulating (shares)	115,741,592	115,799,861
Basic earnings per share (euros)	**0.02**	**0.05**

Diluted earnings per share

Diluted earnings per share are calculated by adjusting profit for the year attributable to holders of MHRE'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 MHRE does not have different classes of potentially dilutive ordinary shares, no diluted earnings per share were calculated.

6. GOODWILL, INTANGIBLE ASSETS AND PP&E

The breakdown and movements of the different items which make up intangible assets and goodwill for the six-month period ended June 30, 2024 are as follows:

(Euros)	12/31/2023	Business combinatio n (Note 1)	Additions/Allowances	Derecognitions/ Amounts applied	Transfers	6/30/2024
Cost						
Goodwill	-	932,934	-	-	-	932,934
Computer software	69,475	-	25,781	(8,960)	-	95,256
	69,475	932,934	25,781	(8,960)	-	1,028,190
Accumulated amortization						
Computer software	(281)	-	(13,266)	-	-	(13,547)
	(281)	-	(13,266)	-	-	(13,547)
Impairment losses						
Goodwill	-	(1,093)	-	-	-	(1,093)
	-	(1,093)	-	-	-	(1,093)
Net carrying amount	**69,194**					**1,013,550**

The additions during the year mainly correspond to the costs of implementing the new ERP which was acquired from a third party and was initiated during the second half of 2023.

The movements in PP&E during the six-month period ended June 30, 2024 were as follows:

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2024

(Euros)	12/31/2023	Additions/Allowances	Derecognitions/Amounts applied	Transfers (Note 7)	6/30/2024
Cost					
Land	2,443,368	-	-	-	2,443,368
Buildings	16,255,617	25,958	-	-	16,281,575
Machinery	165,007	2,548	-	-	167,555
Plant	548,958	-	-	-	548,958
Furniture	165,036	27,374	-	-	192,410
Data processing equipment	66,581	12,015	-	-	78,596
Right-of-use assets	4,851,491	-	-	-	4,851,491
PP&E under construction	39,199	1,929	-	-	41,128
	24,535,257	69,823	-	-	24,605,080
Accumulated depreciation					
Buildings	(1,063,659)	(208,835)	-	-	(1,272,494)
Machinery	(166,934)	(2,179)	-	-	(169,113)
Plant	(205,976)	(40,979)	-	-	(246,955)
Furniture	(46,562)	(14,046)	-	-	(60,608)
Data processing equipment	(41,375)	(6,568)	-	-	(47,943)
Right-of-use assets	(793,055)	(109,352)	-	-	(902,407)
	(2,317,561)	(381,959)	-	-	(2,699,520)
Impairment losses					
Buildings	(3,490,302)	(120,241)	-	-	(3,610,543)
	(3,490,302)	(120,241)	-	-	(3,610,543)
Net carrying amount	**18,727,394**				**18,295,018**

The balance recognized for PP&E at June 30, 2024 and December 31, 2023 mainly corresponds to PP&E items associated with the golf courses of La Hacienda Alcaidesa Links Golf Resort in the municipality of San Roque, Cádiz, which boast a Club House and are being exploited by the Group temporarily.

Additions for the first half of 2023 mainly correspond to remodeling and refurbishment work carried out at the golf courses.

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, 2024 an impairment loss allowance of 120 thousand euros was recognized (2023: 1,844 thousand euros).

The movements in PP&E during 2023 are disclosed in Note 6 to the consolidated financial statements for FY 2023.

7. INVESTMENT PROPERTIES

At June 30, 2024, the Group held the following investment properties in portfolio:

Investment property	Location	Status
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
Hotel Iberostar Las Letras (*)	Gran Vía 11, Madrid	Operating
Hotel JW Marriott	Carrera de San Jerónimo 9-11, Madrid	Operating
Hotel Nobu Sevilla (**)	Plaza San Francisco 11-12, Seville	Operating
Alcaidesa Golf - Club House Restaurant	San Roque, Cádiz	Operating
Hotel Nobu San Sebastián	Miraconcha 32, San Sebastián	Operating
Hotel & Villas La Hacienda	San Roque, Cádiz	In development
Autograph Collection Madrid	Zorrilla 19, Madrid	In development
Hotel Nobu Madrid	Alcalá 26, Madrid	In development
Hotel Palacetes de Córdoba (***)	Cabezas 13, 15, and 19, and Caldereros 3, Córdoba	In development
El Palmar project (***)	El Palmar de Vejer, Cádiz	In development

(*) On July 1, 2024, the refurbishment work was initiated for its transformation into the Hotel Nômade Madrid.
(**) On July 1, 2024, the hotel was converted into the Hotel Mercer Plaza Sevilla.
(***) On July 24, 2024, the Group subscribed a transactional agreement to sell the asset (Note 20).

7.1. Movements during the period

The breakdown and movements for investment properties at June 30, 2024 are as follows:

(Euros)	12/31/2023	Additions	Derecognitions	Transfers	Changes in fair value	6/30/2024
Operational hotels	424,500,000	7,356,596	-	-	2,743,404	434,600,000
Hotels in development	188,137,000	30,430,959	-	-	835,041	219,403,000
Alcaidesa Golf - Club House Restaurant	3,533,277	-	-	-	-	3,533,277
TOTAL	**616,170,277**	**37,787,555**	**-**	**-**	**3,578,445**	**657,536,277**

The additions during the period mainly correspond to costs capitalized in connection with the construction and refurbishment work performed for various hotels, amounting to a total of 37,788 thousand euros. The most important capex for the operational hotels corresponds to the refurbishment of Hotel Meliá Bilbao during the first half of the year, while the most important capex for the hotels under development relates to the construction work in progress corresponding to Hotel & Villas Hacienda San Roque.

The changes in fair value at June 30, 2024 arose from impairment losses and/or asset revaluations as a consequence of appraisals carried out at the end of the six-month period by independent experts.

The breakdown and movements for investment properties at December 31, 2023 are included in Note 7.1 to the consolidated financial statements for FY 2023.

7.2. Other disclosures on investment properties

At June 30, 2024, the investment properties were mortgaged with different financial entities in guarantee of mortgage loans for a balance totaling 164,960,844 euros (December 31, 2023: 169,820,134 euros).

All properties are located in 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, 2024 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.

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

June 30, 2024	***Net exit yields***	***Discount rate***
Operational hotels	4.75% - 7.00%	7.50% - 10.00%
Hotels in development	4.75% - 7.25%	8.00% - 14.00%
Alcaidesa Golf - Club House Restaurant and Tenth Hole	10.50% - 11.00%	11.50% - 12.00%

December 31, 2023	***Net exit yields***	***Discount rate***
Operational hotels	4.75% - 7.50%	7.50% - 10.00%
Hotels in development	5.25% - 7.00%	8.50% - 13.50%
Alcaidesa Golf - Club House Restaurant and Tenth Hole	10.50% - 11.00%	11.50% - 12.00%

A change of a 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 properties:

(Euros)	**Carrying amount**	**-0,25% in net exit *yields***	**+0,25% in net exit *yields***
Properties being operated at 6/30/2024	438,133,277	451,830,000	424,880,000
Properties being operated at 12/31/2023	428,033,277	439,430,000	417,080,000

In contrast, a change of two and a half percentage points in the estimated construction costs for its 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 6/30/2024	219,403,000	222,665,000	216,314,000
Properties in development at 12/31/2023	188,137,000	192,019,000	184,264,000

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2024

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:

- On November 10, 2023, a new lease contract was signed for the Hotel Melá de Bilbao including an obligatory duration until December 31, 2028, subsequent to which the contract will be renewed automatically for three additional periods of five years each, with a maximum duration until December 31, 2043. Revenue from this contract is comprised of a fixed component which is referenced to annual CPI and a variable component referenced to the annual operating income obtained by the hotels. The contract initially establishes that work will begin during the first months of 2024 to upgrade the property over an estimated duration of four and a half months. At June 30, 2024, the hotel was operational and the construction work performed during the first half of 2024 had finalized.

  In addition, with respect to the Hotel Melía de Bilbao, MHRE has contracted the following operating lease agreements with third parties, with respect to which it was subrogated upon acquisition of the property:

  - 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 5-year 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 hotel. These conditions were agreed upon in the addendum to the contract signed on June 25, 2021.

  In addition, with respect to the building located in Seville at calle Rioja N.º 26, where part of the Hotel Radisson Collection Sevilla is located, the Group has arranged the following operating leases with third parties:

  - Lease of restaurant space for an initial obligatory duration of 5 years, 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.
  - Lease of commercial premises for a duration of 5 years, which can be renewed once for an additional 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 5-year 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 hotel. These conditions were agreed upon in the addendum to the contract signed on March 15, 2022.

- On March 8, 2023, MHRE signed a lease contract for the Hotel Nobu Sevilla with the Spanish Mercer hotel chain to operate said property under the Nobu brand. The lease was contracted for a period of 20 years counting from April 21, 2023 (the hotel delivery date), 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. 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 hotel.

  On July 1, 2024, the Group signed a termination agreement in connection with the license for the Hotel Nobu and the Nobu restaurant. As from said date, the Hotel Nobu Sevilla was renamed as the Hotel Mercer Plaza Sevilla.

- Lease of the Hotel JW Marriott for a period of 25 years counting from March 27, 2023 (hotel delivery and opening date), 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 is composed of a fixed component scaled progressively 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, the site of the Hotel JW Marriott, the following lease contracts were signed for restaurant space:

  - On March 25, 2022, MHRE signed a lease contract for a period of 20 years counting from March 25, 2023 (restaurant delivery date), 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 these premises is composed of a fixed component and a variable component referenced to the volume of invoices issued by the restaurant.

  - On July 22, 2022, MHRE signed a sublease contract for restaurant space at the Hotel JW Marriott together with the lessee of said hotel. The lease was arranged for a period of 20 years counting from March 27, 2023 (the hotel's opening date), the first 5 years of which were established as obligatory for the sub-lessee. Revenue from this premise is composed of a fixed component and a variable component referenced to the operating results obtained by the restaurant.

- Lease of the 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 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. This hotel was opened on August 10, 2023. Following the acquisition of Hotel Villa Miraconcha, S.L.U., this contract hasno longer effect at consolidation level (Note 1).

- 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.

  With respect to the future Hotel Nobu Madrid, located at calle Alcalá 26 in Madrid, MHRE is party to an operating lease contract over surface rights signed with third parties for commercial office space, corresponding to a contractual position to which it was subrogated when the property was acquired. Said lease expires in June 2026. The revenue from this contract is fixed and referenced to annual CPI. During December 2023, the offices were vacated as the Group had reached an agreement for early termination of the lease agreement.

- The Hotel Iberostar Las Letras was leased for a period which finalizes in January 2025, including an automatic renewal for a duration of 2 years, should neither of the parties object 6 months in advance. Lease revenue from this contract, in which MHRE was subrogated at the moment of acquiring said property on October 27, 2022, is fixed and referenced to annual CPI. During last November 2023, the Group terminated the contract with the tenant and on January 4, 2024 a contract was signed with a new tenant for the hotel. On June 30, 2024, the former tenant vacated the hotel and the necessary adaptation work was initiated as the hotel is to undergo a process of refurbishment, finishing, and conditioning for its subsequent operation as a 5-star hotel under the Nômade brand. The future Hotel Nômade Madrid will boast a 5-star category, 93 rooms, of which 16 correspond to the category of suites, as well as spacious common areas including different spaces and restaurant themes, a "Members club," a spa and wellness area, and a large and luxurious rooftop. The new lease contract was arranged for a duration of 20 years and is based on variable income referenced to operating results obtained by the hotel plus a guaranteed minimum, which will allow for a significant increase in the asset's profitability.

  In addition, with respect to the Hotel Iberostar Las Letras, MHRE is party to the following operating lease agreements, with respect to which it was subrogated upon acquisition of the property:

- The leasing of premises meant for use as restaurant space, finalizing in January 2025 and including an automatic renewal for a duration of 2 years, should neither of the parties object 6 months in advance. The revenue from this lease agreement is fixed and referenced to annual CPI. This lease will be included in the contract signed with Nômade.
- Ceding use of space on the rooftop terrace of the Hotel Iberostar Las Letras for the installation of telecommunications antennas, maturing on September 30, 2027, including an automatic renewal for a duration of 5 years, should neither of the parties object. The revenue from this lease agreement is fixed and referenced to annual CPI.

- 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.

- Lease of Autograph Collection Madrid for a duration of 25 years, the first 5 of which are obligatory counting from the delivery date (planned for the last quarter of 2024). The contract will be renewed automatically for periods of 5 years, provided the lessee complies with certain economic variables at the end of each 5-year period. Lease income from this hotel is composed of a fixed component scaled progressively and a variable component referenced to the net operating results generated by the hotel.

The income from all aforementioned operating lease contracts amounted to 8,506,423 euros for the six-month period ended June 30, 2024 (8,272,626 euros for the same period in 2023; Note16.1).

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

(Euros)	6/30/2024	6/30/2023
Utilities	46,396	97,060
Taxes (other than income tax)	662,670	474,489
Other operating expenses	65,856	186,514
Impairment losses/net reversals on accounts receivable	(65,639)	17,077
TOTAL	**709,283**	**775,140**

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)	6/30/2024	12/31/2023
Within one year	12,178,825	13,695,503
Between one and five years	52,717,769	51,561,891
More than five years	7,303,061	516,234
TOTAL	**72,199,655**	**65,773,628**

8. FINANCIAL ASSETS

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

	Equity instruments		Loans, derivatives, and other		Total	
(Euros)	6/30/2024	12/31/2023	6/30/2024	12/31/2023	6/30/2024	12/31/2023
Non-current financial assets						
Financial assets at fair value through other comprehensive income, recycling accumulated gains or losses						
Trading portfolio	-	-	682,690	232,964	-	232,964
Financial assets designated at fair value through other comprehensive income, without recycling accumulated gains or losses upon disposal						
Hedging derivatives				710,421		710,421
Financial assets at amortized cost	-	-	3,873,030	2,638,243	4,555,720	2,638,243
	-	-	4,555,720	3,581,628	4,555,720	3,581,628
Current financial assets						
Financial assets at fair value through profit or loss	17,682,462	22,364,390	-	-	17,682,462	22,364,390
Financial assets at cost	-	-	5,726,795	6,470,864	5,726,795	6,470,864
	17,682,462	22,364,390	5,726,795	6,470,864	23,409,257	28,835,254
TOTAL	**17,682,462**	**22,364,390**	**10,282,515**	**10,052,492**	**27,964,977**	**32,416,882**

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

	Equity instruments		Loans, derivatives, and other		Total	
(Euros)	6/30/2024	12/31/2023	6/30/2024	12/31/2023	6/30/2024	12/31/2023
Non-current financial assets						
Financial investments (Note 8.2)	-	-	2,625,900	2,149,586	2,625,900	2,149,586
Trade receivables (Note 8.1)	-	-	1,929,820	1,432,042	1,929,820	1,432,042
	-	-	4,555,720	3,581,628	4,555,720	3,581,628
Current financial assets						
Trade receivables (Note 8.1)	-	-	4,421,791	4,280,489	4,421,791	4,280,489
Other receivables	-	-	182,098	2,003	182,098	2,003
Financial investments (Note 8.2)	17,682,462	22,364,390	615,271	1,109,087	18,297,733	23,473,477
Other current assets	-	-	507,635	1,079,285	507,635	1,079,285
	17,682,462	22,364,390	5,726,795	6,470,864	23,409,257	28,835,254
TOTAL	**17,682,462**	**22,364,390**	**10,282,515**	**10,052,492**	**27,964,977**	**32,416,882**

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

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2024

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 and scaled income.

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

(Euros)	6/30/2024	12/31/2023
Trade receivables	1,115,517	1,679,496
Invoices pending issue	3,306,274	2,600,993
TOTAL	**4,421,791**	**4,280,489**

The balance for "Trade receivables" includes part of the invoicing issued for variable income corresponding to the JW Marriot Madrid and Radisson Sevilla hotels, in addition to the invoices corresponding to the Lona restaurant at the Hotel Nobu Madrid.

The balance recognized for "Invoices pending issue" includes provisioned income from accrued rental payments yet to be invoiced.

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

(Euros)	6/30/2024	12/31/2023
Opening balance	**(711,349)**	**(138,353)**
Amounts provisioned	(199,217)	(702,214)
Reversals	264,856	129,218
Amounts applied	-	-
Closing balance	**(645,710)**	**(711,349)**

The breakdown of movements in impairment loss allowances for accounts receivable in 2023 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)	6/30/2024	12/31/2023
Non-current financial investments		
Derivative financial instruments	-	232,964
Hedging derivatives	682,690	710,421
Guarantees	1,943,210	1,206,201
TOTAL	**2,625,900**	**2,149,586**
Current financial investments		
Investment funds	17,682,462	22,364,390
Loans to companies	-	-
Hedging derivatives	31,642	-
Security deposits	154,887	672,996
Guarantees	428,742	436,091
TOTAL	**18,297,733**	**23,473,477**

Two structured deposits were included as derivative financial instruments at a nominal value of 500 thousand euros each, generating remuneration subject to the share price performance of three companies listed on the IBEX-35, the first of which was arranged during the first half of 2021 and the second during the second half of said year, at an amount of 500 thousand euros each. On October 6, 2023, the Company recovered one of the deposits at an amount of 500 thousand euros. On April 4, 2024, the Group recovered the second deposit of 500 thousand euros. At December 31, 2023, the deposit was valued at 232,964 euros and the Group recognized a loss of 10,851 euros upon recovery under "Changes in fair value of financial instruments."

The hedging derivatives correspond to two interest rate hedges ("CAPs") which were contracted on March 24, 2023 and June 5, 2023 for the new financing obtained in connection with the Hotel Iberostar Las Letras and Hotel Nobu Sevilla, covering against changes in the interest rate (Euribor) to which said financing is referenced (Note 12.1). The premiums paid for these hedging contracts amounted to a total of 1,651,900 euros. At the closing of the first six-month period in 2024, the Group had accumulated losses of 714,008 euros (December 31, 2023: 789,738 euros). The change corresponds to the revaluation of both derivatives for balances of 58,438 euros and 17,292 euros, respectively, with a balance of 75,730 euros recognized under equity. In addition, during the first half of the year the Group recognized a loss arising from amortization of said derivatives under "Changes in fair value of financial instruments" in the separate interim consolidated statement of profit or loss, amounting to 83,467 euros and 19,995 euros, respectively.

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 2024, the Group received the guarantee associated with the lease of the Hotel Meliá Bilbao amounting to 500 thousand euros, and deposited said balance at the corresponding Public Body. It also received the guarantee from Herreros y Asociados, tenants of the building at Alcalá 26, amounting to 46 thousand euros. In addition, during 2023 the Parent recovered several guarantees that it had deposited with the corresponding municipalities for execution of work relating to the Nobu Sevilla and Nobu San Sebastián hotels, amounting to 83,528 euros and 108,306 euros, respectively. In addition, as a consequence of selling the Hotel Lucentum during the first half of 2024, the Group reclassified a balance of 282,261 euros corresponding to the guarantee from "Non-current assets held for sale" (Note 19).

The balance recognized under "Equity instruments" corresponds to investments made during the first half of 2024 in two investment funds, which Group Management expects to recover in the short term given that they are intended as temporary investments of cash surpluses. At June 30, 2024, both funds generated a profit of 343,788 euros (December 31, 2023: 364,390 euros), recognized in the Group's separate consolidated statement of profit or loss under "Changes in fair value of financial instruments."

The balance recognized under "Loans to companies" includes a loan granted to a lessee, amounting to a total of 200,000 euros and corresponding to the restaurant premises located at the Hotel JW Marriott. Interest accrued during 2024 amounts to 3,404 euros (Note 16.5). The interest pending collection at June 30, 2024 amounts to 9,041 euros. Both loans were arranged at a fixed rate for a duration of one year. At June 30, 2024, said loan is fully impaired. As a consequence of the purchase of Hotel Villa Miraconcha S.L.U., the Group reversed the impairment losses on the loan.

The change in the balance for short-term deposits at June 30, 2024 mainly relates to a security deposit set up as a guarantee during the first half of 2024 for repayment of the mortgage loan associated with the Hotel Radisson Collection Sevilla, amounting to 543 thousand euros, which was made available to the Group in cash given the fulfillment of the guarantee conditions. In addition, during the first half of the year, the Group arranged a waste management guarantee in Cordoba for an amount of 13,238 euros.

9. INVENTORIES

The breakdown of this heading is as follows:

(Euros)	6/30/2024	12/31/2023
Golf shop merchandise	156,974	126,889
Restaurant merchandise	52,134	-
Prepayments to suppliers	1,271,370	1,114,460
TOTAL	**1,480,478**	**1,241,349**

The Group did not recognize a corresponding provision for impairment losses during the first half of 2024 (neither did it during the first half of 2023).

10. CASH AND CASH EQUIVALENTS

This heading reflects the current accounts held by the Group, some of which bear interest at market rates, and whose balance at June 30, 2024 totals 20,150 thousand euros (December 31, 2023: 33,127 thousand euros). Of said amount, a balance of 0 thousand euros (December 31, 2023: 2,432 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.

11.1. Share capital

At June 30, 2024, MHRE's share capital consisted of 116,032,487 shares (December 31, 2023: 116,032,487 shares) with a nominal value of 1 euro each. All the shares are of the same class, grant 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% is as follows:

Shareholder	6/30/2024	12/31/2023
CL MH Spain S.à. (controlled by Castlelake)	49.72%	49.72%
Arconas International	8.03%	5.05%
Mutualidad General de Previsión de la Abogacía	5.05%	5.05%

11.2. Reserves and retained earnings

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

(Euros)	Balance at 12/31/2023	Appropriation of profit	Capital increase expenses	Other changes (Note 11.3)	Balance at 6/30/2024
Legal reserve	3,040,560	-	-	-	3,040,560
Reserves in consolidated companies	37,454,776	-	-	11,786,776	49,241,552
Voluntary reserves	30,229,859	-	-	(947,951)	29,281,908
	70,725,195	-	-	10,838,825	81,564,020
Retained earnings	11,786,776	(2,926,723)	-	(11,786,776)	(2,926,723)
TOTAL	**82,511,971**	**(2,926,723)**	-	**(947,951)**	**78,637,297**

(Euros)	Balance at 12/31/2022	Appropriation of profit	Capital increase expenses	Other changes (Note 11.3)	Balance at 6/30/2023
Legal reserve	3,040,560	-	-	-	3,040,560
Reserves in consolidated companies	27,980,967	-	-	9,473,809	37,454,776
Voluntary reserves	30,265,867	-	-	(22,030)	30,243,837
	61,287,394	-	-	9,451,779	70,739,173
Retained earnings	9,473,809	11,786,776	-	(9,473,809)	11,786,776
TOTAL	**70,761,203**	**11,786,776**	-	**(22,030)**	**82,525,949**

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 freely distributable reserves corresponds entirely to the Parent. However, at June 30, 2024 these reserves include a balance of 9,707,248 euros (December 31, 2023: 26,616,787 euros) which can only be used under the same conditions as required for capital reductions. The ordinary and extraordinary general shareholder meeting for MHRE held on June 21, 2024 approved, amongst other matters, offsetting the losses from prior years in the amount of 16,909,539 euros with a charge against said special voluntary reserve. Thus, the mandatory announcement was published on June 27, 2024 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 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 September 18, 2024 (Note 20).

11.3. Shares of the Parent company

During the six-month period ended June 30, 2024, MHRE acquired 94,344 treasury shares (28,016 treasury shares during the same period in 2023) at an average price of 2.58 euros per share (3.38 euros per share during the same period in 2023) and sold 53,333 treasury shares (22,947 treasury shares during the same period in 2023) at an average price of 2.61 euros per share (3.47 euros per share during the same period in 2023). The difference between the cost price and the sales price for the shares, totaling a net amount of 64,436 euros (22,030 euros for the same period in 2023) was recognized under "Voluntary reserves" (Note 11.2).

At June 30, 2024, MHRE held a treasury share portfolio comprised of 308,281 treasury shares, representing 0.3% of its share capital (December 31, 2023: 267,270 treasury shares, representing 0.2% of its share capital).

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2024

12. FINANCIAL LIABILITIES

The breakdown of financial liabilities by category is as follows:

(Euros)	6/30/2024	12/31/2023
Non-current financial liabilities		
Financial liabilities at amortized cost		
Bank borrowings (Note 12.1)	144,179,801	156,395,294
Other financial liabilities (Note 12.2)	5,978,012	5,262,646
	150,157,813	**161,657,940**
Current financial liabilities		
Financial liabilities at amortized cost		
Bank borrowings (Note 12.1)	23,096,226	6,924,353
Other financial liabilities (Note 12.2)	1,198,101	1,555,065
Trade and other payables (Note 12.3)	25,148,369	23,113,925
Other current liabilities	438,465	72,449
	49,881,161	**31,665,792**
TOTAL	**200,038,974**	**193,323,732**

The breakdown of maturities for financial liabilities at June 30, 2024, without taking into account debt arrangement expenses amounting to 1,899,992 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	23,194,123	26,761,423	46,398,764	6,902,492	6,975,740	58,943,477	145,981,896	169,176,019
Other financial liabilities	1,198,101	543,272	813,953	425,023	119,883	4,075,881	5,978,012	7,176,113
Trade and other payables	25,148,369	-	-	-	-	-	-	25,148,369
Other current liabilities	438,465	-	-	-	-	-	-	438,465
TOTAL	**49,979,058**	**27,304,695**	**47,212,717**	**7,327,515**	**7,095,623**	**63,019,358**	**151,959,908**	**201,938,966**

The breakdown of maturities for financial liabilities at December 31, 2023, without taking into account debt arrangement expenses amounting to 2,016,007 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	6,924,353	22,358,564	26,048,026	45,737,801	6,691,653	57,575,257	158,411,301	165,335,654
Other financial liabilities	1,555,065	205,381	483,601	554,486	118,526	3,900,652	5,262,646	6,817,711
Trade and other payables	23,113,925	-	-	-	-	-	-	23,113,925
Other current liabilities	72,449	-	-	-	-	-	-	72,449
TOTAL	**31,665,792**	**22,563,945**	**26,531,627**	**46,292,287**	**6,810,179**	**61,475,909**	**163,673,947**	**195,339,739**

12.1. Bank borrowings

The breakdown for bank borrowings is included in Note 12.1 to the consolidated financial statements for FY 2023.

During the first half of 2024, the following financing was obtained:

- On May 20, 2024, a mortgage financing agreement was signed with KUTXABANK, S.A for an amount of 7,000 thousand euros, linked to the Hotel Meliá Bilbao. This financing was arranged for a duration of 12 years at a variable interest rate of Euribor + 1.60%.

In contrast, during the six-month period ended June 30, 2024, borrowings from credit entities accrued finance costs amounting to 3,438 thousand euros (2,552 thousand euros during the same period in 2023), of which 0 thousand euros were capitalized in connection with hotels under development (482 thousand euros during the same period in 2023; Note 7) and 3,438 thousand euros were recognized in the separate interim consolidated statement of profit or loss (2,070 thousand euros during the same period in 2023; Note 16.6).

The mortgage loans related to the Hotel Radisson Collection Sevilla, the Hotel Radisson Collection Bilbao, the Hotel Melía Bilbao, the Hotel JW Marriott, the Hotel Iberostar Las Letras, and the Hotel Nobu Sevilla 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, 2024, the Group was in compliance with the financial ratios applicable at that date (at December 31, 2023 the Group was also in compliance with said ratios).

12.2. Other financial liabilities

The breakdown of this heading is as follows:

(Euros)	6/30/2024	12/31/2023
Other non-current financial liabilities		
Security deposits received	1,943,019	1,140,256
Lease liabilities	4,034,993	4,122,390
TOTAL	**5,978,012**	**5,262,646**
Other current financial liabilities		
Lease liabilities	172,578	168,172
Other	1,025,523	1,386,893
TOTAL	**1,198,101**	**1,555,065**

The non-current guarantees received are associated with the leasing contracts the Group has arranged for the properties it owns (Note 7.4). The maturities of said guarantees are the same as those for the corresponding lease agreements.

The balance recognized under "Other" mainly includes the 1,018 thousand euros contributed by the Marriott Group at the beginning of the Hotel JW Marriott lease as *key money* for having delivered the hotel in accordance with JW Marriott's quality standards. The Group must deliver a part of said amount to the lessee of said hotel as per the terms agreed upon in the lease agreement. Further, though said amount was contributed by the Marriott Group on a non-refundable basis, in the event of early termination of the lease agreement, the Group must return the proportionate part based on the elapsed term of the lease.

12.3. Trade and other payables

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

(Euros)	6/30/2024	12/31/2023
Suppliers and other payables	23,855,855	22,257,371
Remuneration pending payment to employees	875,263	349,219
Customer advances	417,251	507,335
TOTAL	**25,148,369**	**23,113,925**

The increase for "Suppliers and other payables" is mainly due to the performance of refurbishment work at various hotels (Note 7) and the golf courses (Note 6).

Remuneration payable to employees at June 30, 2024 mainly includes provisions for bonuses amounting to 805 thousand euros (December 31, 2023: 121 thousand euros) as well as other items amounting to 70 thousand euros (December 31, 2023: 228 thousand euros), which will be paid out once 2024 ends in accordance with MHRE Management Policy.

Customer advances mainly correspond 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, as well as the advance payments received for the Hotel Nobu San Sebastián.

13. PROVISIONS AND CONTINGENCIES

13.1. Current provisions

The breakdown and movements for provisions included under this heading at June 30, 2023 are as follows:

(Euros)	Balance at 12/31/2023	Allowances/ (reversals)	Amounts applied	Balance at 6/30/2024
Provision for tax contingencies	35,000	-	-	35,000
Provision for other liabilities	500,000	-	(500,000)	-
TOTAL	**535,000**	**-**	**(500,000)**	**35,000**

During the first half of 2024, the Group made the payment corresponding to the early termination agreement which was signed on December 20, 2023, relating to the lease contract with the tenant of the building located at Alcalá 26, which gave rise to an indemnity payment in the amount of 500 thousand euros.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2024

13.2. Contingencies

In 2021, the lessee of the Hotel Meliá Bilbao filed a lawsuit against MHRE in application of the jurisprudential doctrine of *rebus sic stantibus*, requesting the reduction of lease payments corresponding to the years 2021 to 2024 given the adverse consequences of the pandemic provoked by COVID-19. The claim was answered by MHRE with a request for it to be completely dismissed. The pre-trial hearing had been scheduled for November 21, 2021, but prior to the hearing the parties requested the suspension of the proceedings in order to negotiate an end to the dispute. On November 10, 2023, the Parent and Meliá arranged a lease contract for the Hotel Meliá Bilbao. Subsequent to formalizing the contract, Meliá and the Parent agreed upon requesting termination of the legal proceedings since they had reached an out-of-court settlement. On December 1, 2023, the Court handed down a ruling in which it terminated the legal proceedings.

14. TAX SITUATION

The breakdown of the balances relating to tax assets and tax liabilities is as follows:

(Euros)	6/30/2024	12/31/2023
Tax credits		
Other receivables from public administrations		
VAT	13,773,841	8,247,689
Withholdings on corporate income tax	405,289	149,260
TOTAL	**14,179,130**	8,396,949
Tax liabilities		
Deferred tax liabilities	2,514,294	2,514,294
Other payables to public administrations		
VAT	498,907	115,344
Withholdings	260,109	196,706
Provision for property tax (Note 16.4)	344,000	-
Social security	147,994	93,814
TOTAL	**3,765,304**	**2,920,158**

During the first half of 2024, the Group requested the reimbursement of VAT corresponding to 2023 from MHRE SAN ROQUE, S.L.U. and the reimbursement of VAT corresponding to the period up to May 2024 from Milleniium Hospitality Ral Estate SOCIMI, S.A.

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. MHRE's directors and 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.

14.1. Corporate income tax

As stated in Note 1.1, MHRE and some of 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, 2024 the Group did not accrue any expenses or income related to corporate income tax (neither did it during the same period in 2023).

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 2024 is 0% (2023: 0%).

14.2. 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 2023.

15. 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.

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 and other hotel activities.

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.

Explanatory notes to the Interim condensed consolidated financial statements of the six-month period ended June 30, 2024

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	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenue	8,506,423	8,272,626	3,717,282	1,657,736	-	-	12,223,705	9,930,362
Cost of sales	-	-	(330,867)	(97,165)	-	-	(330,867)	(97,165)
Other operating income	518,948	266,288	29,675	29,102	-	-	548,623	295,390
Employee benefits expense	-	-	(1,849,737)	(1,020,625)	(2,896,178)	(2,484,243)	(4,745,915)	(3,504,868)
Other operating expenses	(4,180,839)	(2,420,239)	(414,838)	(1,007,569)			(4,595,677)	(3,427,808)
Change in fair value of investment properties	3,578,445	6,466,800	-	-	-	-	3,578,445	6,466,800
Depreciation and amortization	(66,644)	(66,644)	(251,412)	(242,489)	(77,169)	(104,235)	(395,225)	(413,368)
Impairment losses on assets	-	-	(120,241)	(1,828,952)	(1,477,096)	-	(1,597,337)	(1,828,952)
Other gains (losses)	189,450	-	-	-	-	-	189,450	-
OPERATING PROFIT (LOSS)	**8,545,783**	**12,518,831**	**779,862**	**(2,509,962)**	**(4,450,443)**	**(2,588,478)**	**4,875,202**	**7,420,391**
Finance income and expenses (net)	(3,287,278)	(2,233,246)	(103,980)	(66,744)	595,701	350,174	(2,795,557)	(1,949,816)
PROFIT (LOSS) BEFORE TAX	**5,258,505**	**10,285,585**	**675,883**	**(2,576,706)**	**(3,854,742)**	**(2,238,304)**	**2,079,645**	**5,470,575**
Total assets	**685,569,276**	**646,654,532**	**15,351,170**	**15,665,766**	**39,699,269**	**86,600,354**	**740,619,715**	**748,920,652**
Total liabilities	**192,845,323**	**194,190,542**	**9,064,095**	**8,404,001**	**1,929,860**	**1,747,326**	**203,839,278**	**204,341,869**
Other disclosures								
Acquisitions of intangible assets and PP&E	-	-	69,823	1,409,441	38,402	34,704	108,225	1,444,145
Acquisitions of investment properties	37,787,555	39,847,634	-	-	-	-	37,787,555	39,847,634

16. INCOME AND EXPENSES

16.1. Revenue

The amount recognized under this heading mainly corresponds to revenue received from leasing the hotels owned by the Group, amounting to 8,506,423 euros (2023: 8,272,626 euros; Note 7.4). During the six-month period ended June 30, 2024, additional income was obtained from the rendering of services, amounting to 3,468,214 euros (1,481,432 euros during the same period in 2023), and from sales of sports articles, amounting to a total of 249,068 euros (176,304 euros during the same period in 2023), 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)	6/30/2024	6/30/2023
Madrid	4,445,611	3,021,363
Alicante	359,463	948,380
Bilbao	1,443,539	2,481,866
Cádiz	2,315,603	1,711,983
Seville	2,078,859	1,766,770
San Sebastián	1,580,630	-
TOTAL	**12,223,705**	**9,930,362**

16.2. Employee benefits expense

The breakdown of this heading is as follows:

(Euros)	6/30/2024	6/30/2023
Wages and salaries	3,229,752	2,371,398
Provision for bonuses and other remuneration items (Note 12.3)	868,482	698,862
Social security payable by the company	608,181	396,151
Other employee benefits expense	39,500	38,457
TOTAL	**4,745,915**	**3,504,868**

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

Categories	Number of persons employed at end of the period			Average number of persons employed during the period	Average number of persons with disability >33% employed during the period
	Men	Women	Total		
6/30/2024					
Chief Executive Officer	1	-	1	1	-
Remaining management team	4	1	5	5	-
Department directors	6	3	9	9	-
Other employees	70	60	130	128	1
TOTAL(*)	**81**	**64**	**145**	**143**	**1**
6/30/2023					
Chief Executive Officer	1	-	1	1	-
Remaining management team	2	1	3	4	-
Department directors	7	3	10	10	-
Other employees	45	27	72	71	-
TOTAL	**55**	**31**	**86**	**86**	**-**

(*) The change in the number of employees as of June 30, 2024 is mainly due to the acquisition of Hotel Villa Miraconcha, S.L.U. (Note 1).

16.3. External services

The breakdown of this heading is as follows:

(Euros)	6/30/2024	6/30/2023
Leases and royalties	265,254	167,717
Repairs and maintenance	377,418	437,221
Independent professional services	1,997,462	1,010,427
Transportation	5,649	13,545
Insurance premiums	139,650	89,260
Banking and similar services	30,188	16,542
Publicity, advertising, and public relations	309,085	204,737
Supplies	275,921	377,615
Other services	140,071	74,280
TOTAL	**3,540,698**	**2,391,344**

16.4. 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.

16.5. Finance income

The breakdown of this heading is as follows:

(Euros)	6/30/2024	6/30/2023
Interest from current account balances at banks	243,246	180,554
Interest from loans to companies (Note 8.2)	6,202	2,197
Other finance income	182,768	22,911
TOTAL	**432,216**	**205,662**

16.6. Finance costs

The breakdown of this heading is as follows:

(Euros)	6/30/2024	6/30/2023
Interest on bank borrowings (Note 12.1)	3,437,569	2,070,458
Other finance costs	301,379	254,760
TOTAL	**3,738,948**	**2,325,218**

17. TRANSACTIONS WITH RELATED PARTIES

Related parties with which the Group carried out transactions during the six-month period ended June 30, 2024, 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

(*) Company linked to a former Board member until January 24, 2024.

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.

17.1. 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)	6/30/2024	6/30/2023
Leases	-	59,922
Professional services	-	29,489
Purchase of materials	-	23,018
Transportation	-	9,550
TOTAL	**-**	**121,979**

The Parent had leased the offices in Madrid from Grupomillenium Investment Partners, S.L. until March 31, 2023. However, on February 28, 2023 an addendum to the contract was signed in order to extend its duration until March 31, 2026. On July 24, 2024, it was agreed with the owner of the offices to terminate the lease as of November 4, 2024.

The breakdown of balances with related parties is as follows:

	Entities related to Board members	
(Euros)	6/30/2024	6/30/2023
Other payables	-	-
TOTAL	**-**	**-**

17.2. Directors and senior management

On January 24, 2024, Mr. Javier Illán made his position available to the Board of Directors of MHRE since he had lost the Board's trust, consequently resigning from his position as a member of the Board of Directors and resigning from all the committees which he formed a part of, as well as from his positions as Chairman and Chief Executive Officer of MHRE. The Board accepted his resignation and, in the same act, appointed Mr. Luis Basagoiti as Chairman of the Board of Directors and Chief Executive Officer of MHRE, replacing Mr. Javier Illán, while also modifying the composition of the Executive Real Estate Committee and the Appointments and Remuneration Committee.

On March 22, 2024, Mr. José María Castellano Ríos resigned from his positions as proprietary director of the Group, member of the Audit and Control Committee, and member of the Appointments and Remuneration Committee. On the same date, Mr. Pablo Castellano Vázquez was appointed proprietary director by co-option, in representation of Alazady España S.L., a position which was ratified at the last general shareholder meeting held on June 21, 2024.

Consequently, at June 30, 2024, MHRE's Board of Directors is comprised of 9 persons, 6 of whom are men and 3 women (December 31, 2023: 9 persons, 6 of whom were men and 3 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, 2024 is as follows:

(Euros)	6/30/2024	6/30/2023
Directors		
Salaries	123,333	156,000
Per diems	126,000	93,000
	249,333	**249,000**
Senior management		
Salaries	303,333	400,000
Bonus	350,000	300,000
	653,333	**700,000**
TOTAL	**902,666**	**949,000**

The Group had not contracted any commitments for pension plans corresponding to the directors of MHRE or senior management at either June 30, 2024 or December 31, 2023.

At June 30, 2024 and December 31, 2023, the Group had not granted any loans or advances to the directors of MHRE or senior management, nor had it pledged any guarantees on their behalf.

During the six-month period ended June 30, 2024, the Group settled a balance of 75,098 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 2023).

Likewise, during the six-month period ended June 30, 2024, a life insurance premium was settled in favor of senior management, amounting to 0 euros (11,723 euros during the same period in 2023).

17.3. Transactional agreement

In the eighth item of its agenda, the general shareholder meeting held on June 21, 2024 agreed to implement corporate liability action against Mr. Javier Illán Plaza in light of the transactions presenting conflicted interests, described in Note 17.2 to the consolidated financial statements for 2023 and relating to the acquisition of the El Palmar Estate and the acquisition in 2019 of the property located in Bilbao at Calle Gran Vía de Don Diego López de Haro no. 4. On March 21, 2024, a complaint was filed against Mr. Javier Illán Plaza and other natural persons and legal entities related to him for actions which may constitute offenses with regard to these circumstances, corroborated and identified in the expert report issued by KPMG on March 20, 2024. In the aforementioned agreement reached at the general shareholder meeting, the Board of Directors was instructed to enter into negotiations with Mr. Javier Illán Plaza in order to try and reach a satisfactory agreement in the Group's interest and, in the event of reaching such an agreement, to submit it for ratification at the general shareholder meeting.

In compliance with the instructions agreed upon at the general shareholder meeting, on July 24, 2024 the Board of Directors authorized the execution of a transactional agreement with Mr. Javier Illán Plaza and persons related to him (Note 20).

18. 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 2024, net reversals of impairment loss allowances for accounts receivable amounting to 65,639 euros were recognized (net reversals amounting to 13,498 euros during the same period in 2023) (Note 8.1).

- 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, 2024, the Group presented a loan to value ratio (LTV), defined as financial debt divided by the fair value of the assets, of 24.9% (December 31, 2023: 26.1%). If the cash balance of 20.1 million euros together with the balance of surplus cash which the Company dedicates to short-term temporary investments, amounting to 17.7 million euros (December 31, 2023: 33.1 million euros), is taken into account for calculation of net financial debt, the LTV would be reduced to 19.3% (December 31, 2023: 17.7%). In addition, at June 30, 2024 the Group's working capital amounted to 8.1 million euros (December 31, 2023: 61.2 million euros). Thus, in light of its financial position at June 30, 2024, 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, 2024, approximately 54% of the Group's bank borrowings bears interest at a fixed rate (December 31, 2023: 59%). Though remaining bank borrowings are referenced to Euribor, 21% of total bank borrowings are covered by interest rate hedges ("CAPs") which were contracted to limit the upside for interest rate hikes (December 31, 2023: 21%). Given the current situation, the directors of MHRE consider this a moderate risk.

19. NON-CURRENT ASSETS HELD FOR SALE

During the first half of 2023, Group Management granted a mandate to sell Hotel Lucentum to CBRE Real Estate, S.A. Consequently, the assets and liabilities associated with said hotel were classified as "Assets held for sale" and "Liabilities associated with assets held for sale," respectively, in the financial statements at December 31, 2023.

The breakdown of the main headings for assets and liabilities classified as held for sale at December 31, 2023 is as follows:

(Euros)	12/31/2023
Assets	
Investment properties (Note 7)	30,000,000
Non-current financial investments (Note 8.2)	282,261
Non-current trade receivables	473,947
Trade receivables	2,754,380
Other current assets	3,461
Assets classified as held for sale	**33,514,049**
Liabilities	
Non-current borrowings (Note 12)	8,280,088
Bank borrowings	7,997,827
Other financial liabilities	282,261
Current borrowings (Note 12)	2,989,884
Bank borrowings	940,667
Other financial liabilities	2,049,217
Liabilities associated with assets held for sale	**11,269,972**

On March 13, 2024, the Group closed the sales agreement for the Hotel Lucentum in Alicante as planned, for an amount of 29.9 million euros, which represents a loss of 1.5 million euros in the consolidated financial statements as well as the resulting cash inflow. This asset was recognized in the financial statements for the year ended December 31, 2023 under "Assets Held for Sale" (Note 5 to the consolidated financial statements). This sale was carried out within the framework of the Group's strategy to manage a target portfolio comprised of 5-star hotel assets.

20. EVENTS AFTER THE REPORTING DATE

The following significant events took place between June 30, 2024 and the date of authorization for issue of the accompanying interim condensed consolidated financial statements:

- On July 1, 2024, the Group signed a termination agreement in connection with the license for the Nobu hotel and restaurant. As from said date, the Hotel Nobu Sevilla was renamed as the Hotel Mercer Plaza Sevilla.
- On July 12, 2024, the Group signed an agreement to lease the space located on the ground floor of Autograph Collection Madrid for the operation of a restaurant under the trade name "Pimiento Verde."
- On July 18, 2024, the Group signed an addendum to the contract with Radisson Sevilla to include the operation of a food and beverage space (F&B) in addition to operation of the hotel.
- On September 18, 2024, the directors of MHRE unanimously resolved to offset losses from previous years in the amount of 16,909,539 euros with a charge against the special voluntary reserve, as approved at the ordinary and extraordinary general shareholder meeting of MHRE held on June 21, 2023.
- On July 24, 2024, Parent Management implemented the agreement adopted by the ordinary and extraordinary general shareholder meeting held on June 21, 2024 on first call in the eighth point of its agenda, to instruct the Board of Directors to enter into negotiations with Mr. Javier Illán Plaza in order to try and reach a satisfactory agreement in the Group's interest and, in the event of reaching such an agreement, to submit it for ratification at the general shareholder meeting. The Parent signed a transactional agreement on said date with Mr. Javier Illán Plaza and his related company, Grupomillenium Investment Partners, S.L., execution of which was subject to the suspensive condition of its ratification at the general shareholder meeting.

  On September 12, 2024, the Group's general shareholder meeting agreed to ratify the transactional agreement reached with Mr. Javier Illán Plaza and his related company, Grupomillenium Investment Partners, S.L., and refrain from implementing the corporate action for liability. Execution of this agreement resulted in transferring possession and ownership of the following on September 12:

  - the property located in the area known as El Palmar de Vejer, in the municipality of Vejer de la Frontera, Cádiz (the "Palmar Property");
  - the properties of the real estate project in Córdoba (the "Córdoba Property" and, together with the Palmar Property, the "Properties");

  for which the buyers paid the Parent a total amount of 18 million euros, broken down as follows: (i) 13.5 million euros for the Palmar Property and (ii) 4.5 million euros for the Cordoba Property.

  The agreement also resolved the disputes, claims, and legal proceedings between the parties, whereby the lawsuit filed by the Group against Mr. Javier Illán Plaza and others was withdrawn.

Interim consolidated management report for the six-month period ended June 30, 2024

Situation of the market in which the Group performs its activity

During the first half of 2024, tourism activity exceeded all sector performance forecasts, including even the most optimistic, in spite of the situation abroad, that is, the consequences of the war against Ukraine and resurgence of the conflict in Gaza. According to data presented by the Spanish National Institute of Statistics ("INE" in its Spanish acronym), during the first half of 2024 overnight stays in hotels increased by 5.4% as compared to the first half of the previous year. Likewise, the trend of increasing numbers of tourists visiting Spain allows industry experts to believe that a new record number of tourists will be reached in 2024, surpassing the 90 million in 2023, given the 42.5 million tourists who visited Spain during the first half of 2024 (+13.3% as compared to the first half of 2023). According to INE data, the average daily room rate (ADR) in 5-star hotels amounted to 283 euros during the first half of 2024 (+19% as compared to the first half of 2023) and average revenue per available room (RevPar) amounted to 203 euros (+31% as compared to the first half of 2023).

This recovery of the Spanish tourism market helped reinforce investor commitment to the tourism sector during a period of high economic uncertainty. In this regard, according to the Colliers Hotel Investment Report for the first half of 2024, said period exceeded all forecasts for performance in the tourism sector, manifesting intense activity in hotel investment, registering new records in international demand, and presenting a growth of more than 4 million international tourists as compared to the same period in 2023. This report highlights the increase in occupancy in the urban segment from 67% to 69% and an 8.2% increase in ADR (from 109 euros to 118 euros), increasing RevPAR by 11% as compared to the same period last year. Hotel investment during the first quarter of 2024 amounted to 1,393 million euros, in line with the average of recent years, around 1,200 million euros. In addition, the volume of investment in the urban segment (MHRE's core segment) exceeded investment in the vacation segment for the first time.

The fundamentals in the tourism sector have proven to be sound: a vigorous recovery of demand in a context of very significant rate increases that have helped mitigate the effects of inflation on hotel cost structures. These circumstances have contributed to maintaining confidence amongst investors, allowing them to deploy their available liquidity.

Investors continue showing significant commitment to quality assets, including the luxury segment.

The Spanish economy showed signs of growth during the first half of the year, mainly as as a consequence of investments, exports, and private consumption. This positive development was possible in spite of the situation abroad, that is, the consequences of the war against Ukraine and resurgence of the conflict in Gaza.

The path taken by central banks which involved hiking interest rates for purposes of combating the inflationary crisis foreseeably came to its end in 2023. The market is currently considering the possibility of gradual reductions in rates; the pace of these possible decreases will depend on performance of the economy and the rate of inflation. If interest rates end up falling over the coming year, financing costs associated with variable rate loans will also be reduced.

However, our country's leadership in the tourism industry, together with the quality of hotel facilities as well as interesting opportunities for hotel repositioning, will continue boosting hotel investment in coming years.

Business performance and situation of the Group

In this context, during the first half of 2024 the Group obtained a positive result of 2.1 million euros (5.5 million euros during the first half of 2023), burdened by the increase in interest rates and despite the fact that only seven of the twelve hotels in its portfolio were operational. The net result for the period was generated thanks to the improvement in EBITDA, which increased by approximately 2% as compared to the same period in the previous year, reaching 3,223 million euros (3,159 million euros during the first half of 2023), mainly due to the increase in revenue from hotel leases. In addition, during the first half of 2024 a positive change arose in the fair value of real estate assets, which presented a profit of 3.6 million euros (6.5 million euros for the same period in 2023), while impairment losses on the golf courses were recognized in an amount of 0.1 million euros (1.8 million euros for the same period in 2023). Finally, losses amounting to 2.8 million euros were recognized for the Group's finance cost (losses of 1.9 million euros during the first half of 2023), mainly as a result of the increased volume of bank borrowings and increases in interest rates.

During the first half of 2024, hotel leasing activity continued its positive performance, with rental income increasing by 3% as compared to the same period in 2023, mainly a consequence of opening the Hotel JW Marriott in Madrid and Hotel Nobu Sevilla, both of which had been undergoing construction work during the first quarter of 2023; the rental income obtained from the Hotel Nobu San Sebastián given that during the first half of 2024 the Parent had purchased the company managing the hotel, with both the corresponding assets (previously held in the portfolio) and management thereby becoming a part of its property; and the CPI-adjustments to rental income, significantly contributing to the aforementioned increase in EBITDA. It is also worth highlighting the positive change in fair value of the aforementioned real estate assets, evidencing the resilience of the asset portfolio and business model of MHRE.

With respect to the Group's investments, during the first half of 2024 the Group did not carry out any acquisitions, though it did incur costs for the performance of construction and refurbishment work relating to various hotels and the Hotel & Villas La Hacienda complex, amounting to a total of 6.5 million euros and 25.5 million euros, respectively, which together with the positive change in fair value of these assets, led to a 2% increase in GAV for the Group's real estate portfolio, which rose from 660.7 million euros at 2023 year end to 671.1 million euros at June 30, 2024. Of this amount, 14.1 million euros correspond to the golf courses at the La Hacienda Alcaidesa Links Golf Resort (14.5 million euros at 2023 year end), accounted for as PP&E.

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

In addition, the Group continued closing agreements with some of the world's leading hotel chains which operate in the luxury segment. On January 4, 2024, a lease contract was signed for the future Hotel Nômade Madrid and on March 7, 2024 a lease contract was signed with Belagua to operate the future hotel located at the calle Zorrilla under the Autograph Collection Madrid brand, which belongs to the International Marriott group.

Interim consolidated management report for the six-month period ended June 30, 2024

The Group's *Net Asset Value* (NAV) as of June 30, 2024, calculated based on the recommendations issued by the European Public Real Estate Association ("NAV EPRA NTA"), is broken down as follows:

(Euros)	6/30/2024	12/31/2023
EQUITY	**536,780,437**	**535,613,979**
Adjustments:		
Fair value of derivative financial instruments	714,008	789,738
Deferred tax related to investment properties	1,257,147	1,257,147
Intangible assets	(81,709)	(69,194)
Goodwill	(931,841)	-
NAV EPRA NTA	**537,738,042**	**537,591,670**
Total shares circulating	116,032,487	116,032,487
NAV EPRA NTA / share	**4.63**	**4.63**

The Group's main objective for coming months is to complete the work in progress in order to continue increasing the profitability of its asset portfolio; it plans to open the Autograph Collection Madrid and Hotel & Villas Hacienda San Roque during the second half of 2024, as well as achieve profitability for its entire portfolio of assets over the coming 18 months. The Group, in the ordinary course of its business, will assess potential new acquisitions of hotel assets as well as property rotation which will allow for optimization of profitability for the 5-star hotel asset portfolio. This will allow the Group to consolidate its portfolio, consequently increasing income, which will in turn allow it to begin distributing dividends to shareholders.

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 2024, net reversals of impairment loss allowances for accounts receivable amounting to 65,639 euros were recognized (net reversals amounting to 13,498 euros during the same period in 2023).

- 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, 2024, the Group presented a loan to value ratio (LTV), defined as financial debt divided by the fair value of the assets, of 24.9% (December 31, 2023: 26.1%). If the cash balance of 20.1 million euros together with the balance of surplus cash which the Company dedicates to short-term temporary investments, amounting to 17.7 million euros (December 31, 2023: 33.1 million euros), is taken into account for calculation of net financial debt, the LTV would be reduced to 19.3% (December 31, 2023: 17.7%). In addition, at June 30, 2024, the Group's working capital amounted to 8.1 million euros (December 31, 2023: 61.2 million euros). Thus, in light of its financial position at June 30, 2024, 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, 2024, approximately 54% of the Group's bank borrowings bears interest at a fixed rate (December 31, 2023: 59%). Though remaining bank borrowings are referenced to Euribor, 21% of total bank borrowings are covered by interest rate hedges ("CAPs") which were contracted to limit the upside for interest rate hikes (December 31, 2023: 21%). Given the current situation, the directors of MHRE consider this a moderate risk.

In light of 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.

Research and development activities

The Group did not engage in any R&D activity during the first half of 2024.

Treasury shares

During the six-month period ended June 30, 2024, MHRE acquired 94,344 treasury shares (28,016 treasury shares during the same period in 2023) at an average price of 2.58 euros per share (3.38 euros per share during the same period in 2023) and sold 53,333 treasury shares (22,947 treasury shares during the same period in 2023) at an average price of 2.61 euros per share (3.47 euros per share during the same period in 2023).

At June 30, 2024, MHRE held a treasury share portfolio comprised of 308,281 treasury shares, representing 0.2% of its share capital (December 31, 2023: 233,680 treasury shares, representing 0.2% of its share capital).

Use of financial instruments

The Group arranges cash-flow hedges for certain loans granted by credit entities at variable interest rates. The Group holds two interest rate hedges ("CAPs") which were contracted on March 24, 2023 and June 5, 2023 for the new financing obtained in connection with the Hotel Iberostar Las Letras and Hotel Nobu Sevilla, covering against changes in the interest rate (Euribor) to which the new financing obtained is referenced. The premiums paid for these hedging contracts amounted to a total of 1,651,900 euros. The valuation at June 30, 2024 in the Group's equity amounts to 714,008 euros (December 31, 2023: 789,738 euros). The change corresponds to the revaluation of both derivatives for balances of 58,438 euros and 17,292 euros, respectively, with a balance of 74,730 euros recognized under equity. In addition, during the first half of the year the Group recognized the amortization of these derivatives under "Changes in fair value of financial instruments" in the separate interim consolidated statement of

Interim consolidated management report for the six-month period ended June 30, 2024

profit or loss, amounting to 83,467 euros and 19,995 euros, respectively.

During the first half of 2024, the Group recovered the second deposit of 500 thousand euros, recognizing a loss of 10,851 euros upon recovery.

Events after the reporting date

No additional significants events occurred after the reporting date other than those disclosed in Note 20 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, 2024

At the meeting of the Board of Directors of MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A., held on September 18, 2024, 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, 2024, 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.

(Signed on the Spanish version)

Luis Basagoiti Robles
Chairman and Chief Executive Officer

(Signed on the Spanish version)

Leticia Fusi Aizpurua
Board member

(Signed on the Spanish version)

Jaime Montalvo Correa
Board member

(Signed on the Spanish version)

Ricardo de Armas Board member

(Signed on the Spanish version)

Pablo Castellano Vázquez
Board member

(Signed on the Spanish version)

Ricardo de Armas (in representation of **Eduardo D'Alessandro Cishek**) (*)
Board member

(Signed on the Spanish version)

María Isabel Dutilh Carvajal
Board member

(Signed on the Spanish version)

Javier Martínez-Piqueras Barceló
Board member

(Signed on the Spanish version)

Pilar Muñoz Sanz
Board member

(*) The Board member Mr. Eduardo D'Alessandro Cishek did not attend the Board meeting, having expressly empowered Mr. Ricardo de Armas to authorize the interim condensed consolidated financial statements and interim consolidated management report corresponding to the six-month period ended June 30, 2024, and sign this sheet on his behalf, as stated in the minutes to the Board meeting.

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, 2024

MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.

Interim balance sheet at June 30, 2024

(In euros)

ASSETS	06/30/24 (*)	12/31/23
NON-CURRENT ASSETS	**583,934,760**	**552,824,987**
Intangible assets	50,592	69,194
Property, plant, and equipment	149,211	172,236
Investment properties	412,555,916	400,861,460
Investments in group companies	167,180,875	148,790,088
Financial investments	2,351,098	1,874,784
Trade receivables	1,647,068	1,057,225
CURRENT ASSETS	**46,483,011**	**81,478,529**
Non-current assets held for sale	-	24,189,211
Inventories	1,013,436	983,786
Trade and other receivables	6,241,184	4,041,311
Trade receivables	3,050,182	3,196,772
Trade receivables from group companies and associates	719,210	5,701
Other receivables	2,003	2,003
Receivable from public administrations	2,469,789	836,835
Investments in group companies	4,859,288	-
Financial investments	18,004,461	22,648,858
Other current assets	281,658	128,484
Cash and cash equivalents	16,082,983	29,486,879
TOTAL ASSETS	**630,417,771**	**634,303,516**

EQUITY AND LIABILITIES		
EQUITY	**467,077,216**	**476,586,008**
Capital and reserves	**467,791,224**	**476,890,260**
Share capital	116,032,487	116,032,487
Share premium	341,887,362	341,887,362
Reserves	4,284,286	33,284,397
Shares of the company	(1,142,346)	(1,033,338)
Retained earnings	-	(12,012,157)
Profit (loss) for the period	6,729,434	(1,268,491)
Financial assets at fair value with changes in equity	**(714,008)**	**(304,252)**
NON-CURRENT LIABILITIES	**143,360,664**	**145,782,616**
Provisions	**488,588**	**7,434,278**
Financial liabilities	142,872,076	138,348,338
Bank borrowings	141,262,720	137,486,648
Other financial liabilities	1,609,356	861,690
CURRENT LIABILITIES	**19,979,891**	**28,143,447**
Provisions	35,000	535,000
Financial liabilities	7,309,773	6,837,048
Bank borrowings	6,291,273	5,458,378
Other financial liabilities	1,018,500	1,378,670
Trade and other payables	12,588,386	9,484,638
Suppliers	9,129,093	6,313,637
Other payables	2,398,585	2,650,234
Employee benefits payable	804,050	349,503
Payables to public administrations	173,021	168,039
Customer advances	83,636	3,225
Other current liabilities	46,732	16,788
Liabilities related to non-current assts held for sell	-	11,269,973
TOTAL EQUITY AND LIABILITIES	**630,417,771**	**634,303,516**

(*) Non audited

Interim statement of profit or loss for the six-month period ended June 30, 2024
(In euros)

	06/30/24 (*)	06/30/23 (*)
Continuing operations		
Revenue	**6,840,833**	**6,625,730**
Lease income	6,840,833	6,625,730
Other operating income	**480,689**	**225,521**
Employee expense	**(2,896,178)**	**(2,484,242)**
Salaries and wages	(2,660,274)	(2,292,707)
Employee benefits expense	(235,904)	(191,535)
Other operating expenses	**(2,765,690)**	**(2,026,639)**
External services	(2,207,561)	(1,555,251)
Taxes (other than income tax)	(623,768)	(454,311)
Impairment losses on receivables	65,639	(17,077)
Depreciation and amortization	**(1,732,456)**	**(1,375,819)**
Impairment losses and gains (losses) on disposal of non-current assets	**8,865,605**	**49,589**
Other income (loss)	**193,843**	**(22)**
OPERATING PROFIT (LOSS)	**8,986,646**	**1,014,118**
Finance income	**4,915,957**	**1,629,250**
From equity investments	425,773	330,288
From marketable securities & other financial instruments	4,490,184	1,298,962
Finance costs	**(3,237,507)**	**(2,308,071)**
Third-party borrowings	(3,237,507)	(2,308,071)
Changes in fair value of financial instruments	**229,657**	**171,356**
Fair value with changes in profit and loss	229,657	171,356
Foreign exchange gains (losses)	**-**	**(1,617)**
Impairment losses and gains (losses) on disposal of financial instruments	**(4,165,319)**	**(2,255,480)**
Impairment and losses	(4,165,319)	(2,255,480)
Gains (losses) on disposal and others	-	-
Finance costs capitalized in fixed assets	**-**	**481,953**
FINANCE PROFIT (LOSS)	**(2,257,212)**	**(2,282,609)**
PROFIT (LOSS) BEFORE TAX	**6,729,434**	**(1,268,491)**
Corporate income tax	-	-
PROFIT (LOSS) FOR THE PERIOD	**6,729,434**	**(1,268,491)**

(*) Non audited

STATEMENT OF ERRATA

An error has been identified in the Consolidated Interim Cash Flow Statement for the six months ended 30 June 2024, page 10/64 of the Consolidated Interim Financial Statements for the six months ended 30 June 2024. The aforementioned error does not affect the Balance Sheet, the Profit and Loss Account or any other part of the aforementioned document.

The erroneous table and the corrected table are as follows.

Erroneous table included in the Consolidated Interim Financial Statements for the six months ended 30 June 2024

Interim consolidated cash flow statement for the six-month period ended June 30, 2023

(In euros)

	Notes	6/30/2023	6/30/2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		**5,470,575**	**15,784,493**
Adjustments to profit		**(1,622,717)**	**(14,497,322)**
Depreciation and amortization	6	413,368	328,417
Impairment loss allowances	6 & 8.1	1,830,560	733,301
Changes in provisions	13 & 12.3	675,945	1,145,316
Gains (losses) from derecognition and disposals of non-current assets	6	(15,106)	-
Finance income	16.5	(205,662)	(6,325)
Finance costs	16.6	2,325,218	911,906
Exchange gains (losses)		1,616	3,083
Changes in fair value of financial instruments	8.2	(171,356)	198,850
Changes in fair value of investment properties	7	(6,466,800)	(16,788,741)
Other income and expenses		(10,500)	(1,023,129)
Changes in working capital		**9,660,687**	**1,652,963**
Inventories		20,041	(356,329)
Trade and other receivables		4,929,004	(100,595)
Other current assets		(859,684)	(372,366)
Trade and other payables		5,238,906	2,278,000
Other current liabilities		332,420	204,253
Other cash flows from operating activities		**(1,712,783)**	**(756,588)**
Interest paid		(1,900,971)	(756,710)
Interest received		203,465	122
Other proceeds (payments)		(15,277)	-
Cash flows from operating activities		**11,795,762**	**2,183,546**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(55,433,745)**	**(45,912,287)**
Intangible assets and PP&E	6	(1,444,145)	(2,536,333)
Investment properties		(39,799,635)	(32,276,648)
Other financial assets		(14,189,965)	(11,099,306)
Proceeds from disinvestments		**54,036**	**35,768,717**
Intangible assets and PP&E	6	18,000	-
Investment properties	7	1,434	4,098
Other financial assets		34,602	11,364,543
Business unit		-	24,400,076
Cash flows from (used in) investing activities		**(55,379,709)**	**(10,143,570)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**(15,704)**	**155,275,618**
Proceeds from issuance of equity instruments		-	155,266,985
Acquisition of equity instruments of the Parent company	11.3	(94,598)	(66,997)
Disposal of equity instruments of the Parent company	11.3	78,894	75,630
Proceeds from and payments of financial liabilities		**43,995,433**	**3,537,942**
Issues		47,176,212	8,306,372
Bank borrowings		46,761,383	7,340,711
Other borrowings		414,829	965,661
Repayment and redemption of		(3,180,779)	(4,768,430)
Bank borrowings		(2,960,850)	(3,265,157)
Other borrowings		(219,929)	(1,503,273)
Cash flows from financing activities		**43,979,729**	**158,813,560**
Net foreign exchange difference		(1,616)	(3,083)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**394,166**	**150,850,453**
Cash and cash equivalents at beginning of period		72,460,965	53,545,370
Cash and cash equivalents at end of period	10	72,855,131	204,395,823

The accompanying Notes 1 to 20 are an integral part of the interim consolidated cash flow statement for the six-month period ended June 30, 2023.

Corrected table

Interim consolidated cash flow statement for the six-month period ended June 30, 2024

(In euros)

	Notes	6/30/2024	6/30/2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		**2,079,645**	**5,470,575**
Adjustments to profit		**(655,134)**	**(1,622,717)**
Depreciation and amortization	6	395,225	413,368
Impairment loss allowances	6 & 8,1	54,602	1,830,560
Changes in provisions	12,3 & 13	875,263	675,945
Gains (losses) from derecognition and disposals of non-current assets	6	(1,476,003)	(15,106)
Finance income	16,5	(432,216)	(205,662)
Finance costs	16,6	3,738,948	2,325,218
Exchange gains (losses)		(2,851)	1,616
Changes in fair value of financial instruments	8,2	(229,657)	(171,356)
Changes in fair value of investment properties	7	(3,578,445)	(6,466,800)
Other income and expenses		-	(10,500)
Changes in working capital		**(1,074,279)**	**9,660,687**
Inventories	9	(239,129)	20,041
Trade and other receivables		(3,777,143)	4,929,004
Other current assets		571,650	(859,684)
Trade and other payables		2,004,327	5,238,906
Other current liabilities		366,016	332,420
Other cash flows from operating activities		**(3,539,475)**	**(1,712,783)**
Interest paid		(3,436,644)	(1,900,971)
Interest received		397,169	203,465
Other proceeds (payments)		(500,000)	(15,277)
Cash flows from operating activities		**(3,189,243)**	**11,795,762**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(38,443,552)**	**(55,433,745)**
Intangible assets and PP&E	6	(95,604)	(1,444,145)
Investment properties	7	(37,787,555)	(39,799,635)
Other financial assets		(560,393)	(14,189,965)
Proceeds from disinvestments		**34,568,415**	**54,036**
Intangible assets and PP&E	6	-	18,000
Investment properties	7	-	1,434
Other financial assets		4,668,415	34,602
Non-current assets held for sale	19	29,900,000	-
Cash flows from (used in) investing activities		**(3,875,137)**	**(55,379,709)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**(988,917)**	**(15,704)**
Proceeds from issuance of equity instruments		-	-
Acquisition of equity instruments of the Parent company	11,3	(243,197)	(94,598)
Disposal of equity instruments of the Parent company	11,3	(745,720)	78,894
Proceeds from and payments of financial liabilities		**(4,926,016)**	**43,995,433**
Issues		(1,265,235)	47,176,212
Bank borrowings		(1,939,726)	46,761,383
Other borrowings		674,491	414,829
Repayment and redemption of		(3,660,781)	(3,180,779)
Bank borrowings		(3,153,599)	(2,960,850)
Other borrowings		(507,182)	(219,929)
Cash flows from financing activities		**(5,914,933)**	**43,979,729**
Net foreign exchange difference		2,851	(1,616)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(12,976,462)**	**394,166**
Cash and cash equivalents at beginning of period		33,126,747	72,460,965
Cash and cash equivalents at end of period	10	20,150,285	72,855,131

The accompanying Notes 1 to 20 are an integral part of the interim consolidated cash flow statement for the six-month period ended June 30, 2024.