Madrid, 7 April 2026

Hotei Properties Group, SOCIMI, S.A. pursuant to the provisions of Article 17 of Regulation (EU) No. 596/2014 on market abuse and Article 228 of the consolidated text of the Securities Market Law, 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 discloses the following

OTHER RELEVANT INFORMATION

- Audit reports corresponding to the Consolidated and Individual Financial Statements for the twelve-month period ended 31 December 2025.

- Consolidated and Individual Financial Statements and Consolidated Management Report for the twelve-month period ended 31 December 2025.

- Information on the Company's organisational structure and internal control system for compliance with the reporting obligations established by the Market.

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

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

We remain at your disposal for any further clarification you may require.

Best regards,

Maria Pardo Martinez
Investor Relation Manager & Compliance Officer
Hotei Properties Group, SOCIMI, S.A

Audit Report on the consolidated Financial Statements issued by an Independent Auditor

HOTEI PROPERTIES GROUP, SOCIMI, S.A. (formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.) AND SUBSIDIARIES
Consolidated Financial Statements
and consolidated Management Report for the year ended December 31, 2025

Shape the future
with confidence

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

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

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of HOTEI PROPERTIES GROUP, SOCIMI, S.A. (formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.):

Opinion

We have audited the consolidated financial statements of HOTEI PROPERTIES GROUP, SOCIMI, S.A. (formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.) (the parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2025, the separate consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the explanatory notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2025 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

More relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

Measurement of investment properties and Non-current assets held for sale

Description

The Group's consolidated statement of financial position shows an amount of 456,864 thousand euros and 103,585 thousand euros respectively in "Investment properties" and "Non-current assets held for sale" at December 31, 2025, corresponding to the carrying amount of the buildings it owns, which represent 91% of total assets.

The parent's directors periodically determine the fair value of investment properties based on appraisals conducted by independent experts in accordance with the valuation standards of the Royal Institution of Chartered Surveyors ("RICS") and, where applicable, the binding offers received for the properties classified as 'Non-current assets held for sale".

Given the significance of the amounts involved and the fact that determining the fair values of investment properties requires that independent experts, Group management and the parent's directors make significant estimates that entail applying judgments to determine the assumptions used (in particular, assumptions underlying estimated rents, discount rates and exit yields used for investment properties), we determined this to be a key audit matter.

The information regarding the applicable valuation standards, the methodology, and the main assumptions used for the valuation of investment properties and Non-current assets held for sale, as well as the related disclosures, is included in notes 4.4, 4.18, 5 and 7 of the explanatory notes to the accompanying consolidated financial statements.

Our response

In relation to this matter, our audit procedures included, among others:

- Understanding the process designed by parent management to identify whether there are indications of impairment and to determine the fair value of assets recorded as "Investment properties" and "Non-current assets held for sale" and assessing the design and implementation of the relevant controls in place in that process.
- Obtaining the valuation reports prepared by the independent experts engaged by parent management to appraise the real estate portfolio, assessing the competence, capacity, and objectivity of the experts for the purpose of using their work as audit evidence.
- Reviewing the appraisal models used by independent experts to determine the recoverable amounts of a sample of assets, with the involvement of our valuation specialists, focusing particularly on the mathematical coherence of the models and the reasonableness of the rents, comparable data, discount rates, initial exit yields, and the sensitivity analysis used.
- Reviewing the disclosures included in the explanatory notes to the consolidated financial statements and assessing their conformity with the financial reporting framework.

Assessment of compliance with the requirements of the SOCIMIs special tax regime

Description

As explained in Note 1.1 of the explanatory notes to the accompanying consolidated financial statements, the parent and its subsidiary Varia Pza Magdalena, S.L.U. avail themselves of the special tax regime for SOCIMIs established in Law 11/2009, of October 26, which regulates Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario "SOCIMI" (Spanish REITs), effective as of their respective dates of incorporation. One of the main characteristics of these entities is that they are not subject to corporate income tax.

Under the special tax regime, SOCIMIs are subject to compliance with certain requirements regarding, inter alia, corporate purpose, minimum share capital, equity investment, the income generated by these investments, trading on a regulated market or multilateral trading system, as well as information and mandatory distribution of profits. The assessment of compliance with some of these requirements involves estimates that entail judgments on the part of the parent management to establish the assumptions underlying those estimates.

Due to the complexity of making these estimates when assessing compliance with some of the aforementioned requirements and to the fact that failure to comply with these requirements, if not remedied, could render the parent ineligible to avail itself of the special tax regime, and given that, should this occur, the parent and its subsidiary would be taxed under the general corporate income tax regime, which would have a significant impact on the consolidated financial statements, we determined this to be a key audit matter.

The information on applying the special tax regime for Spanish SOCIMIs and compliance with the related requirements is provided in Notes 1.1, 4.10 and 14.3 of the explanatory notes to the consolidated financial statements.

Our response

In relation to this matter, our audit procedures included, among others, the following:

- Understanding parent management's process for assessing compliance with the of the special SOCIMI regime requirements.
- Obtaining the documentation prepared by parent management related to compliance with the above requirements.
- Reviewing and assessing the reasonableness of the information obtained and its completeness with regard to all matters contemplated by prevailing regulations at the date of analysis, with the involvement of our tax specialists.
- Reviewing the disclosures included in the explanatory notes to the consolidated financial statements and assessing their conformity with the financial reporting framework.

Sale and transfer of the assets and liabilities related to Alcaidesa Holding, S.A.U. and MHRE San Roque, S.L.U.

Description

As indicated in Note 1 of the accompanying notes to the consolidated financial statements, on June 13, 2025, the Board of Directors of the Parent unanimously approved the formalization of a purchase-sale contract for the sale and transfer of all shares in Alcaidesa Holding, S.A. U. and ownership interest in MHRE San Roque, S.L.U.

Subsequently, on 16 July 2025, the shareholders of the Parent in general meeting agreed to the sale of both companies. On July 31, 2025, the closing of the aforementioned transaction for the sale of the assets and liabilities related to these entities took place.

We have considered this area to be the most significant matter in our audit due to the fact that it involves a material transaction carried out during the financial year, the significance of the amounts involved, and its impact on the accompanying consolidated annual financial statements.

Information regarding the applicable valuation criteria, together with the corresponding disclosures, is included in Notes 4.4, 4.19 and 1 of the explanatory notes to the consolidated financial statements.

Our response

In relation to this matter, our audit procedures included, among others, the following:

- Obtaining an understanding of the process followed by Group Management for the recognition and valuation of this transaction.
- Review and analysis of the terms and conditions included in the relevant sale agreement executed by the Management of the Parent Company, as well as the related Board of Directors' and Shareholders' Meeting minutes.
- Review of the appropriate accounting treatment of this transaction and its proper presentation in the accompanying consolidated financial statements.
- Reviewing the disclosures included in the explanatory notes to the consolidated financial statements and assessing their conformity with the financial reporting framework.

Other information: consolidated management report

Other information refers exclusively to the 2025 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the consolidated management report is to assess and report on the consistency of the management report with the consolidated financial statements based on the knowledge of the Group obtained during the audit, and to assess and report on whether the content and presentation of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the consolidated management report is consistent with that provided in the 2025 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless said directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the directors of the parent company, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under Nº S0530)

(Signed on the original in Spanish)

María Teresa Pérez Bartolomé
(Registered in the Official Register of Auditors under Nº 15291)

April 7, 2026

HOTEI PROPERTIES

HOTEI PROPERTIES GROUP, SOCIMI, S.A. (formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.) AND SUBSIDIARIES

Consolidated financial statements and consolidated management report
for the year ended
December 31, 2025

HOTEi PROPERTIES

HOTEI PROPERTIES GROUP, SOCIMI, S.A.
(formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.) Y SOCIEDADES DEPENDIENTES

Consolidated statement of financial position at December 31, 2025

(Expressed in euros)

ASSETS	Notes	12/31/2025	12/31/2024
NON-CURRENT ASSETS		**465,343,281**	**695,015,228**
Intangible assets	6	63,610	78,424
Goodwill on consolidation	6	931,841	931,841
Property, plant, and equipment	6	3,980,342	18,228,386
Investment properties	7	456,864,386	670,529,277
Financial investments	8	2,032,079	3,099,052
Trade receivables	8	1,471,023	2,148,248
CURRENT ASSETS		**147,982,486**	**86,439,001**
Non-current assets held for sale	5	104,839,743	-
Inventories	9	714,663	1,670,262
Trade and other receivables		7,599,624	6,152,653
Trade receivables	8	4,398,316	4,176,256
Other receivables	8	278,451	294,995
Receivable from public administrations	14	2,922,857	1,681,402
Financial investments	8	4,703,792	4,805,712
Other current assets	8	413,260	682,911
Cash	10	29,711,404	21,127,463
Cash equivalents	10	-	52,000,000
TOTAL ASSETS		**613,325,767**	**781,454,229**
EQUITY AND LIABILITIES			
EQUITY		**383,838,594**	**545,495,579**
Capital and reserves		**384,621,310**	**546,397,878**
Share capital	11.1	116,032,487	116,032,487
Share premium	11.2	174,944,707	341,887,362
Reserves and retained earnings	11.3	76,100,440	78,589,212
Shares of the Parent company	11.4	(1,006,165)	(1,265,321)
Profit for the year attributed to the Parent company	4.22	18,549,841	11,154,138
Unrealized gains (losses) reserve	**8.2 & 11.5**	**(782,716)**	**(902,299)**
NON-CURRENT LIABILITIES		**167,465,194**	**167,361,729**
Provisions	13.2	3,039,277	-
Borrowings		164,146,012	164,847,435
Bank borrowings	12.1	158,654,819	158,032,026
Finance lease payables	12.1	-	18,542
Derivatives	12.4	14,383	-
Other financial liabilities	12.2	5,476,810	6,796,867
Deferred tax liabilities	14	279,905	2,514,294
CURRENT LIABILITIES		**62,021,979**	**68,596,921**
Liabilities related to non-current assets held for sale	5	43,295,214	-
Borrowings		5,234,480	45,698,106
Bank borrowings	12.1	4,983,190	45,299,294
Finance lease payables	12.1	-	4,812
Derivatives	12.4	18,637	-
Other financial liabilities	12.2	232,653	394,000
Trade and other payables		13,492,285	22,702,027
Suppliers and other payables	12.3	12,083,669	17,544,553
Employee benefits payable (remuneration pending payment)	12.3	764,683	3,168,022
Payables to public administrations	14	372,395	846,413
Customer advances	12.3	271,538	1,143,039
Other current liabilities	12	-	196,788
TOTAL EQUITY AND LIABILITIES		**613,325,767**	**781,454,229**

The accompanying notes 1 to 20 are an integral part of the consolidated statement of financial position at December 31, 2025.

Consolidated separate income statement for the year ended December 31, 2025

(Expressed in euros)

	Notes	2025	2024 (*)
Continuing operations			
Revenue	**16.1**	**27,118,958**	**21,372,027**
Lease income		21,311,639	17,233,516
Income from services provided		5,807,319	4,138,511
Cost of sales		**(834,363)**	**(465,051)**
Other operating income		**1,842,229**	**1,220,432**
Work performed by the entity and capitalized	**7**	**772,217**	**-**
Employee benefits expense	**16.2**	**(4,963,216)**	**(9,254,343)**
Other operating expenses		**(7,780,595)**	**(6,568,725)**
External services	16.3	(6,333,284)	(5,536,538)
Taxes (other than income tax)		(1,447,311)	(1,032,187)
Impairment losses on accounts receivable	**8.1**	**(1,088,969)**	**87,995**
Change in fair value of investment properties	**7**	**6,726,498**	**1,766,287**
Depreciation and amortization	**6**	**(340,906)**	**(219,936)**
Impairment losses and gains (losses) on disposal of non-current assets		**-**	**8,973,567**
Impairment losses and losses	6	-	(381,736)
Gains (losses) on disposals and other	5 & 7	-	9,355,303
Other gains (losses)		**(773,312)**	**108,800**
OPERATING PROFIT		**20,678,541**	**17,021,053**
GAINS (LOSSES) FROM DISINVESTMENTS	**1**	**7,631,943**	**-**
Finance income	**16.6**	**886,039**	**1,098,803**
From marketable securities & other financial instruments		886,039	1,098,803
Finance costs	**16.4**	**(6,243,288)**	**(6,866,171)**
Third-party borrowings		(6,243,288)	(6,866,171)
Changes in fair value of financial instruments	**16.5**	**(243,776)**	**255,861**
Exchange gains (losses)		**3,718**	**(3,853)**
Impairment and gains (losses) on disposal of financial instruments		**(11,723)**	**275,607**
FINANCE COST		**(5,609,030)**	**(5,239,752)**
PROFIT (LOSS) BEFORE TAX		**22,701,454**	**11,781,301**
Corporate income tax	14	-	(189,110)
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		**22,701,454**	**11,592,191**
DISCONTINUED OPERATIONS			
Profit (loss) for the year from discontinued operations	5	(4,151,613)	(438,053)
Profit for the year attributed to the Parent company	4.22	**18,549,841**	**11,154,138**
Profit for the year attributed to minority interests		**-**	**-**
EARNINGS PER SHARE			
Basic earnings per share	**4.22**	**0.16**	**0.10**

(*) Restated figures (Note 2.5)

The accompanying notes 1 to 20 are an integral part of the consolidated separate income statement for the year ended December 31, 2025.

Consolidated statement of comprehensive income for the year ended December 31, 2025

(Expressed in euros)

	Notes	2025	2024
Consolidated profit (loss) for the year (I)		**18,549,841**	**11,154,138**
Income and expense recognized directly in consolidated equity			
From cash flow hedges	8.2	119,583	(112,561)
Total income and expense recognized directly in consolidated equity (II)		**119,583**	**(112,561)**
Amounts transferred to the consolidated separate income statement		-	-
Total amounts transferred to the consolidated statement of profit or loss (III)		**-**	**-**
Total consolidated income and expense recognized (I+II+III)		**18,669,424**	**11,041,577**
Total consolidated income and expense recognized and attributed to the Parent company		**18,669,424**	**11,041,577**
Total consolidated income and expense recognized and attributed to minority interests			**-**

The accompanying notes 1 to 20 are an integral part of the consolidated statement of comprehensive income for the year ended December 31, 2025.

Consolidated statement of changes in equity for the year ended December 31, 2025

(Expressed in euros)

	Share capital (Note 11.1)	Share premium (Note 11.2)	Reserves and retained earnings (Note 11.3)	Shares of the Parent company (Note 11.4)	Profit (loss) for the year attributed to the Parent company	Unrealized gains (losses) reserve	Total
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 expenses recognized (Note 8.2)	-	-	-	-	**11,154,138**	**(112,561)**	**11,041,577**
Transactions with partners or owners:	-	-	**(112,522)**	**(163,941)**	-	-	**(276,463)**
Transactions with shares of the Parent company (net)	-	-	(112,522)	(163,941)	-	-	(276,463)
Other changes	-	-	**(883,514)**	-	-	-	**(883,514)**
Other changes in equity	-	-	**(2,926,723)**	-	**2,926,723**	-	-
Balance at December 31, 2024	**116,032,487**	**341,887,362**	**78,589,212**	**(1,265,321)**	**11,154,138**	**(902,299)**	**545,495,579**
Consolidated income and expenses recognized (Note 8.2)	-	-	-	-	**18,549,841**	**119,583**	**18,669,424**
Transactions with partners or owners:	-	**(166,942,655)**	**(13,709,910)**	**259,156**	-	-	**(180,326,409)**
Transactions with shares of the Parent company (net)		-	(92,898)	259,156	-	-	166,258
Dividends paid	-	(166,942,655)	(13,550,012)	-	-	-	(180,492,667)
Other changes in equity	-	-	**11,154,138**	-	**(11,154,138)**	-	-
Balance at December 31, 2025	**116,032,487**	**174,944,707**	**76,100,440**	**(1,006,165)**	**18,549,841**	**(782,716)**	**383,838,594**

The accompanying notes 1 to 20 are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2025.

Consolidated cash flow statement for the year ended December 31, 2025

(Expressed in euros)

	Notes	2025	2024 (*)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) for the year		**18,549,841**	**11,154,138**
Profit (loss) for the year from discontinued operations		**22,701,454**	**11,592,191**
Profit (loss) for the year from continuing operations		**(4,151,613)**	**(438,053)**
Adjustments to profit		**(8,724,162)**	**(5,476,960)**
Depreciation and amortization	6	340,906	219,936
Impairment loss allowances	6	-	381,736
Impairment losses on accounts receivable	8.2	11,723	(275,607)
Change in provisions	8.2	(1,088,969)	(87,995)
Gains (losses) from derecognition and disposals of non-current assets	6	-	(9,355,303)
Gains (losses) from disinvestments	1	(7,631,943)	-
Finance income	16.6	(886,039)	(1,098,803)
Finance costs	16.4	6,243,288	6,866,171
Exchange gains (losses)		(3,718)	3,853
Changes in fair value of financial instruments	16.5	243,776	(255,861)
Changes in fair value of investment properties	7	(6,727,498)	(1,766,287)
Other income and expenses		(773,312)	(108,800)
Changes in working capital		**(9,110,277)**	**5,881,460**
Inventories	9	955,598	(428,913)
Trade and other receivables		(818,287)	5,328,413
Other current assets		225,816	396,374
Trade and other payables		(6,162,252)	(319,629)
Other current liabilities		(180,000)	905,215
Other non-current assets and liabilities		6,758,452	-
Other cash flows from operating activities		**(4,742,724)**	**(6,320,144)**
Interest paid		(5,628,763)	(6,437,021)
Interest received		886,039	651,877
Other payments (receipts)		-	(535,000)
Cash flows from operating activities		**5,862,282**	**5,238,494**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(31,956,902)**	**(64,511,162)**
Intangible assets and PP&E		-	(822,148)
Investment properties	7	(31,956,902)	(58,563,199)
Other financial assets		-	(5,125,815)
Proceeds from disposal of investments		**165,442,390**	**70,411,446**
Intangible assets and PP&E		9,047,256	9,889
Investment properties	7	156,395,134	18,000,000
Other financial assets		-	22,501,557
Assets held for sale		-	29,900,000
Cash flows from (used in) investing activities		**133,485,488**	**5,900,284**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**166,257**	**(1,159,977)**
Acquisition of equity instruments of the Parent company	11.4	259,155	(1,587,195)
Disposal of equity instruments of the Parent company	11.4	(92,898)	427,218
Proceeds from and payments of financial liabilities		**(2,437,419)**	**30,025,768**
Issues		45,983,712	52,709,991
Bank borrowings		45,983,712	52,141,250
Other borrowings		-	568,741
Repayment and redemption of		(48,421,131)	(22,684,223)
Bank borrowings	12.1	(48,421,131)	(21,187,452)
Other borrowings		-	(1,496,771)
Dividends paid and payments on other equity instruments		**(180,492,667)**	-
Dividends (-)	11	(180,492,667)	-
Cash flows from financing activities		**(182,763,829)**	**28,865,791**
Net foreign exchange difference		-	(3,853)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(43,416,059)**	**40,000,716**
Cash and cash equivalents at January 1	10	73,127,463	33,126,747
Cash and cash equivalents at December 31	10	29,711,404	73,127,463

(*) Restated figures (Note 2.5)

The accompanying notes 1 to 20 are an integral part of the consolidated cash flow statement for the year ended December 31, 2025.

Explanatory notes to the consolidated annual accounts for the financial year ended December 31, 2025

1. GENERAL INFORMATION ON THE GROUP

HOTEI PROPERTIES GROUP, SOCIMI, S.A. (formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.; hereinafter "the Parent" or "HOTEI") and SUBSIDIARIES ("the Group" or "the HOTEI 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 business and tax address has been calle Velazquez 47, 28001, Madrid, since January 9, 2025 (previously located at Paseo de la Castellana 102, 28046, Madrid).

On June 30, 2025, the general shareholders meeting, amongst other matters, approved a modification of the corporate name, Millenium Hospitality Real Estate SOCIMI, S.A., to the current version, Hotei Properties Group, SOCIMI, S.A., filing the change at the Mercantile Registry on October 19, 2025.

On January 24, 2024, Mr. Javier Illán made his position available to the Board of Directors of HOTEI 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 HOTEI. At the Board of Directors meeting held on December 16, 2024, Mr. Luis Basagoiti ceased to serve as executive chairman of the Parent and his contract was terminated, finally leaving his position as Board member on June 30, 2025. Likewise, Mr. Francisco de Borja Escalada Jimenez was appointed in his place as Chief Executive Officer of HOTEI starting on that date.

The subsidiaries which together with the Parent form a part of the consolidation scope at December 31, 2025 are broken down as follows:

Company	Registered business address	Business activity	Group company owning the interest	% of direct ownership interest	Auditor	Consolidation method	Functional currency
Varia Pza Magdalena, S.L.U.	Calle Velazquez 47, Madrid	(*)	HOTEI	100%	Ernst & Young, S.L.	Full consolidation	Euros
Hotel Villa Miraconcha, S.L.U.	Avenida de la Libertad 25, San Sebastián	(**)	HOTEI	100%	Unaudited	Full consolidation	Euros
Global Kioto S.L.U.	Calle Velazquez 47, Madrid	Inactive	HOTEI	100%	Unaudited	Full consolidation	Euros

(*) Acquisition and promotion of urban investment properties for leasing activities
(**) The operation of an accommodations and lodging services business in the form of a hotel.

Changes in consolidation scope at December 31, 2025

On June 13, 2025, the Board of Directors of the Parent unanimously approved the formalization of a purchase-sale contract for the sale and transfer of all shares in Alcaidesa Holding, S.A. U. and ownership interest in MHRE San Roque, S.L.U., companies which own the golf courses known as “La Hacienda Links Golf Resort” and the Fairmont La Hacienda hotel complex.

Subsequently, on July 16, 2025 the shareholders of the Parent in general meeting agreed to the sale of both companies. On July 31, 2025, the sales transaction for the assets and liabilities linked to Alcaidesa Holding, S.A.U. and MHRE San Roque, S.L.U. was executed. The purpose of the agreement reached with a third party was the sale and transfer of all the assets of Alcaidesa Holding and MHRE San Roque for an amount of 175 million euros, under the terms and conditions described in the Parent's privileged information disclosure dated June 16, 2025. A series of price adjustments were applied to this amount, as is customary in this type of transaction, for the sale and transfer of all the ownership interest/shares held by the Parent in these companies. The net result of the operation amounted to a positive balance of 3,496 thousand euros, broken down as follows in the consolidated separate income statement for 2025: a negative balance of 4,136 thousand euros corresponding to the results generated by the golf activity (Note 5) recognized under "Profit (loss) for the year from discontinued operations" and a positive balance 7,632 thousand euros recognized under "Gains (losses) from disinvestments."

On November 18, 2025, Greenshank, S.L. was dissolved.

Explanatory notes to the consolidated annual accounts for the financial year ended December 31, 2025

Changes in consolidation scope at December 31, 2024

The subsidiaries included in the consolidation scope together with the Parent at December 31, 2024 are broken down as follows:

Company	Registered business address	Business activity	Group company owning the interest	% of direct ownership interest	Auditor	Consolidation method	Functional currency
Varia Pza Magdalena, S.L.U.	Calle Velazquez 47, Madrid	(*)	HOTEI	100%	Ernst & Young, S.L.	Full consolidation	Euros
Alcaidesa Holding, S.A.U.	Calle Velazquez 47, Madrid	(**) (b)	HOTEI	100%	Ernst & Young, S.L.	Full consolidation	Euros
MHRE San Roque, S.L.U.	Calle Velazquez 47, Madrid	(*) (b)	HOTEI	100%	Ernst & Young, S.L.	Full consolidation	Euros
Hotel Villa Miraconcha, S.L.U.	Avenida de la Libertad 25, San Sebastián	(****)	HOTEI	100%	Unaudited	Full consolidation	Euros
Global Kioto S.L.U.	Calle Velazquez 47, Madrid	Inactive	HOTEI	100%	Unaudited	Full consolidation	Euros
GreenShank S.L.	Calle Velazquez 47, Madrid	(***) (a)	HOTEI	77%	Unaudited	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.
(***) The incorporation, direct or indirect investment in the management and control of other companies or enterprises; the acquisition, disposal, holding, and exploitation of investment properties.
(****) The operation of an accommodations and lodging services business in the form of a hotel.
(a) Liquidated during the year
(b) Sold during the year

During 2024, the Parent acquired the following three new companies: Global Kioto, S.L.U. ("Global Kioto"), Hotel Villa Miraconcha, S.L.U. ("Villa Miraconcha"), and GreenShank Spain, S.L. ("GreenShank").

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. This operation was carried out as a single transaction. Further, the Parent held no equity interest in the acquired entity prior to the transaction, nor was there any prior shareholding relationship between the two entities. If the aforementioned operation had been carried out on January 1, 2024, the impact on the consolidated separate income statement would not have been material.

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

(Euros)	Carrying amount	Fair value adjustments	Market value recognized at acquisition
Cash in hand	704	-	704
Total assets	**704**	**-**	**704**
Borrowings from group companies	(691)	-	(691)
Trade and other payables	(1,105)	-	(1,105)
Total liabilities	**(1,796)**	**-**	**(1,796)**
Total net assets at market value	**(1,092)**	**-**	**(1,092)**
Amount paid			**1**
Goodwill (Note 6)			**1,093**

As a result of the price paid for this 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 Parent held no equity interest in the acquired entity prior to the transaction, nor was there any prior shareholding relationship between the two entities. If the aforementioned operation had been carried out on January 1, 2024, the impact on the consolidated separate income statement would not have been material.

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**

Acquisition of GreenShank, S.L.

On November 28, 2024, the Company acquired 100% of the shares of GreenShank, S.L., corresponding to a total of 3,000 shares at a value of 1 euro each. Subsequently, on December 13, 2024 a capital increase was carried out corresponding to 7,000 new shares, of which the Company subscribed 4,686 shares for an amount of 4,686 euros, obtaining 77% ownership interest. No interest was held in the equity of the acquired company previously and neither was there any previous shareholding relationship between the two companies. If

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the aforementioned operation had been carried out on January 1, 2024, the impact on the consolidated separate income statement would not have been material.

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

(Euros)	Carrying amount	Fair value adjustments	Market value recognized at acquisition
Cash in hand	3,014	-	3,014
Other assets	6,384		6,384
Total assets	**9,398**	-	**9,398**
Trade and other payables	(1,712)	-	(1,712)
Total liabilities	**(1,712)**	-	**(1,712)**
Total net assets at market value	**7,686**	-	**7,686**
Amount paid			**7,686**
Goodwill			-

The subsidiaries use the same reporting periods as the Parent.

The Parent and subsidiary Varia Pza Magdalena, S.L.U. 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, environmental disclosures are not provided in the 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)

On July 25, 2017, the sole shareholder of HOTEI until that date approved requesting that the Parent be treated under the special tax regime for SOCIMIs, applicable from the moment of its incorporation. Said communication was presented to the tax authorities on July 26, 2017.

On September 5, 2019, the sole shareholder of Varia decided to approve the option for the company to avail itself of the special SOCIMI tax regime, applicable from January 1, 2019, which was communicated to the tax authorities on September 27, 2019 in a timely and correct manner.

Further, on September 4, 2020 and September 24, 2020 the Parent approved the inclusion of Alcaidesa Holding and San Roque, respectively, in the special SOCIMI tax regime, applicable from January 1, 2020, as communicated to the tax authorities on September 25, 2020 in a timely and correct manner (both subsidiaries were subsequently sold in 2025).

Consequently, at December 31, 2025 the Parent and subsidiary Varia Pza Magdalena, S.L.U. 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 first transitional provision of the SOCIMI Law allows application of the SOCIMI tax regime on the terms established in article 8 of said Law, even when the requirements established therein have not been met at the incorporation date, provided that such requirements be fulfilled within the two years following the decision to opt for said regime. Consequently, the Parent applied the special SOCIMI tax regime from 2017 onwards, while the subsidiary applying said regime did so starting from 2019.

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 3.1.

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 December 31, 2025, the Parent and the subsidiary fulfill the requirements established in the SOCIMI Law (same situation as at December 31, 2024).

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Financial reporting framework applicable to the Group

The Group's consolidated financial statements for the year ended December 31, 2025 were prepared in accordance with the applicable 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 accounting regulation.

The consolidated financial statements have been prepared by HOTEI's directors and will be submitted for approval by the shareholders in general meeting. It is expected that they will be approved without modification.

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 consolidated financial statements are the same as those used to prepare the consolidated financial statements for the previous year as none of the standards, interpretations or amendments that are effective for the first time in the current year have had any significant impact on the Group's accounting policies.

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

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

2.3. True and fair view

The 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 December 31, 2025, as well as its consolidated results, changes in consolidated equity, and consolidated cash flows for the year then ended.

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

2.4. Critical issues concerning the measurement and estimation of uncertainty

The directors of HOTEI have prepared the Group's consolidated financial statements using estimates to determine the carrying amounts of certain assets, liabilities, income, and expenses, as well as related disclosures. These estimates were made on the basis of the best available information at the closing date. However, given the uncertainty inherent in these estimates, future events could oblige the Group to modify them in subsequent years. Any such modifications would be done prospectively, as established in IAS 8.

The key assumptions concerning the future and other relevant data on the estimation of uncertainty at the closing date which entail a considerable risk of significant changes in the value of assets and liabilities in the subsequent reporting period are as follows:

- Compliance with the SOCIMI tax regime (Notes 1.1 and 14.3)
- Valuation of investment properties (Notes 4.4 and 7)

2.5. Comparison of information

In accordance with IFRS-EU, for comparative purposes, for each of the headings included in the consolidated statement of financial position, consolidated separate income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and the consolidated cash flow statement, in addition to the figures for 2025, those corresponding to the prior year are likewise presented. Quantitative information for the previous year is also included in the explanatory notes to the consolidated financial statements unless an accounting standard specifically states that this is not required.

As indicated in Note 1, due to the sale of the assets and liabilities associated with Alcaidesa Holding, S.A.U. relating to golf activities, included in the "other activities" segment, at December 31, 2025, the income and expenses associated with said segment were classified under "Profit (loss) for the period from discontinued operations" in the consolidated separate income statement. Thus, the figures for the year ended December 31, 2024 were restated in order to make the consolidated separate income statements and the consolidated cash flow statements comparable.

2.6. Consolidation principles

The main consolidation and measurement standards used by the Group to prepare these consolidated financial statements are summarized below:

a) The consolidated financial statements were prepared based on the accounting records of HOTEI and the companies under its control (subsidiaries), referring to the year ended December 31, 2025 in all cases. Control by the Parent is considered to exist when it has effective control as per point (f) below.

b) The results for the year generated by the subsidiaries are included in the consolidated results from the effective acquisition date or incorporation date.

c) All accounts receivable and payable as well as other transactions between consolidated companies were eliminated upon consolidation.

d) When necessary, the financial statements of the subsidiaries are adjusted in order to ensure standardized accounting policies in line with those applied by the Parent of the Group.

e) Non-controlling interests (minority interests), should there be any, are recognized at the proportionate amount of the fair value of identifiable assets and liabilities recognized. Minority interests in:

- the equity of its investees are presented as "Minority Interests" in the consolidated statement of financial position under "Equity";

- profit or loss for the year are presented under "Profit for the year attributable to minority interests" in the consolidated separate income statement.

f) The criteria applied to determine the consolidation method for each of the Group companies are shown below:

<u>Full consolidation method</u>

- Subsidiaries are consolidated under the full consolidation method and are understood to include all entities over which the Group has the power to govern the financial and operating policies, generally accompanied by a shareholding of more than half the voting rights. When assessing whether the Group controls another entity, the existence and effect of potential voting rights that are exercisable or convertible at the closing date is taken into account.

- The accounting of subsidiaries is performed using the acquisition method. Acquisition cost is the fair value of the assets delivered, equity instruments issued, and liabilities incurred or assumed at the exchange date. Identifiable assets acquired and identifiable liabilities and contingencies assumed in a business combination are initially measured at their fair values as of the acquisition date, regardless of any minority interests. Any excess of the acquisition cost over the fair value of the Group's share of the identifiable net assets acquired is recognized as goodwill. If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated separate income statement for the corresponding year.

At December 31, 2025 and 2024, all subsidiaries were consolidated using the full consolidation method (Note 1).

3. APPROPRIATION OF PARENT COMPANY PROFIT

The directors of HOTEI propose the following appropriation of the Parent's profit for 2025, a proposal expected to be approved by the shareholders in general meeting:

(Euros)	2025
Basis of appropriation	
Balance of the income statement	9,985,348
	9,985,348
Appropriation to:	
Legal reserve	998,535
Dividends	8,986,813
	9,985,348

3.1. Distribution of results and management of capital

As indicated in Note 1.1, HOTEI and one subsidiary 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 the 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 on the terms referred to in the previous section.

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

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

4. RECOGNITION AND MEASUREMENT POLICIES

The main recognition and measurement accounting criteria applied by the Group in the preparation of these consolidated financial statements are the following:

4.1. Intangible assets

Intangible assets are initially measured at cost, determined as either acquisition or production cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized systematically on a straight-line basis over their estimated useful life, taking into account their residual value. Amortization methods and periods are reviewed at the end of each reporting period, and adjusted prospectively where applicable. Intangible assets are tested for impairment at least at the end of each reporting period and any impairment is recognized.

Software

Software includes the costs incurred when acquiring software from third parties. These expenses are amortized on a straight-line basis over the useful life of the asset (four years). Expenses for repairs which do not prolong the useful life of assets and maintenance expenses are taken to the consolidated separate income statement in the year incurred.

4.2. Goodwill on consolidation

Goodwill represents the excess of the cost of the business combination over the fair value of assets acquired and liabilities assumed in the subsidiary at the acquisition date.

Initial recognition is performed at cost, corresponding to the excess of the total consideration transferred and the amount recognized for non-controlling interests and any previous interest held in the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment testing, as of the acquisition date goodwill is assigned to each of the cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiring entity are assigned to those units. The Group has not defined any CGUs, given that all businesses are performed in domestic territory and are divided into segments.

In this case, goodwill corresponds to the segment for other activities; and more specifically, to the acquisition of the operating company for the operational hotel.

Goodwill is tested for impairment on an annual basis and is recognized at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the carrying amount of goodwill related to the entity sold.

4.3. Property, plant, and equipment

PP&E items are initially measured at either acquisition or production cost. The cost of PP&E items acquired in a business combination is the fair value as of the acquisition date.

Following initial recognition, PP&E items are stated at cost less accumulated depreciation and any accumulated impairment losses recognized.

In addition, another component of PP&E items is the initial estimate of the present value of asset dismantling or retirement obligations and other associated costs, such as the cost of restoring assets, when these obligations trigger the recognition of provisions.

Expenses for repairs which do not prolong the useful life of assets and maintenance expenses are taken to the consolidated separate income statement in the year incurred. Expenses incurred for renovation, expansion or improvements which increase the productive capacity or prolong the useful life of assets are capitalized as an increase in the value of the assets, while the carrying amounts of any replaced items are derecognized.

Once available for use, PP&E items are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives for the different PP&E items are as follows:

	Useful lives
Buildings	25-50 years
Machinery	5 years
Plant	3.5 years
Furniture	10 years
Data processing equipment	4 years
Transport equipment	5 years

The Group reviews the residual values, useful lives, and depreciation methods for PP&E items at each year end, adjusting them prospectively where applicable.

4.4. Investment properties

The Group classifies as investment properties those non-current assets that are buildings it holds to obtain rent, capital gains, or both, rather than for production purposes or services other than renting, administrative purposes, or their sale in the ordinary course of its business. In addition, investment properties also include the land and buildings whose future use has not been decided upon at the moment of their inclusion in the Group's equity. Likewise, properties which are under construction or being improved for future use as investment properties, are also classified as investment properties.

Investment properties are measured at fair value at the end of each reporting period and are not subject to annual depreciation.

Gains or losses arising from changes in the fair value of investment properties are taken to profit or loss in the year in which they arise.

The cost of those assets which require more than one year to be ready for use includes any related prior finance expenses which meet capitalization requirements.

In addition, the carrying amounts of investment properties also include a component corresponding to the initial estimate of the present value of asset dismantling or retirement obligations and other associated costs, such as the cost of restoring assets, when these obligations lead to recognizing provisions.

Expenses for repairs which do not prolong the useful life of assets and maintenance expenses are taken to the consolidated separate income statement in the year incurred. Expenses incurred for renovation, expansion or improvements which increase the productive capacity or prolong the useful life of assets are capitalized as an increase in the value of the assets, while the carrying amounts of any replaced items are derecognized.

Costs relating to major repairs of investment properties, irrespective of whether the items affected are replaced or not, are identified as a component of the cost of the asset at the date of recognizing the asset in equity, and depreciated over the time remaining until the next major repair.

In accordance with IAS 40, the Group periodically determines the fair value of investment properties by taking as reference values the appraisals undertaken by external independent experts, so that at each year-end the fair value reflects the market conditions of the investment properties at that date. The valuation reports issued by the independent experts only contain the usual caveats and/or qualifications regarding the scope of the results obtained from the appraisals performed, which refer to acceptance that the information provided by the Group is complete and correct, and that the appraisal was carried out in accordance with the valuation standards published by the Royal Institute of Chartered Surveyors in Great Britain.

The main methodology utilized to determine the fair value of investment properties consists in discounting cash flows, based on the estimated expected future cash flows from the investment properties using an appropriate discount rate to calculate the present value of these cash flows. Said rate takes current market conditions into account and reflects all forecasts and risks relating to the cash flows and the investment. In order to calculate the residual value of the assets for the last year of the forecasts made regarding cash flows, a net exit yield is applied.

Note 7 includes detailed information on the net exit yields considered and the rate used for discounting projected cash flows.

4.5. Leases

Leases are classified as finance leases when, based on the economic terms of the arrangement, all risks and rewards incidental to ownership of the leased item are substantially transferred to the lessee. All other lease arrangements are classified as operating leases.

Group as lessee

Assets acquired under finance lease arrangements are recognized, based on their nature, at the lower of their fair value or the present value of the minimum lease payments at the outset of the lease term, including any associated call option. A financial liability is recognized for the same amount. Contingent installments, service expenses, and reimbursable taxes (by the lessor) are not included in the calculation of agreed upon minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability. The total finance charge on the lease is recognized in the consolidated separate income statement for the year in which it is incurred, using the effective interest rate method. Assets are depreciated, amortized, impaired, and derecognized using the same criteria applied to assets of a similar nature.

In addition, the Group applies the following recognition and measurement model to all operating leases in which it is lessee, except for assets of a low value and short-term lease arrangements:

- **Right-of-use assets – Property, plant, and equipment**

The Group recognizes right-of-use assets at the inception date of the lease agreement. That is, the date on which the underlying asset is available for use. Right-of-use assets are measured at cost, less accumulated amortization and any impairment losses, and are adjusted in accordance with any changes in the valuation of associated lease liabilities.

The initial cost of right-of-use assets includes the carrying amounts of lease liabilities recognized, direct initial costs, and lease payments made prior to the date on which the lease became effective. Any incentives received are discounted from the initial cost.

Right-of-use assets are amortized on a straight-line basis over the shorter of the estimated useful life or the lease term:

	Estimated years of useful life
Buildings	5-35 years

However, if the Group considers it is reasonably certain to acquire ownership of the leased asset at the end of the lease term, the right-of-use assets will be amortized based on the useful life of the asset. Right-of-use assets are subject to impairment loss testing.

The Group's lease agreements do not include dismantling or restoration obligations.

The right-of-use assets are presented under "Property, plant, and equipment" in the consolidated statement of financial position.

- **Lease liabilities**

At the inception of the lease, the Group recognizes lease liabilities at the current value of the lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option, if the Group is reasonably certain that it will exercise the option, and payments for lease cancellation fines, if the lease term reflects the Group's decision to exercise the lease cancellation option. The payments for variable leases which do not depend on an index or a rate are recognized as expenses for the period in which the event or circumstance triggering payment occurs.

When the present value of lease payments is calculated, the Group uses the incremental interest rate at the inception date of the lease, if the implicit interest rate for the lease cannot be determined easily. Subsequent to the inception date, the carrying amounts of lease liabilities are increased to reflect the accumulation of interest, and reduced by the lease payments made. In addition, the lease liability will be measured again if there are any modifications, changes to the lease terms, changes to essentially fixed lease payments, or a change in the evaluation regarding purchase of the underlying asset. The liability is also increased if there is a change in future lease payments arising from a change in an index or a rate used to determine these payments.

- **Short-term leases and leases of low value assets**

The Group applies the exemption relating to recognition of short-term leases to its transport equipment leases (*buggies*) which are of a duration of 12 months or less from the inception date and do not include a purchase option. It also applies the exemption regarding recognition of low value assets to the leases for office equipment considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

- **Judgments made in the determination of lease terms for contracts including a renewal option**

The Group determines the lease term as the non-cancelable term of the lease, to which optional extension periods are added, if it is reasonably certain that this option will be exercised. It also includes periods covered by the option to cancel the lease, if it is reasonably certain that this option will not be exercised.

The Group evaluates whether it is reasonably certain to exercise the renewal option. That is, it considers all pertinent factors which create an economic incentive to renew.

Subsequent to the inception date, the Group reevaluates the term of the lease, if there is a significant event or change in circumstances under its control which affects its capacity to exercise, or not exercise, the renewal option.

Group as a lessor

If the contract does not substantially transfer the risks and benefits inherent to ownership of the asset, the lease is classified as an operating lease. Income generated from the lease is accounted for linearly over the term of the contract and is included as revenue in the consolidated separate income statement to the extent that it is of an operational nature. Direct costs incurred when signing a lease contract are included as a greater value of the leased asset and amortized over the lease term applying the same criteria used for revenue. Contingent payments are recognized as income in the year in which they accrue.

At December 31, 2025, most of the Group's hotel properties included in property investments, as well as those included under "Non-current assets held for sale," are leased under operating leases, though the buildings that are in the process of development or conversion have not generated income (Notes 5, 7, and 16.1).

4.6. Financial assets

Initial recognition and measurement

The financial assets owned by the Group are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on their contractual cash flow characteristics and the Group's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the outstanding principal.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For subsequent valuation, financial assets are classified in one of three categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income, recycling accumulated gains and losses (debt instruments)
- Financial assets at fair value through other comprehensive income without recycling gains and losses accumulated upon disposal (equity instruments).

Financial assets at amortized cost (debt instruments)

This is the most relevant category for the Group. The Group measures financial assets at amortized cost if the following two conditions are met:

- The financial assets are held in the framework of a business model whose purpose is to hold the financial assets in order to obtain contractual cash flows, and
- The contractual terms of the financial assets give rise to cash flows on specified dates which are solely payments of principal and interest on the outstanding principal.

The financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment. The gains or losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

This category includes trade and non-trade receivables, which include financial assets with fixed or determinable payments that are not quoted on active markets and for which the Group expects to recover the full initial investment, except in cases of credit deterioration.

Financial assets at fair value through other comprehensive income, recycling accumulated gains and losses (debt instruments)

The Group classifies a financial asset under this category provided that none of the other categories are applicable.

At any rate, financial assets held for trading are included under this category. The Company considers that a financial asset is being held for trading when at least one of the following three circumstances apply:

a) it was issued or acquired for the purpose of selling in the short term;

b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

c) it corresponds to a derivative financial instrument, provided that it is not a financial guarantee contract and has not been designated as a hedging instrument.

In addition to the above, at initial recognition the Group has the option to designate a financial asset irrevocably at fair value through profit or loss, which it would otherwise have included in another category (usually denominated as the "the fair value option"). This option can be chosen when any valuation inconsistencies or accounting asymmetries which would arise if the assets or liabilities were measured on a different basis are eliminated or significantly reduced.

Financial assets classified under this category are measured at fair value on initial recognition, which is normally assumed to be the transaction price (equivalent to the fair value of the consideration delivered) provided there is no evidence to the contrary. Directly attributable transactions costs are recognized in the income statement for the reporting period (that is, they are not capitalized).

Subsequent to initial recognition, the Group measures the financial assets under this category at fair value through profit or loss (finance cost).

Financial assets at fair value through other comprehensive income without recycling gains and losses accumulated upon disposal (equity instruments)

Financial assets which meet the following conditions are included under this category:

- the financial instrument is not held for trading and classification at amortized cost is not applicable; and
- the contractual terms of the financial asset give rise to cash flows on specified dates which are solely receipts of principal and interest on the outstanding principal.

In addition, the Company has the option to classify (irrevocably) investments in equity instruments under this category provided that they are not held for trading and must not be measured at cost (see the "at cost" category below).

The financial assets included under this category are initially measured at fair value, which, unless there is evidence to the contrary, is deemed the transaction price, which is equivalent to the fair value of the consideration paid plus any directly attributable transaction costs. In other words, these transaction costs are capitalized.

Subsequent recognition is at fair value without deducting any transaction costs which may be incurred upon disposal. Changes in fair value are recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously deferred in equity is taken to profit or loss.

Interest accrued is also recognized in the income statement, calculated using the effective interest method, together with any dividends accrued (finance income).

Cancellation

Financial assets are derecognized from the Group's consolidated statement of financial position when the contractual rights to the related cash flows have expired or when the assets are transferred, provided that the risks and rewards incidental to ownership are substantially transferred.

If the Group has not substantially transferred or retained the risks and rewards incidental to ownership of the financial asset, it is derecognized if control over the asset has not been retained. If control over the asset is retained, the Group continues to recognize it to the extent to which it is exposed to changes in the value of the transferred asset, i.e. to the extent of its continuing involvement, recognizing the associated liability as well.

Interest earned on financial assets

Interest on financial assets accrued after acquisition is recognized as income in the consolidated separate income statement using the effective interest rate method.

To this end, financial assets are recognized separately upon initial measurement based on maturity and unmatured accrued explicit interest at that date. Explicit interest refers to the contractual interest rate applied to the financial instrument.

Impairment of financial assets

The Group recognizes an impairment allowance for expected credit losses (ECLs) on all debt instruments not recognized at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. In the case of credit exposures for which there has not been a significant increase in credit risk since initial recognition, the impairment loss allowance is recognized for ECLs over the following 12 months. In the case of those credit exposures for which there has been a significant increase in credit risk since initial recognition, an impairment loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of when default may occur (a lifetime ECL).

In the case of trade receivables, the Group applies a simplified approach for calculating the ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes an impairment loss allowance based on lifetime ECLs at each reporting date.

The Group considers that a financial asset is in a default situation when contractual payments have been past due for 90 days. However, in certain cases, the Group can also consider a financial asset past due when internal or external information indicates it is unlikely for the Group to receive the pending contractual amounts in their totality before taking into account any credit improvements for the Group.

In the case of assets recognized at fair value through equity, accumulated losses recognized in equity due to a decrease in fair value are recognized in profit or loss provided that there is objective evidence of impairment.

4.7. Financial liabilities

Initial recognition and measurement

At initial recognition financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, accounts payable or derivatives designated as hedging instruments in "effective hedges."

All financial liabilities are recognized initially at fair value, and in the case of loans and borrowings and accounts payable, net of the directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

This category includes financial liabilities held for trading and any financial liability designated upon initial recognition as one to be measured at fair value through profit or loss.

Gains or losses on financial liabilities held for trading are recognized in the income statement. Financial liabilities are designated on initial recognition as measurable at fair value through profit or loss only if at the date of initial recognition the criteria described in IAS 9 are fulfilled. The Group has not designated any financial liabilities as measurable at fair value through profit or loss.

Loans and borrowings

This is the most relevant category for the Group. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized, with any interest accrued recognized as per the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. Interest accrued as per the effective interest rate method is included under finance costs in the income statement.

This category is in general applicable for interest-bearing loans and borrowings. See Note 12 for more information.

Cancellation

A financial liability is derecognized when the related obligation is discharged, canceled or expires. When an existing financial liability is replaced by another provided by the same lender on substantially different terms and conditions or when the terms of an existing liability are substantially modified, this exchange or modification is accounted for by derecognizing the original liability and recognizing the new obligation. The difference in the respective carrying amounts is recognized in the income statement.

4.8. Derivative financial hedging instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to cover interest rate risk. These derivative financial instruments are initially recognized at the fair value of the date on which they are contracted and subsequently at the fair value of each closing date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For purposes of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or a firm commitment that has not been recognized;
- cash flow hedges when hedging exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a forecast transaction which is highly probable, or to exchange rate risk in a firm commitment that has not been recognized;
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship it wishes to apply, together with the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the item being hedged, the nature of the hedged risk, and the manner in which the Group will assess whether the hedging relationship meets the requirements to be considered effective (together with analysis of causes for ineffective hedging and the manner in which the hedging ratio will be determined). A hedging relationship qualifies for hedge accounting if it meets all the following requirements to be considered effective:

- the existence of an economic relationship between the hedged item and the hedging instrument;
- credit risk is not a dominant factor with respect to changes in value resulting from this economic relationship;
- the hedging ratio for the hedge relationship is the same as that arising from the amount of the hedged item which the Group is actually covering and the amount of

the hedging instrument which the Group is actually utilizing to cover said amount of the hedged item.

The Group carries out cash flow hedging transactions for the loans received at variable interest rates by contracting financial swaps which allow for exchanging variable rates and fixed rates. With these cash flow hedges, the Group hedges its exposure to the risk of variable cash flows attributable to changes in interest rates on loans received. These hedges, provided they meet all the criteria for hedge accounting, are recognized as follows:

- The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income, while the ineffective portion is recognized immediately in the income statement. The reserve for cash flow hedges is adjusted so that it is equal to the lower of accumulated gains or losses on the hedging instrument and the accumulated change in the fair value of the hedged item.
- For cash flow hedges, the accumulated amount in other comprehensive income is reclassified to the income statement as a reclassification adjustment in the same year or years during which the hedged cash flows affect results.

If the accounting of cash flow hedges is interrupted, the amount which has accumulated in other comprehensive income must remain there if the future hedged cash flows are still expected to materialize. Should this not be the case, the amount must be reclassified immediately to the income statement as a reclassification adjustment. Subsequent to the interruption, and once the hedged cash flow materializes, any remaining amount included in other comprehensive income must be recognized in accordance with the hedged transaction as described above.

4.9. Cash and cash equivalents

This heading includes cash in hand, current accounts, time deposits, and purchases of assets under resale agreements which meet all the following criteria:

- They are readily convertible to cash.
- They mature within less than three months from the acquisition date.
- The risk of change in value is insignificant.
- They form part of the Group's usual cash management strategy.

4.10. Corporate income tax

Income tax payable or receivable comprises current tax payable or receivable as well as deferred tax expenses or income.

Current tax is the amount that Group companies pay in settlement of the income tax returns for the year. Deductions and other tax relief applicable to payable taxes, excluding withholdings and payments on account, are accounted for as a reduction in current tax. Similarly, tax loss carryforwards from prior years effectively applied in the current reporting period also reduce tax payable.

Deferred tax expense or income corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include the temporary differences, identified as those amounts expected to be payable or recoverable, arising from the difference between the carrying amounts of assets and liabilities and their tax bases, as well as any unused tax loss carryforwards and unused tax credits. These amounts are measured at the tax rates that are expected to apply when the corresponding temporary differences or tax credits are realized or settled.

As indicated in Note 1.1, the Parent and its subsidiaries (except for the companies acquired during 2024) apply the special tax regime for SOCIMIs.

Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss), and those associated with investments in subsidiaries, associates, and jointly controlled entities in which the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are only recognized to the extent that it is considered probable that the Group will have future taxable income to enable their application, and provided the SOCIMI regime allows for this possibility.

Deferred tax assets and liabilities arising from transactions involving direct credits or debits to equity headings, are also accounted for with a balancing entry under consolidated equity.

Recognized deferred tax assets are reassessed at the end of each reporting period and the appropriate adjustments are made where there are doubts as to their future recoverability. Deferred tax assets not recognized in the consolidated statement of financial position are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow them to be recovered.

Deferred tax assets and liabilities are measured using the tax rates expected to prevail upon their reversal, based on approved tax legislation, and in accordance with the manner in which the Group reasonably expects to recover the asset's carrying amount or settle the liability.

Deferred tax assets and deferred tax liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

4.11. Classification of current and non-current assets and liabilities

Assets and liabilities are classified in the consolidated statement of financial position as current or non-current. Accordingly, assets and liabilities are classified as current when they are associated with the Group's normal operating cycle, which is less than one year, and it is expected that they will be sold, consumed, realized or settled within the course of that cycle; if they differ from the aforementioned assets and are expected to mature, be sold or settled within one year; if they are held for trading or are cash and cash equivalents, the use of which is not restricted to more than one year. All other assets and liabilities are presented as non-current.

4.12. Segmented financial reporting

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 businesses.
- Other activities: covers other activities relating to hotels under management.

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 Real Estate Executive Committee 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 consolidated separate income statement. However, taxes on profits are managed at the Group level and are not assigned to operating segments.

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

4.13. Income and expenses

In accordance with the accruals principle, income is recognized when control is transferred and expenses are recognized when they are incurred, regardless of when actual payment or collection occurs.

Revenue is recognized when it is probable that the economic benefits embodied by the transaction will flow to the Group and the amount of income and costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, less any trade discounts, rebates or similar items granted by the Group, as well as interest, if any, on the nominal amount of credit extended. Applicable indirect taxes on transactions which are reimbursed by third parties are not included in revenue.

Rental income is recognized on a straight-line basis over the term of the contract, even if the contract establishes incremental payments.

4.14. Transactions with related parties

Related-party transactions are accounted for in accordance with the measurement standards described above.

Given that the prices of related party transactions are adequately supported, HOTEI's directors consider that there are no risks which might result in significant tax liabilities in the future.

4.15. Treasury shares

Treasury shares are recognized under consolidated equity as a decrease in "Capital and reserves" when acquired, and no gains or losses are recognized in the consolidated separate income statement on sale or cancellation.

Income and expenses incurred in connection with treasury share transactions are recognized directly under consolidated equity as a decrease in reserves.

4.16. Provisions and contingencies

Liabilities of uncertain timing or amounts are recognized in the consolidated statement of financial position as provisions when the Group has a present obligation (be it legal, contractual or deriving from an implicit or tacit obligation) as a result of past events and it is probable that a quantifiable outflow of resources will be required to settle the obligation.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation or transfer it to a third party. Adjustments arising from discounting the recognized provisions are recognized as a finance expense when accrued. Provisions expiring within one year are not discounted when the financial effect is not material. Provisions are reviewed at the closing date for each consolidated statement of financial position and adjusted in order to reflect the best current estimate for the corresponding liability.

Compensation receivable from a third party on settlement of the provisioned obligation is recognized as an asset without reducing the provision, provided there is no doubt that this reimbursement will actually be received and that it does not exceed the amount of the liability recognized. When a contractual or legal relationship exists by virtue of which the Group is required to externalize the risk, and thus it is not liable for the related obligation, the amount of the reimbursement is deducted from the amount of the provision.

Contingent liabilities, meanwhile, are possible obligations arising from past events, materialization of which is conditional upon the occurrence of future events not wholly within the Group's control as well as those present obligations arising from past events for which it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These liabilities are not recognized in the financial statements but are disclosed in the accompanying explanatory notes, unless the possibility of an outflow of resources is remote.

4.17. Termination benefits

Under prevailing labor law, the Group is obliged to pay termination benefits to employees dismissed under certain circumstances. Reasonably quantifiable termination benefits are recognized as an expense in the year in which the Group has created a valid expectation with respect to the affected third parties that the dismissals will occur.

4.18. Non-current assets held for sale

The Group classifies assets whose carrying amount is expected to be realized through a sales transaction, rather than through continuing use, under "Non-current assets held for sale" when the following criteria are met:

- They are immediately available for sale in their present condition, subject to the normal terms of sale; and
- It is highly probable that they will be sold.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except deferred tax assets, assets arising from employee benefits, and financial assets, which are measured according to their specific standards, as well as investment properties classified as non-current assets held for sale, which are measured applying the fair value model of IAS 40. These assets are not amortized/depreciated and, where necessary, the corresponding impairment loss is recognized to ensure that the carrying amount does not exceed fair value less cost to sell.

The associated liabilities are classified under "Liabilities related to non-current assets held for sale."

4.19. Discontinued operations

The business line relating to the golf activity which the Group decided to discontinue and dispose of is classified under "Discontinued operations." Income and expenses from this business activity are included as a one-line item under "*Profit (loss) for the period from discontinued operations*."

4.20. Remuneration plan for Board members and executives

At the general shareholder meeting held on June 21, 2024, the Management Policy in force since September 30, 2021 was suspended, which included, amongst other items, the remuneration policy for the management team. Further, the remuneration policy for Board members of the Parent was approved at the same general shareholding meeting, subsequently modified and approved at the general shareholder meeting held on December 16, 2024.

On December 22, 2025, the Board of Directors of the Parent approved a new long-term incentive plan (LTIP) for the management team and other employees, having agreed upon it with both. The LTIP grants employees an extraordinary incentive linked to certain Parent objectives and will be payable in January 2027.

4.21. Calculation of fair value

The Group measures its financial instruments, such as derivatives, and non-financial assets, such as investment properties, at their fair value at the closing date of the consolidated financial statements.

Fair value corresponds to the price receivable from sale of an asset or the price that would be paid for transferring a liability in an arm's length transaction between market participants at the transaction date. Fair value is based on the assumption that the transaction relating to sale of an asset or transfer of a liability take place:

- in the main market for the asset or liability, or
- in absence of such a main market, in the market in which the transaction can be carried out on the most favorable terms.

The main market, or most favorable market, must be a market to which the Group has access.

The fair value of an asset or liability is calculated using the hypotheses that the market participants would use when offering the corresponding asset or liability, assuming that these market participants are acting in their own economic interest.

The calculation of the fair value of a non-financial asset takes into account the capacity of the market participants to generate economic benefits from better and increased use of said asset or via its sale to another market participant who could make better and increased use of said asset.

The Group utilizes the measurement techniques appropriate to the circumstances and with sufficient information available for calculating fair value, maximizing the use of relevant observable variables and minimizing the use of variables that cannot be observed.

All assets and liabilities for which fair value calculations are made or disclosures provided in the financial statements are categorized as per the fair value hierarchy described below, based on the lowest significant value for calculation of fair value taken as a whole:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Measurement techniques for which the lowest significant variable used in the calculation is directly or indirectly observable.
- Level 3 - Measurement techniques for which the lowest significant value used in the calculation is not observable.

For assets and liabilities which are recognized at fair value in the consolidated financial statements on a recurring basis, the Group determines whether there were any transfers between different hierarchy levels by reviewing their categorization (based on the lowest significant value used in the calculation of fair value taken as a whole) at the end of each reporting period.

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" and "Non-current assets held for sale" (Notes 4.4, 5, and 7)
- Derivative financial instruments (Notes 4.7, 4.8, 5, and 8.2).

The following table shows the fair value hierarchy for the Group's assets and liabilities at 2025 year end:

			Fair value measurement used (Euros)		
2025	**Valuation date**	**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	12/31/2025	298,100,000	-	-	298,100,000
Hotels in development	12/31/2025	158,764,386	-	-	158,764,386
Non-current assets held for sale (Note 5)	12/31/2025	103,585,100	-	-	103,585,100
Financial investments (Note 8.2)					
Derivative financial instruments	12/31/2025	317,981	-	317,981	-
Current financial assets	12/31/2025	4,293,960	4,293,960	-	-
Non-current assets held for sale (Note 5)	12/31/2025	858,333	-	858,333	-
Financial liabilities measured at fair value					
Financial investments					
Derivative financial instruments (Note 12.4)	12/31/2025	14,383	-	14,383	-

There were no transfers between Levels 1, 2, and 3 during 2025.

The following table shows the fair value hierarchy for the Group's assets and liabilities at 2024 year end:

			Fair value measurement used (Euros)		
2024	**Valuation date**	**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	12/31/2024	402,000,000	-	-	402,000,000
Hotels in development	12/31/2024	264,962,000	-	-	264,962,000
Alcaidesa Golf - Club House Restaurant	12/31/2024	3,567,277	-	-	3,567,277
Financial investments					
Derivative financial instruments (Note 8.2)	12/31/2024	423,930	-	423,930	-
Current financial assets (Note 8.2)	12/31/2024	4,207,667	4,207,667	-	-

There were no transfers between Levels 1 and 2 during 2024.

4.22 Earnings per share

Basic earnings per share

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

	2025	2024
Profit (loss) attributable to shareholders of HOTEI (euros)	18,549,841	11,154,138
Weighted average number of shares circulating (shares)	115,806,017	115,709,242
Basic earnings per share (euros)	**0.16**	**0.10**

Diluted earnings per share

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

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

5. NON-CURRENT ASSETS HELD FOR SALE, DISPOSAL GROUPS HELD FOR SALE, AND DISCONTINUED OPERATIONS

At December 31, 2025, those assets and liabilities related to them for which the Group intends to recover their carrying amounts via their sale rather than continued use were classified under "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale." On March 4, 2026, the Group sold one of the aforementioned assets for the amount agreed upon in the binding offer (Note 20).

The breakdown of the main headings for assets and liabilities classified as held for sale at December 31, 2025 is as follows:

(Euros)	12/31/2025
Non-current assets	
Investment properties (Note 7)	103,585,100
Financial investments	858,333
Trade receivables	66,549
Current assets	
Trade and other receivables	285,926
Accruals	43,835
Non-current assets held for sale	**104,839,743**
Non-current liabilities	
Borrowings	21,624,407
Bank borrowings	20,752,742
Other financial liabilities	871,665
Current liabilities	
Borrowings	21,640,962
Bank borrowings	21,640,962
Trade and other payables	13,059
Suppliers and other payables	13,059
Accruals	16,786
Liabilities related to non-current assets held for sale	**43,295,214**

Property investments are leased to third parties through operating lease agreements with initial maturity dates ranging from 2027 to 2028.

The income from these operating lease contracts amounted to 5,276,855 euros for the year ended December 31, 2025 (Note 16.1), and the expenses associated with property investments that generated such income correspond to the following:

(Euros)	12/31/2025
Taxes (other than income tax)	403,279
Other operating expenses	55,558
TOTAL	**458,837**

The bank borrowings recognized as liabilities related to non-current assets held for sale in the amount of 42,394 thousand euros correspond to mortgage loans that mature from 2026 to 2036 and either bear interest rates referenced to Euribor plus a spread or fixed rates between 2,38% and 2.40%. The aforementioned mortgage loans require compliance with a number of financial ratios, in some cases applicable once the hotel has been in operation for a certain period of time. The loans can be called ahead of maturity in the event of failure to meet the ratios. At December 31, 2025, the Parent was in compliance with the financial ratios applicable at that date.

In addition, the breakdown of the annual maturities corresponding to the nominal amounts for liabilities related to non-current assets held for sale at December 31, 2025 is as follows:

Explanatory notes to the consolidated annual accounts for the financial year ended December 31, 2025

(Thousands of euros)	Bank borrowings (excluding arrangement expenses)	Other non-current financial liabilities
2026	21,656,971	-
2027	1,872,000	500,000
2028	1,872,000	358,333
2029	1,872,000	-
2030	1,872,000	-
Subsequent years	13,410,500	13,332
	42,555,471	**871,665**

In addition, as described in Note 1, on July 31, 2025 the sales transaction for the assets and liabilities linked to Alcaidesa Holding, S.A.U. and MHRE San Roque, S.L.U. was executed. The income and expenses associated with the assets and liabilities of Alcaidesa Holding, S.A.U. were classified within the "other activities" segment, which is why they were classified under "Profit (loss) for the year from discontinued operations" in the consolidated separate income statement at December 31, 2025. The result arising from the sale is included under "Profit (loss) for the year from discontinued operations (net of tax)" given that a separate segment was disposed of as a consequence of the assets and liabilities linked to Alcaidesa Holding, S.A.U.

The results corresponding to the "golf activity" were as follows:

(Euros)	12/31/2025	12/31/2024
Revenue	3,327,142	5,010,951
Operating expenses		
Cost of sales	(171,974)	(306,039)
Other operating income	35,763	56,300
Employee benefits expense	(1,397,230)	(2,244,274)
Other operating expenses	(1,623,990)	(2,174,113)
Other gains (losses)	-	(9,699)
Impairment losses on accounts receivable	-	15,383
Change in fair value of investment properties (Note 8)	-	34,000
Depreciation and amortization	(356,094)	(620,941)
Gains (losses) from disinvestments (Note 1)	(4,136,072)	-
Finance income	85	150
Finance costs	(73,286)	(199,770)
Profit (loss) before tax	(4,395,656)	(438,053)
Corporate income tax	244,043	-
Profit (loss) for the year from discontinued operations (net of tax)	**(4,151,613)**	**(438,053)**

6. INTANGIBLE ASSETS, GOODWILL ON CONSOLIDATION, AND PP&E

The breakdown and movements in the different line items comprising "Intangible assets" and "Goodwill on consolidation" are as follows:

(Euros)	12/31/2024	Additions/Allowances	Derecognitions/Applications	12/31/2025
Cost				
Goodwill on consolidation	932,934	-	-	932,934
Software	104,586	2,605	-	107,191
	1,037,520	2,605	-	1,040,125
Accumulated amortization				
Software	(26,162)	(17,419)	-	(43,581)
	(26,162)	(17,419)	-	(43,581)
Impairment losses				
Goodwill on consolidation	(1,093)	-	-	(1,093)
	(1,093)	-	-	(1,093)
Net carrying amount	**1,010,265**	**-**	**-**	**995,451**

(Euros)	12/31/2023	Business combination (Note 1)	Additions/Allowances	Derecognitions/ Applications	12/31/2024
Cost					
Goodwill on consolidation	-	932,934	-	-	932,934
Software	69,475	-	36,607	(1,496)	104,586
	69,475	932,934	36,607	(1,496)	1,037,520
Accumulated amortization					
Software	(281)	-	(25,881)	-	(26,162)
	(281)	-	(25,881)	-	(26,162)
Impairment losses					
Goodwill on consolidation	-	(1,093)	-	-	(1,093)
	-	(1,093)	-	-	(1,093)
Net carrying amount	**69,194**				**1,010,265**

There were no significant additions during 2025. Additions in 2024 correspond to improvements in the ERP of the Group company Hotel Villa Miraconcha.

Likewise, the additions in 2024 amounting to 932,934 euros correspond to the goodwill on consolidation generated in the business combinations arising from acquisition of Hotel Villa Miraconcha, S.L. and Global Kioto, S.L.U. (Note 1).

Value in use was used to determine the recoverable amount of goodwill, utilizing cash flow projections based on the budget for 2026 and business plans for the years 2027-2030. The rate used to discount the cash flow projections was 8%.

The movements in items composing “Property, plant, and equipment” are as follows:

(Euros)	12/31/2024	Additions/Allowances	Derecognitions/Applications	12/31/2025
Cost				
Land	2,443,368	-	(2,443,368)	-
Buildings	16,316,265	8,057	(16,324,322)	-
Machinery	167,555	32,655	(171,862)	28,348
Plant	728,289	28,158	(402,306)	354,141
Furniture	165,122	14,481	(101,196)	78,407
Data processing equipment	91,339	8,125	(51,086)	48,378
Transport equipment	42,442	-	(42,442)	-
Right-of-use assets	5,172,173	-	(151,639)	5,020,534
PP&E under construction	31,334	-	(31,334)	-
	25,157,887	91,476	(19,719,555)	5,529,808
Accumulated depreciation				
Buildings	(1,483,252)	(201,714)	1,684,966	-
Machinery	(166,935)	(7,797)	174,163	(569)
Plant	(211,005)	(87,360)	221,908	(76,457)
Furniture	(78,087)	(21,747)	72,497	(27,337)
Data processing equipment	(57,431)	(12,211)	28,780	(40,862)
Transport equipment	(6,357)	-	6,357	-
Right-of-use assets	(1,055,489)	(348,752)	-	(1,404,241)
	(3,058,556)	(679,581)	2,188,671	(1,549,466)
Impairment losses				
Buildings	(3,870,945)	(4,461,044)	8,331,989	-
	(3,870,945)	(4,461,044)	8,331,989	-
Net carrying amount	**18,228,386**	**(5,200,788)**	**(9,047,256)**	**3,980,342**

The balance recognized for PP&E at December 31, 2025 mainly corresponds to the Group's office facilities and right-of-use assets (IFRS 16).

The derecognitions for 2025 correspond to PP&E items linked to the golf courses of La Hacienda Alcaidesa Links Golf Resort, to which the Hoyo 10 Restaurant is associated, in the municipality of San Roque, Cádiz, derecognized subsequent to the sale described in Note 1.

(Euros)	12/31/2023	Additions/Allowances	Derecognitions/Applications	12/31/2024
Cost				
Land	2,443,368	-	-	2,443,368
Buildings	16,255,617	60,648	-	16,316,265
Machinery	165,007	2,548	-	167,555
Plant	548,958	325,984	(146,653)	728,289
Furniture	165,036	86	-	165,122
Data processing equipment	66,581	24,758	-	91,339
Transport equipment	-	42,442	-	42,442
Right-of-use assets	4,851,491	320,682	-	5,172,173
PP&E under construction	39,199	-	(7,865)	31,334
	24,535,257	777,148	(154,518)	25,157,887
Accumulated depreciation				
Buildings	(1,063,659)	(419,593)	-	(1,483,252)
Machinery	(166,935)	-	-	(166,935)
Plant	(205,976)	(79,031)	74,002	(211,005)
Furniture	(46,562)	(31,525)	-	(78,087)
Data processing equipment	(41,375)	(16,056)	-	(57,431)
Transport equipment	-	(6,357)	-	(6,357)
Right-of-use assets	(793,055)	(262,434)	-	(1,055,489)
	(2,317,562)	(814,996)	74,002	(3,058,556)
Impairment losses				
Buildings	(3,490,302)	(380,643)	-	(3,870,945)
	(3,490,302)	(380,643)	-	(3,870,945)
Net carrying amount	**18,727,394**			**18,228,386**

The additions in 2024 mainly correspond to the adaptation work carried out for the new offices leased by the Company in Calle Velázquez, 47, Madrid. In addition, the derecognitions for 2024 relate to the installations of the Company's former offices as a result of the lease contract finalizing for calle Castellana 102, Madrid, where the Company's former registered business and tax addresses were located until January 9, 2025 (Note 1), resulting in a loss of 72 thousand euros in 2024, recognized under "Gains (losses) on disposals and other" in the consolidated separate income statement for the year ended December 31, 2024.

Furthermore, as a consequence of the appraisals carried out by an independent expert for the assets associated with the golf courses, at December 31, 2024 an impairment loss allowance of 381 thousand euros was recognized.

6.1. Right-of-use assets

On November 4, 2024, the Parent terminated the contract with Grupomillenium Investment Partners, S.L. with which it had leased its offices in Madrid. The expenses arising from this contract amounted to 103,014 euros in 2024 (Note 17.1).

Since August 15, 2024, the Group has been leasing its offices in calle Velázquez 47, Madrid from Compañía Española de Seguros de Crédito a la exportación, S.A. by virtue of an agreement which will last until August 14, 2026.

Likewise, the Parent is leasing two premises on the ground floor of the building located at Carrera de San Jerónimo No. 9 in Madrid, where the Hotel JW Marriott Madrid is located, for estimated terms of 35 and 25 years. Said premises are partially used for the aforementioned hotel and partially for restaurant areas (Note 7).

The future minimum payments under said lease agreements, non-cancelable at each annual closing date, are as follows:

(Euros)	12/31/2025	12/31/2024
Within one year	318,405	350,656
Between one and five years	1,074,076	589,968
More than five years	3,336,661	3,460,224
TOTAL	**4,729,142**	**4,400,848**

7. INVESTMENT PROPERTIES

At December 31, 2025, the Group held the following investment properties:

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, Sevilla	Operating
Hotel Radisson Collection Bilbao	Gran Vía de Don Diego López de Haro 4, Bilbao	Operating
Hotel El Autor by Autograph Collection	Zorrilla 19, Madrid	Operating
Hotel JW Marriott	Carrera de San Jerónimo 9-11, Madrid	Operating
Hotel Mercer Plaza Sevilla	Plaza San Francisco 11-12, Sevilla	Operating
Hotel Nobu San Sebastián	Miraconcha 32, San Sebastián	Operating
Hotel Nobu Madrid	Alcalá 26, Madrid	In development
Hotel Nômade Madrid	Gran Vía 11, Madrid	In development
Plot R1H1	San Roque, Cádiz	In development
Sporting plot	San Roque, Cádiz	In development
Other estates	San Roque, Cádiz	In development

This table includes properties classified under "Investment properties," as well as properties classified under "Non-current assets held for sale" (Note 5).

At December 31, 2024, the Group held the following investment properties:

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, Sevilla	Operating
Hotel Radisson Collection Bilbao	Gran Vía de Don Diego López de Haro 4, Bilbao	Operating
Hotel El Autor by Autograph Collection	Zorrilla 19, Madrid	Operating
Alcaidesa Golf - Club House Restaurant (*)	San Roque, Cádiz	Operating
Hotel JW Marriott	Carrera de San Jerónimo 9-11, Madrid	Operating
Hotel Mercer Plaza Sevilla	Plaza San Francisco 11-12, Sevilla	Operating
Hotel Nobu San Sebastián	Miraconcha 32, San Sebastián	Operating
Hotel & Villas La Hacienda (*)	San Roque, Cádiz	In development
Hotel Nobu Madrid	Alcalá 26, Madrid	In development
Hotel Nômade Madrid	Gran Vía 11, Madrid	In development

(*) Assets sold in 2025

7.1. Movements during the year

The breakdown and movements for investment properties at December 31, 2025 are as follows:

(Euros)	12/31/2024	Additions	Derecognitions	Transfers (Note 5)	Changes in fair value	12/31/2025
Operational hotels	402,000,000	50,123	(293,671)	(103,585,100)	(71,352)	298,100,000
Hotels in development	264,962,000	34,333,669	(147,329,133)	-	6,797,850	158,764,386
Alcaidesa Golf – Club House Restaurant	3,567,277	9,941	(3,577,218)	-	-	-
TOTAL	**670,529,277**	**34,393,733**	**(151,200,022)**	**(103,585,100)**	**6,726,498**	**456,864,386**

The breakdown of investment properties and corresponding movements at December 31, 2024 are as follows:

(Euros)	12/31/2023	Additions	Derecognitions	Transfers (Notes 5 and 6)	Changes in fair value	12/31/2024
Operational hotels	424,500,000	9,622,670	(241,548)	(33,200,000)	1,318,878	402,000,000
Hotels in development	188,137,000	49,674,914	(6,497,323)	33,200,000	447,409	264,962,000
Alcaidesa Golf - Club House Restaurant	3,533,277	-	-	-	34,000	3,567,277
TOTAL	**616,170,277**	**59,297,584**	**(6,738,871)**	**-**	**1,800,287**	**670,529,277**

The additions during 2025 mainly correspond to costs capitalized in connection with the construction and refurbishment work for various hotels, amounting to a total of 34,394 thousand euros (2024: 59,298 thousand euros), of which 1,664 thousand euros (2024: 857 thousand euros) correspond to finance costs and 772 thousand euros to personnel expenses. The main CAPEX in 2025 corresponds to the hotels under development, that is, Hotel Nobu Madrid, the Fairmont La Hacienda hotel complex, and Hotel Nômade Madrid (2024: Hotel Nômade Madrid).

The derecognitions mainly correspond to the properties associated with Alcaidesa Holding, S.A.U. and MHRE San Roque, S.L.U., sold in July 2025 (Note 1).

The changes in fair value at December 31, 2025 correspond to impairment losses and/or restatements of assets as a result of valuations carried out by independent experts at year end, as well as, where applicable, the binding offers received for properties classified under "Non-current assets held for sale."

The net transfers amounting to 103,585 thousand euros correspond to the properties transferred to "Non-current assets held for sale" (Note 5).

During 2024, the Group sold its El Palmar and Palacetes de Córdoba assets for an aggregate amount of 18,000 thousand euros, generating a profit of 11,139 thousand euros , which was recognized under "Gains (losses) on disposals and other" in the consolidated separate income statement for 2024.

7.2. Other disclosures on investment properties

At December 31, 2025, the investment properties were mortgaged with different financial entities in guarantee of loans for an amount totaling 165,970,237 euros (2024: 178,945,694 euros; Note 12.1).

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

At December 31, 2025, the Group was committed to making investments in the investment properties amounting to 11 million euros (2024: 21 million euros).

7.3. Valuation of investment properties

Note 4.4 describes the fair value criteria for investment properties. 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:

December 31, 2025	*Net exit yields*	*Discount rate*
Operational hotels	4.75% - 6.00%	7.25% - 8.00%
Hotels in development	5.25% - 7.00%	8.50% - 13.00%

December 31, 2024	*Net exit yields*	*Discount rate*
Operational hotels	4.75% - 7.50%	7.50% - 9.00%
Hotels in development	5.25% - 7.00%	7.00% - 13.00%
Alcaidesa Golf - Club House Restaurant and Tenth Hole	10.50% - 11.00%	12.50% - 13.00%

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 12/31/2025	298,100,000	304,400,000	292,100,000
Properties being operated at 12/31/2024	405,567,277	417,960,000	393,609,000

In contrast, a change of two and a half percentage points in the estimated construction costs for the Group's hotels 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 12/31/2025	158,764,386	159,286,000	155,310,000
Properties in development at 12/31/2024	264,962,000	267,467,000	262,278,000

7.4 Leasing investment properties

The Group has leased the investment properties listed below to third parties via operating lease contracts:

- 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.

  On July 18, 2024, the Group signed an addendum to the contract, by virtue of which a space leased to third parties would be leased by Radisson, payment of which is composed of a fixed component and a variable component as established for the remaining items in the contract.

  In addition, with respect to the building located in Sevilla 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.
  - 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.

- Regarding the Hotel Mercer Plaza Sevilla, the lease contract signed by the Spanish Mercer chain on March 8, 2023 has a duration of 20 years starting from April 21, 2023 (hotel delivery date), the first 5 years of which are obligatory for the lessee, and includes three automatic extensions of 5 years each.

- The lease associated with the Hotel JW Marriott has a duration of 25 years starting from March 27, 2023 (hotel delivery date), the first 5 years of which are obligatory for the lessee, and includes four automatic extensions of 5 years each.

  In connection with this asset, there are also the following rental agreements for restaurant/catering spaces:

  - The lease contract has a duration of 20 years starting from March 25, 2023 (restaurant delivery date), the first 5 years of which are obligatory for the lessee, and includes three automatic extensions of 5 years each. On July 29, 2025, the Group signed an addendum to the lease agreement modifying the minimum guaranteed installments following the incorporation of a new F&B space once the corresponding work was completed.
  - A sublease contract for restaurant space at the Hotel JW Marriott which has a duration of 20 years counting from March 27, 2023 (the hotel opening date), the first 5 years of which are obligatory for the sub-lessee. On October 30, 2024, an addendum was signed which temporarily modified the terms of the sublease for the restaurant at the Hotel JW Madrid.

- Lease of the Hotel Nobu de San Sebastián for a duration of 20 years counting from August 10, 2023 (the hotel's opening date), with the first 5 years of the contract established as obligatory for the lessee and including a maximum of 3 automatic renewals for successive periods of 5 years each.

- Lease of the Hotel Nobu Madrid, signed on February 4, 2022 for a duration of 20 years, the first 5 years of which are obligatory for the lessee, while the remainder of the term consists of 3 automatic extensions for successive periods of 5 years.

- Lease of the Hotel Nômade Madrid, signed on January 4, 2024 for a duration of 20 years. In addition, HOTEI entered into an agreement ceding use of space on the rooftop terrace of the Hotel Nômade Madrid for the installation of telecommunications antennas, maturing on September 30, 2027, including an automatic renewal for a duration of 5 years.

  In addition, with respect to the Hotel Nômade Madrid, HOTEI is party to the following operating lease agreements, with respect to which it was subrogated upon acquisition of the property:

  - Ceding use of space on the rooftop terrace of the Hotel Nômade Madrid 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 Hotel El Autor by Autograph Collection Madrid for a period of 25 years, starting from November 26, 2024 (hotel delivery date), the first 5 years of which are obligatory, and subsequently includes automatic extensions for periods of 5 years. The F&B space is operated through a sublease, signed on July 12, 2024 under the "El Pimiento Verde" brand. The initial duration is 5 years, and can be extended up to 20 years.

All agreements consist of a fixed income component and a variable income component linked to the operating result obtained by the hotel and/or restaurant, if applicable.

The income from said operating lease contracts amounted to 13,853,794 euros for the year ended December 31, 2025 (2024: 9,103,683 euros; Note16.1). The expenses associated with the investment properties that have generated said revenue are broken down as follows:

(Euros)	2025	2024
Utilities	24,618	75,059
Taxes (other than income tax)	978,920	1,007,896
Other operating expenses	345,540	1,289,766
Impairment losses on accounts receivable (Note 8.1)	1,088,969	(87,995)
TOTAL	**2,438,047**	**2,284,726**

The breakdown of future minimum collections from the non-cancelable operating lease contracts (without including the contracts associated with the properties classified under "Non-current assets held for sale") is as follows:

(Euros)	12/31/2025	12/31/2024
Within one year	9,881,854	15,805,611
Between one and five years	27,055,485	52,018,885
More than five years	1,739,100	971,862
TOTAL	**38,676,439**	**68,796,358**

8. FINANCIAL ASSETS

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

	Equity instruments		Loans, derivatives, and other		Total	
(Euros)	12/31/2025	12/31/2024	12/31/2025	12/31/2024	12/31/2025	12/31/2024
Non-current financial assets						
Financial assets at fair value through other comprehensive income, without recycling gains and losses accumulated upon disposal						
Hedging derivatives	-	-	317,981	390,937	317,981	390,937
Financial assets at amortized cost	-	-	3,185,121	4,856,363	3,185,121	4,856,363
	-	-	3,503,102	5,247,300	3,503,102	5,247,300
Current financial assets						
Financial assets at fair value through profit or loss	4,293,960	4,207,667	-	-	4,293,960	4,207,667
Hedging derivatives (Note 8.2)	-	-	-	32,993	-	32,993
Financial assets at amortized cost	-	-	5,499,859	5,719,214	5,499,859	5,719,214
	4,293,960	4,207,667	5,499,859	5,752,207	9,793,819	9,959,874
TOTAL	**4,293,960**	**4,207,667**	**9,002,961**	**10,999,507**	**13,296,921**	**15,207,174**

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

	Equity instruments		Loans, derivatives, and other		Total	
(Euros)	12/31/2025	12/31/2024	12/31/2025	12/31/2024	12/31/2025	12/31/2024
Non-current financial assets						
Financial investments (Note 8.2)	-	-	2,032,079	3,099,052	2,032,079	3,099,052
Trade receivables (Note 8.1)	-	-	1,471,023	2,148,248	1,471,023	2,148,248
	-	-	3,503,102	5,247,300	3,503,102	5,247,300
Current financial assets						
Trade receivables (Note 8.1)	-	-	4,398,316	4,176,256	4,398,316	4,176,256
Other receivables	-	-	278,451	294,995	278,451	294,995
Hedging derivatives (Note 8.2)	-	-	-	32,993	-	32,993
Financial investments (Note 8.2)	4,293,960	4,207,667	409,832	565,052	4,703,792	4,772,719
Other current assets	-	-	413,260	682,911	413,260	682,911
	4,293,960	4,207,667	5,499,859	5,752,207	9,793,819	9,959,874
TOTAL	**4,293,960**	**4,207,667**	**9,002,961**	**10,999,507**	**13,296,921**	**15,207,174**

The carrying amounts of the financial assets at amortized cost do not differ significantly from their fair value.

8.1. Trade receivables

The non-current balance amounting to 1,471,023 euros (2024: 2,148,284 euros) for trade receivables corresponds to provisions for income accrued but yet to be invoiced, mainly associated with the payment deferrals agreed upon with the lessees of the operational hotels due to the health crisis linked to COVID-19.

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

(Euros)	12/31/2025	12/31/2024
Trade receivables	944,481	1,250,374
Invoices pending issue	3,453,835	2,925,882
TOTAL	**4,398,316**	**4,176,256**

The balance for invoices pending issue mainly corresponds to a part of the invoicing for variable income relating to the Hotel JW Marriot Madrid and Hotel Radisson Sevilla.

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 which had the following movements during the year:

(Euros)	12/31/2025	12/31/2024
Opening balance	**(603,780)**	**(734,265)**
Amounts provisioned	(1,179,056)	(182,122)
Reversals	90,086	285,500
Amounts applied	64,323	27,107
Closing balance	**(1,628,427)**	**(603,780)**

8.2. Current and non-current financial investments

The breakdown of these headings is as follows:

(Euros)	12/31/2025	12/31/2024
Non-current financial investments		
Hedging derivatives	317,981	390,937
Guarantees and deposits	1,714,098	2,708,115
TOTAL	**2,032,079**	**3,099,052**
Current financial investments		
Deposits	178,308	128,625
Guarantees	231,524	436,427
Derivatives	-	32,993
Investment funds	4,293,960	4,207,667
TOTAL	**4,703,792**	**4,805,712**

Non-current financial investments

Non-current financial investments include a balance of 204 thousand euros corresponding to an interest rate cap ("CAP") subscribed on March 24, 2023 with Caixabank for purposes of covering against changes in the interest rate (Euribor) to which the financing obtained in connection with the Hotel Nômade Madrid is subject. On May 23, 2025, the hedge was modified, replacing the CAP with a combination of collar options. Another CAP which was arranged with Unicaja is also included, amounting to a balance of 114 thousand euros and subscribed on June 5, 2023 to cover against changes in the interest rate (Euribor) to which the financing obtained in connection with the Hotel Mercer Plaza Sevilla is subject (Note 12.1).

The premiums paid for these hedging contracts amounted to a total of 1,651,900 euros, with a profit of 119,583 euros recognized in equity (2024: a loss of 112,561 euros) (Note 11.5). In addition, during 2025 the Group recognized a loss corresponding to amortization of the premium paid on these derivatives amounting to 206,923 euros under "Changes in fair value of financial instruments" (2024: a loss of 206,923 euros) (Note 16.5).

The non-current guarantees amounting to 949,668 euros (2024: 1,359,785 euros) mainly 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.

<u>Current</u>

The investment funds amounting to 4,293,960 euros (2024: 4,207,667 euros) correspond to investments made, which the Group expects to recover in the short term given that they are intended as temporary investments of cash surpluses. At December 31, 2025, the fund's valuation generated finance income amounting to 86,293 euros (2024: a loss of 495,763 euros), recognized under "Finance income - From marketable securities & other financial instruments; Of other third-parties" (in 2024 the loss was recognized under "Changes in fair value of financial instruments"). In addition, the Group obtained profit during 2024 from the purchase and partial sale of these funds amounting to 922,713 euros at December 31, 2024 (Note 16.5).

The short-term deposits at December 31, 2025 and 2024 correspond to the deposits relating to hotels under development.

9. INVENTORIES

The breakdown of this heading is as follows:

(Euros)	12/31/2025	12/31/2024
Goods for resale	107,938	194,605
Prepayments to suppliers	606,725	1,475,657
TOTAL	**714,663**	**1,670,262**

No provisions were set aside during 2025 or 2024 for any impairment losses on inventories.

10. CASH AND CASH EQUIVALENTS

This heading reflects the current accounts held by the Group, which bear market interest rates. The corresponding balances at December 31, 2025 totaled 29,711,404 euros (2024: 21,127,463 euros). There were no restrictions on the availability of this balance at either December 31, 2025 or December 31, 2024.

At December 31, 2024, "Other cash equivalents" included one-month deposits arranged with CaixaBank, S.A. and Banco de Sabadell, S.A. for amounts of 49,000,000 euros and 3,000,000 euros, respectively, at an annual nominal interest rate ranging from 2.59% and 2.86% and an effective annual rate ranging from 2.63% to 2.90%. The deposits were arranged during December 2024 and were reimbursed in January 2025, generating gains in profit or loss at December 31, 2025 amounting to 471,312 euros, recognized under "Finance income - From marketable securities & other financial instruments; Of third parties" in the consolidated separate income statement at December 31, 2025 (2024: 25,317 euros).

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 consolidated statement of changes in equity.

11.1. Share capital

At December 31, 2025, HOTEI's share capital consisted of 116,032,487 shares (December 31, 2024: 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 HOTEI greater than 5% at December 31, 2025 and 2024 is as follows:

Shareholder	% of ownership interest
CL MH Spain S.à. (controlled by Castlelake)	49.72%
Arconas International	8.03%
Mutualidad General de Previsión de la Abogacía	5.05%

11.2 Share Premium

There were no movements in the share premium during 2024, which amounted to 341,887,362 euros at December 31, 2024.

On July 16, 2025, an extraordinary general shareholder meeting was held in which the sale of Alcaidesa Holding S.A.U. and MHRE San Roque S.L.U. was approved, together with the distribution of an extraordinary dividend charged against the share premium in the amount of 166,942,655 euros. On August 8, 2025, payment of said dividend was executed.

The share premium can be freely distributed.

11.3 Reserves and retained earnings

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

(Euros)	Balance at 12/31/2024	Appropriation of profit	Other changes	Balance at 12/31/2025
Legal reserve	3,040,560	1,505,557	-	4,546,117
Reserves in consolidated companies	49,241,552	-	(17,915,306)	31,326,246
Voluntary reserves	29,233,823	-	(159,884)	29,073,939
	81,515,935	1,505,557	(18,075,190)	64,946,302
Retained earnings	(2,926,723)	11,154,138	2,926,723	11,154,138
TOTAL	**78,589,212**	**12,659,695**	**(15,148,467)**	**76,100,440**

(Euros)	Balance at 12/31/2023	Appropriation of profit	Other changes	Balance at 12/31/2024
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	-	(996,036)	29,233,823
	70,725,195	-	10,790,740	81,515,935
Retained earnings	11,786,776	(2,926,723)	(11,786,776)	(2,926,723)
TOTAL	**82,511,971**	**(2,926,723)**	**(996,036)**	**78,589,212**

On July 11, 2025, the Parent distributed a dividend of 13,550,012 euros to its shareholders, as approved at the general shareholders meeting on June 30, 2025.

Legal reserve

The balance of this heading corresponds entirely to the Parent. In accordance with the revised Spanish 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 this reserve is freely distributable. However, these reserves include a balance of 9,707,248 euros (2024: 9,707,248 euros) which can only be used under the same conditions required for capital reductions. The ordinary and extraordinary general shareholder meeting for HOTEI 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 HOTEI'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 HOTEI's creditors objected to offsetting the losses in a timely manner and due form, the directors of HOTEI unanimously agreed to execute said operation at their meeting held on September 18, 2024.

11.3 Shares of the Parent company

During 2025, HOTEI acquired 160,024 treasury shares (2024: 225,233 treasury shares) at an average price of 2.44 euros per share (2024: 2.62 euros per share), and sold 200,689552 treasury shares (2024: 118,552 treasury shares) at an average price of 2.45 euros per share (2024: 2.68 euros per share). The difference between the cost price and the sales price for the shares, totaling a net amount of 159,884 euros (2024: 112,521 euros) was recognized under "Voluntary reserves" (Note 11.3).

At December 31, 2025, the Parent held a treasury share portfolio comprised of 333,286 treasury shares, representing 0.3% of its share capital (2024: 373,951 treasury shares, representing 0.3% of its share capital at said date).

11.4 Unrealized gains (losses) reserve

The breakdown and movements in this heading at December 31, 2025 and 2024 are as follows:

(Euros)	Balance at 12/31/2024	Income and expense recognized directly in consolidated equity	Tax effect of income (expense)	Transfers to the consolidated separate income statement	Tax effect of transfers	Balance at 12/31/2025
Cash flow hedges	(902,299)	119,583	-	-	-	(782,716)
TOTAL	**(902,299)**	**119,583**	**-**	**-**	**-**	**(782,716)**

(Euros)	Balance at 12/31/2023	Income and expense recognized directly in consolidated equity	Tax effect of income (expense)	Transfers to the consolidated separate income statement	Tax effect of transfers	Balance at 12/31/2024
Cash flow hedges	(789,738)	(112,561)	-	-	-	(902,299)
TOTAL	**(789,738)**	**(112,561)**	-	-	-	**(902,299)**

12 FINANCIAL LIABILITIES

The breakdown of financial liabilities by category is as follows:

(Euros)	12/31/2025	12/31/2024
Non-current financial liabilities		
Financial liabilities at amortized cost	164,146,012	164,847,435
Bank borrowings (Note 12.1)	158,654,819	158,032,026
Finance lease payables	-	18,542
Derivatives (Note 12.4)	14,383	-
Other financial liabilities (Note 12.2)	5,476,810	6,796,867
	164,146,012	**164,847,435**
Current financial liabilities		
Financial liabilities at amortized cost	18,354,370	67,750,508
Bank borrowings (Note 12.1)	4,983,190	45,299,294
Finance lease payables	-	4,812
Derivatives (Note 12.4)	18,637	-
Other financial liabilities (Note 12.2)	232,653	394,000
Trade and other payables (Note 12.3)	13,119,890	21,855,614
Other current liabilities	-	196,788
	18,354,370	**67,750,508**
TOTAL	**182,500,382**	**232,597,943**

The breakdown of maturities for financial liabilities at December 31, 2025, without taking into account debt arrangement expenses amounting to 2,772,780 euros, is as follows:

(Euros)	Current	Non-current						
	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	Total
Bank borrowings	4,983,190	43,620,456	5,144,292	6,448,647	6,012,003	100,202,201	161,427,599	166,410,789
Other financial liabilities	232,653	439,964	135,026	469,095	146,586	4,286,139	5,476,810	5,709,463
Trade and other payables	13,119,890	-	-	-	-	-	-	13,119,890
Derivatives	18,637	-	-	-	-	14,383	14,383	33,020
TOTAL	**18,354,370**	**44,060,420**	**5,279,318**	**6,917,742**	**6,158,589**	**104,502,723**	**166,918,792**	**185,273,162**

Explanatory notes to the consolidated annual accounts for the financial year ended December 31, 2025

The breakdown of maturities for financial liabilities at December 31, 2024, without taking into account debt arrangement expenses amounting to 2,170,216 euros, is as follows:

(Euros)	Current	Non-current						
	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	Total
Bank borrowings	45,343,803	27,751,452	46,778,924	7,911,043	7,466,515	70,249,799	160,157,733	205,501,536
Other financial liabilities	394,000	335,560	919,129	133,026	135,762	5,273,390	6,796,867	7,190,867
Finance lease payables	4,812	18,542	-	-	-	-	18,542	23,354
Trade and other payables	21,855,614	-	-	-	-	-	-	21,855,614
Other current liabilities	196,788	-	-	-	-	-	-	196,788
TOTAL	**67,795,017**	**28,105,554**	**47,698,053**	**8,044,069**	**7,602,277**	**75,523,189**	**166,973,142**	**234,768,158**

12.3 Bank borrowings

The breakdown of bank borrowings at December 31, 2025 is as follows:

Type of debt	Nominal interest rate	Year of maturity	Pending balance	Non-current	Current
Mortgage loans			**165,970,237**	**161,427,599**	**4,542,638**
Hotel JW Madrid - Tranche A (2014)	2.95%	2030	8,152,047	6,324,719	1,827,328
Hotel JW Madrid - Tranche A (2016)	2.95%	2026	174,071	-	174,071
Hotel JW Madrid - Tranche B	2.95%	2027	10,105,725	9,841,650	264,075
Hotel JW Madrid - ICO Loan guarantee	3.35%	2027	30,798,400	29,993,600	804,800
Hotel Nômade Madrid	Euribor + 2.00%	2033	37,705,601	37,705,601	-
Hotel Mercer Plaza Sevilla	Euribor + 1.75%	2033	7,645,157	7,342,183	302,974
Hotel Nobu San Sebastián	Euribor + 1.50%	2037	12,551,125	12,233,375	317,750
Hotel El Autor by Autograph Collection	Euribor + 1.50%	2034	22,800,000	22,428,360	371,640
Hotel Nobu (Madrid)	Euribor + 1.50%	2032	12,278,111	12,278,111	-
Hotel Radisson Collection Sevilla	Euribor + 1.50%	2032	23,760,000	23,280,000	480,000
Unpaid accrued interest			**440,813**	-	**440,813**
Debt arrangement expenses			**(2,772,780)**	**(2,772,780)**	-
Other			**(261)**	-	**(261)**
TOTAL			**163,638,009**	**158,654,819**	**4,983,190**

The following financing operations were carried out during 2025:

On May 7, 2025, a mortgage financing contract linked to the Hotel Nobu Madrid was signed with Abanca. The total amount agreed upon in the contract amounts to 27,000 thousand euros with a term of seven years from the date of signing, that is, until June 1, 2032. The balance drawn down on said loan at December 31, 2025 amounted to 12,278 thousand euros.

On March 24, 2023, a mortgage financing agreement for a total amount of 35,000 thousand euros was signed with Caixabank, linked to the Hotel Nômade Madrid, of which a balance of 28,000 thousand euros had been drawn on Tranche A at June 30, 2025, with a balance of 7,000 thousand euros thus available on Tranche B, for purposes of covering the *capex* relating to the planned refurbishment of said hotel. This financing was arranged for a duration of 10 years at a variable interest rate of Euribor + 2.00%, and includes a 2-year grace period. On May 23, 2025, a novation agreement was arranged for this contract by virtue of which the amount corresponding to Tranche B was increased by an additional 10,000 thousand euros and the term was extended for an additional 24 months, while the grace period was also extended until March 24, 2027. At December 31, 2025, the balance drawn amounted to 37,705 thousand euros (2024: 28,000 thousand euros).

On January 28, 2021, a mortgage financing agreement linked to the Hotel Radisson Collection Sevilla was signed with Banco Santander for an amount of 18,634 thousand euros. This contract was set to mature on June 5, 2025. On May 28, 2025, said loan was amortized early and a new mortgage financing agreement linked to the same hotel was signed with Banco Sabadell for an amount of 24,000 thousand euros. The duration of the agreement is seven years, that is, until May 28, 2032, and the applicable interest rate was established at 3.54% per annum. At December 31, 2025, the loan had been fully drawn down.

The mortgage loans related to the Hotel JW Marriott Madrid, the Hotel Mercer Plaza Sevilla, the Hotel El Autor Autograph Collection, the Hotel Nômade Madrid, and the Hotel Radisson Collection Sevilla require compliance 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 December 31, 2025, the Group was in compliance with the financial ratios applicable at that date (at December 31, 2024 the Group was also in compliance with said ratios).

The breakdown of bank borrowings at December 31, 2024 is as follows:

Type of debt	Nominal interest rate	Year of maturity	Pending balance	Non-current	Current
Mortgage loans			**178,945,694**	**156,922,137**	**22,023,557**
Hotel Radisson Collection Bilbao (Tranche A)	2.38%	2026	10,488,000	10,056,000	432,000
Hotel Radisson Collection Bilbao (Tranche B - capex)	2.40%	2026	10,024,780	9,611,860	412,920
Hotel JW Madrid - Tranche A (2014)	2.95%	2030	9,926,318	8,152,046	1,774,272
Hotel JW Madrid - Tranche A (2016)	2.95%	2026	514,611	174,070	340,541
Hotel JW Madrid - Tranche B	2.95%	2027	10,355,625	10,105,725	249,900
Hotel JW Madrid - ICO Loan guarantee	3.35%	2027	31,560,000	30,798,400	761,600
Hotel Meliá Bilbao - Loan 1	Euribor +1%	2036	12,307,094	11,387,094	920,000
Hotel Meliá Bilbao - Loan 2	Euribor + 1%	2036	955,406	875,406	80,000
Hotel Meliá Bilbao - Loan 3	Euribor + 2%	2036	4,640,000	4,288,000	352,000
Hotel Meliá Bilbao - Loan 4	Euribor + 1.6%	2036	6,740,000	6,220,000	520,000
Hotel Mercer Plaza Sevilla (previously Hotel Nobu Sevilla)	Euribor + 1.75%	2033	7,869,459	7,645,156	224,303
Hotel Nômade Madrid	Euribor + 2.00%	2033	28,000,000	27,947,500	52,500
Hotel Nobu San Sebastián	Euribor + 1.50%	2037	12,710,001	12,630,563	79,438
Hotel Radisson Collection Sevilla (Tranches A, C, and Capex)	3.37%	2025	15,754,400	-	15,754,400
Hotel El Autor by Autograph Collection	Euribor + 1.50%	2034	17,100,000	17,030,317	69,683
Other loans			**26,022,265**	**3,235,595**	**22,786,670**
Bankinter (ICO Alcaidesa Golf)	1.50%	2025	425,371	300,167	125,204
BBVA (Alcaidesa Golf)	Euribor + 1.90%	2028	2,880,249	2,218,783	661,466
Alcaidesa complex (Hotel + villas)	Euribor + 1.75%	2026	22,000,000	-	22,000,000
VAT loan	Euribor + 1.75%	2026	716,645	716,645	-
Unpaid accrued interest			**536,904**	**-**	**536,904**
Debt arrangement expenses			**(2,170,216)**	**(2,125,706)**	**(44,510)**
Other			**(3,327)**	**-**	**(3,327)**
TOTAL			203,331,320	158,032,026	45,299,294

The following financing operations were carried out during 2024:

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%.

On October 8, 2024, a mortgage financing agreement was signed with Banco Sabadell, linked to the Hotel El Autor By Autograph Collection for an amount of 22,000 thousand euros, of which a balance of 17,100 thousand euros had been drawn down at December 31, 2024. This financing was arranged for a duration of 10 years at a variable interest rate of Euribor + 1.50%. The first repayment installment is due on January 8, 2026.

On December 17, 2024, a financing agreement was signed with Banco Sabadell, S.A. for an amount of 22,000 thousand euros. This financing was arranged for a duration of 2 years at a variable interest rate of Euribor + 1.75%. In 2024, the Group classified the loan as current since this financing was associated with the completion of a transaction that had not been carried out at year end, thereby activating the early maturity clause. On May 28, 2025, the Group repaid the full amount of said loan.

On December 17, 2024, HOTEI San Roque signed a financing agreement with Banco Sabadell for an amount of 10,000 thousand euros. An amount of 6,041 thousand euros was drawn, of which a balance of 716 thousand euros was pending payment at 2024 year end, and settled during 2025. This financing was arranged to mature in December 2026 and bears variable interest at a rate of Euribor + 1.75%.

During the year ended December 31, 2025, bank borrowings corresponding to mortgage loans accrued interest in the amount of 6,018 thousand euros (2024: 6,966 thousand euros) (Note 16.4), of which 1,664 thousand euros were capitalized (2024: 857 thousand euros), corresponding to the finance expenses arising on investments in properties under development (Note 7). In addition, the debts classified under "Liabilities related to non-current assets held for sale" accrued interest amounting to 1,368 thousand euros (Note 16.4).

12.4 Other financial liabilities

The breakdown for this heading is as follows:

(Euros)	12/31/2025	12/31/2024
Other non-current financial liabilities		
Guarantees received	1,743,423	2,746,675
Lease liabilities	3,733,387	4,050,192
TOTAL	**5,476,810**	**6,796,867**
Other current financial liabilities		
Lease liabilities	190,653	350,656
Other	42,000	43,344
TOTAL	**232,653**	**394,000**

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.

In addition, a balance of 893 thousand euros was included under this heading at December 31, 2025 (2024: 934 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 Parent 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 Parent must return the proportionate part based on the elapsed term of the lease. A current balance of 42 thousand euros corresponding to this item was recognized at December 31, 2025 and 2024.

The lease liabilities relate to the right-of-use granted for the offices occupied by HOTEI as well as two commercial premises on the ground floor of the building where the Hotel JW Marriott is located (Note 6.1).

12.5 Trade and other payables

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

(Euros)	12/31/2025	12/31/2024
Suppliers and other payables	12,083,669	17,544,553
Remuneration pending payment to employees	764,683	3,168,022
Customer advances	271,538	1,143,039
TOTAL	**13,119,890**	**21,855,614**

The balance for suppliers and other payables mainly includes debts related to refurbishment work being carried out at various hotels.

The balance for remuneration pending payment to employees at December 31, 2025 mainly includes bonus and incentive provisions in the amount of 756 thousand euros, of which 701 thousand euros were pending payment at year end (2024: 440 thousand euros), in addition to 41 thousand euros corresponding to extra payments (Note 16.2). Further, in 2024 indemnities accrued during the year in the amount of 2,514 thousand euros and pending payment at year end were also included. The amount recognized in the 2024 consolidated separate income statement corresponding to these indemnities amounted to 3,110 thousand euros, recognized under "Employee benefits expense" (Note 16.2), all of which had been paid at 2025 year end.

Customer advances mainly correspond to payments received in advance from the clients of the Hotel Villa Miraconcha.

12.6 Derivatives

The derivative amounting to 14 thousand euros corresponds to an interest rate swap (IRS) arranged on October 8, 2024 with Banco Sabadell to cover against changes in the interest rate (Euribor) to which the financing obtained in connection with the Hotel El Autor by Autograph Madrid is subject (Note 12.1). Interest accrued during 2025 amounts to a net loss of 37 thousand euros (2024: a profit of 33 thousand euros) (Note 16.6).

A balance of 19 thousand euros was recognized under current liabilities, linked to the interest accrued by said instrument in the short term.

13. PROVISIONS AND CONTINGENCIES

13.1 Non-current provisions

The breakdown and movements for provisions included under this heading at December 31, 2025 are as follows:

(Euros)	Balance at 12/31/2024	Allowances/ (reversals)	Amounts applied	Balance at 12/31/2025
Provision for other liabilities	-	3,039,277	-	3,039,277
TOTAL	**-**	**3,039,277**	**-**	**3,039,277**

Non-current provisions correspond to certain guarantees deriving from the purchase-sale contract for ownership interest and shares in MHRE San Roque, S.L.U and Alcaidesa Holding, S.L. (Note 1). The calculation of said provisions was determined based on the Company's best estimate, using the best available information on expenses for the work pending execution at the properties associated with the companies which were sold.

13.2 Current provisions

The breakdown and movements for provisions included under this heading at December 31, 2024 are as follows:

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

On December 29, 2023, the Parent signed an early termination agreement 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. Said indemnity was executed and paid on January 12, 2024.

13.3 Contingencies

There were no contingencies at either December 31, 2025 or 2024.

14. TAX MATTERS

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

(Euros)	12/31/2025	12/31/2024
Tax credits		
Other receivables from public administrations		
VAT	41,116	1,428,649
Withholdings on corporate income tax	2,881,741	252,753
TOTAL	**2,922,857**	**1,681,402**
Tax liabilities		
Deferred tax liabilities	279,905	2,514,294
Other payables to public administrations		
VAT	172,505	280,492
Withholdings	136,438	438,088
Social security payable	63,452	127,833
TOTAL	**652,298**	**3,360,707**

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. HOTEI'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 Income tax calculation

As stated in Note 1.1, HOTEI and one 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. In this regard, during 2025 and 2024 the Group did not accrue income tax expense or income, except for the profit generated by the sale of certain assets in 2024, which was taxed under the general tax regime as explained below.

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 2025 and 2024 is 0%, except with respect to the profit generated by the sale of certain assets in 2024 which was taxed under the general tax regime as explained below.

The reconciliation of net income and expense for the year with the corporate income tax result is as follows:

2025						
	Consolidated separate income statement			Income and expense recognized directly in consolidated equity		
(Euros)	Increases	Decreases	Total	Increases	Decreases	Total
Income and expense for the year	-	-	18,549,841	-	-	(782,716)
Income tax	-	-	-	-	-	-
Income and expense for the year before tax	-	-	**18,549,841**	-	-	**(782,716)**
Permanent differences	1,460,172	(911,924)	548,248	-	-	-
Temporary differences	-	(6,787,701)	(6,787,701)	-	(119,583)	(119,583)
Taxable income (Tax result)	**1,460,172**	**(7,699,625)**	**12,310,388**			**(902,299)**

2024						
	Consolidated separate income statement			Income and expense recognized directly in consolidated equity		
(Euros)	Increases	Decreases	Total	Increases	Decreases	Total
Income and expense for the year	-	-	11,154,138	-	-	(902,299)
Income tax	-	-	(189,110)	-	-	-
Income and expense for the year before tax			**11,343,248**			**(902,299)**
Permanent differences	10,188	-	10,188	-	-	-
Temporary differences	1,697,164	(45,300)	1,651,864	112,561	-	112,561
Taxable income (Tax result)			**13,005,300**			**(789,738)**
Taxable income (special regime)			12,248,860			(789,738)
Taxable income (general regime)			756,440			-

The temporary differences recognized in the consolidated separate income statement mainly includes the adjustments arising from application of the IAS 40 fair value method and IFRS 16.

The income tax expense for 2024 relates to the capital gain generated in the Parent on the sale of the El Palmar and Hotel Palacetes de Córdoba assets, corresponding to a tax base of 756 thousand euros and taxed under the general tax regime since the requirements to consider them as qualifying assets had not been met at December 31, 2024.

The temporary differences in income and expenses recognized directly in consolidated equity correspond to the measurement of the financial hedging instrument (Note 8.2).

14.2 Deferred tax assets and liabilities

The breakdown and movements of the items comprising “Deferred tax assets and liabilities” are as follows:

(Euros)	Opening balance	Changes reflected in Derecognition due to disinvestment in Alcaidesa Holding, S.A.U.	Changes reflected in Consolidated equity (Note 11.5)	Closing balance
2025				
Deferred tax liabilities				
Valuation of investment properties	2,514,294	(2,234,389)	-	279,905
TOTAL	**2,514,294**	**(2,234,389)**	**-**	**279,905**

(Euros)	Opening balance	Changes recognized in Consolidated separate income statement	Changes recognized in Consolidated equity (Note 11.5)	Closing balance
2024				
Deferred tax liabilities				
Valuation of investment properties	2,514,294	-	-	2,514,294
TOTAL	**2,514,294**	**-**	**-**	**2,514,294**

The breakdown for tax loss carryforwards pending application prior to application of the SOCIMI tax regime is as follows:

Arising in	12/31/2025	12/31/2024
2017	20,936	20,936
2018	27,192	27,192
TOTAL	**48,128**	**48,128**

In addition, the Group can avail itself of tax loss carryforwards corresponding to the subsidiaries which file their taxes under the general regime, and which break down as follows:

Arising in	12/31/2025
2021	3,624
2023	798,090
2024	298,594
TOTAL	**1,100,308**

The Group did not recognize the deferred tax asset corresponding to tax loss carryforwards pending application as the directors of HOTEI consider it unlikely that sufficient future taxable profits will be generated for their application under the special SOCIMI tax regime (Note 1.1).

14.3 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")

In accordance with the provisions of article 11 of the SOCIMI Law, information is provided below with respect to the Group companies availing themselves of the special tax regime established in said law:

a) *Reserves arising from years prior to application of the tax regime established in the SOCIMI Law.*

Company	Reserves (euros)			
	Share premium	Legal reserve	Voluntary reserves	Total
Varia Pza Magdalena, S.L.U.	4,494,600	-	-	4,494,600

b) *Reserves arising from years in which the tax regime established in the SOCIMI Law was applied, differentiating the part which arises from revenue subject to a 0% tax rate, a 15% tax rate or a 19% tax rate with respect to those which, if applicable, were subject to the general tax rate.*

Company	Reserves (euros)			
	Share premium	Legal reserve	Voluntary reserves	Total
Revenue subject to 0%, 15% or 19%				
HOTEI Properties Group, SOCIMI, S.A.	174,944,707	4,546,117	1,080,879	180,571,703
Varia Pza Magdalena, S.L.U.	-	101,080	-	101,080
Revenue subject to general rate				
HOTEI Properties Group, SOCIMI, S.A.	-	-	-	-
Varia Pza Magdalena, S.L.U.	-	26,139	-	26,139

The reserves of HOTEI PROPERTIES GROUP, SOCIMI, S.A. mainly arose from the capital increase and capital reduction carried out during 2019, and the capital increases carried out from 2020 to 2022, years in which said company was already included under the SOCIMI regime.

c) *Dividends distributed with a charge to profits for each year in which the tax regime established in the SOCIMI Law was applicable, differentiating the part which arises from revenue subject to a 0% tax rate, a 15% tax rate or a 19% tax rate with respect to those which, if applicable, were subject to a general tax rate.*

Explanatory notes to the consolidated annual accounts for the financial year ended December 31, 2025

Company	Revenue subject to 0%, 15% or 19%	Revenue subject to general rate	Total
Dividends charged against 2019 profit			
Millenium Hotels C220, S.L.U.	74,594	-	74,594
Dividends charged against 2020 profit			
Millenium Hotels C220, S.L.U.	280,854	-	280,854
Dividends charged against 2021 profit			
Varia Pza Magdalena, S.L.U.	48,977	-	48,977
Dividends charged against 2022 profit			
Varia Pza Magdalena, S.L.U.	330,288	-	330,288
Dividends charged against 2023 profit			
Varia Pza Magdalena, S.L.U.	1,609,336	-	1,609,336
Dividends charged against 2024 profit			
Varia Pza Magdalena, S.L.U.	1,130,123	-	1,130,123
Hotei Properties Group, SOCIMI, S.A.	13,550,012	-	13,550,012

No dividends were distributed against profits arising from income subject to the general rate.

d) *Should dividends be distributed against reserves, designation of the year in which the reserve applied arose, disclosing whether a 0% tax rate, a 15% tax rate, a 19% tax rate or the general tax rate was applied.*

During 2025, the Parent distributed an extraordinary dividend charged against the share premium and amounting to 166,942,655 euros. Said share premium corresponds to 2025, and tax rates of 0%, 15%, and 19%.

e) *Date of the agreement for distribution of dividends to which the above letters c) and d) above refer.*

Company	Date of agreement
Dividends charged against 2019 profit	
Millenium Hotels C220, S.L.U.	6/29/2020
Dividends charged against 2020 profit	
Millenium Hotels C220, S.L.U.	6/30/2021
Dividends charged against 2021 profit	
Varia Pza Magdalena, S.L.U.	6/30/2022
Dividends charged against 2022 profit	
Varia Pza Magdalena, S.L.U.	6/30/2023
Dividends charged against 2023 profit	
Varia Pza Magdalena, S.L.U.	6/30/2024
Dividends charged against 2024 profit	
Varia Pza Magdalena, S.L.U.	6/30/2025
Hotei Properties Group, SOCIMI, S.A. (dividend referred to in section c)	6/30/2025
Hotei Properties Group, SOCIMI, S.A. (dividend referred to in section d)	7/16/2025

f) *Acquisition date of the properties to be used for leases and the interests held in the share capital of entities to which section 1 of article 2 of the SOCIMI Law refers.*

All the properties accounted for under "Investment properties" and "Non-current assets held for sale" in the consolidated statement of financial position are intended for purposes of leasing (Notes 5 and 7):

Date of acquisition	Date of applying tax regime	Classification of the asset	Identification	Address	Use
11/7/2019	11/7/2019	Asset owned by HOTEI	Building – Hotel Meliá Bilbao	Lehendakari Leizaola N.º 29, Bilbao	Hotel business
7/17/2017 4/4/2019	1/1/2019	Asset owned by the group company Varia Pza Magdalena, S.L.U.	Building – Hotel Radisson Collection Sevilla	Plaza de la Magdalena N.º 1 y c/ Rioja N.º 26, Sevilla	Hotel business
3/27/2019	3/27/2019	Asset owned by HOTEI	Building – Hotel Radisson Collection Bilbao	Gran Vía Don Diego López de Haro N.º 4, Bilbao	Hotel business
4/26/2019	4/21/2023	Asset owned by HOTEI	Building – Hotel Mercer Plaza Sevilla	Plaza de San Francisco Nº 11, Sevilla	Hotel business
10/31/2019	3/27/2023	Asset owned by HOTEI	Building – Hotel JW Marriot Madrid	Sevilla Nº 2, Madrid	Hotel business
12/28/2021	12/28/2021	Asset owned by HOTEI	Building – future Hotel Nobu Madrid	Alcalá N.º 26, Madrid	Hotel business
10/27/2022	10/27/2022	Asset owned by HOTEI	Building – Hotel Autor by Autograph Collection	Zorrilla N.º 18, Madrid	Hotel business
10/27/2022	10/27/2022	Asset owned by HOTEI	Building – Hotel Nômade Madrid	Gran Vía N.º 11, Madrid	Hotel business

In addition, the acquisition or incorporation dates relating to the interests which the Parent currently holds in the share capital of entities to which section 1, article 2 of the SOCIMI Law refers, are broken down as follows:

Company	Acquisition/incorporation date	Year in which the SOCIMI regime was applied
Varia Pza Magdalena, S.L.U.	September 6, 2018	2019

g) *Identification of the assets which are eligible for the 80% referred to in section 1 of article 3 of the SOCIMI Law* (Notes 5 and 7).

h) *Reserves arising from years in which the special tax regime established in the SOCIMI Law was applicable, which were utilized during the tax period for purposes other than distribution or offsetting losses, indicating the year in which said reserves arose.*

The Company did not draw on any reserves during the year ended December 31, 2025 for purposes other than distribution, except in the case of the dividend distributed against the share premium referred to in point d).

15 SEGMENT INFORMATION

Information by segment is provided below for the year:

	Hotel leases		Other activities		Corporate Unit		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Revenue	21,311,639	17,233,516	5,807,319	4,138,511	-	-	27,118,958	21,372,027
Cost of sales	-	-	(834,363)	(465,051)	-	-	(834,363)	(465,051)
Other operating income	1,842,229	1,220,432	-	-	-	-	1,842,229	1,220,432
Work performed by the entity and capitalized	772,217	-	-		-	-	772,217	-
Employee benefits expense	-	-	(2,127,424)	(1,792,880)	(2,835,792)	(7,461,463)	(4,963,216)	(9,254,343)
Other operating expenses	(1,620,679)	(5,166,549)	(1,738,396)	(1,402,176)	(4,421,520)	-	(7,780,595)	(6,568,725)
Impairment losses on accounts receivable	(1,088,969)	87,995	-	-	-	-	(1,088,969)	87,995
Change in fair value of investment properties	6,726,498	1,766,287	-	-	-	-	6,726,498	1,766,287
Depreciation and amortization	(240,216)	-	(4,891)	(3,661)	(95,799)	(216,275)	(340,906)	(219,936)
Impairment losses and gains (losses) on disposal of non-current assets	-	-	-	(389,603)	-	9,363,170	-	8,973,567
Other gains (losses)	-	-	40,397	(72,003)	(813,709)	180,803	(773,312)	108,800
OPERATING PROFIT (LOSS)	**27,702,719**	**15,141,681**	**1,142,642**	**13,137**	**(8,186,820)**	**1,866,235**	**20,678,541**	**17,021,053**
Gains (losses) from disinvestments	**7,631,943**	-	-	-	-	-	**7,631,943**	-
Finance income and expenses (net)	(6,166,422)	(5,235,200)	-	-	557,392	(4,552)	(5,609,030)	(5,239,752)
PROFIT (LOSS) BEFORE TAX	**29,168,240**	**9,818,486**	**1,142,642**	**13,137**	**(7,609,428)**	**1,949,678**	**22,701,454**	**11,781,301**
Total assets	**501,669,616**	**727,112,587**	**783,764**	**32,871,834**	**6,032,644**	**21,469,808**	**508,486,024**	**781,454,229**
Total liabilities	**179,619,250**	**226,752,689**	**637,465**	**7,982,912**	**5,935,244**	**1,223,048**	**186,191,959**	**235,958,650**
Other disclosures								
Acquisitions of intangible assets and PP&E	-	-	2,605	79,049	91,476	734,706	94,081	813,755
Acquisitions of investment properties	34,393,733	59,297,584	-	-	-	-	34,393,733	59,297,584

16 INCOME AND EXPENSES

16.1 Revenue

The amount recognized under this heading mainly corresponds to the rental installments received for the leasing of hotels owned by the Group, amounting to 13,853,794 euros (2024: 17,107,932 euros; Note 7.4), as well as the income associated with the lease agreements for properties classified under "Non-current assets held for sale" in the amount of 5,276,855 euros (Note 5). Finally, the properties associated with San Roque, S.L.U. generated pre-sale income amounting to 2,180,990 euros (2024: 125,584 euros). Furthermore, income was obtained during the year from the hotel activity of Villa Miraconcha, amounting to a total balance of 5,807,319 euros (2024: 4,138,511 euros).

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

(Euros)	**2025**	**2024**
Madrid	10,165,471	8,841,672
Alicante	-	359,462
Bilbao	5,276,855	3,992,053
San Sebastián	5,807,319	4,255,511
Cádiz	2,180,990	125,584
Sevilla	3,688,323	3,797,745
TOTAL	**27,118,958**	**21,372,027**

16.2 Employee benefits expense

The breakdown of this heading is as follows:

(Euros)	2025	2024
Wages and salaries	3,415,825	4,791,139
Indemnity expenses (Note 12.3)	42,172	3,110,000
Provision for bonuses and other remuneration items (Note 12.3)	753,011	499,629
Social security payable by the company	749,718	849,954
Other personnel expenses	2,490	3,621
TOTAL	**4,963,216**	**9,254,343**

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

	Number of persons employed at year end			Average number of persons employed during the year	Average number of persons with a degree of disability >33% employed during the year
Categories	**Men**	**Women**	**Total**		
2025					
Remaining management team	3	1	4	4	-
Other employees	22	34	56	66	1
TOTAL (*)	**25**	**35**	**60**	**70**	**1**
2024					
Remaining management team	2	1	3	4	-
Department directors	7	2	9	10	-
Other employees	67	44	111	128	-
TOTAL	**76**	**47**	**123**	**142**	**-**

p(*) The change in the number of employees at 2025 year end is mainly due to the sale of MHRE San Roque, S.L.U. and Alcaidesa Holding, S.L. (Note 1).

16.3 External services

The breakdown of this heading is as follows:

(Euros)	2025	2024
Leases and royalties	43,534	98,496
Repairs and maintenance	144,489	349,248
Independent professional services	4,652,193	3,993,886
Transportation	1,268	4,775
Insurance premiums	231,042	223,801
Banking and similar services	134,294	-
Publicity, advertising, and public relations	503,362	479,289
Utilities	322,055	169,045
Other services	301,046	217,998
TOTAL	**6,333,284**	**5,536,538**

16.4 Finance costs

The breakdown of this heading is as follows:

(Euros)	2025	2024
Interest on bank borrowings (Note 12.1)	5,721,996	6,109,310
Other finance costs	521,292	756,861
TOTAL	**6,243,288**	**6,866,171**

16.5 Change in fair value of financial instruments

The breakdown of this heading is as follows:

(Euros)	2025	2024
Gains on trading portfolio	(567)	(922,713)
Losses on derivative instruments (Note 8.2)	255,544	206,923
Gains on derivative instruments (Note 8.2)	(11,201)	(35,834)
Losses on trading portfolio (Note 8.2)	-	495,763
TOTAL	**(243,776)**	**(255,861)**

16.6 Finance income

The breakdown of this heading is as follows:

(Euros)	2025	2024
Interest from current account balances at banks	195,514	330,064
Interest from loans to companies	4,547	9,262
Other finance income	685,978	759,477
TOTAL	**886,039**	**1,098,803**

17 TRANSACTIONS WITH RELATED PARTIES

The table below lists the related parties with which the Group carried out transactions during 2025 and 2024 along with the nature of the relationship:

Related party	Nature of the relationship
2025	
Vouching, S.L. (Sancus Capital Group)	Entity related to Board members
Members of the Board of Directors of HOTEI	Directors

Related party	Nature of the relationship
2024	
Vouching, S.L. (Sancus Capital Group)	Entity related to Board members
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 HOTEI	Directors
Chairman and CEO of HOTEI	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 the transactions undertaken with related parties is as follows:

	Entities related to Board members	
(Euros)	2025	2024
Leases (Note 6.1)	-	(103,014)
Professional services	(2,008,315)	(273,973)
TOTAL	**(2,008,315)**	**(376,987)**

The breakdown of balances with related parties is as follows:

	Entities related to Board members	
(Euros)	12/31/2025	12/31/2024
Other payables	-	(331,507)
TOTAL	**-**	**(331,507)**

On November 11, 2024, the Parent signed a contract with Vouching, S.L. (Sancus Capital Group) for the provision of management and strategic consulting services. This contract establishes fixed annual remuneration, which at December 31, 2025 amounts to 2,008,315 euros (2024: 273,973 euros), and long-term incentives which accrue when the value of the Parent increases by more than 10%, granting all shareholders the possibility of realizing the value of their investment. These incentives did not accrue any amounts during either 2025 or 2024. This agreement was ratified at the general shareholder meeting held on December 16, 2024. At said general shareholder meeting, Mr. Francisco Borja Escalada Jimenez waived his remuneration as CEO of the Parent.

17.2 Directors and senior management

The shareholder meeting held on June 30, 2025 approved the reduction of HOTEI Board members to six persons (four men and two women). At December 31, 2024, the Board of Directors consisted of 10 members (7 men and 3 women).

The breakdown of remuneration earned by members of the HOTEI Board of Directors and its senior management is as follows:

(Euros)	2025	2024
Directors		
Salaries	204,000	243,333
Per diems	233,000	235,500
	437,000	**478,833**
Senior management		
Salaries	-	700,000
Bonus	-	-
	-	**700,000**
TOTAL	**437,000**	**1,178,833**

The Parent had not contracted any obligations relating to pension plans or life insurance policies for former or serving directors at either December 31, 2025 or 2024.

Further, the Parent had not granted any loans or advances to directors or the natural person acting in representation, nor had it pledged any guarantees on their behalf at either December 31, 2025 or 2024.

The Group considers senior management to be those persons performing contractually established duties and functions related to its general objectives, such as planning, management, and control of its activities. Given that the Group's strategic decisions are made by the Real Estate Executive Committee (delegated by the Board of Directors), which is made up entirely of Parent Board members, the Group does not have any employees who could be considered senior management. The balance recognized under "Senior management" in 2024 reflects the salary of the Company's former CEO.

The general shareholders meeting held on December 16, 2024 resolved to exempt Mr. Francisco de Borja Escalada Jiménez from the obligation not to engage in activities on his own behalf or on behalf of others that involve effective competition, whether actual or potential, with the Company or that, in any other way, place him in a permanent conflict of interest with respect to the interests of the Company, as set forth in article 229. 1.f) of Royal Legislative Decree 1/2010, of July 2, which approves the revised text of the Spanish Corporate Enterprises Act, with this exemption relating exclusively to the holding of ownership interest and the exercise of any responsibility or holding of any position by Mr. Francisco de Borja Escalada Jiménez in (i) the Hotel Rosewood Villamagna Madrid and the Hotel Bless Madrid, both located in Madrid (the "Exempt Hotels"); (ii) the companies which own the Exempt Hotels; (iii) the companies of the group to which the Exempt Hotels belong and the companies which own the Exempt Hotels; and (iv) any residences linked to the Exempt Hotels or under the brand name of the Exempt Hotels.

At December 31, 2025, in accordance with article 229 of Spain's Corporate Enterprises Act, the remaining directors of the Parent stated that they were not party to any conflicts with respect to the interests of HOTEI, except for those disclosed in the previous paragraph.

In 2025, a balance of 97 thousand euros was paid for civil liability insurance premiums on behalf of the directors of HOTEI to cover potential damages they may cause while carrying out their duties (2024: 130 thousand euros).

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. Impairment loss allowances for accounts receivable were recognized during 2025 in the amount of 1,179 euros, which mainly affects balances arising from operational hotels (in 2024, impairment loss allowances amounting to 182,122 euros were recognized, mainly affecting the balances arising from operational hotels).

- 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 December 31, 2025, the Group presented a loan to value ratio (LTV), defined as financial debt divided by the fair value of the assets, of 37% (December 31, 2024: 29.7%). If the cash balance of 29.7 million euros (2024: 21.1 million euros) and the balance of surplus cash which the Company dedicates to short-term temporary investments amounting to 4 million euros were taken into account for calculation of net financial debt, the LTV would be reduced to 31% (2024: 18.4%). At December 31, 2025, the Group's working capital amounted to 86 million euros (2024: 17.84 million euros). Thus, in light of its financial situation at December 31, 2025, the directors of HOTEI 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 7.1), the directors of HOTEI consider this is a moderate risk.

- Interest rate risk: at December 31, 2025, approximately 33% of the debt held by the Group with credit entities is subject to a fixed interest rate (December 31, 2024: 56%). Though remaining bank borrowings are referenced to Euribor, 44% of bank borrowings are covered by interest rate hedges (“CAPs”) which were contracted to limit the exposure to a potential rate hike. Given the current policy of the European

Central Bank to hike interest rates, the directors of HOTEI consider this risk as moderate.

19 OTHER INFORMATION

19.1 Audit fees

The fees accrued during the year for services rendered by the Group's main auditor of accounts or other firms belonging to its network are broken down as follows:

(Euros)	2025	2024
Audit services	76,400	106,240
Other accounting review and verification work	30,574	29,980
Other non-audit services	12,770	26,630
TOTAL	**119,744**	**162,850**

19.2 Information on average payment periods for suppliers. Third additional provision, "Disclosure requirements" of Law 15/2010 of July 5

The information on average supplier payment periods is broken down as follows:

(Days)	2025	2024
Average supplier payment period	34.3	23.9
Ratio of transactions paid	31.8	22.8
Ratio of transactions pending payment	51.1	67.6
(Euros)	**2025**	**2024**
Total payments made	44,756,832	85,230,687
Total pending payments	6,663,618	2,124,797
Monetary volume of invoices paid within the maximum period allowed for by late payment regulations	33,585,964	75,991,017
Percentage of payments made within the maximum period over total payments made	75%	89%
(Number of invoices)	**2025**	**2024**
Invoices paid within the maximum period allowed for by late payment regulations	2,023	5,595
Percentage over total invoicing	86%	91%

In accordance with said ICAC Resolution, calculation of the average payment period for suppliers required taking into account the trade transactions corresponding to the delivery of goods or the rendering of services accrued from the date Law 31/2014, of December 3, took effect, that is, December 24, 2014.

"Average supplier payment period" is the period from delivery of the goods or provision of the services by the supplier and effective payment for the transaction.

The maximum legal payment limit applicable to companies in 2025 under Law 11/2013, of July 26, was 30 days (unless the conditions included therein which allow for increasing the maximum payment period to 60 days are met).

19.3 Other information

On September 17, 2025, the Parent was notified of a lawsuit and an extension thereof challenging thirty (30) corporate resolutions adopted in the Parent's ordinary and extraordinary general shareholder meetings held during 2024 and 2025. Specifically, the following matters were challenged: (i) all of the resolutions approved by the general shareholder meetings held on June 21, 2024, September 12, 2024, and September 16, 2024; (ii) the third, fifth, sixth, and eighth resolutions approved by the general shareholder meeting of June 30, 2025; and (iii) the first and second resolutions approved by the general shareholder meeting held on July 16, 2025; alleging violation of the shareholders' right to information as grounds for nullity together with the alleged abuse of the majority position, and the alleged damage to corporate interests.

These challenges were presented by a minority group of shareholders holding between 1.1% and 2.7% of the share capital, depending on the resolutions being challenged, acting under the legal representation of the law firm Cremades y Calvo Sotelo.

All of the resolutions challenged were in the Parent's corporate interests and were adopted with the favorable vote of a qualified majority of the share capital present and represented (ranging from 60% to 79%, depending on the respective resolutions), after making all the information required by applicable regulations available to the shareholders and the market, and responding in a timely manner to all requests for information. In the opinion of the Board of Directors of the Parent and its legal advisors, without prejudice to the uncertainty inherent in all legal proceedings, the Group has sufficient factual and legal grounds to argue that the lawsuit should be dismissed in its entirety and that the challenged resolutions are fully valid and effective. The Group's lawyers have been mandated to take whatever legal action they deem necessary in defense of the Group.

20 EVENTS AFTER THE REPORTING DATE

On March 4, 2026, the Parent sold the Hotel Melia de Bilbao for 63 million euros (Note 5). The transaction is part of the Parent's strategy to rotate non-core assets for purposes of focusing solely on luxury and ultra-luxury assets.

Consolidated Management Report for the year ended December 31, 2025

Situation of the market in which the Group performs its activity

During 2025, Spain consolidated its position as one of the world's leading tourist destinations, remaining amongst the two most visited destinations globally. The year was again marked by robust growth in demand, surpassing the previous year's historical record, in an international environment marked by persistent geopolitical tensions, a slowdown in economic growth in the Eurozone, and a financial environment still conditioned by tight monetary policies for much of the year.

According to the latest data published by the National Institute of Statistics (INE), Spain received more than 96.8 million international tourists in 2025, representing an increase of 2.9% compared to 2024. Average expenditure per tourist continued its upward trend, reaching 1,398 euros (up 3.9% compared to the previous year), reflecting the strengthening of higher value-added tourism and the growing importance of the premium and luxury segment. In 2025, total expenditure by international tourists reached 134,712 million euros, up 6.8% compared to the previous year.

Overnight stays in hotel establishments reached 371.2 million in 2025 as a whole, an increase of 2.0% with respect to 2024. The average bed occupancy rate reached 63.1%, a 1.7% improvement compared to the previous year, while the weekend occupancy rate came in at 68.4%, consolidating the strength of both the urban and holiday segment.

In the 5-star hotel segment, where the Group operates, the average daily rate (ADR) reached 277.5 euros, an increase of 0.4% compared to 2024, maintaining its position among the highest-growth tariff categories. Further, the average revenue per available room (RevPAR) amounted to 154.2 euros, a 0.4% increase compared to the previous year, driven by both improved occupancy and by the sustained growth in tariffs.

In this regard, according to the Colliers *Hotel Investment Report for 2025*, the year concluded with a volume of hotel investment amounting to 4,275 million euros (28% more than for 2024), which includes operational hotels, properties intended to be reconverted for hotel use, and land for purposes of new developments, consolidating the high levels of activity seen in recent years. A total of 194 assets were transacted during the year, above the 179 recorded in 2024.

Over the last five years, hotel investment has repeatedly exceeded the 3 million euro threshold, consolidating a high and sustained level of activity. In this context, 2025 ranks as the second best historical year recorded for the Spanish hotel market.

Spain continues to attract higher-end tourists, while also reducing seasonal fluctuations in the hotel sector.

Investors continue showing significant commitment to quality assets, including the luxury segment. This is evidenced in hotel investment, which reflects continued and increased interest in higher-end assets. The tourism sector continues to focus on attracting tourists with greater purchasing power, with a significant impact on average room rates in luxury and ultra-luxury hotels.

Spain continues to consolidate as one of the main hotel investment destinations in Europe. The country's leadership in tourism, the diversity of destinations and an increasingly liquid and professionalized market structure have shaped an environment that is particularly

Consolidated Management Report for the year ended December 31, 2025

attractive for both domestic and international capital, capable of accommodating diverse investor profiles and sustaining a high level of activity on a recurring basis, as highlighted by the aforementioned report.

This performance confirms the structural strength of the luxury and upscale segment, characterized by less price-elastic demand and the growing weight of international customers with high purchasing power.

While the financial environment continued to be constrained by higher financing costs than average over the last decade, the gradual stabilization of interest rates in the second half of the year favored the reactivation of certain operations. Institutional investors, international funds, and specialized vehicles reaffirmed their commitment to the Spanish hotel market, supported by the strength of its fundamentals: structural demand growth, capacity for tariff increases, international positioning of the destinations, and demonstrated resilience in adverse scenarios.

In this context, the Spanish hotel market continues to consolidate as one of the most important and attractive in Europe, especially in the high-end segment. The prospects for 2026 point to a more moderate but sustainable growth scenario, underpinned by the structural strength of the sector. The market demonstrated a remarkable ability to sustain its operating performance in complex macroeconomic environments, supported by robust and diversified tourism demand and continuously evolving supply.

However, the escalation in the conflict with Iran has provoked a significant increase in energy prices, leading to additional inflationary pressures in the Eurozone and moderating economic growth expectations. This environment impacts the cost structure of the hotel sector, particularly in areas such as energy and procurement, and may affect operating margins if these increases are not passed on to prices.

In international tourism, this environment has also triggered geographic substitution effects, benefiting safe and well-established destinations such as Spain (where Hotei concentrates all of its operations), which is increasingly acting as a safe-haven destination, with a noticeable shift in demand, particularly among high-income travelers.

Overall, the Company considers that, although the conflict introduces elements of uncertainty, its positioning in the luxury segment and in a market like Spain, characterized by structural strength and tourism appeal, helps mitigate risks and, in certain cases, may even allow it to capitalize on opportunities arising from the reconfiguration of international tourism flows.

Future developments will depend largely on the duration and intensity of the conflict, as well as its impact on global energy markets, inflation, and consumer confidence. In this regard, the Company will maintain prudent management, monitoring developments in the conflict and adapting its strategy, with a view to mitigating risks and seizing potential market opportunities.

One of the most significant transactions in the sector during the year was HOTEI's sale in July 2025 of the Fairmont la Hacienda luxury hotel complex in Cadiz together with two golf courses, for an asset transaction value of 175 million euros, to Flame Hotel & Golf Holding and Flame Hotel & Golf Equity, owned by funds managed by Activum SG. The sale was carried out within the framework of the Group's strategy to maintain a portfolio focused solely on 100% consolidated luxury and ultra-luxury tourist areas.

Business performance and situation of the Group

In this environment, the Group achieved significant improvements in its main operating figures, obtaining income in the amount of 27.12 million euros, representing an increase of 27% compared to 2024, and EBITDA of 15.38 million euros, compared to 6.4 million euros for the previous year (+140%).

This positive performance is a consequence of both the improvement in hotel activity and the implementation of the cost containment plan initiated at the end of 2024.

Revenue stands at 27.12 million euros, representing growth of 27% compared to 2024. The main reasons for these developments are: (i) the contribution of more assets compared to the previous year, given that the El Autor de Madrid and Fairmont La Hacienda hotels (sold last July 31) did not contribute in 2024 as they started their activity in November and December 2024, respectively, and neither did the Hotel Meliá Bilbao contribute as it was being refurbished until June 2024. Likewise, the Hotel Lucentum only contributed until March 2024, when it was sold, and the Hotel Nômade Madrid (formerly Iberostar Las Letras) did so only during the first six months, as its refurbishment began in July 2024; and (ii) the noteworthy contribution to the consolidation scope of Hotel Villa Miraconcha, S.L., operator of the Hotel Nobu in San Sebastián, for twelve months in 2025 as compared to three months in 2024, in addition to the significant operational improvement relating to said asset.

EBITDA amounted to 15.38 million euros, representing an increase of 140% compared to 2024, mainly due to the increase in income described above and the reduction of personnel costs following the restructuring process carried out between the end of 2024 and January 2025.

Further, net results amounted to 18.55 million euros, compared to 11.15 million euros in 2024 (+66%), driven by the favorable performance of EBITDA, the positive impact of valuations carried out by independent experts (+6.7 million euros), and the result obtained from the sale of companies linked to the Hotel Fairmont La Hacienda and the two golf courses, executed on July 31 for an amount of 3.5 million euros.

In addition, the Group continued the cost containment plan it initiated towards the end of 2024.

The positive result for 2024 enabled the Group to propose the distribution of a dividend by the Parent amounting to 13.55 million euros (0.116 euros per share), which was the first dividend distribution in the Group's history, demonstrating its firm commitment to shareholder remuneration. This dividend was fully paid out on July 11, 2025.

Subsequently, during August the Parent carried out a second dividend distribution corresponding to an extraordinary dividend charged against the share premium reserve in the amount of 1.44356123 euros for each of the existing shares, that is, 167.5 million euros, resulting from the sale and transfer of all the shares of Alcaidesa Holding, S.A.U. and ownership interest in MHRE San Roque, S.L.U., companies that own the Fairmont La Hacienda hotel complex and the golf courses known as “La Hacienda Links Golf Resort.”

All of the above allowed the Board of Directors to continue dividend payments and propose a dividend payment by the Parent amounting to 8,986,813 euros (0.77450840 euros per share) for approval at the next general shareholder meeting, reflecting the Group's firm commitment to shareholder remuneration.

With respect to the Group's investments, during the first half of 2025 the Group did not carry out any acquisitions, though it did incur costs for the performance of construction and refurbishment work mainly relating to three assets, the future Hotel Nômade Madrid and Hotel Nobu Madrid as well as the Hotel & Villas La Hacienda complex which opened during the month of December 2024 (sold last July 31), amounting to a total of 34.4 million euros, which together with the positive change in fair value of these assets amounting to 6.7 million euros led to a GAV of 560 million euros for the Group's real estate portfolio, more than for 2024 (excluding the impact of the sale of real estate assets associated with Hotel Fairmont La Hacienda).

In addition, the Group reduced the number of directors from 10 to 6, for the sole purpose of adapting the size of the Parent's Board of Directors to one that is deemed more appropriate to the current circumstances and needs, within the statutory limits, in order to ensure its proper representativeness and effectiveness.

The Group's *Net Asset Value* (NAV) at December 31, 2025, calculated based on the recommendations issued by the European Public Real Estate Association ("NAV EPRA NTA"), is broken down as follows:

(Euros)	12/31/2025	12/31/2024
EQUITY	**383,838,594**	**545,495,579**
Adjustments:		
Intangible assets	(63,610)	(78,424)
Fair value of derivative financial instruments	782,716	902,299
Deferred tax related to investment properties	139,953	1,257,147
Goodwill	(931,841)	(931,841)
EPRA NAV	**383,765,812**	**546,644,760**
Total shares circulating	116,032,487	116,032,487
EPRA NAV / share	**3.31**	**4.71**

The Group's main objective for coming months is to complete the work in progress in order to continue increasing profitable assets in its portfolio; it plans to open the Hotel Nômade Madrid and Hotel Nobu Madrid during the third quarter of 2026, with its entire portfolio thereby becoming operational. 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.

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. Impairment loss allowances for accounts receivable were recognized during 2025 in the amount of 1,179 thousand euros, which mainly affects balances arising from operational hotels (in 2024, impairment loss allowances amounting to 182,122 euros were recognized, mainly affecting the balances arising from operational hotels).

- 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 December 31, 2025, the Group presented a loan to value ratio (LTV), defined as financial debt divided by the fair value of the assets, of 37% (December 31, 2024: 29.7%). If the cash balance of 29.7 million euros (2024: 21.1 million euros) and the balance of surplus cash which the Company dedicates to short-term temporary investments amounting to 4 million euros were taken into account for calculation of net financial debt, the LTV would be reduced to 31% (2024: 18.4%). At December 31, 2025, the Group's working capital amounted to 86 million euros (2024: 17.84 million euros). Thus, in light of its financial situation at December 31, 2025, the directors of HOTEI 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 7.1), the directors of HOTEI consider this a moderate risk.

- Interest rate risk: at December 31, 2025 approximately 33% of the debt held by the Group with credit entities is subject to a fixed interest rate (December 31, 2024: 56%). Though remaining bank borrowings are referenced to Euribor, 44% of bank borrowings are covered by interest rate hedges ("CAPs") which were contracted to limit the exposure to a potential interest rate hike. Given the current policy of the European Central Bank to hike interest rates, the directors of HOTEI consider this risk as moderate.

Research and development activities

The Group did not conduct any R&D activities during the year ended December 31, 2025.

Treasury shares

During 2025, HOTEI acquired 160,024 treasury shares (2024: 225,233 treasury shares) at an average price of 2.44 euros per share (2024: 2.62 euros per share), and sold 118,552 treasury shares (2024: 118,552 treasury shares) at an average price of 2.45 euros per share (2024: 2.68 euros per share). The difference between the cost price and the sales price for the shares, totaling a net amount of 159,884 euros (2024: 112,521 euros) was recognized under "Voluntary reserves."

At December 31, 2025, the Parent held a treasury share portfolio comprised of 333,286 treasury shares, representing 0.3% of its share capital (2024: 373,951 treasury shares, representing 0.3% of its share capital at said date).

Average supplier payment period

The average supplier payment period was 34 days for the year ended December 31, 2025 (2024: 24 days).

Use of financial instruments

Non-current financial investments include a balance of 204 thousand euros corresponding to an interest rate cap ("CAP") subscribed on March 24, 2023 with Caixabank for purposes of covering against changes in the interest rate (Euribor) to which the financing obtained in connection with the Hotel Nômade Madrid is subject. On May 23, 2025, the hedge was modified, replacing the CAP with a combination of collar options. Another CAP which was arranged with Unicaja is also included, amounting to a balance of 114 thousand euros and subscribed on June 5, 2023 to cover against changes in the interest rate (Euribor) to which the financing obtained in connection with the Hotel Mercer Plaza Sevilla is subject.

The premiums paid for these hedging contracts amounted to a total of 1,651,900 euros, with a profit of 119,583 euros recognized in equity (2024: a loss of 112,561 euros). In addition, during 2025 the Group recognized a loss corresponding to amortization of the premium paid on these derivatives amounting to 206,923 euros under "Changes in fair value of financial instruments" (2024: a loss of 206,923 euros).

The non-current guarantees amounting to 715,268 euros (2024: 2,421,931 euros) mainly 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.

Events after the reporting date

No additional events other than those disclosed in Note 20 to the consolidated financial statements occurred after the reporting date.

Authorization of the consolidated financial statements and consolidated management report for the year ended December 31, 2025.

At the meeting of the Board of Directors of HOTEI PROPERTIES GROUP, SOCIMI, S.A. (formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.), on March 23, 2026, the Board members authorized the consolidated financial statements together with the consolidated management report for the year ended December 31, 2025 of HOTEI PROPERTIES GROUP, SOCIMI, S.A. and subsidiaries, consisting of the documents attached above, initialed by the Secretary of the Board of Directors for purposes of identification, with all members of the Board of Directors signing this last page.

Francisco de Borja Escalada Jiménez
Chief Executive Officer

Javier Martínez-Piqueras Barceló
Chairman and Board Member

Javier Martínez-Piqueras Barceló (in representation of **Pablo Castellano Vázquez**)(*)
Board member

María Isabel Dutilh Carvajal
Board member

Pilar Muñoz Sanz
Board member

Ricardo de Armas
Board member

(*) The Board member Mr. Pablo Castellano Vázquez could not attend the Board meeting, expressly empowering Mr. Javier Martínez-Piqueras Barceló to represent him and vote on his behalf for purposes of authorizing the annual consolidated financial statements and consolidated management report for FY 2025, whereby the latter may sign this page on his behalf, as reflected in the minutes to the meeting..

Audit Report on the Financial Statements issued by an Independent Auditor

HOTEI PROPERTIES GROUP, SOCIMI, S.A. (formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.)

Financial Statements and Management Report for the year ended December 31, 2025

The better the question.
The better the answer.
The better the world works.

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

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

AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of HOTEI PROPERTIES GROUP, SOCIMI, S.A. (formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.):

Opinion

We have audited the financial statements of HOTEI PROPERTIES GROUP, SOCIMI, S.A. (formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.) (the Company), which comprise the balance sheet as at December 31, 2025, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2025 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those regulations are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the financial statements of the current period. These risks were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

Measurement of investment properties and Non-current assets held for sale

Description

The Company recorded 349,519 thousand euros and 94,469 thousand euros respectively, in "Investment properties" and "Non-current assets held for sale" at December 31, 2025, which represent 88% of total Assets, corresponding to the carrying amount of buildings it owns.

The directors periodically determine the fair value of investment properties based on appraisals conducted by independent experts in accordance with the valuation standards of the Royal Institution of Chartered Surveyors ("RICS") and, where applicable, the binding offers received for the properties classified as 'Non-current assets held for sale".

Given the significance of the amounts involved and the fact that determining the fair values of investment properties requires that independent experts, management, and the Company's directors make significant estimates that entail applying judgments to determine the assumptions used (in particular, assumptions underlying estimated rents, discount rates, and exit yields used for investment properties), we determined this to be a most relevant audit issue.

The information regarding the applicable valuation standards, the methodology, and the main assumptions used for the valuation of investment properties and Non-current assets held for sale, as well as the related disclosures, is included in notes 4.4, 4.18, 5 and 7 of the accompanying financial statements.

Our response

In relation to this matter, our audit procedures included, among others:

- Understanding the process designed by management to identify whether there are indications of impairment and to determine the fair value of assets recorded as "Investment properties" and "Non-current assets held for sale" and assessing the design and implementation of the relevant controls in place in that process.
- Obtaining the valuation reports prepared by the independent experts engaged by management to appraise the real estate portfolio, assessing the competence, capacity, and objectivity of the experts for the purpose of using their work as audit evidence.
- Reviewing the appraisal models used by independent experts to determine the recoverable amounts of a sample of assets, with the involvement of our valuation specialists, focusing particularly on the mathematical coherence of the models and the reasonableness of the rents, comparable data, discount rates, exit yields, and the sensitivity analysis used.
- Reviewing the disclosures made in the notes to the financial statements, assessing whether they are in conformity with the applicable financial reporting framework.

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Sale and transfer of long-term investments in group companies

Description	As stated in note 8 of the accompanying financial statements on June 13, 2025, the Board of Directors of the company unanimously approved the formalization of a purchase-sale contract for the sale and transfer of all shares in Alcaidesa Holding, S.A. U. and ownership interest in MHRE San Roque, S.L.U. After, on July 16, 2025, the shareholders of the company in general meeting agreed to the sale of both companies. On July 31, 2025, the closing of the mentioned sale transaction of both entities has been executed. We have considered this area as a most relevant audit matter in our audit due to it being a significant transaction that occurred during the year, as well as the materiality of the amounts involved and its impact on the accompanying financial statements. The information regarding the applicable valuation standards, as well as the related disclosures, is included in Notes 4.5 and 8 of the accompanying financial statements.
Our response	Our audit procedures related to this matter included, among others: ▶ Understanding the process designed by management to determine the register and valuation of this transaction. ▶ Review and analysis of the terms and conditions included in the corresponding sale agreement entered into by the company's Management, as well as the related Board of Directors' minutes and Shareholders' meeting minutes. ▶ Review of the correct accounting treatment of this transaction and its appropriate presentation in the accompanying financial statements. ▶ Reviewing the disclosures made in the notes to the financial statements, assessing whether they are in conformity with the applicable financial reporting framework.

Assessment of compliance with the requirements of the SOCIMIs special tax regime

Description	As explained in Note 1.1 to the accompanying financial statements, on July 26, 2017, the Company availed itself of the special tax regime for SOCIMIs established in Law 11/2009, of October 26, which regulates Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario "SOCIMI" (Spanish REITs), effective as of its formation date. One of the main characteristics of these entities is that they are not subject to corporate income tax. Under the special tax regime, SOCIMIs are subject to compliance with certain requirements regarding, inter alia, corporate purpose, minimum share capital, equity investment, the income generated by these investments, trading on a regulated market or multilateral trading system, as well as information and mandatory distribution of profits. The assessment of compliance with some of these requirements involves estimates that entail judgments on the part of management to establish the assumptions underlying those estimates. Due to the complexity of making these estimates when assessing compliance with some of the aforementioned requirements and to the fact that failure to comply with these requirements, if not remedied, could render the parent ineligible to avail itself of the special tax regime, and given that, should this occur, the Company would be taxed under the general corporate income tax regime, which would have a significant impact on the financial statements, we determined this to be a most relevant audit issue.

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The information on applying the special tax regime for Spanish SOCIMIs and compliance with the related requirements is provided in Notes 1.1, 4.9 and 18.2 to the notes to the accompanying financial statements.

Our response	Our audit procedures related to this matter included, among others: ▶ Understanding management's process for assessing compliance with the of the special SOCIMI regime requirements. ▶ Obtaining the documentation prepared by management related to compliance with the above requirements. ▶ Reviewing and assessing the reasonableness of the information obtained and its completeness with regard to all matters contemplated by prevailing regulations at the date of analysis, with the involvement of our tax specialists. ▶ Reviewing the disclosures made in the notes to the financial statements, assessing whether they are in conformity with the applicable financial reporting framework.

Other information: management report

Other information refers exclusively to the 2025 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the management report is to assess and report on the consistency of the management report with the financial statements based on the knowledge of the entity obtained during the audit, and to assess and report on whether the content and presentation of the management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the management report is consistent with that provided in the 2025 financial statements and its content and presentation are in conformity with applicable regulations.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Company's directors, we determine those that were of most significance in the audit of the financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under Nº S0530)

(Signed on the original in Spanish)

____
María Teresa Pérez Bartolomé
(Registered in the Official Register of Auditors under Nº 15291)

April 7, 2026

HOTEi PROPERTIES

HOTEI PROPERTIES GROUP, SOCIMI, S.A. (formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.)

Financial Statements and Management Report
for the year ended
December 31, 2025

Balance sheet at December 31, 2025

(Expressed in euros)

ASSETS	Notes	12/31/2025	12/31/2024
NON-CURRENT ASSETS		**369,959,137**	**600,324,059**
Intangible assets	6	**35,555**	**49,138**
Software		35,555	49,138
Property, plant, and equipment	6	**312,069**	**374,978**
Plant and other PP&E		312,069	374,978
Investment properties	7	**349,518,716**	**408,594,356**
Land		208,343,672	224,526,077
Buildings		141,175,044	184,068,279
Investments in group companies		**16,824,094**	**186,537,868**
Equity instruments	8	16,824,094	47,083,651
Loans to companies	9 & 16.1	-	139,454,217
Financial investments	9	**1,797,680**	**2,812,868**
Derivatives		317,981	390,937
Other financial assets		1,479,699	2,421,931
Trade receivables	9	**1,471,023**	**1,954,851**
CURRENT ASSETS		**135,603,237**	**72,162,290**
Non-current assets held for sale	5	**95,723,484**	**-**
Inventories	10	**602,016**	**620,125**
Trade and other receivables		**6,520,730**	**4,169,361**
Trade receivables	9	3,528,228	2,784,062
Trade receivables from group companies and associates	9 & 16.1	96,046	898,373
Other receivables	9	-	774
Receivable from public administrations	18	2,896,456	486,152
Investments in group companies	9 & 16.1	**-**	**2,959,852**
Loans to companies		-	2,959,852
Financial investments	9	**4,609,968**	**4,546,917**
Equity instruments		4,293,960	4,207,667
Derivatives		-	32,993
Other financial assets		316,008	306,257
Accruals	11	**398,861**	**193,904**
Cash and cash equivalents	12	**27,748,178**	**59,672,131**
Cash in hand		27,748,178	7,672,131
Cash equivalents		-	52,000,000
TOTAL ASSETS		**505,562,374**	**672,486,349**

The accompanying notes 1 to 21 are an integral part of the balance sheet at December 31, 2025.

Balance sheet at December 31, 2025

(Expressed in euros)

EQUITY AND LIABILITIES	Notes	12/31/2025	12/31/2024
EQUITY		**304,800,657**	**475,044,000**
Capital and reserves		**305,583,373**	**475,946,299**
Share capital	13.1	116,032,487	116,032,487
Share premium	13.2	174,944,707	341,887,362
Reserves	13.3	5,626,996	4,236,201
Treasury shares and own equity investments	13.4	(1,006,165)	(1,265,320)
Profit (loss) for the year	3	9,985,348	15,055,569
Unrealized gains (losses) reserve	**9.2**	**(782,716)**	**(902,299)**
NON-CURRENT LIABILITIES		**140,457,618**	**157,220,463**
Provisions	**15**	**3,039,277**	**-**
Borrowings		**137,418,341**	**157,220,463**
Bank borrowings	14.1	135,894,934	154,796,432
Derivatives	14.4	14,384	-
Other financial liabilities	14.2	1,509,023	2,424,031
CURRENT LIABILITIES		**60,304,099**	**40,221,886**
Liabilities related to non-current assets held for sale	**5**	**43,295,214**	**-**
Borrowings		**4,486,160**	**28,802,465**
Bank borrowings	14.1	4,425,523	28,760,465
Derivatives	14.4	18,637	-
Other financial liabilities	14.2	42,000	42,000
Trade and other payables		**12,522,725**	**11,222,634**
Suppliers	14.3	10,424,090	6,105,663
Other payables	14.3	1,136,068	1,648,406
Employee benefits payable (remuneration pending payment)	14.3	742,125	3,089,780
Payables to public administrations	18	149,921	308,424
Customer advances	14,3	70,521	70,361
Accruals	**11**	**-**	**196,787**
TOTAL EQUITY AND LIABILITIES		**505,562,374**	**672,486,349**

The accompanying notes 1 to 21 are an integral part of the balance sheet at December 31, 2025.

Income statement for the year ended December 31, 2025

(Expressed in euros)

	Notes	2025	2024
CONTINUING OPERATIONS			
Revenue		**17,125,221**	**14,587,144**
Lease income	17.1	17,125,221	14,587,144
Work performed for the company and capitalized	7	**772,217**	-
Other operating income		**1,669,388**	**1,008,846**
Employee benefits expense	17.2	**(2,835,792)**	**(7,461,462)**
Wages, salaries, et al		(2,522,904)	(7,036,340)
Social security costs, et al		(312,888)	(425,122)
Other operating expenses		**(7,345,701)**	**(4,608,414)**
External services	17.3	(4,969,312)	(3,880,299)
Taxes (other than income tax)		(1,287,420)	(816,110)
Losses on, impairment of, and changes in trade provisions	9.1	(1,088,969)	87,995
Depreciation and amortization	**17.4**	**(3,270,879)**	**(3,204,633)**
Impairment losses and gains (losses) on disposal of non-current assets		**1,049,735**	**18,438,215**
Impairment and losses	7	1,049,735	10,081,432
Gains (losses) on disposals and other		-	8,356,783
Other gains (losses)		**(368,198)**	**187,164**
OPERATING PROFIT (LOSS)		**6,795,991**	**18,946,860**
Finance income		**6,142,428**	**9,043,978**
From equity investments		1,130,123	1,609,336
In group companies and associates	8 & 16.1	1,130,123	1,609,336
From marketable securities & other financial instruments		5,012,306	7,434,642
Of group companies and associates	16.1	4,210,196	6,479,920
Of third parties		802,109	954,722
Finance costs	17.5	**(6,950,340)**	**(6,870,663)**
Third-party borrowings		(6,950,340)	(6,870,663)
Changes in fair value of financial instruments		**(243,776)**	**255,861**
Trading portfolio and other	17.6	(243,776)	255,861
Exchange gains (losses)		**3,607**	**1,472**
Impairment and gains (losses) on disposal of financial instruments	**8**	**2,572,822**	**(6,990,294)**
Impairment and losses		(4,547)	(6,990,294)
Gains (losses) on disposals and other		2,577,369	-
Other finance income and costs	**7**	**1,664,616**	**857,465**
Inclusion of finance costs in assets		1,664,616	857,465
FINANCE COST		**3,189,357**	**(3,702,181)**
PROFIT (LOSS) BEFORE TAX		**9,985,348**	**15,244,679**
Corporate income tax	18.1	-	(189,110)
PROFIT (LOSS) FOR THE YEAR	**3**	**9,985,348**	**15,055,569**

The accompanying notes 1 to 21 are an integral part of the income statement for the year ended December 31, 2025.

Statement of changes in equity for the year ended December 31, 2025

(Expressed in euros)

A) Statement of recognized income and expense for the year ended December 31, 2025

	Notes	2025	2024
Profit (loss) for the year (I)	**3**	**9,985,348**	**15,055,569**
Income and expense recognized directly in equity			
Financial assets at fair value through equity	9.2	119,583	(112,561)
Total income and expense recognized directly in equity (II)		**119,583**	**(112,561)**
Amounts transferred to the income statement		-	-
Total amounts transferred to the income statement (III)		-	-
Total recognized income and expense (I+II+III)		**10,104,931**	**14,943,008**

The accompanying notes 1 to 21 are an integral part of the statement of recognized income and expense for the year ended December 31, 2025.

Statement of changes in equity for the year ended December 31, 2025

(Expressed in euros)

B) Statement of total changes in equity for the year ended December 31, 2025

	Share capital issued (Note 13.1)	Share premium (Note 13.2)	Reserves (Note 13.3)	Treasury shares and own equity instruments (Note 13.4)	Profit (loss) for the year	Unrealized gains (losses) reserve (Note 9.2)	Total
Balance at December 31, 2023	**116,032,487**	**341,887,362**	**21,258,261**	**(1,101,380)**	**(16,909,539)**	**(789,738)**	**460,377,453**
Recognized income and expense	-	-	-	-	**15,055,569**	**(112,561)**	**14,943,008**
Transactions with partners or owners:	-	-	**(112,521)**	**(163,940)**	-	-	**(276,461)**
Transactions with treasury shares (net)	-	-	(112,521)	(163,940)	-	-	(276,461)
Other changes in equity	-	-	**(16,909,539)**	-	**16,909,539**	-	-
Balance at December 31, 2024	**116,032,487**	**341,887,362**	**4,236,201**	**(1,265,320)**	**15,055,569**	**(902,299)**	**475,044,000**
Recognized income and expense	-	-	-	-	**9,985,348**	**119,583**	**10,104,931**
Transactions with partners or owners:	-	**(166,942,655)**	**(114,762)**	**259,155**	**(13,550,012)**	-	**(180,348,274)**
Transactions with treasury shares (net)	-	-	(114,762)	259,155	-	-	144,393
Dividends paid	-	(166,942,655)	-	-	(13,550,012)	-	(180,492,667)
Other changes in equity	-	-	**1,505,557**	-	**(1,505,557)**	-	-
Balance at December 31, 2025	**116,032,487**	**174,944,707**	**5,626,996**	**(1,006,165)**	**9,985,348**	**(782,716)**	**304,800,657**

The accompanying notes 1 to 21 are an integral part of the statement of changes in equity for the year ended December 31, 2025.

Cash flow statement for the year ended December 31, 2025

(Expressed in euros)

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	3	**9,985,348**	**15,055,569**
Adjustments to profit		**(2,057,183)**	**(11,718,565)**
Depreciation and amortization	17.4	3,270,879	3,204,633
Impairment loss allowances	6, 7, 8, & 9.1	(1,088,969)	(10,081,432)
Gains (losses) from derecognition and disposal of financial instruments	8	(2,572,822)	6,990,294
Gains (losses) from derecognition and disposals of non-current assets	7	(1,049,735)	(8,356,783)
Other gains (losses)	9.1	-	(187,164)
Finance income		(6,142,429)	(9,043,978)
Finance costs	17.5	6,950,340	6,870,663
Exchange gains (losses)		(3,607)	(1,472)
Changes in fair value of financial instruments	17.6	243,776	(255,861)
Other income and expenses	7	(1,664,616)	(857,465)
Change in working capital		**8,083,017**	**1,191,208**
Inventories	10	18,109	363,661
Trade and other receivables		1,524,606	(983,029)
Other current assets		(248,792)	(65,419)
Trade and other payables		4,819,255	1,695,996
Other current liabilities		(179,999)	179,999
Other non-current assets and liabilities		2,149,840	-
Other cash flows from operating activities		**(4,578,108)**	**(4,644,885)**
Interest paid		(6,510,340)	(6,343,700)
Dividends received	8	1,130,123	1,600,073
Interest received		802,109	633,742
Other proceeds		-	(535,000)
Cash flows from operating activities		**11,433,074**	**(116,673)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(22,432,824)**	**(73,432,320)**
Group companies and associates	16.1	(997,704)	(50,010,000)
Property, plant, and equipment	6	(19,307)	(326,469)
Investment properties		(21,415,813)	(17,121,706)
Other financial assets		-	(5,974,145)
Proceeds from sale of investments		**166,395,246**	**72,856,207**
Group companies and associates		166,395,246	1,412,352
Investment properties		-	18,000,000
Other financial assets		-	23,281,300
Assets held for sale		-	29,900,000
Other assets		-	262,555
Cash flows from (used in) investing activities		**143,962,422**	**(576,113)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**144,393**	**(276,461)**
Acquisition of own equity instruments	13.4	259,155	(591,158)
Disposal of own equity instruments	13.4	(114,762)	314,697
Proceeds from and payments of financial liabilities		**(6,971,175)**	**31,154,499**
Issues		21,983,712	46,363,653
Bank borrowings		21,983,712	45,250,318
Other borrowings		-	1,113,335
Repayment and redemption of	14.1	(28,954,887)	(15,209,154)
Bank borrowings		(28,954,887)	(15,209,154)
Dividends paid and payments on other equity instruments		**(180,492,667)**	-
Dividends	13	(180,492,667)	-
Cash flows from financing activities		**(187,319,449)**	**30,878,038**
Net foreign exchange difference		-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(31,923,953)**	**30,185,252**
Cash and cash equivalents at January 1		59,672,131	29,486,879
Cash and cash equivalents at December 31	11	27,748,178	59,672,131

The accompanying notes 1 to 21 are an integral part of the cash flow statement for the year ended December 31, 2025.

Notes to the financial statements for the year ended December 31, 2025

1. GENERAL INFORMATION

The corporate purpose of HOTEI PROPERTIES GROUP, SOCIMI, S.A. (formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A. and hereinafter "the Company" or "HOTEI") comprises 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 on Collective Investment Institutions, 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 Company's revenue in each tax period.

These business activities are at present carried out in Spain.

The Company was incorporated on June 6, 2017 as a private limited company, under protocol number 2.919. Its registered business and tax address has been calle Velazquez,47, 28001, Madrid, since January 9, 2025 (previously located at Paseo de la Castellana 102, 28046, Madrid).

On June 30, 2025, the general shareholders meeting, amongst other matters, approved a modification of the corporate name, Millenium Hospitality Real Estate SOCIMI, S.A., to the current version, Hotei Properties Group, SOCIMI, S.A., filing the change at the Mercantile Registry on October 19, 2025.

On January 24, 2024, Mr. Javier Illán made his position available to the Board of Directors of HOTEI 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 HOTEI. At the Board of Directors meeting held on December 16, 2024, Mr. Luis Basagoiti ceased to serve as executive chairman of the Company and his contract was terminated, finally leaving his position as Board member on June 30, 2025. Likewise, Mr. Francisco de Borja Escalada Jimenez was appointed in his place as Chief Executive Officer of HOTEI starting on that date.

Notes to the financial statements for the year ended December 31, 2025

The Company is 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 Company'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, environmental disclosures are not provided in the accompanying financial statements.

The Company is the head of a group of companies in accordance with the provisions of article 42 of the Spanish Commercial Code, and prepares its consolidated financial statements under International Financial Reporting Standards as approved by the European Union (IFRS-EE). Said consolidated financial statements are filed at the Madrid Mercantile Registry together with the corresponding audit report within the legally stipulated deadlines.

The Company's functional currency is the euro as this is the currency of the primary economic area in which it operates.

1.1. SOCIMI regime (Spanish REIT)

On July 25, 2017, the sole shareholder of the Company until that date approved requesting that the Company be treated under the special tax regime for SOCIMIs, applicable from the moment of its incorporation. Said communication was presented to the tax authorities on July 26, 2017.

At December 31, 2025, the Company is thus 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 first transitional provision of the SOCIMI Law allows application of the SOCIMI tax regime on the terms established in article 8 of said Law, even when the requirements established therein have not been met at the incorporation date, provided that such requirements be fulfilled within the two years following the decision to opt for said regime. Consequently, the Company started applying the SOCIMI tax regime from 2017 onwards.

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, should the SOCIMI belong to a group as established in article 42 of the Commercial Code. 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 belong to a group as per the criteria established in article 42 of the Commercial Code, regardless of residence and the obligation to prepare annual 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 3.1.

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 Company 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 December 31, 2025, the Company fulfills all the requirements established in the SOCIMI Law (same situation as for 2024).

2. BASIS OF PRESENTATION

2.1. Regulatory financial reporting framework applicable to the Company

The Company's financial statements for the year ended December 31, 2025 were prepared in accordance with the regulatory framework for financial information as established in:

- Spanish GAAP approved by Royal Decree 1514/2007, of November 16, 2016, subject to various modifications since its publication, the last of which were contained in Law 7/2024, of December 20, together with its enacting regulations
- 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 accounting regulations.

The financial statements have been prepared by the Company's directors and will be submitted for approval by the shareholders in general meeting. It is expected that they will be approved without modification.

2.2. True and fair view

The financial statements have been prepared from the Company's auxiliary accounting records in accordance with prevailing accounting legislation to give a true and fair view of its equity, financial position and results, as well as changes in equity and cash flows corresponding to the year ended December 31, 2025.

The figures shown herein are expressed in euros, unless stated otherwise.

2.3. Critical issues concerning the measurement and estimation of uncertainty

When preparing the Company's financial statements, the directors of HOTEI made estimates to determine the carrying amounts of certain assets, liabilities, income, and expenses, as well as for the disclosure of contingent liabilities. These estimates were made on the basis of the best information available at the reporting date. However, given the uncertainty inherent in these estimates, future events could require them to be modified in subsequent reporting periods. Should this be necessary, any adjustments would be performed prospectively.

In addition to other relevant information regarding estimation of uncertainty at the closing date, 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 financial year, are as follows:

- Compliance with the SOCIMI tax regime (Notes 1.1 and 18.2)
- Valuation of investment properties (Notes 4.3 and 7)
- Valuation of the investments in the equity of group companies, jointly controlled entities, and associates (Notes 4.5 and 8).

2.4. Comparative information

In accordance with mercantile legislation, for comparative purposes, for each of the headings presented in the balance sheet, the income statement, the statement of changes in equity, and the cash flow statement, in addition to the figures for 2025, those for 2024 are also included. The notes to the financial statements also include quantitative information for the previous year, unless an accounting standard specifically states that this is not required.

3. APPROPRIATION OF PROFIT

The appropriation of 2025 profit proposed by the directors, which is expected to be approved by the shareholders in general meeting, is as follows:

(Euros)	2025
Basis of appropriation	
Balance of the income statement	9,985,348
	9,985,348
Appropriation to:	
Legal reserve	998,535
Dividends	8,986,813
	9,985,348

3.1. Distribution of results and management of capital

As indicated in Note 1.1, the Company has availed itself of the special tax regime established in the SOCIMI Law. In accordance with said Law, the Company is obliged to distribute gains obtained during the year in the form of dividends to their shareholders, 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 the 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 gains attributable to years in which the Company 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 on the terms referred to in the previous section.

The Company is obliged to transfer 10% of profit for the year to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders (Note 13.3).

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

4. RECOGNITION AND MEASUREMENT POLICIES

The main recognition and measurement accounting criteria which the Company applied in the preparation of these financial statements are the following:

4.1. Intangible assets

Intangible assets are initially measured at cost, determined as either acquisition or production cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized systematically on a straight-line basis over their estimated useful life, taking into account their residual value. Amortization methods and periods are reviewed at the end of each reporting period, and adjusted prospectively where applicable. Intangible assets are tested for impairment at least at the end of each reporting period and any impairment is recognized.

Software

Software includes the costs incurred when acquiring software from third parties. These expenses are amortized on a straight-line basis over the useful life of the asset (four years).

Expenses for repairs which do not prolong the useful life of the assets, as well as maintenance expenses, are taken to the income statement in the year incurred.

4.2. Property, plant, and equipment

PP&E items are initially measured at either acquisition or production cost. The cost of PP&E items acquired in a business combination is the fair value as of the acquisition date.

Following initial recognition, PP&E items are stated at cost less accumulated depreciation and any accumulated impairment losses recognized.

In addition, another component of PP&E items is the initial estimate of the present value of asset dismantling or retirement obligations and other associated costs, such as the cost of restoring assets, when these obligations trigger the recognition of provisions.
Expenses for repairs which do not prolong the useful life of the assets, as well as maintenance expenses, are taken to the income statement in the year incurred. Expenses incurred for renovation, expansion or improvements which increase the productive capacity or prolong the useful life of assets are capitalized as an increase in the carrying amount of the assets, while the carrying amounts of any replaced items are derecognized.

Once available for use, PP&E items are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives for the different PP&E items are as follows:

	Useful lives
Plant	3.5 years
Furniture	10 years
Data processing equipment	4 years

The Company reviews the assets' residual values, useful lives, and depreciation methods at each year end, adjusting them prospectively where applicable.

4.3. Investment properties

The Company classifies as investment properties those non-current assets that are buildings which it holds to obtain rent, capital gains, or both, rather than for production purposes or services other than renting, administrative purposes, or their sale in the ordinary course of its business. In addition, investment properties also include the land and buildings whose future use has not been decided upon at the moment of their inclusion in Company equity. Likewise, properties which are under construction or being improved for future use as investment properties, are also classified as investment properties.

These assets are initially measured at cost, determined as either acquisition or production cost. Following initial measurement, they are stated at cost less accumulated amortization and, if applicable, any accumulated impairment losses recognized.

The cost of those assets which require more than one year to be ready for use includes any related prior finance expenses which meet capitalization requirements.

In addition, the carrying amounts of investment properties also include a component corresponding to the initial estimate of the present value of asset dismantling or retirement obligations and other associated costs, such as the cost of restoring assets, when these obligations lead to recognizing provisions.
Expenses for repairs which do not prolong the useful life of the assets, as well as maintenance expenses, are taken to the income statement in the year incurred. Expenses incurred for renovation, expansion or improvements which increase the productive capacity or prolong the useful life of assets are capitalized as an increase in the carrying amount of the assets, while the carrying amounts of any replaced items are derecognized.

Costs relating to major repairs of investment properties, irrespective of whether the items affected are replaced or not, are identified as a component of the cost of the asset at the date of recognizing the asset in equity, and depreciated over the time remaining until the next major repair.
Once available for use, investment properties are depreciated on a straight-line basis over their estimated useful lives, determined to be 33-50 years.

At least at each semi-annual closing, the Company assesses whether any investment properties are impaired by comparing the carrying amounts to the recoverable amounts. The recoverable amount is the fair value less costs to sell. When the carrying amount exceeds its recoverable amount, the asset is considered impaired. Impairment losses and any reversals are recognized in the income statement. Impairment losses are reversed only if the originating circumstances have ceased to exist. The reversal is limited to the carrying amount of the asset that would have been determined had the impairment loss not been recognized previously.

The fair value of investment properties is determined taking as reference values the appraisals undertaken by external independent experts, so that at each year-end the fair value reflects the market conditions of the investment properties at that date. The valuation reports issued by the independent experts only contain the usual caveats and/or qualifications regarding the scope of the results obtained from the appraisals performed, which refer to acceptance that the information provided by the Company is complete and correct, and that the appraisal was carried out in accordance with the valuation standards published by the Royal Institute of Chartered Surveyors in Great Britain.

The main methodology utilized to determine the fair value of investment properties consists in discounting cash flows, based on the estimated expected future cash flows from the investment properties using an appropriate discount rate to calculate the present value of these cash flows. Said rate takes current market conditions into account and reflects all forecasts and risks relating to the cash flows and the investment. In order to calculate the residual value of the assets for the last year of the forecasts made regarding cash flows, a net exit *yield* is applied.

Note 7 includes detailed information on the net exit *yields* considered and the rate used for discounting projected cash flows.

4.4. Leases

Leases are classified as finance leases when, based on the economic terms of the arrangement, all risks and rewards incidental to ownership of the leased item are substantially transferred to the lessee. All other lease arrangements are classified as operating leases.

Company as lessee

Assets acquired under finance lease arrangements are recognized, based on their nature, at the lower of their fair value or the present value of the minimum lease payments at the outset of the lease term, including any associated purchase option. A financial liability is recognized for the same amount. Contingent installments, service expenses, and reimbursable taxes (by the lessor) are not included in the calculation of agreed upon minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability. The total finance expense incurred in connection with the lease arrangement is recognized in the income statement in the year accrued using the effective interest rate method. Assets are depreciated, amortized, impaired, and derecognized using the same criteria applied to assets of a similar nature.

Operating lease payments are recognized in the income statement as they accrue.

Company as lessor

Income from operating leases is recognized in the income statement when accrued. Direct costs attributable to the lease agreement increase the value of the leased asset and are recognized as an expense over the term of the lease on the same basis as lease income.

At December 31, 2025, most of the Company's hotel properties included under investment properties, as well as those classified under "Non-current assets held for sale," are leased under operating leases, though the properties that are in the process of development or conversion have not generated rental income (Notes 7.1 and 17.1).

4.5. Financial assets

Classification and measurement

The Company's financial assets are classified into the following categories:

Financial assets at amortized cost

A financial asset is included under this category, even when it is listed for trading on an organized market, if the Company holds the investment with a view to receiving the cash flows arising from execution of the contract, and the contractual terms of the financial asset give rise to cash flows on specified dates that are solely collections of principal and interest on the outstanding principal.

The contractual cash flows that are solely collections of principal and interest on the outstanding principal are inherent to an agreement which has the nature of an ordinary or common loan, without prejudice to the fact that the transaction may be agreed upon at a zero interest rate or a rate below the market.

Notes to the financial statements for the year ended December 31, 2025

Management of a portfolio of financial assets to obtain its contractual cash flows does not imply that the Company must necessarily hold all the instruments to maturity; they can also be managed with this objective in mind, even if they are sold or are expected to be sold in the future. Thus, the Company must take the frequency, amounts, and timing for sales from prior years into account together with the motivation for these sales and the expectations generated with regard to future sales.

The Company's management of these investments depends on circumstances and does not depend on its intentions for an individual instrument. The Company can have more than one policy for managing its financial instruments and, in some circumstances, it may be appropriate to separate a portfolio of financial assets into smaller portfolios to reflect the level at which the Company manages its financial assets.

In general, this category includes trade and non-trade receivables:

a) Trade receivables: these correspond to those financial assets which arise from the sale of goods and the rendering of services in the course of the Company's business operations with deferred collection; and

b) Non-trade receivables: these correspond to those financial assets which, not corresponding to equity instruments or derivative instruments, are not commercial in origin and have fixed or determinable payments which arise from loans or credits granted by the Company.

Financial assets classified under this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, deemed equivalent to the fair value of the consideration paid plus directly attributable transaction costs.

Nevertheless, trade receivables which mature within less than one year with no explicit contractual interest rate, as well as loans to personnel, dividends receivable, and called-up payments on equity instruments, the amount of which is expected in the short term, can be carried at nominal value when the effect of not discounting the cash flows is not significant.

Subsequently, the financial assets included in this category are measured at their amortized cost. Interest accrued is recognized in the income statement using the effective interest rate method.

However, receivables maturing within a year that in keeping with the description in the preceding paragraph are initially stated at nominal value will continue to be measured at nominal value unless they have become impaired.

When the contractual cash flows of a financial asset measured at amortized cost are modified due to financial difficulties of the issuer, the Company analyzes whether it is appropriate to account for an impairment loss.

In guarantees extended for operating leases, the difference between the fair value and the amount disbursed is considered as a prepayment for the lease and is taken to the income statement over the lease term. When assessing the fair value of guarantees, the minimum contractual term is considered as the remaining period.

Financial assets at cost

This category includes equity investments in companies over which the Company has control (group companies), joint control through a statutory or contractual arrangement with one or more partners (jointly controlled entities) or has significant influence (associates).

These financial assets are measured initially at cost. In the absence of evidence to the contrary, this corresponds to the transaction price, which is equivalent to the fair value of the consideration delivered plus directly attributable transaction costs.

When an investment is newly classified as a group company, jointly controlled entity, or associate, the cost is deemed to be the investment's recognized carrying amount immediately prior to the company being classified as such. Where applicable, previous valuation adjustments associated with this investment recognized directly in equity will remain there until the investment is either sold or impaired.

Initial measurement includes any preferential subscription rights or similar that have been acquired.

Subsequent to initial recognition, these financial assets are measured at cost, less any accumulated impairment losses.

When preferential subscription or similar rights are sold or separated for the purpose of exercising them, the cost of these rights decreases the carrying amount of the respective assets.

Financial assets at fair value through profit or loss

The Company classifies a financial asset under this category provided that none of the other categories are applicable.

At any rate, financial assets held for trading are included under this category. The Company considers that a financial asset is being held for trading when at least one of the following three circumstances apply:

a) It was issued or acquired for the purpose of selling in the short term;

b) At initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking; or

c) It is a derivative instrument, unless it constitutes a financial guarantee contract or is designated as a hedging instrument.

In addition to the above, at initial recognition the Company has the option to designate a financial asset irrevocably at fair value through profit or loss, which it would otherwise have included in another category (usually denominated as the "the fair value option"). This option can be chosen if any valuation inconsistencies or accounting asymmetries which would arise if the assets or liabilities were measured on a different basis are eliminated or significantly reduced.

Financial assets classified under this category are measured at fair value on initial recognition, which is normally assumed to be the transaction price (equivalent to the fair value of the consideration delivered) provided there is no evidence to the contrary. Directly attributable transactions costs are recognized in the income statement for the reporting period (that is, they are not capitalized).

Subsequent to initial recognition, the Company measures the financial assets under this category at fair value through profit or loss (finance cost).

Financial assets at fair value through equity

This category includes financial assets that meet the following requirements:

- the financial instrument is not held for trading and classification at amortized cost is not applicable; and

- the contractual terms of the financial assets give rise to cash flows on specified dates which are solely receipts of principal and interest on the outstanding principal.

In addition, the Company has the option to classify (irrevocably) investments in equity instruments under this category provided that they are not held for trading and must not be measured at cost (see the "at cost" category below).

The financial assets included under this category are initially measured at fair value, which, unless there is evidence to the contrary, is deemed the transaction price, which is equivalent to the fair value of the consideration paid plus any directly attributable transaction costs. In other words, these transaction costs are capitalized.

Subsequent recognition is at fair value without deducting any transaction costs which may be incurred upon disposal. Changes in fair value are recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously deferred in equity is taken to profit or loss.

Interest accrued is also recognized in the income statement, calculated using the effective interest method, together with any dividends accrued (finance income).

<u>Derecognition of financial assets</u>

The Company derecognizes a financial asset (or part of it) when the contractual rights to the cash flows from the asset have either expired or been transferred. The Company must have transferred substantially all risks and rewards inherent in ownership, which is assessed by comparing the Company's exposure before and after the transfer to the changes in value and in timing, net of the transferred asset. The risks and rewards inherent to ownership of a financial asset are deemed to have been substantially transferred when its exposure to such changes is no longer significant with respect to the total change in the present value of the future net cash flows associated with the financial asset (such as firm asset sales, assignments of trade receivables in factoring transactions in which the Company does not retain any credit or interest rate risk, sales of financial assets under repurchase agreements at fair value, and securitizations of financial assets in which the transferring entity does not retain subordinated financing or grant any type of guarantee or assume any other type of risk).

If the Company has not substantially transferred or retained the risks and rewards inherent to ownership of the financial asset, it is derecognized if control over the asset has not been retained. This is determined based on the transferee's unilateral ability to transfer the asset entirely to an unrelated third party without imposing conditions. If the Company retains control over the asset, it continues to recognize the asset at the amount of its exposure to changes in the value of the transferred asset; that is, to the extent of its continuing involvement in the financial asset, recognizing an associated liability as well.

When a financial asset is derecognized, the difference between the consideration received, net of attributable transaction costs, including any new asset obtained less any liability assumed, and the carrying amount of the financial asset, determines the gain or loss generated upon derecognition, and is included in the income statement for the year to which it relates.

The aforementioned criteria are also applied when transferring a group of financial assets or parts thereof.

The Company does not derecognize financial assets and recognizes a financial liability at an amount equal to the consideration received in the sale of financial assets in which it has substantially retained the risks and rewards incidental to ownership, such as discounted bills, factoring with recourse, disposals of financial assets under repurchase agreements at fixed prices or at the sale price plus interest, and securitizations of financial assets in which the seller retains subordinate financing or other types of guarantees which substantially absorb estimated losses.

Interest income and dividends received from financial assets

Interest and dividends from financial assets accrued subsequent to acquisition are recognized as income in the income statement. Interest is recognized using the effective interest rate method and dividends are recognized when the right to receive them is established.

To this end, financial assets are recognized separately upon initial measurement based on maturity and unmatured accrued explicit interest at that date. Explicit interest refers to the contractual interest rate applied to the financial instrument.

In addition, when distributed dividends are derived unmistakably from profit generated prior to the date of acquisition, based on the conclusion that the amounts distributed exceed the profit generated by the investee since acquisition, the dividends are not recognized as income but rather decrease the carrying amount of the investment.

Impairment of financial assets

The carrying amount of financial assets is corrected in the income statement when there is objective evidence of an impairment loss.

To determine impairment losses on financial assets, the Company assesses the potential loss of individual as well as groups of assets with similar risk exposure.

In the case of financial assets measured at amortized cost, the impairment loss will correspond to the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, including any cash flows arising from execution of collateral and personal guarantees, discounted at the effective interest rate as calculated when the financial asset was initially recognized. For financial assets with variable interest rates, the effective interest rate at the annual balance sheet date is used as per the contractual terms. Impairment loss on groups of financial assets is computed using models based on statistical formula or valuation methods.

However, the present value of future cash flows can be substituted by the Company with the instrument's market value, provided that it is reliable enough to be considered representative of the recoverable amount.

The recognition of interest accrued on credit-impaired financial assets follows the general rules, without prejudice to the fact that the Company must simultaneously assess whether said amount is recoverable, recognizing the corresponding impairment loss if applicable.

In the case of assets recognized at fair value through equity, accumulated losses recognized in equity due to a decrease in fair value are recognized in the income statement provided that there is objective evidence of impairment.

In the case of equity investments in group companies, jointly controlled entities, and associates, impairment loss is measured as the difference between the carrying amount of the asset and the recoverable amount, which is the greater of the asset's fair value, less costs to sell, and the present value of future cash flows derived from the investment. Unless better evidence is available, impairment is estimated taking into account the investee's equity adjusted for any unrealized capital gains existing on the measurement date.

Impairment losses, as well as reversals thereof when the losses decrease as a result of events occurring after their recognition, are recognized in the income statement as an expense or income, respectively. The reversal of an impairment loss is limited to the carrying amount that would have been recognized on the reversal date had the original impairment not been recognized.

4.6. Financial liabilities

Classification and measurement

Financial liabilities at amortized cost

In general, this category includes trade and non-trade payables:

a) Trade payables: these correspond to those financial liabilities which arise from the purchase of goods and services in the course of the Company's business operations with deferred payment; and

b) Non-trade payables: these correspond to financial liabilities which, not corresponding to derivative instruments, do not have a commercial origin but arise from loan or credit transactions carried out by the Company.

Participative loans which have the characteristics of a common or ordinary loan are also included under this category without prejudice to the fact that the transaction is agreed upon at a zero interest rate or at a rate below that offered by the market.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received, adjusted by directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortized cost. Accrued interest is recognized in the income statement using the effective interest rate method.

Nevertheless, trade payables falling due within one year for which there is no contractual interest rate, as well as called-up payments on shares, payment of which is scheduled in the short term, are carried at their nominal value when the effect of not discounting the cash flows is not material.

In guarantees received for operating leases, the difference between the fair value and the amount disbursed is considered revenue received in advance for the lease and recognized in the income statement over the lease term. When assessing the fair value of guarantees, the minimum contractual term is considered as the remaining period.

Derecognition of financial liabilities

The Company derecognizes a financial liability, or a part of the financial liability, as soon as the related obligations are extinguished; that is, when they have been settled or canceled, or when they have expired. Own financial liabilities acquired may also be derecognized, even if the entity intends to resell them in the future.

When debt instruments are exchanged with a lender, the original financial liability is derecognized and the new financial liability is recognized to the extent that their contractual terms are substantially different. Financial liabilities whose contractual terms are substantially modified are treated in the same manner.

The difference between the carrying amount of a financial liability, or the part of that liability that has been derecognized, and the consideration paid, including any related expenses incurred or commissions paid, which also includes any asset transferred other than cash or liability assumed, is recognized in the income statement for the reporting period in which it arises.

When debt instruments are exchanged with contractual terms that are not substantially different, the original financial liability is not derecognized and any transaction costs or commissions paid are recognized as an adjustment to their carrying amount. From that date onwards, the new amortized cost of the financial liability is calculated using the effective interest rate, which is the rate that equates the carrying amount of the financial liability at the modification date to the cash flows payable under the new terms.
Accordingly, the contractual terms are considered to be substantially different when, amongst other factors, the present value of the cash flows from the new contract, including any commissions paid, net of any commissions received, differs by at least 10% of the present value of the cash flows yet to be paid on the original contract, when the effective interest rate of the original liability has been applied to both. Certain modifications in the determination of cash flows may not meet this quantitative criterion but may also result in a substantial modification to the liability, such as a change in the liability's remuneration from a fixed to a variable interest rate, the restatement of the liability in a different currency, a fixed interest rate loan that is converted into a participative loan, amongst other cases.

4.7. Fair value

Fair value corresponds to the price receivable from sale of an asset or the price that would be paid for transferring or canceling a liability in an arm's length transaction between market participants at the measurement date. Fair value is determined without applying any deduction for transaction costs which may be incurred as a result of the disposal or use by other means. The results of a forced or urgent transaction, or those arising as a consequence of a situation involving involuntary liquidation, can never be considered as fair value.

Fair value is estimated for a specific date and, given that the market conditions can vary over time, this value may be inadequate at another date. In addition, when estimating fair value, the Company takes the conditions of the asset or liability into account which market participants would take into account when pricing the asset or liability at the measurement date.

In general, fair value is calculated by reference to a reliable market value. For those items with respect to which there is an active market, fair value is obtained via application of valuation models and techniques. Valuation models and techniques include the use of references to recent arm's length transactions between knowledgeable and willing parties, if available, as well as references to the fair value of other assets that are substantially the same, discounting methods for estimated future cash flows, and the models generally used to value options.

At any rate, the valuation techniques employed are consistent with accepted methodologies used in the market for setting prices, and that technique which has demonstrably obtained the most realistic estimates for prices is used, if possible. Likewise, the techniques take observable market data into account together with other factors which the participants would consider when setting a price, limiting the use of subjective considerations and unobservable or unverifiable data to the maximum extent possible.

The Company periodically evaluates the effectiveness of the valuation techniques used, employing observable prices in recent transactions with the same asset that is being valued as a reference, or using prices based on observable market data or indices which are available and applicable.

Thus, a hierarchy emerges with respect to the variables utilized in the determination of fair value and a fair value hierarchy is established which permits classification at three levels:

- Level 1: estimates which use unadjusted listed prices in active markets for identical assets and liabilities to which the Company has access at the measurement date.
- Level 2: estimates which use listed prices in active markets for similar instruments or other valuation methodologies in which all significant variables are based on directly or indirectly observable market data.
- Level 3: estimates in which a significant variable is not based on observable market data.

An estimate of fair value is classified at the same fair value hierarchy level as the lowest level variable which is significant in the result of the valuation. For these purposes, a significant variable is one that has a decisive influence on the result of the estimate. When assessing the importance of a specific variable for the estimate, the specific conditions of the asset or liability being valued are taken into account.

4.8. Cash and cash equivalents

This heading includes cash in hand, current accounts, short-term deposits, and purchases of assets under resale agreements that meet the following criteria:

- They are readily convertible to cash
- They mature within less than three months from the acquisition date
- The risk of change in value is insignificant
- They form part of the Company's usual cash management policy.

4.9. Corporate income tax

Income tax payable or receivable comprises current tax payable or receivable as well as deferred tax expenses or income.

Current tax is the amount that the Company pays in settlement of the income tax returns for the year. Deductions and other tax relief applicable to payable taxes, excluding withholdings and payments on account, are accounted for as a reduction in current tax. Similarly, tax loss carryforwards from prior years effectively applied in the current reporting period also reduce tax payable.

Deferred tax expense or income corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include the temporary differences, identified as those amounts expected to be payable or recoverable, arising from the difference between the carrying amounts of assets and liabilities and their tax bases, as well as any unused tax loss carryforwards and unused tax credits. These amounts are measured at the tax rates that are expected to apply when the corresponding temporary differences or tax credits are realized or settled.

As indicated in Note 1.1, the Company opted for application of the special tax regime for SOCIMIs from January 1, 2017. This decision was communicated to the tax authorities on July 26, 2017.

Deferred tax liabilities are recognized for all taxable temporary differences, except for those which (i) arise from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit (tax loss), or (ii) are associated with investments in subsidiaries, associates, and jointly controlled entities where the Company can control the timing of the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax assets are only recognized to the extent that it is considered probable that the Company will have future taxable income to enable their application, and provided the SOCIMI regime allows for this possibility.

Deferred tax assets and liabilities arising from transactions involving direct credits or debits to equity headings, are also accounted for with a balancing entry in equity.

Recognized deferred tax assets are reassessed at the end of each reporting period and the appropriate adjustments are made when there are doubts as to their future recoverability. Similarly, unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow them to be recovered.

Deferred tax assets and liabilities are measured using the tax rates expected to prevail upon their reversal, based on tax legislation approved, and in accordance with the manner in which the Company reasonably expects to recover the asset's carrying amount or settle the liability.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

4.10. Classification of current and non-current assets and liabilities

Assets and liabilities are classified in the balance sheet as current or non-current. Accordingly, assets and liabilities are classified as current when they are associated with the Company's normal operating cycle, which is less than one year, and it is expected that they will be sold, consumed, realized or settled within the course of that cycle; if they differ from the aforementioned assets and are expected to mature, be sold or settled within one year; if they are held for trading or are cash and cash equivalents the use of which is not restricted to more than one year. All other assets and liabilities are presented as non-current.

4.11. Income and expenses

In accordance with the accruals principle, income is recognized when control is transferred and expenses are recognized when they are incurred, regardless of when actual payment or collection occurs.

The Company recognizes revenue from a contract when control over the services contracted are transferred to the client and it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and costs incurred or to be incurred can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, less any trade discounts, rebates or similar items granted by the Company and interest on the nominal amount of credit extended. Applicable indirect taxes on transactions that are reimbursed by third parties are not included. Expenses are recognized when incurred, regardless of the payment date.

Rental income is recognized on a straight-line basis over the term of the contract, even if the contract establishes incremental payments.

4.12. Transactions with related parties

Related party transactions are measured in keeping with the accounting standards described above, except for the following:

- Non-monetary contributions of a business to a group company are generally measured at the carrying amount of the assets and liabilities delivered as reflected in the consolidated financial statements at the date on which the transaction takes place.

- In mergers and spin-offs, acquired items are generally recognized at the amount at which they are stated in the consolidated financial statements once the transaction is completed. Any resulting differences are recognized in reserves.

Given that the prices of related party transactions are adequately supported, the Company's directors consider that there are no risks which might result in significant tax liabilities in the future.

4.13. Treasury shares

Treasury shares are recognized in equity as a decrease in "Capital and reserves" when acquired. No loss or gain is shown in the income statement on sale or cancellation. Income and expenses incurred in connection with transactions with treasury shares are recognized directly in equity as a decrease in reserves.

4.14. Provisions and contingencies

Liabilities for which the amount and settlement date are uncertain are recognized as provisions when the Company has a present obligation (legal, contractual, constructive or tacit) arising from past events, the settlement of which is expected to result in an outflow of resources, the amount of which can be measured reliably.

Provisions are measured at the present value of the best possible estimate of the amount needed to cancel the obligation or transfer it to a third party, recognizing any corresponding adjustments to the provisions as a finance cost as they accrue. Provisions expiring within one year are not discounted when the financial effect is not material. Provisions are reviewed at each balance sheet date and adjusted to reflect the best current estimate of the corresponding liability.

Compensation receivable from a third party when obligations corresponding to provisions are settled is recognized as an asset without reducing the provision, provided there is no doubt that this reimbursement will actually be received and that it does not exceed the amount of the liability recognized. If the risk has been legally or contractually externalized, and the Company is thereby not liable for the cost of settling the obligation, this reimbursement is deducted from the amount of the provision.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and those present obligations that arise from past events for which it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or for which the amount of the obligation cannot be measured with sufficient reliability. These liabilities are not recognized in the financial statements but are disclosed in the accompanying explanatory notes, unless the possibility of an outflow of resources is remote.

4.15. Remuneration plan for Board members and executives

At the general shareholder meeting held on June 21, 2024, the Management Policy in force since September 30, 2021 was suspended, which included, amongst other items, the remuneration policy for the management team. Further, the remuneration policy for Company Board members was approved at the same general shareholding meeting, subsequently modified and approved at the general shareholder meeting held on December 16, 2024.

On December 22, 2025, the Board of Directors approved a new long-term incentive plan (LTIP) for the management team and other employees, having agreed upon it with both. The LTIP grants employees an extraordinary incentive linked to certain Company objectives and will be payable in January 2027.

4.16. Termination benefits

In accordance with prevailing labor legislation, the Company is required to pay indemnities to employees who are dismissed under certain circumstances. Reasonably quantifiable indemnity payments are recognized as an expense in the year in which the Company creates a valid expectation on the part of the affected third parties that the dismissals will occur.

4.17. Non-current assets and disposal groups held for sale

The Company classifies assets whose carrying amount is expected to be mainly recovered through a sales transaction, rather than through continuing use, as "Non-current assets held for sale" when the following criteria are met:

- They are immediately available for sale in their present condition, subject to the normal terms of sale; and
- It is highly probable that they will be sold.

Non-current assets held for sale are accounted for at the lower of their carrying amount and fair value less costs to sell, except deferred tax assets, assets arising from employee benefits, and financial assets other than investments in group companies, jointly controlled entities and associates, which are measured according to specific standards. These assets are not amortized/depreciated and, where necessary, the corresponding impairment loss is recognized to ensure that the carrying amount does not exceed fair value less cost to sell.

The associated liabilities are classified under "Liabilities related to non-current assets held for sale."

4.18. Accounting hedges

From an accounting point of view, the Company divides financial derivatives into two large groups:

- Derivatives held for trading: these are recognized at fair value and any changes in fair value are recognized against the income statement (included under "Financial assets/liabilities at fair value through profit or loss").

- Hedging derivatives: these are likewise recognized at their fair value. However, special accounting standards are applied, known as hedge accounting. Depending on the accounting model used for hedges, either the balancing entry for changes in the value of the derivative can be adjusted or the accounting of the hedged item can be adjusted.

The objective of hedge accounting is to eliminate or reduce so-called accounting asymmetries. Such accounting asymmetries generally arise when the Company contracts derivatives (or sometimes another financial instrument) to hedge an item (or offset changes in fair value or cash flows), and this item is either not recognized at fair value through profit or loss (e.g. a loan at amortized cost or inventories at cost) or does not even appear on the balance sheet (e.g. a planned purchase of raw materials or a planned bond issue).

The asymmetry generates volatility in profit or loss during the lifetime of the hedge, with the Company economically covered with respect to one or more specific risks.

To avoid the volatility which results from this different criterion for recognizing the two transactions (hedging instrument and hedged item) in profit or loss, special hedge accounting rules have been established which are applied through hedge accounting models. These models involve the application of special accounting standards to break the accounting asymmetry.

In order to be able to apply these special hedge accounting standards, the Company meets the following three requirements:

- The components of the hedge (hedging instrument and hedged item) must comply with the stipulations established in accounting regulations, that is, they must be considered eligible.

- The initial documentation must be prepared together with the formal designation as a hedge.

- The requirements for effectiveness of the hedge must be met.

Fair value hedges

Fair value hedges cover the exposure to changes in the fair value of recognized assets and liabilities or firm commitments yet to be recognized, or a specific part thereof, attributable to a specific risk that may affect the income statement (for example, contracting a swap to hedge the risk of financing at fixed rates).

The applicable accounting standards are as follows:

- Changes in the value of the hedging instrument are recognized in the income statement.

- Changes in the value of the hedged item attributable to the hedged risk are recognized in the income statement from the inception of the hedge.

When the hedged item corresponds to an unrecognized firm commitment or a component thereof, the accumulated change in the fair value of the hedged item subsequent to its designation as a hedge is recognized as an asset or liability, and the related gain or loss is reflected in the income statement.

Changes in the carrying amounts of hedged items measured at amortized cost will result in an adjustment to the instrument's effective interest rate, either at the moment of the change or (at the latest) when hedge accounting is discontinued.

Notes to the financial statements for the year ended December 31, 2025

5. DISPOSAL GROUPS HELD FOR SALE

At December 31, 2025, those assets and liabilities related to them for which the Company intends to recover their carrying amounts via their sale rather than continued use were classified under "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale." On March 4, 2026, the Company sold one of the aforementioned assets for the amount agreed upon in the binding offer (Note 21).

The breakdown of the main headings for assets and liabilities classified as held for sale at December 31, 2025 is as follows:

(Euros)	12/31/2025
Non-current assets	
Investment properties (Note 7)	94,468,840
Financial investments	858,333
Trade receivables	66,549
Current assets	
Trade and other receivables	285,926
Accruals	43,836
Non-current assets held for sale	**95,723,484**
Non-current liabilities	
Borrowings	21,624,407
Bank borrowings	20,752,742
Other financial liabilities	871,665
Current liabilities	
Borrowings	21,640,962
Bank borrowings	21,640,962
Trade and other payables	13,059
Suppliers and other payables	13,059
Accruals	16,786
Liabilities related to non-current assets held for sale	**43,295,214**

Property investments are leased to third parties through operating lease agreements with initial maturity dates ranging from 2027 to 2028.

The income from these operating lease contracts amounted to 5,276,855 euros for the year ended December 31, 2025 (Note 17.1), and the expenses associated with property investments that generated such income correspond to the following:

(Euros)	12/31/2025
Amortization	1,364,016
Taxes (other than income tax)	403,279
Other operating expenses	55,558
TOTAL	**1,822,853**

The bank borrowings recognized as liabilities related to non-current assets held for sale in the amount of 42,394 thousand euros correspond to mortgage loans that mature from 2026 to 2036 and either bear interest rates referenced to Euribor plus a spread or fixed rates between 2,38% and 2.40%. The aforementioned mortgage loans require compliance with a number of financial ratios, in some cases applicable once the hotel has been in operation for a certain period of time. The loans can be called ahead of maturity in the event of failure to meet the ratios. At December 31, 2025, the Company was in compliance with the financial ratios applicable at that date.

In addition, the breakdown of the annual maturities corresponding to the nominal amounts for liabilities related to non-current assets held for sale at December 31, 2025 is as follows:

(Thousands of euros)	Bank borrowings (excluding arrangement expenses)	Other non-current financial liabilities
2026	21,656,971	-
2027	1,872,000	500,000
2028	1,872,000	358,333
2029	1,872,000	-
2030	1,872,000	-
Subsequent years	13,410,500	13,332
	42,555,471	871,665

6. INTANGIBLE ASSETS AND PP&E

The breakdown and movements in the items recognized under "Intangible assets" are as follows:

(Euros)	12/31/2024	Additions/Allowances	Derecognitions	12/31/2025
Cost				
Software	67,979	-	-	67,979
	67,979	-	-	67,979
Accumulated amortization				
Software	(18,841)	(13,583)	-	(32,424)
	(18,841)	(13,583)	-	(32,424)
Net carrying amount	**49,138**	**(13,583)**	**-**	**35,555**

(Euros)	12/31/2023	Additions/Allowances	Derecognitions	12/31/2024
Cost				
Software	69,475	-	(1,496)	67,979
	69,475	-	(1,496)	67,979
Accumulated amortization				
Software	(281)	(18,560)	-	(18,841)
	(281)	(18,560)	-	(18,841)
Net carrying amount	**69,194**	**(18,560)**	**(1,496)**	**49,138**

There were no additions during either 2025 or 2024.

The movements in items composing "Property, plant, and equipment" are as follows:

(Euros)	12/31/2024	Additions/Allowances	Derecognitions	12/31/2025
Cost				
Plant	416,678	3,472	(90,695)	329,455
Furniture	63,925	14,481	-	78,406
Data processing equipment	47,024	1,354	-	48,378
	527,627	19,307	(90,695)	456,239
Accumulated depreciation				
Plant	(100,795)	(65,871)	90,695	(75,971)
Furniture	(19,686)	(7,650)	-	(27,336)
Data processing equipment	(32,168)	(8,695)	-	(40,863)
	(152,649)	(82,216)	90,695	(144,170)
Net carrying amount	**374,978**			**312,069**

(Euros)	12/31/2023	Additions/Allowances	Derecognitions	12/31/2024
Cost				
Plant	237,347	325,983	(146,652)	416,678
Furniture	63,839	86	-	63,925
Data processing equipment	46,624	400	-	47,024
	347,810	326,469	(146,652)	527,627
Accumulated depreciation				
Plant	(139,645)	(35,152)	74,002	(100,795)
Furniture	(13,443)	(6,243)	-	(19,686)
Data processing equipment	(22,486)	(9,682)	-	(32,168)
	(175,574)	(51,077)	74,002	(152,649)
Net carrying amount	**172,236**			**374,978**

There were no significant additions during 2025. The additions in 2024 mainly correspond to the adaptation work carried out for the new offices leased by the Company in Calle Velázquez, 47, Madrid. In addition, the derecognitions for 2024 relate to the installations of the Company's former offices as a result of the lease contract finalizing for calle Castellana 102, Madrid, where the Company's former registered business and tax addresses were located until January 9, 2025 (Note 1), resulting in a loss of 73 thousand euros recognized under "Gains (losses) on disposals and other" in the income statement for the year ended December 31, 2024.

7. INVESTMENT PROPERTIES

At December 31, 2025, the Company recognized the following investment properties:

Investment property	Location	Status
Hotel Meliá Bilbao	Lehendakari Leizaola 29, Bilbao	Operating
Hotel Radisson Collection Bilbao	Gran Vía de Don Diego López de Haro 4, Bilbao	Operating
Hotel El Autor by Autograph Collection	Zorrilla 19, Madrid	Operating
Hotel JW Marriott	Carrera de San Jerónimo 9-11, Madrid	Operating
Hotel Mercer Plaza Sevilla	Plaza San Francisco 11-12, Sevilla	Operating
Hotel Nobu San Sebastián	Miraconcha 32, San Sebastián	Operating
Hotel Nobu Madrid	Alcalá 26, Madrid	In development
Hotel Nômade Madrid	Gran Vía 11, Madrid	In development
R1H1 plot	San Roque, Cádiz	In development
Sporting plot	San Roque, Cádiz	In development
Other estates	San Roque, Cádiz	In development

This table includes properties classified under "Investment properties," as well as properties classified under "Non-current assets held for sale" (Note 5).

Notes to the financial statements for the year ended December 31, 2025

At December 31, 2024, the Company recognized the following investment properties:

Investment property	Location	Status
Hotel Meliá Bilbao	Lehendakari Leizaola 29, Bilbao	Operating
Hotel Radisson Collection Bilbao	Gran Vía Don Diego López de Haro 4, Bilbao	Operating
Hotel Mercer Plaza Sevilla	Plaza San Francisco 11-12, Sevilla	Operating
Hotel JW Marriott	Carrera de San Jerónimo 9-11, Madrid	Operating
Hotel Nobu San Sebastián	Miraconcha 32, San Sebastián	Operating
Hotel El Autor by Autograph Collection	Zorrilla 19, Madrid	Operating
Nômade Madrid	Gran Vía 11, Madrid	In development
Hotel Nobu Madrid	Alcalá 26, Madrid	In development

The breakdown and movements for investment properties at December 31, 2025 are as follows:

(Euros)	12/31/2024	Additions/Allowances	Derecognitions	Transfers (Note 5)	12/31/2025
Cost					
Land	224,526,077	15,925,107	-	(32,107,512)	208,343,672
Buildings	195,313,253	21,919,321	(325,883)	(68,754,370)	148,152,321
	419,839,330	37,844,428	(325,883)	(100,861,882)	356,495,993
Accumulated depreciation					
Buildings	(8,586,973)	(3,175,080)	-	6,393,042	(5,369,011)
	(8,586,973)	(3,175,080)	-	6,393,042	(5,369,011)
Impairment losses					
Land and buildings	(2,658,001)	-	1,049,735	-	(1,608,266)
	(2,658,001)	-	1,049,735	-	(1,608,266)
Net carrying amount	**408,594,356**	**34,669,348**	**723,852**	**(94,468,840)**	**349,518,716**

The additions for 2025 mainly correspond to costs capitalized in connection with construction and refurbishment work performed for various hotels, totaling 37,844 thousand euros (2024: 17,909 thousand euros), which includes 1,665 thousand euros (2024: 857 thousand euros) of finance costs, 772 thousand euros of employee benefits expense, and 14,981 thousand euros corresponding to the R1H1 assets, the sports plot and various estates, storage rooms and garages which the Company acquired from MHRE San Roque, S.L. and Alcaidesa Holding, S.L.U. prior to the sale of these Group companies in July 2025 (Note 8). The main costs capitalized in 2025 correspond to the hotels under development, that is, Hotel Nobu Madrid and Hotel Nômade Madrid (2024: Nômade Madrid).

The additions and derecognitions relating to impairment losses during 2025 and 2024 correspond to the allocation of impairment loss allowances and/or reversals thereof as a consequence of valuations carried out at year end by independent experts.

The net transfers amounting to 94,469 thousand euros correspond to the properties transferred to "Non-current assets held for sale" (Note 5).

The breakdown of investment properties and corresponding movements at December 31, 2024 are as follows:

(Euros)	12/31/2023	Additions/Allowances	Derecognitions	Transfers (Note 5)	12/31/2024
Cost					
Land	238,506,975	600,089	(14,580,987)	-	224,526,077
Buildings	180,596,745	17,309,001	(2,592,493)	-	195,313,253
	419,103,720	17,909,090	(17,173,480)	-	419,839,330
Accumulated depreciation					
Buildings	(5,502,827)	(3,084,146)	-	-	(8,586,973)
	(5,502,827)	(3,084,146)	-	-	(8,586,973)
Impairment losses					
Land and buildings	(12,739,433)	(922,377)	11,003,809	-	(2,658,001)
	(12,739,433)	(922,377)	11,003,809	-	**(2,658,001)**
Net carrying amount	**400,861,460**	**13,902,567**	**(6,169,671)**	**-**	**408,594,356**

During 2024, the Company sold its El Palmar and Palacetes de Córdoba assets for an aggregate amount of 18,000 thousand euros, generating a profit of 756 thousand euros, which was recognized under "Gains (losses) on disposals and other" in the income statement for 2024.

Measurement of investment properties

Note 4.3 describes the fair value criteria for investment properties.

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

December 31, 2025	***Net exit yields***	***Discount rate***
Operational hotels	4.75%-6.00%	7.50%-8.00%
Hotels in development	5.25%-6.00%	8.50%-13.00%

December 31, 2024	***Net exit yields***	***Discount rate***
Operational hotels	4.75%-7.00%	8.50%-9.00%
Hotels in development	5.25%-6.00%	8.50%-10.00%

The change of a quarter percentage point in net exit yields has the following impact on the valuations used by the Company for determining the recoverable amount corresponding to its operational hotels:

Notes to the financial statements for the year ended December 31, 2025

(Euros)	12/31/2025 Net carrying amount	Fair value	-0,25% in net exit *yields*	+0,25% in net exit *yields*
Operational hotels	197,896,425	243,800,000	248,400,000	239,400,000

(Euros)	12/31/2024 Net carrying amount	Fair value	-0,25% in net exit *yields*	+0,25% in net exit *yields*
Operational hotels	295,064,729	351,900,000	363,000,000	342,000,000

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

(Euros)	12/31/2025 Net carrying amount	Fair value	-2.5% in construction costs	+2.5% in construction costs
Hotels in development	151,622,291	158,764,386	159,286,000	155,310,000

(Euros)	12/31/2024 Net carrying amount	Fair value	-2.5% in construction costs	+2.5% in construction costs
Hotels in development	113,529,627	114,910,000	115,610,000	114,540,000

Other information

At December 31, 2025, the investment properties were mortgaged with different financial entities in guarantee of loans for an amount totaling 142,210,235 euros at December 31, 2025 (2024: 163,191,294 euros) (Note 14.1).

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

The Company has signed lease agreements for two premises on the ground floor of the building located at Carrera de San Jerónimo No. 9 in Madrid, where the Hotel JW Marriott is located, for estimated terms of 35 and 25 years. Said premises are partially used for the aforementioned hotel and partially for restaurant areas (Note 17.3).

7.1. Operating leases

The Company has leased the investment properties listed below to third parties via operating lease contracts:

- Regarding the Hotel Mercer Plaza Sevilla, the lease contract signed by the Spanish Mercer chain on March 8, 2023 has a duration of 20 years starting from April 21, 2023 (hotel delivery date), the first 5 years of which are obligatory for the lessee, and includes three automatic extensions of 5 years each.

- The lease associated with the Hotel JW Marriott has a duration of 25 years starting from March 27, 2023 (hotel delivery date), the first 5 years of which are obligatory for the lessee, and includes four automatic extensions of 5 years each.

In connection with this asset, there are also the following rental agreements for restaurant/catering spaces:

- The lease contract has a duration of 20 years starting from March 25, 2023 (restaurant delivery date), the first 5 years of which are obligatory for the lessee, and includes three automatic extensions of 5 years each. On July 29, 2025, the Company signed an addendum to the lease agreement modifying the minimum guaranteed installments following the incorporation of a new F&B space once the corresponding work finalized.

- A sublease contract for restaurant space at the Hotel JW Marriott which has a duration of 20 years counting from March 27, 2023 (the hotel opening date), the first 5 years of which are obligatory for the sub-lessee. On October 30, 2024, an addendum was signed which temporarily modified the terms of the sublease for the restaurant at the Hotel JW Madrid.

- Lease of the Hotel Nobu de San Sebastián for a duration of 20 years counting from August 10, 2023 (the hotel's opening date), with the first 5 years of the contract established as obligatory for the lessee and including a maximum of 3 automatic renewals for successive periods of 5 years each.

- Lease of the Hotel Nobu Madrid, signed on February 4, 2022 for a duration of 20 years, the first 5 years of which are obligatory for the lessee, while the remainder of the term consists of 3 automatic extensions for successive periods of 5 years.

- Lease of the Hotel Nômade Madrid, signed on January 4, 2024 for a duration of 20 years. In addition, HOTEI entered into an agreement ceding use of space on the rooftop terrace of the Hotel Nômade Madrid for the installation of telecommunications antennas, maturing on September 30, 2027, including an automatic renewal for a duration of 5 years.

  Further, in connection with the Hotel Nômade Madrid, HOTEI is party to the following operating lease agreements, with respect to which it was subrogated upon acquisition of the property:

  - Ceding use of space on the rooftop terrace of the Hotel Nômade Madrid 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 Hotel El Autor by Autograph Collection Madrid for a period of 25 years, starting from November 26, 2024 (hotel delivery date), the first 5 years of which are obligatory, and subsequently includes automatic extensions for periods of 5 years. The F&B space is operated through a sublease, signed on July 12, 2024 under the "El Pimiento Verde" brand. The initial duration is 5 years, and can be extended up to 20 years.

All agreements consist of a fixed income component and a variable income component linked to the operating result obtained by the hotel and/or restaurant, if applicable.

The income from said operating lease contracts amounted to 11,848,366 euros for the year ended December 31, 2025 (2024: 14,738,044 euros; Note17.1). The expenses associated with these income-generating investment properties are broken down as follows:

(Euros)	12/31/2025	12/31/2024
Depreciation	1,811,064	3,084,146
Utilities	24,618	75,059
Taxes (other than income tax)	869,832	798,025
Other operating expenses	331,560	566,702
Impairment losses on accounts receivable (Note 9.1)	1,088,969	(87,995)
TOTAL	**4,216,043**	**4,435,937**

At December 31, 2025, the Company was committed to making investments in the investment properties amounting to 11 million euros (2024: 17 million euros).
The breakdown of future minimum collections from the non-cancelable operating lease contracts (without including the contracts associated with the properties classified under "Non-current assets held for sale") is as follows:

(Euros)	12/31/2025	12/31/2024
Within one year	9,972,250	11,808,213
Between one and five years	36,458,759	34,804,035
More than five years	2,519,353	313,362
TOTAL	**48,950,362**	**46,925,610**

8. EQUITY INVESTMENTS IN GROUP COMPANIES, JOINTLY CONTROLLED ENTITIES, AND ASSOCIATES

The breakdown and movements for the different items under this heading in 2025 are shown below:

(Euros)	12/31/2024	Additions/Allowances	Derecognitions/Reversals	12/31/2025
Non-current equity instruments				
Cost	88,098,642	5,766,831	(77,041,379)	16,824,094
Impairment loss allowances	(41,014,991)	-	41,014,991	-
Net carrying amount	**47,083,651**	**5,766,831**	**(36,026,388)**	**16,824,094**

The main movements in this heading during 2025 break down as follows :

- On June 13, 2025, the Board of Directors of the Company unanimously approved the formalization of a purchase-sale contract for the sale and transfer of all shares in Alcaidesa Holding, S.A. U. and ownership interest in MHRE San Roque, S.L.U., companies which own the golf courses known as "La Hacienda Links Golf Resort" and the Fairmont La Hacienda hotel complex.

- On July 16, 2025, the shareholders of the Company in general meeting agreed to the sale of both companies. On July 31, 2025, the sales transaction for the assets and liabilities linked to Alcaidesa Holding, S.A.U. and MHRE San Roque, S.L.U. was executed. The purpose of the agreement reached with a third party was the sale and transfer of all the assets of Alcaidesa Holding and MHRE San Roque for an amount of 175 million euros, under the terms and conditions described in the Parent's privileged information disclosure dated June 16, 2025. A series of price adjustments were applied to this amount, as is customary in this type of transaction, for the sale and transfer of all the ownership interest/shares held by the Company in these companies. Subsequently, on July 31, 2025 the sales transaction was executed. Consequently, the Company canceled the investments it held in both companies at a net amount of 36,018 thousand euros. The result of said sales transaction amounted to a balance of 2,585 thousand euros, which was recognized under "Impairment and gains (losses) on disposal of financial instruments" in the income statement for the year.

- The additions for the year mainly correspond to capital increases and owner contributions carried out in subsidiaries.

- On November 18, 2025, Greenshank, S.L. was dissolved, resulting in the derecognition of 7,686 euros.

- Dividends amounting to 1,130 thousand euros (2024: 1,609 thousand euros) were received during the year from these investments in group companies, recognized under "Finance income" in the income statement for 2025.

The breakdown and movements for the different items under this heading in 2024 are shown below:

(Euros)	12/31/2023	Additions/Allowances	Transfers	12/31/2024
Non-current equity instruments				
Cost	71,640,954	16,457,688	-	88,098,642
Impairment loss allowances	(26,314,812)	(7,265,901)	(7,434,278)	(41,014,991)
Net carrying amount	**45,326,142**	**1,757,509**	**(7,434,278)**	**47,083,651**

The movements in this heading during 2024 break down as follows:

- On March 7, 2024, HOTEI carried out a non-monetary contribution to the capital of the Group company MHRE San Roque, S.L.U. by contributing part of the credit claim held by the Company against its subsidiary in an amount of 10 million euros (Note 16.1).

- On November 18, 2024, the Company carried out a second non-monetary contribution (without a capital increase) to the capital of the Group company MHRE San Roque, S.L.U. by contributing part of the credit claim held by the Company against its subsidiary in an amount of 6 million euros (Note 16.1).

- During 2023, the Company recognized a provision in the amount of 7,434 thousand euros to cover the negative equity of the subsidiary MHRE San Roque, S.L.U. (Note 14.1). During 2024, the Company transferred said provision to "Impairment loss allowances" in connection with the ownership interest held in said subsidiary.

- On December 31, 2024, HOTEI carried out a non-monetary contribution (without a capital increase) to the capital of the Group company Hotel Villa Miraconcha, S.L.U. by contributing part of the credit claim held by the Company against its subsidiary in an amount of 450 thousand euros.

- On November 28, 2024, the Company acquired 100% of the shares of GreenShank, S.L., corresponding to a total of 3,000 shares at a value of 1 euro each, thereby obtaining ownership interest in said company in the amount of 3,000 euros.

Notes to the financial statements for the year ended December 31, 2025

Subsequently, on December 13, 2024 a capital increase was carried out corresponding to 7,000 new shares, of which the Company subscribed 4,686 shares for an amount of 4,686 euros, obtaining 77% ownership interest.

The information relating to group companies and associates at December 31, 2025 is as follows:

Company	Registered address	Business activity
Varia Pza Magdalena, S.L.U.	Calle de Velázquez 47, Madrid	Acquisition and promotion of urban investment properties for leasing activities
Hotel Villa Miraconcha, S.L.U.	Avenida de la Libertad 25, San Sebastián	Operation of a lodging and accommodation business service 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.
Global Kioto, S.L.U.	Calle de Velázquez 47, Madrid	Inactive

(Euros)	Net carrying amount	% of direct ownership interest	Share capital	Reserves and other	Owner contributions	Profit (loss) for the year	Total equity	Operating profit (loss)	Dividends received during the year
2025									
Varia Plaza Magdalena, S.L.U.	16,264,092	100%	505,400	3,973,429	10,753,793	1,280,226	16,512,848	2,059,341	1,130,123
Global Kioto S.L.U.	10,001	100%	3,600	(5,303)	10,000	(242)	8,055	(242)	-
Hotel Villa Miraconcha, S.L.U.	550,001	100%	3,000	(852,804)	550,000	351,266	51,462	353,867	-
	16,824,094								

Notes to the financial statements for the year ended December 31, 2025

The information relating to group companies and associates at December 31, 2024 is as follows:

Company	Registered address	Business activity
Varia Pza Magdalena, S.L.U.	Calle de Velázquez 47, Madrid	Acquisition and promotion of urban investment properties for leasing activities
Alcaidesa Holding, S.A.U.	Calle de Velázquez 47, Madrid	Acquisition and promotion of urban investment properties for leasing activities
MHRE San Roque, S.L.U.	Calle de Velázquez 47, Madrid	Acquisition and promotion of urban investment properties for leasing activities
Global Kioto, S.L.U.	Calle de Velázquez 47, Madrid	Inactive
Hotel Villa Miraconcha, S.L.U.	Avenida de la Libertad 25, San Sebastián	Operation of a lodging and accommodation business service 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.
GreenShank S.L.	Calle de Velázquez 47, Madrid	The incorporation, direct or indirect investment in the management and control of other companies or enterprises. The acquisition, disposal, holding, and exploitation of investment properties.

(Euros)	Net carrying amount	% of direct ownership interest	Share capital	Reserves and other	Profit (loss) for the year	Total equity	Operating profit (loss)	Dividends received during the year
2024								
Varia Plaza Magdalena, S.L.U.	21,664,092	100%	505,400	20,127,222	1,130,123	21,762,745	1,903,290	1,609,336
Alcaidesa Holding, S.A.U.	21,699,492	100%	13,639,455	9,063,329	(1,010,845)	21,691,939	(670,546)	-
Global Kioto S.L.U.	1	100%	3,600	(4,692)	(611)	(1,703)	-	-
GreenShank S.L.	7,686	77%	3,000	6,526	(7,489)	2,038	(7,489)	-
Hotel Villa Miraconcha, S.L.U.	450,001	100%	3,000	(104,821)	(295,413)	(397,234)	(180,509)	-
MHRE San Roque, S.L.U.	3,262,379	100%	3,000	8,538,280	(5,328,901)	3,212,379	(5,370,297)	-
	47,083,651							**1,609,336**

The operating profit (loss) of the group companies, jointly controlled entities, and associates shown in the above tables correspond entirely to continuing operations. None of the companies is listed on the stock exchange.

9. FINANCIAL ASSETS

The breakdown of financial assets, excluding equity investments in group companies, jointly-controlled entities, and associates (Note 8), by categories and class, is as follows:

(Euros)	Equity instruments 12/31/2025	Equity instruments 12/31/2024	Loans, derivatives, and other 12/31/2025	Loans, derivatives, and other 12/31/2024	Total 12/31/2025	Total 12/31/2024
Non-current financial assets						
Hedging derivatives	-	-	317,981	390,937	317,981	390,937
Financial assets at amortized cost	-	-	2,950,722	143,830,999	2,950,722	143,830,999
	-	-	3,268,703	144,221,936	3,268,703	144,221,936
Current financial assets						
Financial assets at fair value through profit and loss	4,293,960	4,207,667	-	-	4,293,960	4,207,667
Financial assets at amortized cost	-	-	3,940,282	6,949,318	3,940,282	7,797,648
Hedging derivatives	-	-	-	32,993	-	32,993
	4,293,960	4,207,667	3,940,282	6,982,311	8,234,242	12,038,308
TOTAL	**4,293,960**	**4,207,667**	**7,208,985**	**151,204,247**	**11,502,945**	**156,260,244**

These amounts are included in the following balance sheet headings:

(Euros)	Equity instruments 12/31/2025	Equity instruments 12/31/2024	Loans, derivatives, and other 12/31/2025	Loans, derivatives, and other 12/31/2024	Total 12/31/2025	Total 12/31/2024
Non-current financial assets						
Loans to group companies (Note 16.1)	-	-	-	139,454,217	-	139,454,217
Financial investments (Note 9.2)	-	-	1,797,680	2,812,868	1,797,680	2,812,868
Trade receivables (Note 9.1)	-	-	1,471,024	1,954,851	1,471,024	1,954,851
	-	-	3,268,704	144,221,936	3,268,704	144,221,936
Current financial assets						
Loans to group companies (Note 16.1)	-	-	-	2,959,852	-	2,959,852
Trade receivables (Note 9.1)	-	-	3,528,228	2,784,062	3,528,228	2,784,062
Trade receivables, group companies and associates (Note 16.1)	-	-	96,046	898,373	96,046	898,373
Other receivables	-	-	-	774	-	774
Derivatives (Note 9.2)	-	-	-	32,993	-	32,993
Financial investments (Note 9.2)	4,293,960	4,207,667	316,008	306,257	4,609,968	4,513,924
	4,293,960	4,207,667	3,940,282	6,982,311	8,234,242	11,189,978
TOTAL	**4,293,960**	**4,207,667**	**7,208,985**	**151,204,247**	**11,502,945**	**155,411,914**

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

9.1. Trade receivables

The non-current balance amounting to 1,471,023 euros (2024: 1,954,851 euros) for trade receivables includes provisions for income accrued but yet to be invoiced, mainly associated with the payment deferrals agreed upon with the lessees of the operational hotels due to the health crisis linked to COVID-19.

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

(Euros)	12/31/2025	12/31/2024
Trade receivables	611,171	1,038,697
Invoices pending issue	2,917,057	1,745,365
TOTAL	**3,528,228**	**2,784,062**

The balance for "Trade receivables" includes, amongst other items, part of the invoicing for the variable income corresponding to the Hotel JW Marriot Madrid.

Notes to the financial statements for the year ended December 31, 2025

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

Impairment loss allowances

The balance of “Trade receivables” is presented net of impairment losses. A balance of 1,088 thousand euros corresponding to impairment loss allowances was recognized during the year (2024: 88 thousand euros of net reversals of impairment losses).

9.2. Non-current and current financial investments

The breakdown of these headings is as follows:

(Euros)	12/31/2025	12/31/2024
Non-current financial investments		
Hedging derivatives	317,981	390,937
Guarantees and deposits	1,479,699	2,421,931
TOTAL	**1,797,680**	**2,812,868**
Current financial investments		
Deposits	178,308	121,888
Guarantees	137,700	184,369
Derivatives	-	32,993
Investment funds	4,293,960	4,207,667
TOTAL	**4,609,968**	**4,546,917**

Financial investments

Non-current financial investments include a balance of 204 thousand euros corresponding to an interest rate cap ("CAP") subscribed on March 24, 2023 with Caixabank for purposes of covering against changes in the interest rate (Euribor) to which the financing obtained in connection with the Hotel Nômade Madrid is subject. On May 23, 2025, the hedge was modified, replacing the CAP with a combination of collar options. Another CAP which was arranged with Unicaja is also included, amounting to a balance of 114 thousand euros and subscribed on June 5, 2023 to cover against changes in the interest rate (Euribor) to which the financing obtained in connection with the Hotel Mercer Plaza Sevilla is subject (Note 13.1).

The premiums paid for these hedging contracts amounted to a total of 1,651,900 euros, with a profit of 119,583 euros recognized in equity (2024: a loss of 112,561 euros). In addition, during 2025 the Company recognized a loss corresponding to amortization of the premium paid on these derivatives amounting to 206,923 euros under "Changes in fair value of financial instruments" (2024: a loss of 206,923 euros) (Note 17.6).

The non-current guarantees amounting to 715,268 euros (2024: 2,421,931 euros) mainly 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.

Current

The investment funds amounting to 4,293,960 euros (2024: 4,207,115 euros) correspond to investments made, which the Company expects to recover in the short term given that they are intended as temporary investments of cash surpluses. At December 31, 2025, the fund's valuation generated finance income amounting to 86,293 euros (2024: a loss of 495,763 euros), recognized under "Finance income - From marketable securities & other financial instruments; Of other third-parties" (in 2024 the loss was recognized under "Changes in fair value of financial instruments"). In addition, the Company obtained profit during 2024 from the purchase and partial sale of these funds amounting to 922,713 euros at December 31, 2024 (Note 17.6).

The short-term deposits at December 31, 2025 and 2024 correspond to the deposits relating to hotels under development.

10. INVENTORIES – PREPAYMENTS TO SUPPLIERS

The balance of this heading at December 31, 2025 amounted to 602,016 euros (2024: 620,125 euros), corresponding to advance payments made to suppliers for services which will be rendered in future periods.

11. ACCRUALS

The balance included under assets at December 31, 2025 amounting to 398,861 euros (2024: 193,904 euros) corresponds to expenses invoiced in advance which will be settled in future periods.

The balance included under liabilities at December 31, 2025 amounting to 0 euros (2024: 196,787 euros) corresponds to income invoiced in advance which will accrue in future periods.

12. CASH AND CASH EQUIVALENTS

This heading records the current accounts held by the Company, bearing market interest rates. The corresponding balances at December 31, 2025 totaled 27,748,178 euros (2024: 7,672,131 euros). There were no restrictions on the availability of this balance at either December 31, 2025 or December 31, 2024.

At December 31, 2024, "Other cash equivalents" included one-month deposits arranged with CaixaBank, S.A. and Banco de Sabadell, S.A. for amounts of 49,000,000 euros and 3,000,000 euros, respectively, at an annual nominal interest rate ranging from 2.59% and 2.86% and an effective annual rate ranging from 2.63% to 2.90%. The deposits were arranged during December 2024 and were reimbursed in January 2025, generating gains in profit or loss at December 31, 2025 amounting to 471,312 euros, recognized under "Finance income - From marketable securities & other financial instruments; Of third parties" in the income statement at December 31, 2025 (2024: 25,317 euros).

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

13. EQUITY

The breakdown and movements in equity are presented in the statement of changes in equity.

13.1. Share capital

At December 31, 2025, HOTEI's share capital consisted of 116,032,487 shares (December 31, 2024: 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 HOTEI greater than 5% at December 31, 2025 and 2024 is as follows:

Shareholder	% of ownership interest
CL MH Spain S.à. (controlled by Castlelake)	49.72%
Arconas International	8.03%
Mutualidad General de Previsión de la Abogacía	5.05%

13.2. Share Premium

There were no movements in the share premium during 2024, which amounted to 341,887,362 euros at December 31, 2024.

On July 16, 2025, an extraordinary general shareholder meeting was held in which the sale of Alcaidesa Holding S.A.U. and MHRE San Roque S.L.U. was approved, together with the distribution of an extraordinary dividend charged against the share premium in the amount of 166,942,655 euros. On August 8, 2025, payment of said dividend was executed.

The share premium can be freely distributed.

13.3. Reserves and retained earnings

The breakdown and movements in the different items comprising reserves are as follows:

(Euros)	Balance at 12/31/2024	Appropriation of results	Other changes	Balance at 12/31/2025
Legal reserve	3,040,560	1,505,557	-	4,546,117
Voluntary reserves	1,195,641	-	(114,762)	1,080,879
	4,236,201	1,505,557	(114,762)	5,626,996
Dividends paid	-	13,550,012	(13,550,012)	-
TOTAL	**4,236,201**	**15,055,569**	**(13,664,774)**	**5,626,996**

Notes to the financial statements for the year ended December 31, 2025

(Euros)	Balance at 12/31/2023	Appropriation of results	Other changes (Note 13.4)	Balance at 12/31/2024
Legal reserve	3,040,560	-		3,040,560
Voluntary reserves	18,217,701	-	(17,022,060)	1,195,641
	21,258,261	-	(17,022,060)	4,236,201
Retained earnings	-	(16,909,539)	16,909,539	-
TOTAL	**21,258,261**	**(16,909,539)**	**(112,521)**	**4,236,201**

Legal reserve

In accordance with the revised Spanish 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 this reserve is freely distributable. However, these reserves include a balance of 9,707,248 euros (2024: 9,707,248 euros) which can only be used under the same conditions required for capital reductions. The ordinary and extraordinary general shareholder meeting for HOTEI 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 HOTEI'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 HOTEI's creditors objected to offsetting the losses in a timely manner and due form, the directors of HOTEI unanimously agreed to execute said operation at their meeting held on September 18, 2024.
On July 11, 2025, the Company distributed a dividend of 13,550,012 euros to its shareholders, as approved at the general shareholders meeting of June 30, 2025.

13.4. Company shares

During 2025, HOTEI acquired 160,024 treasury shares (2024: 225,233 treasury shares) at an average price of 2.44 euros per share (2024: 2.62 euros per share), and sold 200,689 treasury shares (2024: 118,552 treasury shares) at an average price of 2.45 euros per share (2024: 2.68 euros per share). The difference between the cost price and the sales price for the shares, totaling a net amount of 159,884 euros (2024: 112,521 euros) was recognized under "Voluntary reserves" (Note 13.3).

At December 31, 2025, the Company held a treasury share portfolio comprised of 333,286 treasury shares, representing 0.3% of its share capital (2024: 373,951 treasury shares, representing 0.3% of its share capital at year end).

14. FINANCIAL LIABILITIES

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

(Euros)	Bank borrowings (Note 14.1) 12/31/2025	Bank borrowings (Note 14.1) 12/31/2024	Derivatives and other 12/31/2025	Derivatives and other 12/31/2024	Total 12/31/2025	Total 12/31/2024
Non-current financial liabilities						
Financial liabilities at amortized cost or at cost	135,894,934	154,796,432	1,523,407	2,424,031	137,418,341	157,220,463
	135,894,934	154,796,432	1,523,407	2,424,031	137,418,341	157,220,463
Current financial liabilities						
Financial liabilities at amortized cost or at cost	4,425,523	28,760,465	12,433,441	11,264,634	16,858,964	40,025,099
	4,425,523	28,760,465	12,433,441	11,264,634	16,858,964	40,025,099
TOTAL	**140,320,457**	**183,556,897**	**13,956,848**	**13,688,665**	**154,277,305**	**197,245,562**

These amounts are included in the following balance sheet headings:

(Euros)	Note	12/31/2025	12/31/2024
Non-current financial liabilities			
Bank borrowings	14.1	135,894,934	154,796,432
Derivatives	14.4	14,384	-
Other financial liabilities	14.2	1,509,023	2,424,031
		137,418,341	**157,220,463**
Current financial liabilities			
Bank borrowings	14.1	4,425,523	28,760,465
Derivatives	14.4	18,637	-
Other financial liabilities	14.2	42,000	42,000
Trade and other payables	14.3	12,372,804	10,914,210
		16,858,964	**39,716,675**
TOTAL		**154,277,305**	**196,937,138**

The carrying amounts of the financial liabilities do not differ significantly from their fair value. The breakdown of maturities for financial liabilities at December 31, 2025, without taking into account debt arrangement expenses, is as follows:

(Euros)	Current: Less than 1 year	Non-current: 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	Total
Bank borrowings	4,425,523	43,140,456	4,664,292	5,968,647	5,532,003	78,842,201	138,147,599	142,573,122
Other financial liabilities	42,000	137,574	44,000	375,333	42,000	910,116	1,509,023	1,551,023
Trade and other payables	12,372,804	-	-	-	-	-	-	12,372,804
Derivatives	18,637	-	-	-	-	14,384	14,384	33,021
TOTAL	**16,858,964**	**43,278,030**	**4,708,292**	**6,343,980**	**5,574,003**	**79,766,701**	**139,671,006**	**156,529,970**

The breakdown of maturities for financial liabilities at December 31, 2024, without taking into account debt arrangement expenses, is as follows:

(Euros)	Current: Less than 1 year	Non-current: 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	Total
Bank borrowings	28,760,465	26,129,041	45,929,808	7,146,975	7,466,515	70,249,799	156,922,138	185,682,603
Other financial liabilities	42,000	44,533	482,333	42,000	42,000	1,813,165	2,424,031	2,466,031
Trade and other payables	10,914,210	-	-	-	-	-	-	10,914,210
TOTAL	**39,716,675**	**26,131,574**	**46,412,141**	**7,188,975**	**7,508,515**	**72,062,964**	**159,346,169**	**199,062,844**

Notes to the financial statements for the year ended December 31, 2025

14.1. Bank borrowings

The breakdown of bank borrowings at December 31, 2025 is as follows:

Type of debt	Nominal interest rate	Year of maturity	Outstanding balance	Non-current	Current
Mortgage loans			**142,210,237**	**138,147,599**	**4,062,638**
Hotel JW Marriot - Tranche A (2014)	2.95%	2030	8,152,046	6,324,719	1,827,327
Hotel JW Marriot - Tranche A (2016)	2.95%	2026	174,071	-	174,071
Hotel JW Marriot - Tranche B	2.95%	2027	10,105,725	9,841,650	264,075
Hotel JW Marriot - ICO Loan guarantee	3.35%	2027	30,798,400	29,993,600	804,800
Hotel Mercer Plaza Sevilla	Euribor + 1.75%	2033	7,645,157	7,342,183	302,974
Hotel Nobu San Sebastián	Euribor + 1.50%	2037	12,551,125	12,233,375	317,750
Hotel El Autor by Autograph Collection (Madrid)	Euribor + 1.50%	2034	22,800,001	22,428,360	371,640
Hotel Nobu (Madrid)	Euribor + 1.50%	2032	12,278,111	12,278,111	-
Hotel Nômade Madrid	Euribor + 2.00%	2033	37,705,601	37,705,601	-
Unpaid accrued interest			**363,146**	**-**	**363,146**
Debt arrangement expenses			**(2,252,665)**	**(2,252,665)**	**-**
Other			**(261)**	**-**	**(261)**
TOTAL			**140,320,457**	**135,894,934**	**4,425,523**

The following financing operations were carried out during 2025:

On May 7, 2025, a mortgage financing contract linked to the Hotel Nobu Madrid was signed with Abanca. The total amount agreed upon in the contract amounts to 27,000 thousand euros with a term of seven years from the date of signing, that is, until June 1, 2032. The balance drawn down on said loan at December 31, 2025 amounted to 12,278 thousand euros.

On March 24, 2023, a mortgage financing agreement for a total amount of 35,000 thousand euros was signed with Caixabank, linked to the Hotel Nômade Madrid, of which a balance of 28,000 thousand euros had been drawn on Tranche A at June 30, 2025, with a balance of 7,000 thousand euros thus available on Tranche B, for purposes of covering the *capex* relating to the planned refurbishment of said hotel. This financing was arranged for a duration of 10 years at a variable interest rate of Euribor + 2.00%, and includes a 2-year grace period. On May 23, 2025, a novation agreement was arranged for this contract by virtue of which the amount corresponding to Tranche B was increased by an additional 10,000 thousand euros and the term was extended for an additional 24 months, while the grace period was also extended until March 24, 2027. At December 31, 2025, the balance drawn amounted to 37,705 thousand euros (2024: 28,000 thousand euros).

The mortgage loans related to the Hotel JW Marriott Madrid, the Hotel Mercer Plaza Sevilla, the Hotel Autor Autograph Collection, and the Hotel Nômade Madrid require compliance 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 December 31, 2025, the Group was in compliance with the financial ratios applicable at that date (at December 31, 2024 the Group was also in compliance with said ratios).

The breakdown of bank borrowings at December 31, 2024 is as follows:

Type of debt	Nominal interest rate	Year of maturity	Outstanding balance	Non-current	Current
Mortgage loans			**163,191,294**	**156,922,138**	**6,269,157**
Hotel Radisson Collection Bilbao (Tranche A)	2.38%	2026	10,488,000	10,056,000	432,000
Hotel Radisson Collection Bilbao (Tranche B - capex)	2.40%	2026	10,024,780	9,611,860	412,920
Hotel JW Marriot - Tranche A (2014)	2.95%	2030	9,926,318	8,152,046	1,774,272
Hotel JW Marriot - Tranche A (2016)	2.95%	2026	514,611	174,070	340,541
Hotel JW Marriot - Tranche B	2.95%	2027	10,355,625	10,105,725	249,900
Hotel JW Marriot - ICO Loan guarantee	3.35%	2027	31,560,000	30,798,400	761,600
Hotel Meliá Bilbao - Loan 1	Euribor + 1%	2036	12,307,094	11,387,094	920,000
Hotel Meliá Bilbao - Loan 2	Euribor + 1%	2036	955,406	875,406	80,000
Hotel Meliá Bilbao - Loan 3	Euribor + 2%	2036	4,640,000	4,288,000	352,000
Hotel Meliá Bilbao - Loan 4	Euribor + 1.6%	2036	6,740,000	6,220,000	520,000
Hotel Mercer Plaza Sevilla	Euribor + 1.75%	2033	7,869,459	7,645,156	224,303
Hotel Nômade Madrid	Euribor + 2.00%	2033	28,000,000	27,947,500	52,500
Hotel Nobu San Sebastián	Euribor + 1.50%	2037	12,710,001	12,630,563	79,438
Hotel El Autor by Autograph Collection (Madrid)	Euribor + 1.50%	2034	17,100,000	17,030,318	69,683
Other loans			**22,000,000**	**-**	**22,000,000**
Alcaidesa complex (Hotel + villas)	Euribor + 1.75%	2026	22,000,000	-	22,000,000
Unpaid accrued interest			**492,661**	**-**	**492,661**
Debt arrangement expenses			**(2,125,706)**	**(2,125,706)**	**-**
Other			**(1,353)**	**-**	**(1,353)**
TOTAL			**183,556,896**	**154,796,432**	**28,760,465**

The following financing operations were carried out during 2024:

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%.

On October 8, 2024, a mortgage financing agreement was signed with Banco Sabadell, linked to the Hotel El Autor By Autograph Collection for an amount of 22,000 thousand euros, of which a balance of 17,100 thousand euros had been drawn down at December 31, 2024. This financing was arranged for a duration of 10 years at a variable interest rate of Euribor + 1.50%. The first repayment installment is due on January 8, 2026.

On December 17, 2024, a financing agreement was signed with Banco Sabadell, S.A. for an amount of 22,000 thousand euros. This financing was arranged for a duration of 2 years at a variable interest rate of Euribor + 1.75%. In 2024, the Company classified the loan as current since this financing was associated with the completion of a transaction that had not been carried out at year end, thereby triggering the early cancellation clause. On May 28, 2025, the Company repaid the full amount of said loan.

During the year ended December 31, 2025, bank borrowings related to mortgage loans accrued interest in the amount of 5,146 thousand euros (2024: 3,365 thousand euros; Note 17.5). In addition, the debts classified under "Liabilities related to non-current assets held for sale" accrued interest amounting to 1,368 thousand euros (Note 17.5).

14.2 Other financial liabilities

At December 31, 2025, this heading under non-current liabilities includes guarantees received from the lessees of the HOTEI properties amounting to 615 thousand euros (2024: 1,490 thousand euros). The maturities of said guarantees are the same as those for the corresponding lease agreements.

In addition, a balance of 893 thousand euros was included under this heading at December 31, 2025 (2024: 934 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 Company 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 Company must return the proportionate part based on the elapsed term of the lease. A current balance of 42 thousand euros corresponding to this item was recognized at December 31, 2025 and 2024.

14.3 Trade and other payables

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

(Euros)	12/31/2025	12/31/2024
Suppliers	10,424,090	6,105,663
Other payables	1,136,068	1,648,406
Employee benefits payable (remuneration pending payment)	742,125	3,089,780
Customer advances	70,521	70,361
TOTAL	**12,372,804**	**10,914,210**

The balance for suppliers mainly includes debts related to refurbishment work being carried out at various hotels.

The balance for remuneration pending payment to employees at December 31, 2025 mainly includes bonus and incentive provisions in the amount of 756 thousand euros, of which 701 thousand euros were pending payment at year end (2024: 440 thousand euros), in addition to 41 thousand euros corresponding to extra payments (Note 17.2). Further, in 2024 indemnities accrued during the year in the amount of 2,514 thousand euros and pending payment at year end were also included. The amount recognized in the 2024 income statement corresponding to these indemnities amounted to 3,110 thousand euros, recognized under "Employee benefits expense" (Note 17.2) and settled at 2025 year end.

14.4 Derivatives

The derivative amounting to 14 thousand euros corresponds to an interest rate swap (IRS) arranged on October 8, 2024 with Banco Sabadell to cover against changes in the interest rate (Euribor) to which the financing obtained in connection with the Hotel El Autor by Autograph Madrid is subject (Note 14.1). Interest accrued during 2025 amounts to a net loss of 37 thousand euros (2024: a profit of 33 thousand euros) (Note 17.6).

A balance of 19 thousand euros was recognized under current liabilities, linked to the interest accrued by said instrument in the short term.

15 PROVISIONS AND CONTINGENCIES

15.3 Provisions

The breakdown for provisions at December 31, 2025 is as follows:

(Euros)	Non-current	Current	Total
Provision for other liabilities	3,039,277	-	3,039,277
TOTAL	**3,039,277**	**-**	**3,039,277**

The breakdown and movements during the year for this heading are as follows:

(Euros)	Balance at 12/31/2024	Amounts provisioned	Reversals/ applications	Transfers	Balance at 12/31/2025
Provision for risks and expenses	-	-	-	-	-
Provision for legal risk	-	-	-	-	-
Provision for other liabilities	-	3,039,277	-	-	3,039,277
TOTAL	**-**	**3,039,277**	**-**	**-**	**3,039,277**

(Euros)	Balance at 12/31/2023	Amounts provisioned	Reversals/ applications	Transfers	Balance at 12/31/2024
Provision for risks and expenses	7,434,278	-	-	(7,434,278)	-
Provision for legal risk	35,000	-	(35,000)	-	-
Provision for other liabilities	500,000	-	(500,000)	-	-
TOTAL	**7,969,278**	**-**	**(535,000)**	**(7,434,278)**	**-**

Non-current provisions correspond to certain guarantees deriving from the purchase-sale contract for ownership interest and shares in MHRE San Roque, S.L.U and Alcaidesa Holding, S.L. (Note 8). The calculation of said provisions was determined based on the Company's best estimate, using the best available information on expenses for the work pending execution at the properties associated with the companies which were sold.

During 2023, the Company provisioned an amount of 7,434,278 euros to cover the negative equity of the subsidiary MHRE San Roque, S.L.U. at December 31, 2023. During 2024, the Company transferred this provision to impairment of the interest held in the subsidiary MHRE San Roque, S.L.U. (Note 8).

On December 29, 2023, the Company signed an early termination agreement 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. Said indemnity was executed and paid on January 12, 2024.

15.4 Contingencies

There were no contingencies at either December 31, 2025 or 2024.

Notes to the financial statements for the year ended December 31, 2025

16 TRANSACTIONS WITH RELATED PARTIES

The related parties with which the Company carried out transactions in 2025 and 2024, as well as the nature of the relationship, were as follows:

Related party	Nature of the relationship
2025	
Alcaidesa Holding, S.A.U. (*)	Group company
MHRE San Roque, S.L.U. (*)	Group company
Varia Pza Magdalena, S.L.U.	Group company
Global Kioto, S.L.U.	Group company
Hotel Villa Miraconcha, S.L.U.	Group company
Vouching, S.L. (Sancus Capital Group)	Entity related to Board members
Members of the Board of Directors of HOTEI	Directors

(*) Sold on July 31, 2025.

Related party	Nature of the relationship
2024	
Alcaidesa Holding, S.A.U.	Group company
MHRE San Roque, S.L.U.	Group company
Varia Pza Magdalena, S.L.U.	Group company
Global Kioto, S.L.U.	Group company
Hotel Villa Miraconcha, S.L.U.	Group company
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
Vouching, S.L. (Sancus Capital Group)	Entity related to Board members
Members of the Board of Directors of HOTEI	Directors

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

Related party transactions relate to the Company's normal trade operations and are carried out on an arm's length basis, similar to transactions with unrelated parties.

Notes to the financial statements for the year ended December 31, 2025

16.1 Related parties

The breakdown of the transactions carried out with related parties is as follows:

(Euros)	Group companies 2025	Group companies 2024	Entities related to Board members 2025	Entities related to Board members 2024	Total 2025	Total 2024
Income from management services	19,000	24,000	-	-	19,000	24,000
Leases	-	-	(1,647)	(103,014)	(1,647)	(103,014)
Professional services	-	-	(2,008,315)	(273,973)	(2,008,315)	(273,973)
Purchase of materials	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Dividend income (Note 8)	1,130,123	1,609,336	-	-	1,130,123	1,609,336
Interest income	4,210,196	6,479,920	-	-	4,210,198	6,479,920

The breakdown of balances with related parties is as follows:

(Euros)	Group companies 2025	Group companies 2024	Entities related to Board members 2025	Entities related to Board members 2024	Total 2025	Total 2024
Trade receivables (Note 9)	96,046	898,373	-	-	96,046	898,373
Accounts payable	-	-	-	(331,507)	-	(331,507)
Non-current loans granted (Note 9)	-	139,454,217	-	-	-	139,454,217
Current loans granted (Note 9)	-	2,959,852	-	-	-	2,959,852

The breakdown for the loans granted to Group companies is as follows:

(Euros)	12/31/2025	12/31/2024
Non-current loans granted		
Alcaidesa Holding, S.A.U.	-	2,380,894
MHRE San Roque, S.L.U.	-	137,073,323
	-	139,454,217
Current loans granted		
Varia Pza Magdalena, S.L.U.	-	2,831,927
Hotel Villa Miraconcha, S.L.U.	-	127,925
	-	2,959,852
TOTAL	-	**142,414,069**

On June 30, 2025, the loans granted to Varia Pza Magdalena, S.L.U. were canceled (2024: 2,776,250 euros of principal and 55,677 euros in interest. The interest accrued on this loan during 2025 amounted to 45 thousand euros (2024: 141 thousand euros).

Prior to execution of the sale of Alcaidesa Holding, S.A.U. and MHRE San Roque, S.L.U. in July 2025, the loans held by the Company with said entities were settled. Interest accrued during the year on said loans amounted to 4,162 thousand euros (2024: 6,316 thousand euros).

In addition, interest accrued in 2025 on the loan granted to Hotel Villa Miraconcha, S.L.U. amounted to 3 thousand euros (2024: 23 thousand euros). Said loan matured on June 30,2025.

On March 7, 2024, HOTEI carried out a non-monetary contribution (without a capital increase) to the the capital of the Group company MHRE San Roque, S.L.U. by contributing part of said credit claim in an amount of 10 million euros.

On November 18, 2024, HOTEI carried out a non-monetary contribution (without a capital increase) to the the capital of the group company MHRE San Roque, S.L.U. by contributing part of said credit claim in an amount of 6 million euros.

On November 11, 2024, the Company signed a contract with Vouching, S.L. (Sancus Capital Group) for the provision of management and strategic consulting services. This contract establishes fixed annual remuneration, which at December 31, 2025 amounts to 2,008,315 euros (2024: 273,973 euros), and long-term incentives which accrue when the value of the Company increases by more than 10%, granting all shareholders the possibility of realizing the value of their investment. These incentives did not accrue any amounts during either 2025 or 2024. This agreement was ratified at the general shareholder meeting held on December 16, 2024. At said general shareholder meeting, Mr. Francisco Borja Escalada Jimenez waived his remuneration as CEO of the Company.

16.2 Directors and senior management

The shareholder meeting held on June 30, 2025 approved the reduction of HOTEI Board members to six persons (four men and two women). At December 31, 2024, the Board of Directors consisted of 10 members (7 men and 3 women).

The breakdown of remuneration earned by members of the HOTEI Board of Directors and senior management during the year ended December 31, 2025 is as follows:

(Euros)	2025	2024
Directors		
Salaries	204,000	243,333
Per diems	233,000	235,500
	437,000	**478,833**
Senior management		
Salaries	-	700,000
Bonus	-	-
	-	**700,000**
TOTAL	**437,000**	**1,178,833**

The Company had not contracted any obligations relating to pension plans or life insurance policies for former or serving directors at either December 31, 2025 or 2024.

Further, the Company had not granted any loans or advances to former or serving directors or the natural person acting in representation, nor had it pledged any guarantees on their behalf at either December 31, 2025 or 2024.

The Company considers senior management to be those persons performing contractually established duties and functions related to its general objectives, such as planning, management, and control of its activities. Given that the Company's strategic decisions are made by the Real Estate Executive Committee (delegated by the Board of Directors), which is made up entirely of Company Board members, the Company does not have any employees who could be considered senior management. The balance recognized under "Senior management" in 2024 reflects the salary of the Company's former CEO.

Notes to the financial statements for the year ended December 31, 2025

The general shareholders meeting held on December 16, 2024 resolved to exempt Mr. Francisco de Borja Escalada Jiménez from the obligation not to engage in activities on his own behalf or on behalf of others that involve effective competition, whether actual or potential, with the Company or that, in any other way, place him in a permanent conflict of interest with respect to the interests of the Company, as set forth in article 229. 1.f) of Royal Legislative Decree 1/2010, of July 2, which approves the revised text of the Spanish Corporate Enterprises Act, with this exemption relating exclusively to the holding of ownership interest and the exercise of any responsibility or holding of any position by Mr. Francisco de Borja Escalada Jiménez in (i) the Hotel Rosewood Villamagna Madrid and the Hotel Bless Madrid, both located in Madrid (the "Exempt Hotels"); (ii) the companies which own the Exempt Hotels; (iii) the companies of the group to which the Exempt Hotels belong and the companies which own the Exempt Hotels; and (iv) any residences linked to the Exempt Hotels or under the brand name of the Exempt Hotels.

At December 31, 2025, in accordance with article 229 of Spain's Corporate Enterprises Act, the remaining directors stated that they were not party to any conflicts with respect to the interests of HOTEI, except for those disclosed in the previous paragraph.

In 2025, a balance of 97 thousand euros was paid for civil liability insurance premiums on behalf of the directors to cover potential damages they may cause while carrying out their duties (2024: 130 thousand euros).

17 INCOME AND EXPENSES

17.1 Lease income

The amount recognized under this heading corresponds entirely to the rental installments received for the leasing of hotels owned by the Company, amounting to 11,848,366 euros (Note 7.1) (2024: 14,738,044 euros), as well as the income associated with the lease agreements for properties classified under "Non-current assets held for sale" in the amount of 5,276,855 euros (Note 5).

The breakdown by geographical markets is as follows:

(Euros)	2025	2024
Alicante	-	359,462
Bilbao	5,276,855	3,992,053
Madrid	10,165,471	8,841,672
San Sebastián	788,775	498,091
Sevilla	894,121	895,866
TOTAL	**17,125,221**	**14,587,144**

17.2 Employee benefits expense

The breakdown of this heading is the following:

(Euros)	2025	2024
Wages and salaries	1,724,630	3,486,340
Indemnities (Note 14.3)	42,172	3,110,000
Provision for bonuses and other remuneration items (Note 14.3)	756,103	440,000
Social security payable by the company	310,456	425,122
Other social security expenses	2,432	-
TOTAL	**2,835,792**	**7,461,462**

Notes to the financial statements for the year ended December 31, 2025

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

Categories	Number of persons employed at year end – Men	Women	Total	Average number of persons employed during the year	Average number of persons with a degree of disability >33% employed during the year
2025					
Remaining management team	3	1	4	4	-
Other employees	3	12	15	16	-
TOTAL	**6**	**13**	**19**	**20**	**-**
2024					
Remaining management team	2	1	3	4	-
Department directors	2	-	2	3	-
Other employees	6	11	17	22	-
TOTAL	**10**	**12**	**22**	**29**	**-**

17.3 External services

The breakdown of this heading is as follows:

(Euros)	2025	2024
Leases and royalties	393,333	434,652
Repairs and maintenance	8,281	10,773
Independent professional services	4,114,584	2,830,027
Transportation	610	3,720
Insurance premiums	185,862	212,072
Banking and similar services	7,606	10,125
Publicity, advertising, and public relations	83,028	132,206
Utilities	38,326	87,254
Other services	137,682	159,470
TOTAL	**4,969,312**	**3,880,299**

Since August 15, 2024, the Company has been leasing its offices in calle Velázquez 47, Madrid from Compañía Española de Seguros de Crédito a la exportación, S.A. by virtue of an agreement which will last until August 14, 2026. The expenses related to this contract amounted to 163,507 euros in 2025 (2024: 61,315 thousand euros).

The Company has signed lease agreements for two premises on the ground floor of the building located at Carrera de San Jerónimo No. 9 in Madrid, where the Hotel JW Marriott was built, for estimated terms of 35 and 25 years. Said premises will partially be used for the aforementioned hotel and partially for restaurant areas (Note 7). The expenses related to these contracts amounted to 219,521 euros in 2025 (2024: 213,737 thousand euros).

The future minimum payments under said lease agreements, non-cancelable at each annual closing date, are as follows:

(Euros)	2025	2024
Within one year	318,405	350,656
Between one and five years	1,074,076	589,968
More than five years	3,336,661	3,460,224
TOTAL	**4,729,142**	**4,400,848**

17.4 Depreciation and amortization

The breakdown of this heading is as follows:

(Euros)	2025	2024
Amortization of intangible assets (Note 6)	13,583	18,560
Depreciation of PP&E (Note 6)	82,216	51,077
Depreciation of investment properties (Note 7)	3,175,080	3,084,146
Other	-	50,850
TOTAL	**3,270,879**	**3,204,633**

17.5 Finance costs

The breakdown of this heading is as follows:

(Euros)	2025	2024
Interest on bank borrowings (Note 13.1)	6,513,946	6,365,294
Other finance costs	436,394	505,369
TOTAL	**6,950,340**	**6,870,663**

17.6 Change in fair value of financial instruments

The breakdown of this heading is as follows:

(Euros)	2025	2024
Gains on trading portfolio	567	922,713
Losses on derivative instruments (Note 9.2)	(255,544)	(206,923)
Gains on derivative instruments (Note 14.4)	11,201	35,834
Losses on trading portfolio (Note 9.2)	-	(495,763)
TOTAL	**(243,776)**	**255,861**

18 TAXES

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

(Euros)	2025	2024
Tax credits		
Other receivables from public administrations		
VAT	22,590	280,368
Withholdings on corporate income tax	2,873,866	205,784
TOTAL	**2,896,456**	**486,152**
Tax liabilities		
Other payables to public administrations		
VAT	51,104	-
Withholdings	70,160	273,834
Social security payable	28,657	34,590
TOTAL	**149,921**	**308,424**

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 Company is open to inspection of all taxes to which it is liable for the last four years. The Company'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 the Company's transactions.

18.1 Corporate income tax

As stated in Note 1.1, the Company is 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. In this regard, during 2025 and 2024 the Company did not accrue income tax expense or income, except for the profit generated by the sale of certain assets in 2024, which was taxed under the general tax regime as explained below.

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 Company in 2025 and 2024 is 0%, except with respect to the profit generated by the sale of certain assets in 2024 which was taxed under the general tax regime as explained below.

Notes to the financial statements for the year ended December 31, 2025

The reconciliation of net income and expense for the year with the corporate income tax result is as follows:

	2025					
	Income statement			Income and expense recognized directly in equity		
(Euros)	Increases	Decrease	Total	Increases	Decrease	Total
Income and expense for the year	-	-	9,985,348	-	-	(782,716)
Income tax	-	-	-	-	-	-
Income and expense for the year before tax	-	-	**9,985,348**	-	-	**(782,716)**
Permanent differences	1,014,645	(2,789,427)	(1,774,782)			
Temporary differences	-	-	-	-	(119,583)	(119,583)
Taxable income (Tax results)			**8,210,566**			**(902,299)**

	2024					
	Income statement			Income and expense recognized directly in equity		
(Euros)	Increases	Decrease	Total	Increases	Decrease	Total
Income and expense for the year	-	-	15,055,569	-	-	(902,299)
Income tax	-	-	(189,110)	-	-	-
Income and expense for the year before tax	-	-	**15,244,679**	-	-	**(902,299)**
Permanent differences	10,707,529	(13,193,150)	(2,485,621)	-	-	-
Temporary differences	-	-	-	112,561	-	112,561
Taxable income (Tax results)			**12,759,058**			**(789,738)**
Taxable income (special regime)			12,002,618			(789,738)
Taxable income (general regime)			756,440			-

The permanent differences mainly correspond to indemnities and dividend payments.

The income tax expense for 2024 relates to the gain on the sale of the El Palmar and Hotel Palacetes de Córdoba assets, corresponding to a tax base of 756 thousand euros and taxed under the general tax regime since the requirements to consider them as qualifying assets had not been met at December 31, 2024. The temporary differences in income and expenses recognized directly in equity correspond to the measurement of the financial hedging instrument (Note 8.2).

18.2 Disclosure requirements for SOCIMIs: Law 11/2009, modified by Law 16/2012, and Law 11/2021 ("the SOCIMI Law")

In accordance with the provisions of article 11 of the SOCIMI Law, information is provided below with respect to the Company or Group, as applicable:

a) *Reserves arising from years prior to application of the tax regime established in the SOCIMI Law.*

There are no reserves arising from years prior to application of the special tax regime established in the SOCIMI Law.

b) *Reserves arising from years in which the tax regime established in the SOCIMI Law was applied, differentiating the part which arises from revenue subject to a 0% tax rate, a 15% tax rate or a 19% tax rate with respect to those which, if applicable, were subject to the general tax rate.*

Reserves arising from	Reserves (euros)			
	Share premium	Legal reserve	Voluntary reserves	Total
Revenue subject to 0%, 15% or 19%	174,944,707	4,546,117	1,080,859	180,571,683
Revenue subject to general rate	-	-	-	-

The reserves disclosed mainly arise from the capital increase and capital reduction carried out during 2019 and the capital increases carried out from 2020 to 2022, years in which the Company was already included under the SOCIMI regime.

c) *Dividends distributed with a charge to profits for each year in which the tax regime established in the SOCIMI Law was applicable, differentiating the part which arises from revenue subject to a 0% tax rate, a 15% tax rate or a 19% tax rate with respect to those which, if applicable, were subject to a general tax rate.*

During 2025, the Company distributed a dividend amounting to 13,550,012 euros charged against 2024 profits and arising from income subject to tax rates of 0%, 15% or 19%. No dividends were distributed against profits arising from income subject to the general rate.

d) *Should dividends be distributed against reserves, designation of the year in which the reserve applied arose, disclosing whether a 0% tax rate, a 15% tax rate, a 19% tax rate or the general tax rate was applied.*

During 2025, the Company distributed an extraordinary dividend charged against the share premium and amounting to 166,942,655 euros. Said share premium corresponds to 2025, and tax rates of 0%, 15%, and 19%.

e) *Date of agreement for distribution of dividends to which the letters c) and d) above refer.*

The Board of Directors of the Company agreed to the distribution of the dividend referred to in section c) on March 18, 2025, as subsequently approved at the general shareholders meeting on June 30, 2025, and paid on July 9, 2025. On June 30, 2025, the Board of Directors of the Company agreed to the distribution of the dividend referred to in section d), as approved on July 16, 2025 at the extraordinary general meeting of shareholders, and paid on August 8, 2025.

f) *Acquisition date of the properties to be used for leases and the interests held in the share capital of entities to which section 1 of article 2 of the SOCIMI Law refers.*

All the properties accounted for under "Investment properties" and "Non-current assets held for sale" in the balance sheet are intended for purposes of leasing (Notes 5 and 7).

Acquisition/ date	Classification of the asset	Identification	Address	Use
11/7/2019	Asset owned by HOTEI	Building – Hotel Meliá Bilbao	Lehendakari Leizaola N.º 29, Bilbao	Hotel business
3/27/2019	Asset owned by HOTEI	Building – Hotel Radisson Collection Bilbao	Gran Vía Don Diego López de Haro N.º 4, Bilbao	Hotel business
4/26/2019	Asset owned by HOTEI	Building – Hotel Mercer Plaza Sevilla	Plaza de San Francisco Nº 11, Sevilla	Hotel business
10/31/2019	Asset owned by HOTEI	Building – Hotel JW Marriot Madrid	Sevilla Nº 2, Madrid	Hotel business
12/28/2021	Asset owned by HOTEI	Building – future Hotel Nobu Madrid	Alcalá N.º 26, Madrid	Hotel business
10/27/2022	Asset owned by HOTEI	Building – Hotel Autor by Autograph Collection	Zorrilla N.º 18, Madrid	Hotel business
10/27/2022	Asset owned by HOTEI	Building – Hotel Nômade Madrid	Gran Vía N.º 11, Madrid	Hotel business

In addition, the acquisition or incorporation dates relating to the interests which the Company currently holds in the share capital of entities to which section 1, article 2 of the SOCIMI Law refers, are broken down as follows:

Company	Acquisition/incorporation date	Year for which SOCIMI regime was applied
Varia Pza Magdalena, S.L.U.	September 6, 2018	2019

g) *Identification of the assets which are eligible for the 80% referred to in section 1 of article 3 of the SOCIMI Law (Notes 5 and 7).*

h) *Reserves arising from years in which the special tax regime established in the SOCIMI Law was applicable, which were utilized during the tax period for purposes other than distribution or offsetting losses, indicating the year in which said reserves arose.*

The Company did not draw on any reserves during the year ended December 31, 2025 for purposes other than distribution, except in the case of the dividend distributed against the share premium referred to in point d).

19 RISK MANAGEMENT POLICIES

The Company 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 Company operates are fundamentally determined by the analysis of investment projects, management of building occupancy, and the situation of financial markets:

- Credit risk: the Company's credit risk mainly arises from the risk of non-payment of rental installments by the tenants of its properties. The Company manages said risk by careful selection of tenants and requesting security deposits or guarantees in the contracts to be signed. During 2025, net impairment loss allowances were allocated for accounts receivable in the amount of 1,088 thousand euros (2024: 88 thousand euros of reversals of impairment losses) (Note 9.1).

- Liquidity risk: this is the risk that the Company will have a shortage of funds or lack access to sufficient funds at an acceptable cost to meet its payment obligations at all times. At December 31, 2025, the Company recognized positive working capital in the amount of 75 million euros (2024: 32 million euros), with cash in hand amounting to 28 million euros and cash equivalents amounting to 0 million euros (2024: 8 million and 52 million euros, respectively). In addition, the Company invested part of the cash surplus in short-term temporary investments amounting to 4 million euros (2024: 4 million euros). Thus, in light of its financial situation at December 31, 2025, the directors of the Company consider that it will be able to meet its payment obligations in the short term.

- Market risks: this represents one of the main risks to which the Company is exposed as a consequence of low property occupancy or downward renegotiation of the lease agreements when they expire. Materialization of this risk would decrease Company revenue and negatively affect the valuation of assets. Taking into account the location of the Company's properties and the duration of the lease agreements in force (Notes 5 and 7.1), the directors consider this a moderate risk.

- Interest rate risk: at December 31, 2025 approximately 37% of the debt held by the Company with credit entities is subject to a fixed interest rate (2024: 50%). Though remaining bank borrowings are referenced to Euribor, 37% of bank borrowings are covered by interest rate hedges ("CAPs") which were contracted to limit the exposure to a potential interest rate hike. Given the current policy of the European Central Bank to hike interest rates, the directors consider this risk as moderate.

20. OTHER INFORMATION

20.1 Audit fees

The fees accrued during the year for services rendered by the auditor of accounts or other firms belonging to its network are broken down as follows:

(Euros)	2025	2024
Audit services	59,700	58,000
Other accounting review and verification work	30,574	29,980
Other non-audit services	12,770	23,780
TOTAL	**103,044**	**111,760**

20.2 Information on average payment periods for suppliers. Third additional provision, "Disclosure requirements" of Law 15/2010 of July 5

The information on average supplier payment periods is broken down as follows:

(Days)	2025	2024
Average supplier payment period	32.5	34.1
Ratio of transactions paid	30.1	34.4
Ratio of transactions pending payment	48.8	23.8

(Euros)	2025	2024
Total payments made	44,202,456	29,501,996
Total pending payments	6,616,577	925,915
Monetary volume of invoices paid within the maximum period allowed for by late payment regulations	33,327,200	22,282,953
Percentage of payments made within the maximum period over total payments made	75%	76%

(Number of invoices)	2025	2024
Invoices paid within the maximum period allowed for by late payment regulations	1,961	3,222
Percentage over total invoicing	84%	90%

In accordance with said ICAC Resolution, calculation of the average payment period for suppliers required taking into account the trade transactions corresponding to the delivery of goods or the rendering of services accrued from the date Law 31/2014, of December 3, took effect, that is, December 24, 2014.

"Average supplier payment period" is the period from delivery of the goods or provision of the services by the supplier and effective payment for the transaction.

The maximum legal payment limit applicable to companies in 2025 under Law 11/2013, of July 26, was 30 days (unless the conditions included therein which allow for increasing the maximum payment period to 60 days are met).

At December 31, 2025, the Company's average payment period for suppliers was 32.5 days, exceeding the aforementioned maximum legal term. In order to reduce the period and comply with Law 11/2013, the Company is implementing measures to detect the causes for said delays and take appropriate action.

20.3 OTHER INFORMATION

On September 17, 2025, the Company was notified of a lawsuit and an extension thereof challenging thirty (30) corporate resolutions adopted in the Parent's ordinary and extraordinary general shareholder meetings held during 2024 and 2025. Specifically, the following matters were challenged: (i) all of the resolutions approved by the general shareholder meetings held on June 21, 2024, September 12, 2024, and September 16, 2024; (ii) the third, fifth, sixth, and eighth resolutions approved by the general shareholder meeting of June 30, 2025; and (iii) the first and second resolutions approved by the general shareholder meeting held on July 16, 2025; alleging violation of the shareholders' right to information as grounds for nullity together with the alleged abuse of the majority position, and the alleged damage to corporate interests.

These challenges were presented by a minority group of shareholders holding between 1.1% and 2.7% of the share capital, depending on the resolutions being challenged, acting under the legal representation of the law firm Cremades y Calvo Sotelo.

All of the resolutions challenged were in the Company's corporate interests and were adopted with the favorable vote of a qualified majority of the share capital present and represented (ranging from 60% to 79%, depending on the respective resolutions), after making all the information required by applicable regulations available to the shareholders and the market, and responding in a timely manner to all requests for information. In the opinion of the Board of Directors and its legal advisors, without prejudice to the uncertainty inherent in all legal proceedings, the Group has sufficient factual and legal grounds to argue that the lawsuit should be dismissed in its entirety and that the challenged resolutions are fully valid and effective. The Group's lawyers have been mandated to take whatever legal action they deem necessary in defense of the Group.

21 EVENTS AFTER THE REPORTING DATE

On 4 March 2026, the Company sold the Hotel Melia de Bilbao for an amount of 63 million euros (Note 5). The transaction is part of the Company's strategy to rotate non-core assets for purposes of focusing solely on luxury and ultra-luxury assets.

Management Report for the year ended December 31, 2025

Situation of the market in which the Company performs its activity

During 2025, Spain consolidated its position as one of the world's leading tourist destinations, remaining amongst the two most visited destinations globally. The year was again marked by robust growth in demand, surpassing the previous year's historical record, in an international environment marked by persistent geopolitical tensions, a slowdown in economic growth in the Eurozone, and a financial environment still conditioned by tight monetary policies for much of the year.

According to the latest data published by the National Institute of Statistics (INE), Spain received more than 96.8 million international tourists in 2025, representing an increase of 2.9% compared to 2024. Average expenditure per tourist continued its upward trend, reaching 1,398 euros (up 3.9% compared to the previous year), reflecting the strengthening of higher value-added tourism and the growing importance of the premium and luxury segment. In 2025, total expenditure by international tourists reached 134,712 million euros, up 6.8% compared to the previous year.

Overnight stays in hotel establishments reached 371.2 million in 2025 as a whole, an increase of 2.0% with respect to 2024. The average bed occupancy rate reached 63.1%, a 1.7% improvement compared to the previous year, while the weekend occupancy rate came in at 68.4%, consolidating the strength of both the urban and holiday segment.

In the 5-star hotel segment, where the Group operates, the average daily rate (ADR) reached 277.5 euros, an increase of 0.4% compared to 2024, maintaining its position among the highest-growth tariff categories. Further, the average revenue per available room (RevPAR) amounted to 154.2 euros, a 0.4% increase compared to the previous year, driven by both improved occupancy and by the sustained growth in tariffs.

In this regard, according to the Colliers Hotel Investment Report for 2025, the year concluded with a volume of hotel investment amounting to 4,275 million euros (28% more than for 2024), which includes operational hotels, properties intended to be reconverted for hotel use, and land for purposes of new developments, consolidating the high levels of activity seen in recent years. A total of 194 assets were transacted during the year, above the 179 recorded in 2024.

Over the last five years, hotel investment has repeatedly exceeded the 3 million euro threshold, consolidating a high and sustained level of activity. In this context, 2025 ranks as the second best historical year recorded for the Spanish hotel market.

Spain continues to attract higher-end tourists, while also reducing seasonal fluctuations in the hotel sector.

Investors continue showing significant commitment to quality assets, including the luxury segment. This is evidenced in hotel investment, which reflects continued and increased interest in higher-end assets. The tourism sector continues to focus on attracting tourists with greater purchasing power, with a significant impact on average room rates in luxury and ultra-luxury hotels.

Spain continues to consolidate as one of the main hotel investment destinations in Europe. The country's leadership in tourism, the diversity of destinations and an increasingly liquid and professionalized market structure have shaped an environment that is particularly attractive for both domestic and international capital, capable of accommodating diverse investor profiles and sustaining a high level of activity on a recurring basis, as highlighted by the aforementioned report.

This performance confirms the structural strength of the luxury and upscale segment, characterized by less price-elastic demand and the growing weight of international customers with high purchasing power.

While the financial environment continued to be constrained by higher financing costs than average over the last decade, the gradual stabilization of interest rates in the second half of the year favored the reactivation of certain operations. Institutional investors, international funds, and specialized vehicles reaffirmed their commitment to the Spanish hotel market, supported by the strength of its fundamentals: structural demand growth, capacity for tariff increases, international positioning of the destinations, and demonstrated resilience in adverse scenarios.

In this context, the Spanish hotel market continues to consolidate as one of the most important and attractive in Europe, especially in the high-end segment. The prospects for 2026 point to a more moderate but sustainable growth scenario, underpinned by the structural strength of the sector. The market demonstrated a remarkable ability to sustain its operating performance in complex macroeconomic environments, supported by robust and diversified tourism demand and continuously evolving supply.

However, the escalation in the conflict with Iran has provoked a significant increase in energy prices, leading to additional inflationary pressures in the Eurozone and moderating economic growth expectations. This environment impacts the cost structure of the hotel sector, particularly in areas such as energy and procurement, and may affect operating margins if these increases are not passed on to prices.

In international tourism, this environment has also triggered geographic substitution effects, benefiting safe and well-established destinations such as Spain (where Hotei concentrates all of its operations), which is increasingly acting as a safe-haven destination, with a noticeable shift in demand, particularly among high-income travelers.

Overall, the Company considers that, although the conflict introduces elements of uncertainty, its positioning in the luxury segment and in a market like Spain, characterized by structural strength and tourism appeal, helps mitigate risks and, in certain cases, may even allow it to capitalize on opportunities arising from the reconfiguration of international tourism flows.

Future developments will depend largely on the duration and intensity of the conflict, as well as its impact on global energy markets, inflation, and consumer confidence. In this regard, the Company will maintain prudent management, monitoring developments in the conflict and adapting its strategy, with a view to mitigating risks and seizing potential market opportunities.

One of the most significant transactions in the sector during the year was HOTEI's sale in July 2025 of the Fairmont la Hacienda luxury hotel complex in Cadiz together with two golf courses, for an asset transaction value of 175 million euros, to Flame Hotel & Golf Holding and Flame Hotel & Golf Equity, owned by funds managed by Activum SG. The sale was carried out within the framework of the Group's strategy to maintain a portfolio focused solely on 100% consolidated luxury and ultra-luxury tourist areas.

Management Report for the year ended December 31, 2025

Business performance and situation

In this context, during 2025 the Company obtained a positive result amounting to almost 10 million euros, mainly due to an increase in sales which reached 17.1 million euros (2024: 14.5 million euros), a reversal of impairment losses amounting to 1 million euros, as well as the impact of selling the shares and ownership interest of the two companies which were sold during the year, MHRE San Roque and Alcaidesa Golf, both of which were fully owned by the Company, generating a positive impact amounting to 2.6 million euros.

Likewise, performance was also influenced by (i) the reduction in personnel costs initiated in 2024 and continued by the Company during the year, (ii) the reduction in finance income, and (iii) the impairment of accounts receivable from clients.

In addition, the Company continued the cost containment plan it initiated towards the end of 2024.

The positive result for 2024 enabled the Group to propose the distribution of a dividend by the Company amounting to 13.55 million euros (0.116 euros per share), which was the first dividend distribution in the Group's history, demonstrating its firm commitment to shareholder remuneration. This dividend was fully paid out on July 11, 2025.
Subsequently, during August the Company carried out a second dividend distribution corresponding to an extraordinary dividend charged against the share premium reserve in the amount of 1.44356123 euros for each of the existing shares, that is, 167.5 million euros, resulting from the sale and transfer of all the shares of Alcaidesa Holding, S.A.U. and ownership interest in MHRE San Roque, S.L.U., companies that own the Fairmont La Hacienda hotel complex and the golf courses known as "La Hacienda Links Golf Resort."

All of the above allowed the Board of Directors to continue dividend payments and propose a dividend payment by the Company amounting to 8,986,813 euros (0.77450840 euros per share) for approval at the next general shareholder meeting, reflecting the Group's firm commitment to shareholder remuneration.

Regarding the investments of the Company, no acquisitions were performed in 2025; however, the Group incurred costs for the performance of construction and refurbishment work, mainly corresponding to the future Hotel Nômade Madrid and future Hotel Nobu Madrid. as well as the acquisition of the R1H1 plot from its subsidiary Alcaidesa Holding, S.L. and a sports plot from its subsidiary MHRE San Roque, S.L., for a total amount of 37.8 million euros. All this led to a GAV of 506 million euros at year end (2024: 482 million euros), encompassing all the portfolio assets.

In addition, the Company reduced the number of directors from 10 to 6, for the sole purpose of adapting the size of the Company's Board of Directors to one that is deemed more appropriate to the current circumstances and needs, within the statutory limits, in order to ensure its proper representativeness and effectiveness.

The Group's main objective for coming months is to complete the work in progress in order to continue increasing profitable assets in its portfolio; it plans to open the Hotel Nômade Madrid and Hotel Nobu Madrid during the third quarter of 2026, with its entire portfolio thereby becoming operational. 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.

Management Report for the year ended December 31, 2025

Description of the main risks and uncertainties facing the Company

The risk factors which can affect the Company, as well as the policies implemented to mitigate them, are broken down as follows:

• Credit risk: the Company's credit risk mainly arises from the risk of non-payment of rental installments by the tenants of its properties. The Company manages said risk by careful selection of tenants and requesting security deposits or guarantees in the contracts to be signed. During 2025, net impairment loss allowances were allocated for accounts receivable in the amount of 1,088 thousand euros (2024: 88 thousand euros of reversals of impairment losses) (Note 9.1).

• Liquidity risk: this risk arises from the possibility that the Company may not be able to obtain liquid funds, or access them, in sufficient amounts and at an appropriate cost, in order to meet its payment obligations at all times. At December 31, 2025, the Company recognized positive working capital in the amount of 75 million euros (2024: 32 million euros), with cash in hand amounting to 28 million euros and cash equivalents amounting to 0 million euros (2024: 8 million and 52 million euros, respectively). In addition, the Company invested part of the cash surplus in short-term temporary investments amounting to 4 million euros (2024: 4 million euros). Thus, in light of its financial situation at December 31, 2025, the directors of the Company consider that it will be able to meet its payment obligations in the short term.

• Market risks: this represents one of the main risks to which the Company is exposed as a consequence of low property occupancy or downward renegotiation of the lease agreements when they expire. Materialization of this risk would decrease Company revenue and negatively affect the valuation of assets. Taking into account the location of the Company's properties and the duration of the lease agreements in force (Notes 5 and 7.1), the directors consider this a moderate risk.

• Interest rate risk: at December 31, 2025 approximately 37% of the debt held by the Company with credit entities is subject to a fixed interest rate (2024: 50%). Though remaining bank borrowings are referenced to Euribor, 37% of bank borrowings are covered by interest rate hedges ("CAPs") which were contracted to limit the exposure to a potential interest rate hike. Given the current policy of the European Central Bank to hike interest rates, the directors consider this risk as moderate.

Research and development activities

The Company did not conduct any R&D activities during the year ended December 31, 2025.

Treasury shares

During 2025, HOTEI acquired 160,024 treasury shares (2024: 225,233 treasury shares) at an average price of 2.44 euros per share (2024: 2.62 euros per share), and sold 118,552 treasury shares (2024: 118,552 treasury shares) at an average price of 2.45 euros per share (2024: 2.68 euros per share). The difference between the cost price and the sales price for the shares, totaling a net amount of 159,884 euros (2024: 112,521 euros) was recognized under "Voluntary reserves."

Management Report for the year ended December 31, 2025

At December 31, 2025, the Company held a treasury share portfolio comprised of 333,256 treasury shares, representing 0.3% of its share capital (2024: 373,951 treasury shares, representing 0.3% of its share capital at year end).

Average supplier payment period

The average supplier payment period was 23.9 days for the year ended December 31, 2025 (2024: 23.9 days).

Use of financial instruments

The Company includes a non-current balance of 204 thousand euros under financial investments, corresponding to an interest rate cap ("CAP") subscribed on March 24, 2023 with Caixabank for purposes of covering against changes in the interest rate (Euribor) to which the financing obtained in connection with the Hotel Nômade Madrid is subject. On May 23, 2025, the hedge was modified, replacing the CAP with a combination of collar options. Another CAP which was arranged with Unicaja is also included, amounting to a balance of 114 thousand euros and subscribed on June 5, 2023 to cover against changes in the interest rate (Euribor) to which the financing obtained in connection with the Hotel Mercer Plaza Sevilla is subject.

The premiums paid for these hedging contracts amounted to a total of 1,651,900 euros, with a profit of 119,583 euros recognized in equity (2024: a loss of 112,561 euros). In addition, during 2025 the Company recognized a loss corresponding to amortization of the premium paid on these derivatives amounting to 206,923 euros under "Changes in fair value of financial instruments" (2024: a loss of 206,923 euros).

The non-current guarantees amounting to 715,268 euros (2024: 2,421,931 euros) mainly 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.

Events after the reporting date

No additional events other than those disclosed in Note 20 to the financial statements occurred after the reporting date.

HOTEI PROPERTIES GROUP, SOCIMI, S.A.
(formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.)

Authorization of the financial statements and management report for the year ended December 31, 2025.

At the meeting of the Board of Directors of HOTEI PROPERTIES GROUP, SOCIMI, S.A. (formerly called MILLENIUM HOSPITALITY REAL ESTATE, SOCIMI, S.A.) on March 23, 2026, its members authorized the financial statements and management report of HOTEI PROPERTIES GROUP, SOCIMI, S.A. for the year ended December 31, 2025, consisting of the documents attached above, initialed by the Secretary of the Board of Directors for purposes of identification, with all members of the Board of Directors signing this last page.

Francisco de Borja Escalada Jiménez
Chief Executive Officer

Javier Martínez-Piqueras Barceló
Chairman and Board Member

Javier Martínez-Piqueras Barceló (in representation of **Pablo Castellano Vázquez**)(*)
Board member

María Isabel Dutilh Carvajal
Board member

Pilar Muñoz Sanz
Board member

Ricardo de Armas
Board member

(*) The Board Member Mr. Pablo Castellano Vázquez could not attend the Board meeting, expressly empowering Mr. Javier Martínez-Piquieras Barceló to represent him and vote on his behalf for purposes of authorizing the annual financial statements and management report for FY 2025, whereby the latter may sign this page on his behalf, as reflected in the minutes to the meeting.

REPORT ON THE ORGANISATIONAL STRUCTURE AND INTERNAL CONTROL SYSTEM OF HOTEI PROPERTIES GROUP SOCIMI, S.A. FOR COMPLIANCE WITH THE REPORTING OBLIGATIONS ESTABLISHED BY THE MARKET

23 March 2026

CONTENTS

1. BACKGROUND

In accordance with Circular 3/2020 dated 30 July on the information to be provided by companies listed for trading in the BME GROWTH segment of BME MTF EQUITY (BME GROWTH), issuers must publish information on the organisational structure and internal control system that the Company has in place to comply with the reporting obligations established by the Market.

The purpose of this document is to provide sufficient information to users about the capacity of Hotei Properties Group SOCIMI, formerly Millennium Hospitality Real Estate SOCIMI, S.A. (hereinafter, the Company or HOTEI) in terms of information on the general control system. It provides a non-exhaustive list for guidance purposes only of aspects related to the organisational structure and internal control system of HOTEI that makes it possible to assess its compliance capacity in relation to the reporting obligations established by the Market.

2. INTRODUCTION

HOTEI is a limited company that was established on 6 June 2017, with its registered office at Calle Velázquez 47 4ºplanta, 28001, Madrid.

The Company has the following corporate purpose according to Article 2 of its Articles of Association:

1. *The Company's corporate purpose is primarily to carry out the following activities, whether within the country or abroad:*

   a) *the acquisition and development of real estate of an urban nature for leasing, including the refurbishment of buildings under the terms established in Act 37/1992 of 28 December on Value Added Tax;*

   b) *the holding of shares or interests in the capital of real estate investment trusts (hereinafter, "**REIT**") or in that of other entities not resident in Spain that have the same corporate purpose as the former and that are subject to a regime similar to that established for REITs in terms of the mandatory, legal or statutory profit distribution policy;*

   c) *the holding of shares or interests in the capital of other entities, whether resident in Spain or not, whose primary corporate purpose is the acquisition of real estate of an urban nature for leasing and which are subject to the same regime established for REITs in terms of the mandatory, legal or statutory profit distribution policy and that meet the investment requirements referred to in Article 3 of the REIT Act;*

   d) *the holding of shares or interests of Real Estate Collective Investment Institutions regulated under Act 35/2003 of 4 November on Collective Investment Institutions, or any regulations that may replace it in the future.*

2. *Along with the economic activity arising from the primary corporate purpose, the Company may carry out other ancillary activities, understanding as such activities whose revenues as a whole account for less than 20 percent of the Company's revenues in each tax period, or activities that may be considered ancillary in accordance with the law applicable at any given time, including:*

   a) *the purchase, sale, rental, subdivision and urbanisation of plots, land and buildings of any nature, as well as the construction of the same and their disposal, whether in full, partially or under a horizontal property system;*

b) the entire construction of buildings; and

c) the acquisition, holding, enjoyment and administration of share capital, domestic and foreign transferable securities or any kinds of securities that grant an interest in companies on own account and without brokerage activity, as well as their administration and management.

3. All activities for which the law lays down requirements that cannot be met by the Company are excluded. If, for the exercise of any activity included in the corporate purpose, the legal provisions require a professional title, prior administrative authorisation, registration in a public registry, or any other requirement, said activity may not start until such professional or administrative requirements have been met.

4. The activities that are part of the corporate purpose may be carried out in whole or partially, directly or indirectly, and through interests in other companies with the same or similar purpose.

In order to fulfil its objective, the Company defines, among other elements, a set of strategies, systems, processes, policies and procedures in the field of internal control, through its administrative body, seeking to guarantee:

- ✓ Efficient and profitable development of the activity in the medium and long term that ensures the effective use of assets and resources, the continuity of the business and of the Company itself, through adequate management and control of the risks of the activity, prudent and adequate assessment of assets and liability, as well as the implementation of protection mechanisms against unauthorised use, whether intentional or negligent;

- ✓ The existence of complete, pertinent, reliable and timely financial and management information that supports decision-making and control processes, both internally and externally;

- ✓ Respect for applicable legal and regulatory provisions, as well as professional and ethical standards and uses, internal and statutory rules, rules of conduct and relations with counterparties, guidelines from corporate bodies and recommendations from supervisory authorities, with a view to protecting the institution's reputation and preventing it being subject to penalties.

It is required that the Company, especially the members of its governing bodies, always behave and act in line with the principle of good faith and with the highest standards of diligence, transparency and loyalty.

In this regard, the Company's Board of Directors relies on, among other internal regulatory policies, the Company's internal rules of conduct in the field of the stock market (the "Internal Rules of Conduct"), which have been published on the Company's website (www.hoteiproperties.es).

As stated in Article 1 of the Internal Rules of Conduct, its objective is to regulate the rules of conduct to be observed by the Company, its administrative bodies, employees and other people related to the stock markets.

3. GENERAL PRINCIPLES

In order to achieve the aforementioned objectives, the Company's internal control system is based on:

- An adequate control environment in which the importance of internal control is reflected and the structure and discipline of the remaining elements that make up the internal control system are established.

- A risk management system that makes it possible to identify, supervise and control all risks that could have an impact on the strategy and objectives defined by the Company, ensuring compliance and taking the necessary measures to adequately respond to unwanted deviations.

- An efficient information and communication system created to guarantee the reception, processing and exchange of relevant, extensive and consistent data, in a time frame and manner that allows for the effective and timely development of the management and control of the Company's activity and risks.

In any case, this system must be appropriate to the scope, nature and complexity of the activity, as well as the nature and scale of the risks assumed or to be assumed.

In this regard, the Company has a Crime Prevention Model and a Reporting Channel in place, thus complying with EU regulations on criminal matters and the liability of legal entities. This model allows all persons, whether individuals or legal entities, that are related to the Company, to ask questions or report possible breaches of the Code of Ethics and Conduct,, which complements the current Internal Rules of Conduct.

The Board of Directors is responsible for implementing and maintaining an adequate and effective internal control system that respects the aforementioned principles and guarantees compliance with the aforementioned objectives. Therefore, it is the Board of Directors' remit to detail the objectives and principles that constitute the basis of the internal control system, incorporating them into the Company's strategy and policies.

4. GOVERNANCE AND ORGANISATIONAL STRUCTURE

Annual General Meeting

The Company's Annual General Meeting is regulated in Articles 17 to 29 of the Company's Articles of Association and in the AGM Regulations. It is the Company's highest body that represents all its shareholders.

In accordance with the applicable legislation, it is responsible, among other matters, for approving: (i) the financial statements and the distribution of profit; (ii) the appointment and dismissal of the members of the Board of Directors and the auditors; (iii) amendments to the Articles of Association; (iv) share capital increases or reductions; and (v) the transformation, merger, division and dissolution of the Company.

Board of Directors

The Company's administrative body is the Board of Directors, whose main responsibility is the management, representation and administration of the Company's businesses in accordance with current legislation, the provisions of the Articles of Association and the approved Internal Rules of Conduct.

The Company's administrative body is regulated in Articles 30 to 38 of the Company's Articles of Association and the Regulations of the Board of Directors.

The Board comprised 6 members as at 31 December 2025, as follows:

- Mr. Javier Martinez-Piqueras (Chairman)
- Mr. Borja Escalada Jimenez (Executive Director)
- Mr. Ricardo de Armas (Director Representing Major Shareholders)
- Mr. Pablo Castellano Vazquez (Director Representing Major Shareholders)
- Ms. Isabel Dutilh Carvajal (Independent Director)
- Ms. Pilar Muñoz Sanz (Independent Director)

Additionally, Mr. Juan Gomez- Acebo Sainz de Heredia holds the position of Non-Board Member Secretary and Mr. Angel Vizcaino the position of Non-Board Member Deputy Secretary.

The Board comprised 10 members as at 31 December 2024, as follows:

- Mr. Luis Basagoiti Robles (Chairman)
- Mr. Borja Escalada Jimenez (Executive Director)
- Mr. Eduardo D'Alessandro Cishek (Director Representing Major Shareholders)
- Ms. Leticia Fusi Aizpurua (Director Representing Major Shareholders)
- Mr. Ricardo de Armas (Director Representing Major Shareholders)
- Mr. Pablo Castellano Vazquez (Director Representing Major Shareholders)
- Ms. Isabel Dutilh Carvajal (Independent Director)
- Mr. Jaime Montalvo Correa (Independent Director)
- Mr. Javier Martinez-Piqueras (Outside Director)
- Ms. Pilar Muñoz Sanz (Independent Director)

The Board of Directors has two committees:

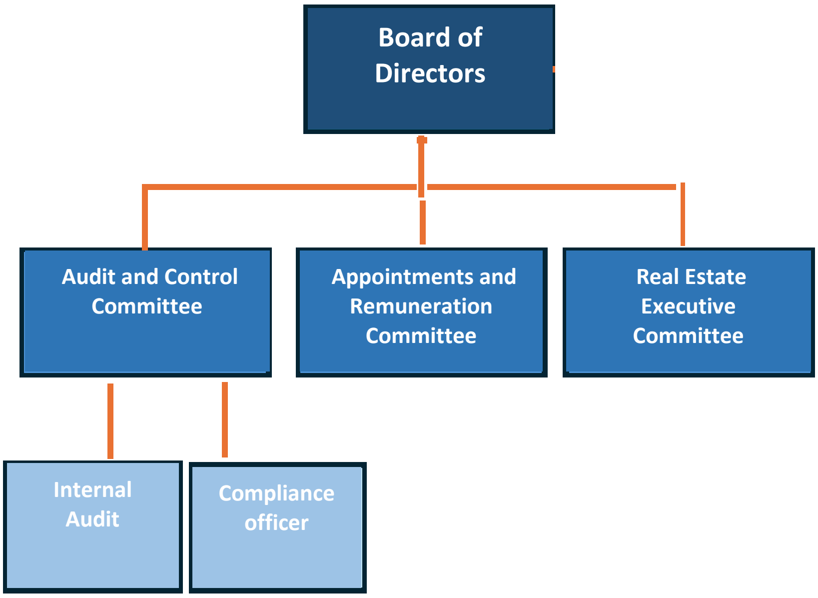
(i) The Audit and Risk Control Committee: made up of two independent directors and one director representing major shareholders.

(ii) The Appointments and Remuneration Committee: made up of two independent directors and one director representing major shareholders.

Additionally, the Board of Directors has the Real Estate Executive Committee as an internal standing body with powers delegated from the Board of Directors and executive duties within its scope of action. This Committee is made up of:

- Mr. Javier Martinez-Piqueras
- Mr. Borja Escalada
- Mr. Pablo Castellano
- Mr. Ricardo de Armas

Organisational Structure

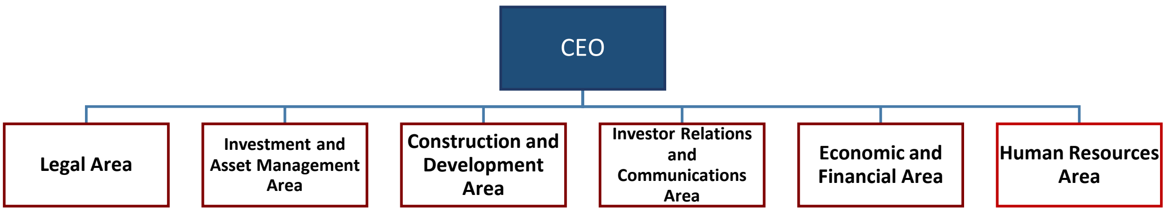


HOTEI has a highly efficient and fully integrated organisational structure that enables it to effectively and efficiently acquire, build, renovate, lease, maintain and manage its property portfolio.

The human team that HOTEI has is a multidisciplinary team that is highly qualified with extensive experience, which makes it one of the leading teams in the industry in Spain. The company's operational headquarters are centralised in Madrid.

The organisational structure is divided into 6 large areas, all under the direction of the CEO. These areas are as follows: (i) Investment and Asset Management Area, (ii) Construction and Development Area, (iii) Investor Relations and Corporate Communications Area, (iv) Legal Area, (v) Economic and Financial Area, and (vi) Human Resources Area.

External service companies provide additional support in the form of ancillary services such as: maintenance staff, IT support, legal etc. The chart below reflects our current organisational structure:



Investment and Asset Management Area – Operations Encompasses two types of functions: (i) Investments and (ii) Asset Management.

- (i) Investments: This includes functions relating to all processes and phases of investment/disinvestment by the company, including: opportunity detection, financial and business/market viability analysis, due diligence phase, and subsequent closing of the purchase-sale contract. Its functions also include operator search and selection and subsequent negotiation and closing of lease agreements.

- (ii) Asset Management: This includes monitoring the management of assets in operation, making proposals / action plans to improve results and ensure compliance with business plans and budgets, overseeing the proper maintenance of assets, evaluating and negotiating capex investment proposals for asset improvement, as well as ensuring compliance with the obligations arising under lease agreements signed by operators.

Technical and Project Development Area: Study, development and execution of new developments, repositioning and restructuring projects, as well as the technical management of assets in operation.

Investor Relations Area: Its objective is to build a solid and lasting relationship with the financial community (BME Growth; regulator, investors and analysts) through ongoing, open dialogue, so they can know and understand HOTEI's business. To this end, it advocates a strategy based on maximum transparency, which takes the form of open communication channels to guarantee that our stakeholders have clear, truthful, complete, homogeneous and simultaneous information.

Economic and Financial Area: This encompasses financial control duties, which mainly include: financial accounting, internal reports, liquid assets and budget control. Likewise, it aims to guarantee that the group has sufficient liquidity to finance both its operations and potential investment opportunities. In particular, it regularly monitors debt maturities, interest rate trends, refinancing and hedging opportunities, and potential opportunities for the overall improvement of the financial structure.

Legal Area: HOTEI's legal area manages the company's legal affairs. Its key functions include preparing and reviewing agreements in the investment area (SPAs, HMAs, TSAs and leases etc.). It oversees legal, labour and tax due diligence, and manages the formalisation of agreements with operators, lessees and suppliers in operations and construction. In addition, it is responsible for supervising financial contracts, corporate management (powers of attorney, registries, notaries), tax compliance under the SOCIMI system, and urban planning and license issues.

Human Resources Area: This area manages all matters relating to the people who work at HOTEI. Its functions include talent acquisition, recruitment and selection processes, onboarding, training, health and safety promotion, and payroll management.

Additionally, it is noted that on 11 November 2024, the Company reached a strategic agreement, as reported to the market through 'Privileged Information' on the same day (https://www.HOTEI.es/wp-content/uploads/2024/11/2.-Informacion-Privilegiada-Contrato-Sancus_HOTEI-Definitivo-002.pdf) with Sancus Capital (through Vouching, S.L.) for a potential investment by Sancus in the Company's share capital and its involvement in defining, managing and implementing the Company's strategy. This agreement aims to strengthen the Company's position in the luxury hotel market and create value for the Company's shareholders in the medium term. This agreement was approved at the Extraordinary General Meeting held on 16 December 2024.

5. RISK ASSESSMENT AND IDENTIFICATION

HOTEI's business, activities and results are influenced by both intrinsic factors, exclusive to the Company, and by external factors.

HOTEI has carried out a process to identify and assess the risks that they consider may affect the Company to a greater extent and, in particular, its financial reporting.

The following risks should be highlighted as a result of this analysis:

(1) Risks relating to the Company's financing: level of indebtedness, possible difficulties in relation to obtaining financing in a timely manner, variation in interest rates or lack of liquidity for compliance with the Company's dividend distribution policy.

(2) Risks linked to the Company's management: recently established, dependence on key people and possible influence of the main shareholders.

(3) Risks relating to the Company's activity: concentration of activity in the hotel market, real estate investment, failure to obtain or delay in obtaining licences or permits, delays in development works or asset restructuring, damage to real estate assets, risks arising from employment commitments taken on in some of the Company's lease agreements and/or arising from the possible continuity of the hotel operation on termination of said lease agreements, legal and out-of-court claims and valuation of the asset portfolio.

(4) Risks associated with the real estate and hotel industry: economic or political situation, high degree of competition, regulatory changes and illiquidity of hotel assets.

(5) Tax risks: loss of the special tax regime, change in tax legislation and possible payment of a special levy.

(6) Risks relating to the Company's shares: lack of liquidity, price development and lack of interest from shareholders.

In addition, the Company considers the following aspects of greater risk for the reliability of financial reporting:

(1) Recognition of income due to the different possible existing contract types and their accounting characteristics: Lease agreements can be of a different nature, as well as containing specific clauses that need to be considered individually when recognising income from leases. The Company records income from leases using a straight-line method, generating an account receivable for the accrued amounts pending billing.

(2) Recognition and valuation of the Company's assets: The valuation of investment property is carried out based on an estimate of the future cash flows expected for said assets. Any valuation exercise entails a significant factor of uncertainty. In order to minimise this risk, the Company entrusts the valuation of the real estate it owns to recognised independent external experts every six months.

(3) Payments and treatment of expenses: Expenses are recognised on an accrual basis, that is, when the actual flow of goods and services that they represent occurs, regardless of when the monetary

or financial flow arising from the same occurs. Depending on the nature of the expenses, they are recognised as a higher cost of the asset or on the profit and loss account.

(4) Non-payment and late payment management: One of the main operational risks that a real estate company faces is late payment. In this regard, the Company has established certain mechanisms with a view to minimising said risk, including: (i) the requirement of guarantees from lessees at the time of granting the lease agreement (legal deposits and guarantees); and (ii) the detailed and regular follow-up of unpaid invoices, including regular claims for the same.

(5) Fraud: Fraud is understood as the perpetration of intentional errors in financial reporting so that it does not reflect a true and fair view of the Company's assets and financial position. In this regard, it should be noted that in addition to the audit of the Company's consolidated and individual annual financial statements, the consolidated interim financial statements are prepared every six months, which are also reviewed by the auditor. Additionally, the Company has a Crime Prevention Model and a Reporting Channel in place.

6. INTERNAL CONTROL SYSTEM

The Company understands by control any activity carried out to mitigate the risks that may have a significant negative impact on its objectives or that may lead to fraud or errors in the financial information reported internally and to third parties.

The main internal control activities that are carried out are described below:

(1) Establishment of strategies and objectives:

The Company's strategy is clear and defined, and its objective is the acquisition of real estate assets in prime locations of the leading tourist destinations in Europe to lease them to hotel operators in the luxury segment (5*).

(2) Internal Rules of Conduct:

The Company's Management has defined Internal Rules of Conduct in matters relating to the stock market for all of the Company's employees in order to lay the foundations for an ethical environment in line with current regulations in each area, and to avoid illegal actions and procedures.

The Company is responsible for ensuring that all its staff, including board members and executives, are aware of the aforementioned parameters of the code of good conduct.

(3) Staff skills, education and appraisals:

The Company is aware of the importance of having a qualified working team, consequently, it has staff with the skills required to perform their duties adequately, with extensive experience in the industry in order to achieve optimal results in their duties.

In this regard, it should be noted that the profiles of the key people responsible for the control and supervision of financial reporting include the following characteristics:

- University and postgraduate education.

- Relevant experience in the industry from different fields (investment analysis, accounting and financial, legal and technical).
- Experience in finance.

The Real Estate Executive Committee is established as an oversight body with decision-making and authorization powers that cannot be delegated, except when approval falls under the Board of Directors' jurisdiction due to legal provisions, the Articles of Association, the Regulations of the Board of Director or its own decisions, including:

a) The execution of any transaction or the entering into of any contract, the granting of any rights or the performance of any action provided that it simultaneously involves; (i) a deviation from the relevant item of the Business Plan and/or budget approved by the Board of Directors of at least 10% (including, but not limited to, any cessation or suspension of any projects undertaken), and (ii) an amount in excess of 300,000 euros.
b) The acquisition or disposal of investment property or the entering into of binding contracts for the acquisition or disposal of investment property of any amount, irrespective of whether they are covered under the Company's latest Business Plan or approved budget.
c) Any capital expenditure (capex) on an investment property in excess of 2,500,000 euros, provided that it deviates by more than 5% per property as set out in the Business Plan approved by the Company.
d) Any lease agreements, or renewal of leases with current tenants, with annual rents individually or taken together exceeding 2,000,000 euros.
e) Any financing or refinancing operations in excess of 5,000,000 euros.

This committee meets monthly and must report to the Board of Directors on the matters addressed and the decisions adopted.

(4) Planning and budget:

At the end of the financial year, an annual budget for the following financial year is drawn up, prepared by the Company's Finance Department and approved by the Board of Directors.

Additionally, with each investment opportunity, a detailed analysis (financial model) is carried out that provides all the elements in order to approve, if applicable, the presentation of an offer by the Company once it has been approved by the Real Estate Executive Committee.

(5) Income and accounts receivable recognition process:

The Finance Department is responsible for managing the rentals of all assets that are rented.

Together with the Investment and Operational Asset Management Areas, it is primarily responsible for managing contracts with tenants and ensuring compliance with the agreed conditions.

(6) Asset valuation and recognition process:

In relation to the recognition of acquired assets, it should be mentioned that the policies are defined by the Company's Finance Department.

In relation to the valuation of investment property, as explained above, this is carried out based on an estimate of the future cash flows expected for said leased assets. In this regard, the Finance Department, under the supervision of the Company's CEO, recognises impairments based on the fair value of the assets obtained from the valuation reports drawn up by recognised independent experts.

(7) Process for recognising debt at amortised cost and monitoring financial covenants

The calculation of the amortised cost of debt, the classification between short and long term based on the maturities, as well as the interest expense, is calculated internally by the Company's Finance Department. Likewise, the Finance Department monitors the financial covenants to which the financing contracts may be subject.

(8) Closing and reporting process

From an administrative/accounting point of view, the Company carries out its accounting and tax management functions internally through its Administration Department, which reports to Financial Management.

In order to offer its shareholders the greatest transparency and to monitor the Company's results, which enables agile decision-making, consolidated abridged interim financial statements are prepared every six months in addition to the annual financial statements. Said interim financial statements are prepared by the Company's Board of Directors, subject to limited reviews by the Company's auditor, and communicated to shareholders and the market.

(9) Communication and reporting process

All the financial statements prepared by the Company are drawn up and reviewed by the Board of Directors, and are made available to shareholders for review and, where appropriate, approval (in the case of the annual financial statements) at the Annual General Meeting.

On the other hand, to ensure coordination in the flow of information, any presentation or communication to the media or the market must be coordinated by the CEO, who will review its content and authorise publication. The CEO may, in turn, use the team or legal advisers to prepare the documentation and communications, notwithstanding the fact that, as already indicated, final authorisation must come from the CEO.

In the particular case of press releases that are going to be circulated to the media, they must have the CEO's approval for publication.

(10) Monitoring activities

The objective of monitoring and supervision activities is to determine whether the different components of the internal control system are working correctly.

The Company's Board of Directors maintains a position of continuous supervision in the activities, carrying out a review of the Company's main KPIs at least quarterly, in order to have constant knowledge of the main events that are taking place in the Company to ensure that the financial information reflected in the financial statements is consistent and in keeping with the information reported regularly and the Company's results.

As respects the transfer of information, this is carried out in a fluid, regular and homogeneous manner thanks to the constant contact between the Management Team and the Board of Directors, which means that the information published, the website, corporate and financial presentations, the statements made and the other information given to the market is consistent and meets the standards required under the regulations issued by the regulator of BME Growth.

7. CRIMINAL RISK MANAGEMENT OR COMPLIANCE

The Company implemented a criminal risk management model, which establishes the basis of action for risk identification and management in order to prevent the perpetration of crimes that affect the organisation. It will be mandatory for all employees, executives, board members, Vouching SL and third parties that management deems appropriate in the provision of their services with the Company or any subsidiaries or companies directly or indirectly majority owned by the Company.

The Company's management model is based on three fundamental pillars:

- Prevention: the Company is establishing the mechanisms required to prevent or reduce the possibility of the perpetration of a crime or a breach of the code of ethics through controls that mitigate the risks, continuous risk analysis to detect possible threats and the training of employees and executives so they are aware of the controls that need to be applied and the company's regulations.

- Detection: through the means available to detect a crime or breach of the Code of Ethics, such as the reporting channel for stakeholders to communicate complaints, and the internal audit to verify the operation of the controls and management system established and detect possible breaches or inconsistencies.

- Response: in the event of a breach of the code of ethics or the perpetration of a crime, the Company is defining the means to remedy the negative effects of such breaches.

8. DOCUMENT MANAGEMENT SYSTEM

The purpose of the Document Management system is to manage the Company's documentation in a proactive and efficient manner, as well as to define the control of access to certain documentation in compliance with Data Protection legislation.

The Company has distinguished between: (i) Sensitive Documentation; and (ii) Documentation.

(1) Sensitive Documentation is that which is part of the Company and any loss, deterioration or damage to it would be an issue for the Company, and that which contains information that all Company employees should not necessarily know. This documentation includes: (i) all the title deeds of the Company and its investees (ii) the Company's articles of association, (iii) financing contracts, loan and/or credit policies, whether mortgage-backed or not, (iv) all the Company's other in rem rights, (v) any communications relating to the previous sections of the Company, and/or its Board Members or Executives, (vi) the annual financial statements of the Company and its investees, their tax returns and bank statements, (vii) the minutes of meetings of the Board of Directors and its delegated committees, and (viii) documentation relating to workers -if any- and social security.

(2) Documentation, or other information, is understood to mean any document not included in the previous section.

Sensitive documentation will be scanned and digitalised in a digital file, and only the members of the Board of Directors will have access to it, if necessary, and some of the members of the management team.

The other documentation is filed in both digital format and in a physical file, accessed by all the Company's employees.

9. COMMUNICATION OF THIS REPORT

This Report on the Company's Organisational Structure and Control Systems for Compliance with Market Reporting Obligations is available for consultation on the Company's website: www.hoteiproperties.es

10. CONCLUSION

The Company, represented by its Board of Directors, has an organisational structure and internal control system in place that enable it to comply with the reporting obligations established by the market.