





#### **BOOK KNOW AT**

https://www.grandfiestamericana.com

Posadas is the leading hotel company in Mexico with 184 hotels and over 30,000 owned, leased, franchised and managed rooms in the most important

and visited urban and beach destinations

POSADAS

beach destinations in Mexico. 80% of the rooms are in urban destinations and 20% in beach destinations.

Posadas operates with the brands Live Aqua, Grand Fiesta Americana, Fiesta Americana, The Explorean by Fiesta Americana, Fiesta Inn, Gamma, and one hotels. Posadas is listed on the BMV since 1992 under the ticker symbol POSADAS.









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A YEAR OF GREAT CHALLENGES

POSADAS BRAND PORTFOLIO

HOTELS

OUR PEOPLE MAKE THE DIFFERENCE

POSADAS SUSTAINABILITY

CORPORATE GOVERNANCE









- 1. Live Aqua Urban Resort San Miguel de Allende
- 2. Live Aqua Urban Resort San Miguel de Allende
- 3. Fiesta Americana Hacienda Galindo Resort & Spa
- 4. Fiesta Americana México Satélite

### AT THE RIGHT TIME

184 HOTELS BRANDS in the hotel market

BRANDS
in the Vacation
Property market

+ 19,000 collaborators

+29,000

The destinations of the second second

12 contracts

**2,319** rooms

+ 1 7 1, O O O SANTANDER FIESTA
Rewards Cards

330, FIESTA REWARDS
Active Members

2019 Annual Report P◎SADAS.



## strength Financial

(million pesos)

	2019	2018	2017
Income	9,072,708	8,325,848	8,580,850
Operating profit	678,812	2,023,239	1,221,638
Comparable AA EBITDA	855.8	1,272.4*	1,652.3
EBITDA	1,566.5**	2,425.3*	1,652.3
Integral Financing Result	687.1	483.0	431.6
Majority Net Income	(-79.9)	928.7	(483.9)
Cash, Banks and Securities	1,239.5	2,733.9	1,383.6
Total Assets	20,695,510	17,170,281	16,345,057

<sup>\*</sup>Includes the sale of the Fiesta Americana Condesa Cancún

Total income in 2019 was \$9,073 million pesos. EBITDA was \$1,567 million, including the impact of NIIF 16 which came into effect on January 1, 2019: 856 million with respect to the previous year (excluding IFRS 16).

Moreover, there was a recovery towards the end of the year of the system operational result of our hotels which resulted in an effective rate (RevPAR) of \$888, 2.6% less than that of 2018.

As of December 31, 2019, net leverage ratio was 6.6. Including leases and average life of the company's total debt, it is 2.5 years.

In the first quarter of the year we launched an offer to repurchase up to \$515 million of our Senior Notes Due 2022 at par, plus accrued interest as of the settlement date, using the net surplus from the sale of the Fiesta Americana Condesa Cancun hotel. On

<sup>\*\*</sup> Includes NIIF 16 leasings

#### TOTAL INCOME



#### **EBITDA**



- \* Includes the sale of the Fiesta Americana Condesa Cancún
- \*\* Excludes NIIF 16

#### CASH BALANCE



March 22, 2019, upon expiration of the offer, we paid \$7.4 million to the holders of the repurchased bonds plus interest. Following this transaction, the balance of the Senior Notes 2022 program was \$392.6 million.

The credit at subsidiary level (Inmobiliaria del Sudeste S.A. de C.V.) of \$210 million, for the hotel Fiesta Americana Mérida - contracted in June 2017 - has amortized 22%. The balance as of December 31, 2019 amounts to \$165 million.



<sup>\*\*\*</sup>excludes NIIF 15 leases

# OPERATION IN CONTRACTOR OF THE PROPERTY OF THE



\*Great Place to Wo



Sanked Sth

Best companies for Millenials

HOTELS WITH SUSTAINABLE Hydro certification 158
Green Key emblem
HOTELS



OF OUR HOTELS

with the Trip Advisor Certificate of Excellence

2019 Annual Report POSADAS.

# a year of great challenges

MESSAGE FROM THE CEO

Dear board members and shareholders:

For Posadas, 2019 was a year of many challenges.

In terms of the **economy**, our country is one of contrasts; on the one hand we have a healthy fiscal policy and an independent Bank of Mexico. On the other hand, the economy has experienced a contraction in investment and growth

The **hotel sector in Mexico** has great potential and is an engine of growth and economic development. We are in the right industry. The new generations are looking to travel, to accumulate experience. We are at the right time and in the right country to continue growing as a company.

Mexico placed 7th in the ranking of international tourist arrivals of the World Tourism Organization with 45 million foreign visitors in 2019; an increase of 5.3% according to preliminary figures from the Ministry of Tourism.

Our **asset right** strategy continues to deliver good results: during the year we registered 14 openings (net growth: 9 hotels), among which the following stand out:

Fiesta Americana Viaducto Aeropuerto with 260 rooms, Americana Our entry into San Luis Cuba with Fiesta Potosi with Americana All 150 rooms, **Inclusive Punta** Varadero and Fiesta Americana All Inclusive Holguín Grand Fiesta Americana Oaxaca (recently inaugurated)

Taking into account these new projects, we closed the year with 184 hotels in more than 60 destinations and almost 30,000 rooms.

Furthermore, we signed 12 new long-term contracts for a total of 2,319 quarters. With these new contracts our development plan is for 42 hotels and 8,240 rooms (+24%).



Regarding our **growth strategy** outside of Mexico, I would like to share with you that in August 2019 we signed a contract to operate a 345-room hotel under the Live Aqua brand for fifteen years in Punta Cana, Dominican Republic. We expect the hotel to begin operations during the second quarter of 2020.

In the area of **brands**, we continue to drive existing brands and generate new ones, adding value to our portfolio. IOH and Curamoria will be a reality in 2020. In the second quarter of the year, we expect to open the first IOH in Merida with 140 rooms. Today, our portfolio consists of 9 brands in the hotel market and 4 in the vacation property market.

In terms of **marketing and sales**, we continue to capture 7 out of every 10 customers through our channels, with our Web channel having the highest growth and penetration. The digital world has been and continues to be a great challenge and we will continue to invest to reaffirm our leadership. However, in both the domestic and international markets, we have observed a rate compression that is affecting our margins.

Maintaining efficiency in our operations and customer satisfaction (Net Promoter Score) was one of the biggest challenges this year.

Development plan for 42 hotels and 8,240 rooms (+24%).



The **loyalty** of our customers is one of the great pillars of this Company. Fiesta Rewards evolved its image in order to strengthen the bond with our partners, and we now have 330,000 active partners and more than 165,000 new ones generating more than 2 million room nights (32% of total occupancy).

In 2019, the Vacation Property market had record results. The sales of Fiesta Americana Vacation Club, Live Agua Residence Club and Kívac achieved a growth of more than 12%. Understanding the requirements of our travelers. Fiesta Americana Vacation Club Access increased its penetration and awareness of our customer base. By the end of 2019, we had different products.

our culture is our greatest asset. In

pany to work for in Mexico according to the Great Place to Work ranking. In addition, we moved up to the 8<sup>th</sup> position in the ranking of the best companies for Millenials.

#### Posadas is all about its people, thus our culture is our greatest asset

Today we are more than 19,000 collaborators whose passion and daily commitment sustain the leadership of our Company.

close to 80,000 members across our In relation to our **financial results**, at the end of the year we generated an EBITDA of \$855 million pesos. With Posadas is all about its **people**, thus the above flows, we triggered investments for more than \$500 million 2019, Posadas was the 3<sup>rd</sup> best com- aimed at maintaining our physical

standards at our hotels and incorporating technology into our daily operations in order to improve the experience of our guests.

Cash balance at December 31, 2019 was \$1.24 billion, of which 65% (\$43 million) is invested in U.S. dollars.

**Sustainability** is part of our culture. Maintaining a commitment to reducing our ecological footprint and contributing to more responsible and socially aware tourism are two of the company's top priorities. Highlights of our main initiatives were: -

The **Posadas Foundation** has been in existence for 15 years during which it has worked on the education and health of its collaborators. In 2019, we awarded 799 scholarships, served 2,246 people with our health programs, and through our volunteer programs we have benefited more than 14,600 people.

Efficient management of energy consumption

Improved waste management

Plastic free initiatives

Fostering gender equality

Environmental certifications (Green Key, Blue Flag, PROFEPA, SEMARNAT)

Finally, in 2020 we remain moderately optimistic. We are not only at a time of opportunity and strength, but also of financial soundness. Thanks to our large network of owners, the value of our brands, our impeccable operation, and to our customer satisfaction and orientation, all of which

are competitive advantages, we will continue on the path of constant

To our great management team and all our collaborators, guests and partners, my sincere thanks.

José Carlos Azcárraga

<sup>&</sup>lt;sup>1</sup> Excluye NIIF 16



## LIVE AQUA

## Grand Fiesta Americana

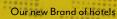
# Curamoria\*

## Fiesta Americana

#### THE EXPLOREAN



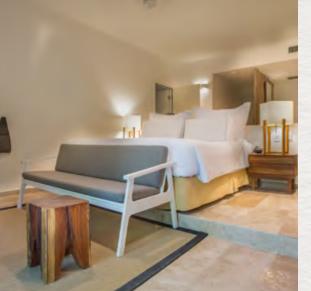
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#### PERFECT VACATIONS

## WHEREVER YOU WANT



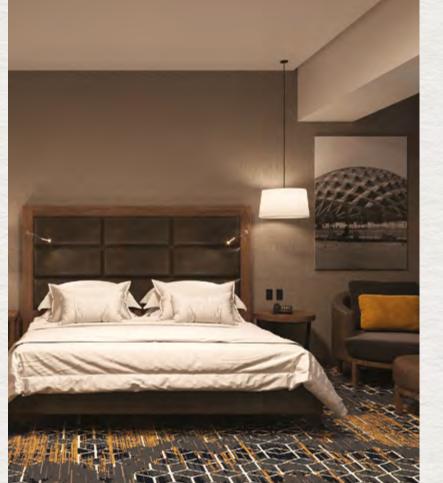


2	UPPER UPSCALE
1	Chatumal

1 Quintana Roo



20	UPSCALE	SIGNA	TURE		
1	Aguascalientes	1	Guerrero	4	Quintana Roo
1	Baja California	2	Jalisco	1	San Luis Potosi
2	Mexico City	1	Morelos	1	Sonora
1	Costa Verde	1	Nuevo Leon	1	Yucatan
2	Estado de Mexico	1	Punta Varadero		





47	ECONOMY	CON	/ENIEN	IT HOSTING		
2	Aguascalientes		1	Durango		2
3	Baja California		2	Estado d	e Mexico	3
1	Campeche		2	Guanaju	ato	2
4	Mexico City		2	Guerrero		3
1	Chihuahua		6	Jalisco		1
2	Chiapas		2	Monterre	ey	1
2	Coahuila		1	Morelos		2
						2



ENIEN	IT HOSTING		
1	Durango	2	Oaxaca
2	Estado de Mexico	3	Puebla
2	Guanajuato	2	Quintana Roo
2	Guerrero	3	Querétaro
6	Jalisco	1	San Luis Potosi
2	Monterrey	1	Sinaloa
1	Morelos	2	Tabasco
		2	Veracruz

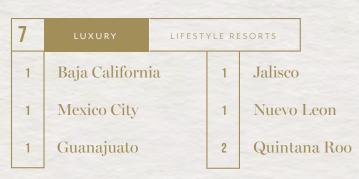


# FIESTA INN® HOTELES BUSINESS CLASS

76	MIDSCALE	BUS	INESS	S CLASS		
2	Aguascalientes		3	Guanajuato	1	Saltillo
1	Baja California		1	Hidalgo	2	San Luis Poto
2	Campeche		4	Jalisco	2	Sinaloa
8	Mexico City		1	Michoacán	2	Sonora
3	Chiapas		1	Morelos	1	Tabasco
3	Chihuahua		1	Nayarit	3	Tamaulipas
1	Chetumal		5	Nuevo Leon	5	Veracruz
2	Coahuila		1	Oaxaca	1	Yucatan
1	Colima		4	Puebla	1	Zacatecas
1	Durango		3	Queretaro		

8 Estado de Mexico 2 Quintana Roo

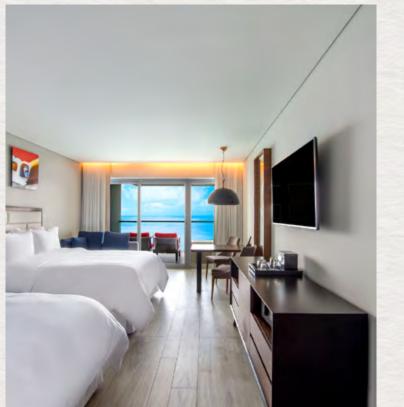














19	MIDSCALE	UNIQU	JE PE	RSONALITY		
1	Baja Californi	a	1	Hidalgo	1	Quintana Roo
1	Campeche		1	Jalisco	1	Sinaloa
1	Chihuahua		1	Michoacán	1	Sonora
1	Guanajuato		1	Morelos	1	Tamaulipas
1	Guerrero		2	Nuevo Leon	3	Veracruz
						<b>X</b> 7





## POSADAS Tends

"The 2020 hotel industry, promises to be characterized by highly sofisticated travelers, with a native affinity for technology and high hotel services expectations"

Today's travelers want experiences about products and services like relaxing get aways and wealthness retirements. Food will also play an important role to show the culture and heritage of the region.

"Brands will try to sell not only a room but a history. Hotels need brand awareness content".

"Healthy hotels" are now very common, with rooms that include gym equipment, healthy snacks and partnership with wellness brands.





#### —— G R O W T H ——— STRATEGY

In 2019, we continued with our remodeling plan and new hotel openings, seeking above all to satisfy our clients and creating experiences for current and new generations.

> 9 brands in the hotel market 4 brands in the Vacation **Properties market.**

#### REMODELING

#### +\$150 million invested in remodeling

#### **URBAN HOTELS**

- Start of the remodeling work of the Fiesta Americana Grand Chapultepec Hotel.
- modeling at the Fiesta Americana Reforma Hotel.
- We continued with the remodeling of the Fiesta Americana Méri-

da hotel, this time through repairs to the façade and exteriors.

#### RESORTS

- Start and follow up of room re- Remodeling of the Kambú restaurant at the Fiesta Americana Condesa Cancún Hotel
  - Progress on the project and construction of our tourist de-

velopment "Tulkal" in the Riviera Maya, which includes the Fiesta Americana All Inclusive hotels, Live Agua Beach Resort as well as a convention center

#### NEW PROJECTS

Resumption of activities for the development of the Reforma Colón real estate project in Mexico City.

#### DEVELOPMENT

#### 14 new hotels, 2,973 rooms

In 2019 we opened 14 new hotels adding 2,973 rooms to our existing ones (9% of the total room invento-

ry) which allowed us to expand our a total of 29,851 rooms, thus mainbrand presence in various market taining our accelerated growth and segments to a total of 184 hotels and increasing our brand portfolio.

UPPER UPSCALE



UPSCALE



MIDSCALE



Grand Fiesta Americana Oaxaca | 144 ROOMS



Fiesta Americana Viaducto Aeropuerto | 260 ROOMS



Fiesta Americana San Luis Potosí 150 ROOMS



Fiesta Inn Parque Puebla | 160 ROOMS



Fiesta Inn Express Puebla Explanada | 138 ROOMS



Fiesta Inn Periférico Poniente, Guadalajara | 142 ROOMS

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Fiesta Inn Celaya Galerías 145 ROOMS



Fiesta Inn Express Monterrey Centro | 117 ROOMS



GAMMA Cancún Centro | 110 ROOMS



**GAMMA Mazatlán The Inn Centro** Histórico | 63 ROOMS



GAMMA Orizaba Grand Hotel de France | 91 ROOMS



GAMMA Monterrey Rincón de Santiago | 89 ROOMS

We also opened two hotels in Cuba: market and the Caribbean region, where we have aggressive expansion plans.

Fiesta American Holguín with 633 struction and 42 new projects aland 749 rooms respectively, ratify- ready signed for 8,240 rooms, with ing the entry of Posadas to this new openings starting in the first quar-

Our development plan continues ter of 2020 and scheduled to last Fiesta Americana Varadero and with 25 new hotels under con- until 2023. This will represent an increase in room offer of 24% over the next four years.

#### HISTORY OF GROWTH



By driving our existing brands and generating new ones, we have shown our investors' confidence in the strength of Posadas. This is the case with IOH and Curamoria, brands that will become a reality in 2020.

IOH merges spaces to satisfy domestic travelers looking for flexibility in their multi-purpose trips while relying on design and digital solutions for its guests. We expect the opening of our first IOH hotel with 140 rooms in the city of Merida, during the second quarter of 2020.

In Curamoria the traveler will be able to find trendy locations with our new brand of boutique hotels, signature design, gourmet experiences, authenticity and unequaled luxury, in addition to digital connectivity and functionality.

In 2019 we closed 12 new contracts to add a total of 2,319 rooms to our different brands: Live Aqua Boutique Resort Playa Mujeres, in Cancun and Valle de Guadalupe, Baja California; Live Aqua All Inclusive Punta Cana, Dominican Republic; Fiesta Americana Oueretaro Centro Sur and Mazatlan, Golden Zone; Fiesta Inn Tijuana Zona Hipodromo and Cancun Airport; GAMMA Acapulco Copacabana in operation and Guaymas Armida and Toluca in franchise, as well as a Hotel one in Ciudad Juarez in franchise and the Hotel Curamoria NAAY in Tulum.

2012-2019 growth

NEW OPENINGS

11,494 ROOMS

NEW BRANDS

NEW VACATION PROPERTIES

8,687 **EMPLOYMENTS** 

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# 184 HOTELS

30,000 R O O M S

+19,000 C O L L A B O R A T O R S

Due to the contraction of the market, 2019 was a year of great challenges, so we focused on two fundamental axes, **generating higher rates** in hotels with high and stable occupancy rates, and **increasing market share** through aggressive commercial actions to capture more business than competing hotels.

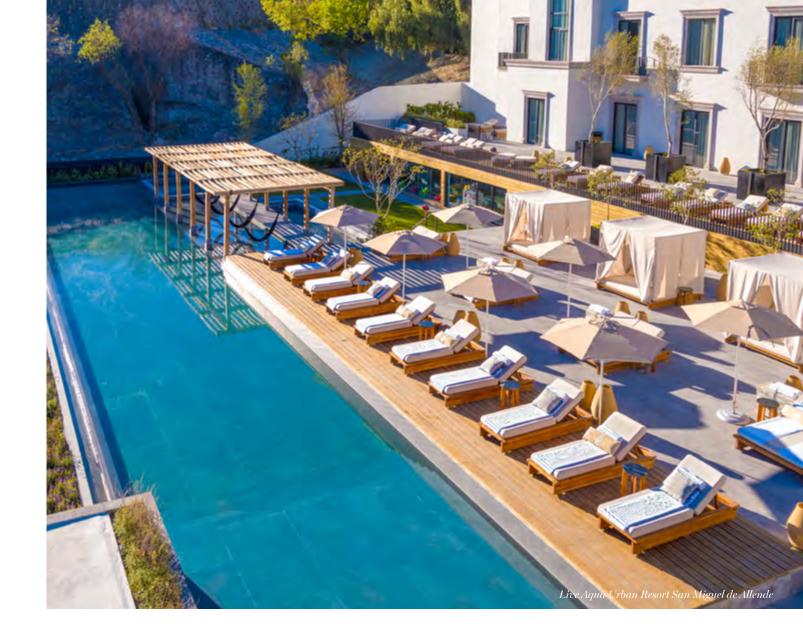
Urban hotels, which represented 81% of the total number of rooms operated at system level, recorded a lower effective rate performance than the previous year of 1.4% com-

pared to the competition, which fell between 5% and 10%. This was due to the fact that several strategies were implemented to generate a larger business base, namely: a production incentive program, the Corporate+ project (our own platform for direct reservations with companies that allows for better reservation fees), and others. This led us to achieve the leadership in effective rates in 89% of our hotels.

On the other hand, beach hotels reported a 6.7% lower performance in

effective rate compared to the same period last year, but decreased less than places like Cancun and Vallarta where the destinations fell as much as 15%.

In Resorts, this year we capitalized on **strategic alliances** with tour operators in Europe and South America, achieving the largest market share in the new programs in Puerto Vallarta and Los Cabos. In North America we managed to overcome the issues of bad perception in destinations such as Cancun through visits to our trav-



el agents in North America; incentive plans were a key piece in increasing our sales. By diversifying our markets we achieved leadership in our resorts, reaching a 75% share of the foreign guest market and 25% of the national guest market.

In 2019, we successfully migrated 116 Live Aqua, Grand Fiesta Americana, Fiesta Americana, Fiesta Inn and Gamma operated hotels to the Open Pricing strategy, which enables us to have the freedom to set any number as a rate that will get to all channels automatically and as needed by each customer to maintain parity. This places us at the forefront of Revenue Management and provides the oppor-

tunity to have dynamic rates, react quickly to constant market changes, and avoid closing channels or promotions, since instead of closing, a higher rate is used.

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This year we maintained a clear focus on developing our people in qualities and skills as well as technical issues. A clear example of this is the PROCHEF program, where more than 382 chefs, sous chefs and cooks participated to professionalize culinary issues obtaining an International Certification granted by The Culinary Institute of America.

On the other hand, seeking to protect and secure the information of our guests and partners, we implemented the PCI-DSS personal and banking data management certification of more than 3,890 employees in 154 hotels.

To support the renewal of our Fiesta Rewards loyalty program we trained 174 employees in our hotels on the new model and process enabling them to become hosts. With this, we seek to ensure a smooth operation to generate new experiences for our partners. In addition, we organized 14 microlearnings for positions that are not directly responsible for the program but that have an impact on the partners' experience.

In terms of culinary and entertainment achievements for our guests during 2019 we implemented the following:

The creation of "La Distral" restaurant concept as part of our gastronomic offer.

Collaboration projects with Grupo Canarios at Fiesta Americana Viaducto.

. . .

In association with Eduardo Palazuelos, we created the Zibu Allende restaurant, the Pool ಆ Beach Bar. and the Mario Canario and Yntony bar

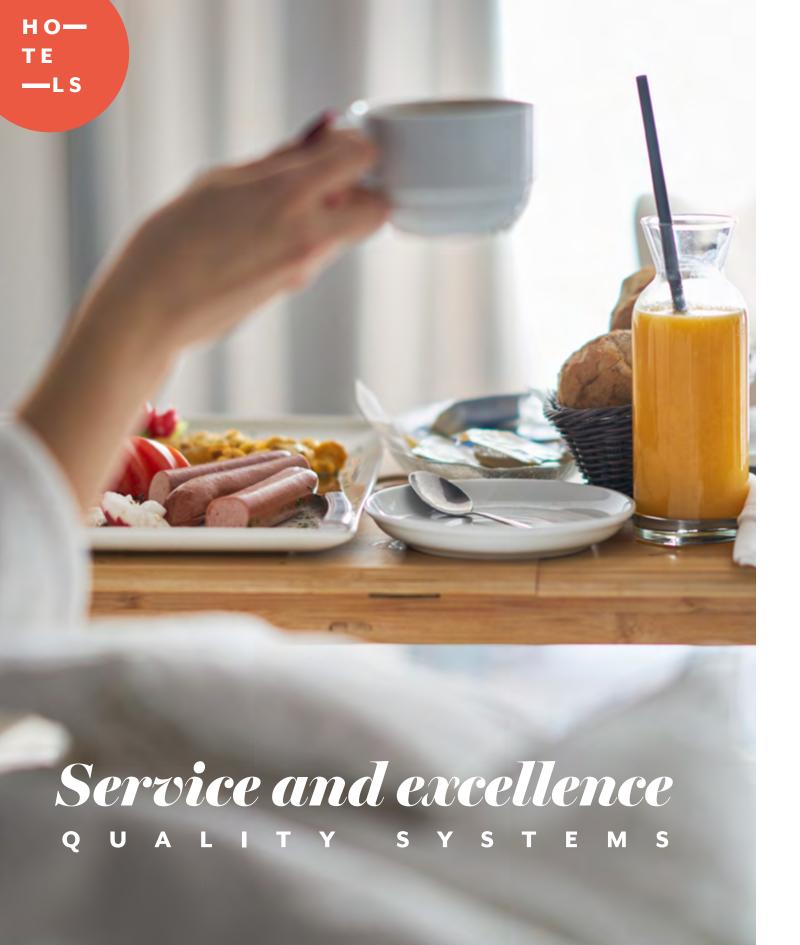
The opening of the Spice Market restaurant in San Miguel de Allende.

An alliance with "MYST" for production of shows in our hotels with 3 totally sold out dates.



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#### LINC

Two years after having implemented the NPS in our hotels as the main indicator to determine the loyalty of our customers, now we can start talking about the culture that has permeated the hotels and the head-quarters where the goal continues to be to make guests the center of the strategies and decision-making.

In 2019, we worked closely with hotels and office headquarters to generate action plans and strategies at key moments, when they make the greatest impact on our customers. These plans are implemented by general managers in conjunction with the operations team in order to generate greater loyalty, satisfaction and exceed guest expectations.

We continue to work on the strengths that have been our trademark over the years: courtesy, staff efficiency and room cleanliness. All our brands had a positive growth at the end of the year.

The words "service" and "excellence" are the most frequently mentioned words by our promoters; our focus on them has allowed us to ensure

# NPS (NET PROMOTER SCORE) OF 62 PERCENTAGE POINTS VS. 60 IN 2019 AND 12 POINTS ABOVE THE INDUSTRY AVERAGE (50%)

a better following of the standards, meeting the needs and preferences of guests, and listening to their voice. This has been reflected in 97% of the surveys that are answered by our General Managers, ensuring a thorough and personalized follow-up.

Through the NPS methodology (an indicator that shows the loyalty of our clients) we have focused our objectives on understanding and studying our promoter, passive and detractor clients, generating a culture of anticipation, control of incidents and empowerment in order to obtain more promoters of our brands and consequently higher revenues.

#### TRIP ADVISOR

Our main strengths for Trip Advisor guests are service, location and cleanliness of the properties.

100 OF OUR HOTELS
HAVE THE TRIP ADVISOR CERTIFICATE
OF EXCELLENCE
75% OF THE REVIEWS ARE POSITIVE

POSADAS.



with ensuring the quality of our hotels and guaranteeing the commitment of each of the brands we offer through audits, during which we review different types of standards that allow us to have a vision of the condition of the properties in terms of operational guidelines, physical conditions, cleanliness, brand stan-

2019 was a year of renovation during which we worked on the design of a new platform with the purpose of making more efficient the search for compliance with standards in each of the areas in the hotels. This platform is a great tool for quickly and visually obtaining valuable in-

formation (graphs, comments and photographs), in order to execute strategic action plans focused on key indicators.

At Posadas, the safety and security of our people is paramount, so the Zero Tolerance program has remained a priority, and today our guests can be confident that they are safer in our properties than in their homes. In 2019, 8 in every 10 hotels met the human safety goal: Zero Tolerance.

In line with the global trend on environmental issues, we have added to our catalogue the standards that are required by government entities.

At the closing of its evaluation, Physical Prometheus 2019 had an increase of 1% compared to 2018, which tells us that we have properties that are in impeccable condition.

In addition, we comply with 9 of the 10 standards that define our brands. This means that regardless of the geographic location of each of our hotels, guests receive a consistent standard of service that meets their expectations.



#### PHYGITAL: DIGITAL CHECK-IN Memorable experiences

Striving to meet our service and excellence objectives and aligned with new travel trends, we have initiated a strategic alliance with Accenture for the evolution to a *phygital* working model. This consists of improving our the experience of our guests through memorable digital solutions and services.

Phygital turns the traditional "checkin" into a digital welcoming space that integrates our excellence in hospitality with the best technology.

The benefits of this technology are diverse; they include increasing the

levels of satisfaction (NPS) through a faster and more practical process; freeing up the time of reception personnel leaving the orientation to the processes in order to dedicate the time to the guest; improving personalized attention, and reducing costs; all of which translates into greater profitability.

The guests of one *Hotels* who checked in digitally gave the highest ratings to the efficiency of the reception, the solution of problems and the checkout process.

HAVE USED PHYGITAL. **AGAINST TRADITIONAL RECEPTION, IS 42 POINTS; 5** POINTS HIGHER.

The NPS of guests who have used Phygital, against traditional reception, is 42 points; 5 points higher. As far as reception efficiency is concerned, it is 74 points; 5 points higher; solution of problems 51 points vs. 45, and the check-out process resulted in 92 points vs. 86.

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# Houn chises.

HOTEL OPENINGS IN 2019

1 Q	2019	2	
2 Ç	2019		4
3 Ç	2019		1
4 (	2019		

ACCELERATED GROWTH

27,491(2018) vs. 29,851 (2019)

+2,973rooms

The diversification of our portfolio has allowed us to have more possibilities of growth by providing options suitable to all social and economic levels and to the diverse ly within the company. needs of travelers.

Our brands have been completely updated to respond to the new generations in order to keep up with the competition and the environment, so we have started a sustainability process that is growing geometricalLive Aqua Resorts & Residence Club

918 ROOMS



tels and 918 rooms through which our most demanding guests can find a sophisticated yet relaxed atmosphere, avant-garde design and international cuisine to satisfy all their needs.

We are currently preparing the opening of three Live Agua Beach Resorts and the entry into the international market to strengthen our leadership in the beach segment. In the second

quarter of 2020, we added to our offer the Live Agua Beach Resort Punta Cana, the sixth hotel of this brand. which has been designed with a sophisticated style for providing unforgettable experiences to adults only.

It should be mentioned that our Live Aqua Urban Resort San Miguel de Allende, opened in 2018, has been recognized by Forbes as one of the most outstanding hotels in the world.

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At the end of 2019, Fiesta Americana had already 20 hotels and 7,046 rooms. We continue to offer our guests urban and beach destinations to enjoy great experiences.

Our brand remains relevant through two key openings:

Fiesta Americana Viaducto Aeropuerto: a 260-room hotel that blends avant-garde design with the comfort demanded by our guests for a perfect rest. Its location only 10 minutes away from Mexico City's international airport, its proximity to the most important event venues in the city, the ease for getting around the city, and

its excellent design and service, provide our guests with the perfect stay.

Fiesta Americana San Luis Potosí: a 5-star, 150-room hotel that combines design with a friendly environment where guests and business travelers who seek adventure and fun in the *Mexican Huasteca* will be able to experience the most enjoyable stay at this great destination.

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Fiesta Inn

**76 HOTELS** 11,032 ROOMS

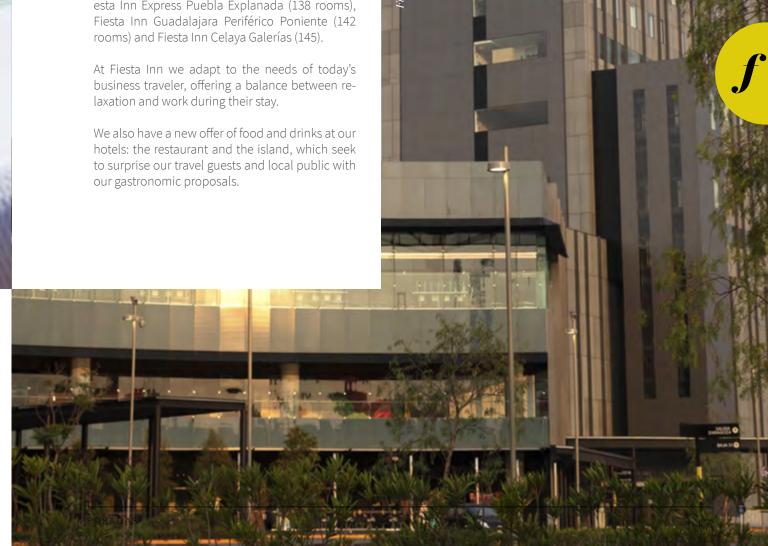
We confirmed our leadership in the Business Class hotel category with the opening of 5 hotels of our brand in 2019 which add 708 more rooms to the existing ones: Fiesta Inn Monterrey Centro (123 rooms), Fiesta Inn Parque Puebla (160 rooms), Fiesta Inn Express Puebla Explanada (138 rooms),

Our brand The Explorean offers its guests a discovery experience through destinations immersed in natural enof unique activities and moments of contemplation and relaxation. It also

46

allows travelers looking to get away from it all to get to know amazing places of great beauty. In Mexico alone vironments as well as the enjoyment we have identified more than 28 places where our brand could be present fulfilling its promise of discovery.

The Explorean is a brand with great growth potential that will captivate our guests.



FIESTA INN

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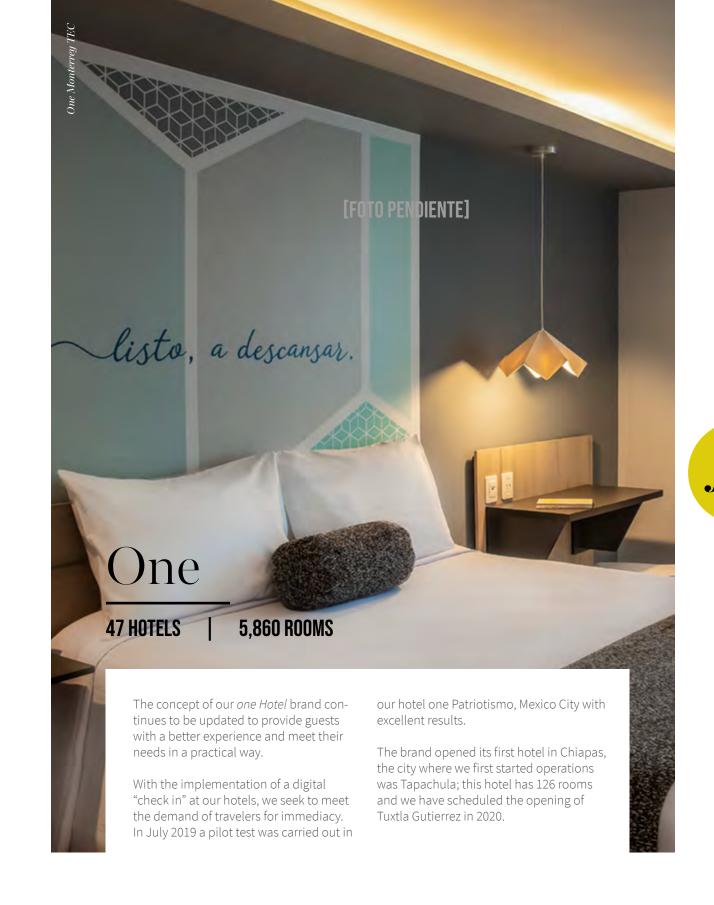
We continued with the opening of GAMMA hotels, our franchise brand, managed independently, or through Posadas.

for those travelers who wish to stay in the traditional hotel chains and look for local traditions that preserve their que personality.

name and architectural style while maintining each and every one of the Posadas standards and its excellent attention and service.

The hotels of this brand are designed In each of our new openings, and at every destination, we advance the brand by giving each property a uni-

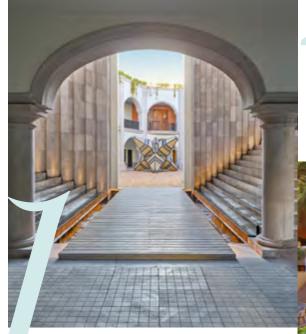
2019 was an expansion year for Gamma with the signing of 3 new hotels (Acapulco, Toluca and Guaymas), as well as with the opening of 4 more (Mazatlán, Rincón de Santiago, Nuevo León, Cancún Centro and Orizaba).



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# L A C O L E C C I Ó N RESORTS BY FIESTA AMERICANA

Our 2019 strategy of offering memorable strategies has yielded great results which have merited a series of awards for our hotels.



#### LIVE AQUA SAN MIGUEL DE ALLENDE

"Prix Versailles 2019" best Architecture and Design in North America

Forbes 4 stars



#### LIVE AQUA CANCÚN

Delta Quality Assurance

Travvy Awards 2019" best adult resort

TripAdvisor Excellence, 2019



#### LIVE AQUA PLAYA DEL CARMEN

Loved by Guests y Superb Hotels from Hotels.com

#### FIESTA AMERICANA CONDESA CANCÚN

Top Producer Expedia
Guest satisfaction Booking.com
Delta quality assurance



#### FIESTA AMERICANA VILLAS CANCÚN

 $Travellers\ '\ Choice\ Awards$ 

TripAdvisor Excellence





#### FIESTA AMERICANA CORAL BEACH

AAA 5 Diamonds to *Le Basilic* 

Forbes 5 stars to Gem Spa for their excellence in service and facilities

Stella Award Best Green Practices category

Preferred Hotel as rated by Costco de Costco Travel

Top Seller Cancún from Expedia Group

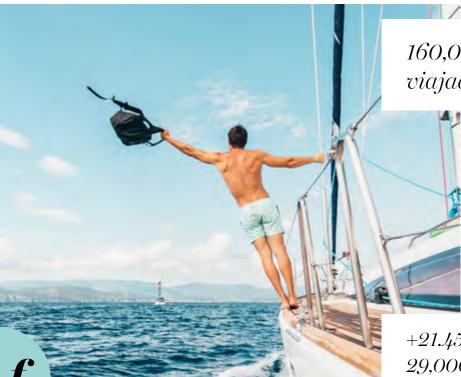
Trip Advisor Excellence 2019

Platinum Choice Awards for Excellence in Group and Convention Service awarded by Smart Meetings 2019

Excellence in Group and Convention Service from Latinoamérica Convenciones magazine

Excellence in Group and Convention Service by Latinoamérica Convenciones magazine from Pentair

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160.000 visits to the viajaconviaja.com website

+21.45% growth vs. 2018 29,000 cuartos noche \$ 23 million in sales

# VIAJA

Our promotion platform VIAJA, for the Live Agua, Grand Fiesta Americana, Fiesta Americana, Fiesta Inn, Gamma and one hotels, celebrated 10 years of existence in 2019 by launching a new campaign through which we invited all Mexico to stay in our hotels. The promotion featured the renowned actress Fernanda Castillo.

The campaign gave away more than one million gift certificates which included free nights, Fiesta

Rewards points, domestic and international flights with Aeromexico and discounts from Fiesta Americana Vacation Club. We also held the raffle of 8 luxury Audi cars, for which on this occasion, there were 30,000 registrations.

2019 results are 70% higher than the previous year with an output of 17 million in hotel revenue with the free night certificate.

#### 10 YEARS

- + 50 MILLION FIESTA REWARDS **POINTS**
- +10 MILLION GIFT CERTIFICATES

+ 100 AUDI CARS



FIESTA **REWARDS**<sup>®</sup>

330.000 ACTIVE MEMBERS

**+ 171,000 CARDHOLDERS** 

32% OF OUR HOTEL OCCUPANCY

TODAY. OUR FIESTA REWARDS. APRECIARE AND MOTIVA MEM-BERS GENERATE 2,040,00 **ROOMS/NIGHT** 



Through emotional and functional benefits, which are relevant and them unique and exclusive value with the purpose of attracting new ones, increasing their activity and inchannels. Fiesta Rewards is the most recognized loyalty program among hotel chains in Mexico in terms of number of members.

We have entered into an alliance with Banco Santander to issue a credit card under the Santander-Fiesta Rewards brand whereby members accumulate points that they can later redeem. As of December 31, 2019, we had more than 171,000 cardholders in Mexico, 118% more than in 2018. We also have commer-

cial alliances with American Express and Club Premier, among others.

By having the card, our members receive preferential rates, exclusive benefits during their stays, and can redeem the points obtained at participating hotels, airline tickets and car rentals.

convenient for its members, it offers In 2019, Fiesta Rewards was present in different media: television, social networks, billboards, magazines and internal media, managing creasing reservations through direct to affiliate 165,000 new members, and strengthening their loyalty to the program and our brands. As of December 31, 2019, we had 330,000 active members, which represented approximately 32% of our hotel oc-



# Distribution and CRM

The Explorean Cozume

In 2019, we obtained more than 3.5 million reservations through our distribution suite, representing a booking every nine seconds, of which those from our own channels, including groups, accounted for 69% of the reservations

Furthermore, we migrated the entire rate architecture of all the channels of all our hotels to *Open Pricing* in order to improve costs and maintain our competitive advantages.

In 2019 our distribution cost per booking was USD \$8.69 (including commissions), remaining below USD\$9/booking for the second consecutive year.

On the other hand, Konexo obtained very good results during the year:

It was recognized for achieving the highest score in the history of the Global Quality Model for Customer Interaction certification from the Mexican Institute of Teleservices (MGCIC), in contact centers.

It exceeded the sales budget by more than 25% through the PROVAC telemarketing campaign by having sold more than 320 million pesos.

It won the Top 3 place of the IMT Award (Mexican Institute of Teleservices) which recognizes the best technological contribution and best human talent for the fourth consecutive year.

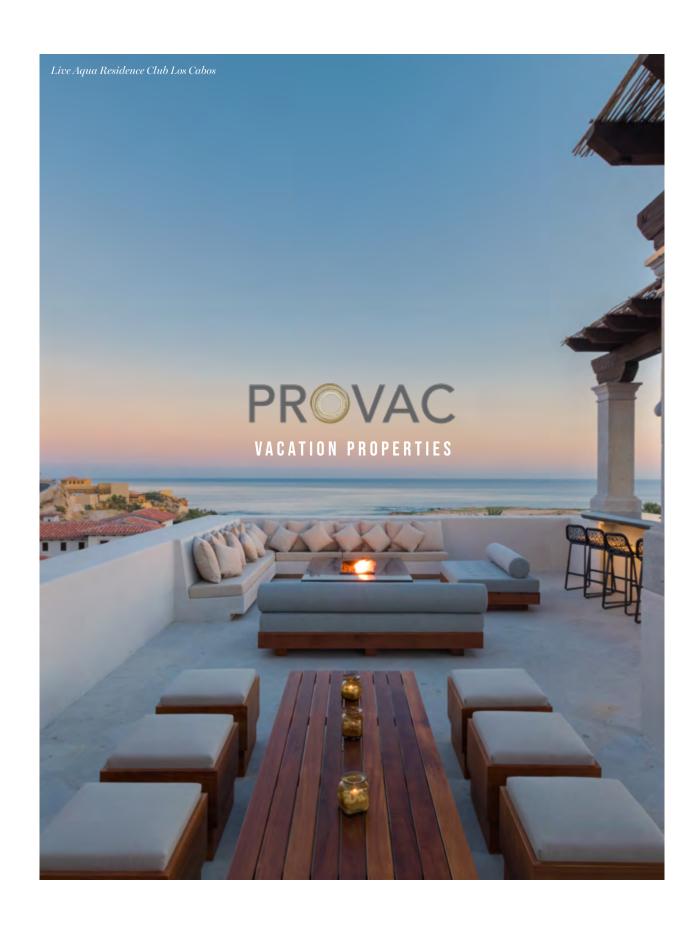
It achieved the highest ever NPS level for the Fiesta Rewards Campaign (92.3%). On the other hand, we continued with our Command Center, through which we conduct real-time monitoring of all the conversations we have with our clients in social networks and digital media, attending on this occasion 12,105 service cases, of which 5,636 corresponded to resort hotels and 6,469 to the others.

In 2019, there were 201,565 posts with an 87.3% positive sentiment and 15.3 million engagement interactions (over 3%).

In the case of Delphos, our customer relationship platform, we won the Gold at the SuperNova Awards given by Constellation Research in the Customer Experience category, for five million customers of which 80% are contactable.

EMM: 11.9 millones de pesos de venta incrementales. Delivery rate: 98.1% (industria 97%); Tasa de apertura 27% (industria 20.03%); Tasa de interacción 2.11% (industria 2%)

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PROFITABILITY BY SCALE

\$565.8

million pesos of income from PROVAC hotels 8.5% growth vs. 2018

PROVAC is the Posadas division responsible for generating long-term relationships through the sale of vacation memberships; its main competitive advantage is the retention of members and travelers who buy back a membership or points. Similarly, another very important source of customer generation comes from hotel guests themselves.

ners who will allow us to massively and customers.

On the other hand, for the last twen- At the end of 2019, there were 649 ty-four months we have been in- developments nationwide in Mexico volved in the B to B business in order compared to 630 in 2018 representto bring our technology and travel ing a growth of 3%. During the year, platforms closer to business part- a total of 262,691 weeks or intervals were sold; of these, 75.4% were sold increase the generation of prospects to foreigners and 24.6% to Mexicans.

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PROVAC RESULTS

In 2019 we generated 423,380 room nights for the Posadas system; 6% more than the previous year. This makes PROVAC the largest wholesale agency of the system.

We have 27 sales rooms operating in 55 hotels. In 2019 we concluded the upgrade of our transactional system and moved to a system that allows us to have more and better information about our customers modernizing our sales process and customer service.

#### Membership Sales

SALES*	2018	2019	% OF GROWTH
Fiesta Americana Vacation Club	65,509	72,300	10%
Live Aqua Residence Club	28,513	32,976	16%
Kívac	57,386	66,825	16%
Access	3,338	8,718	16%
Total	154,747	180,819	17%

\*REPORTED IN '000 USD



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#### LIVE AQUA RESIDENCE CLUB

11.955 transactions 7,117 calls 1,123 partners



FIESTA AMERICANA VACATION CLUB

68,527 transactions 9,947 calls 31,163 partners

#### KÍVAC

105,526 transactions 176,396 calls 45,406 partners

In order to benefit both companies and collaborators in Mexico, in 2019 we launched a new product called Kivac Travel Suite which provides a model for employment benefits -the first of its kind- which rewards employees of companies with access to a travel plan with destinations in Mexico and the United States. In 2019, a total of 37 companies in Mexico adopted this new benefit for their employees.





#### FIESTA AMERICANA VACATION CLUB ACCESS

2,219 transactions 9,947 calls 1,682 partners

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3<sup>rd</sup> best company to work for in Mexico/ GPTW 2019 Ranking

Ranked 8<sup>th</sup>/
Ranking Best
Companies for
Millenials

As a result of our constant expansion, our community of collaborators has also increased, so that today we are more than 19,000 people connected through the same culture and DNA. This growth has presented us with the challenge of making a positive impact on the lives and careers of our collaborators, who in the end make the difference for our guests.

For the fourth consecutive year we earned the Great Place to Work certification and moved up to the No. 3 position in the Ranking of the Best Companies to Work for in Mexico. This achievement is based on the objective of listening and understanding what our collaborators value about Posadas and where our areas of opportunity lie. In addition, we were ranked No. 8 in the Best Companies for Millennials.

The participation of our leadership in this process has been fundamental to the design and implementation of simple and effective strategies that will achieve changes in the attitude of the teams they lead, and therefore, contribute to good practices that promote our culture.

#### The Posadas DNA

Values and competencies constitute what is the essence of the Posadas DNA, a fundamental factor that defines us and guides us in our actions and decisions.

In 2019 we held a series of conferences where leaders from different areas and locations shared with our employees the five core competencies of our DNA: Experience Generation, Personal Development, Collaboration, Business Thinking and Excellence of Execution.

These talks were held in different cities for an audience of over 500 collaborators in addition to a live broadcast, which made an impact on a total of 12,000 employees in our hotels, sales rooms, corporate headquarters, Konexo and Conectum, in the city of Morelia.

In association with the IPADE, we have started an ambitious program aimed at strengthening and developing leadership in Posadas. The program has been developed to encourage business innovation, promote talent management and consolidate its strategic vision based on managerial knowledge. The Posadas Leaders Program was attended by 45 leaders who formed its first generation.

Likewise, we started a mentoring project aimed at transmitting firsthand experience and the best practices of our leaders. The project is based on individual coaching and one-on-one sessions, promoting one of the competencies of our DNA: Personal Development. We

also carried out Leadership Clinics where those responsible for managing teams and projects received tools and knowledge from a robust program that combined theory with specific actions and put them into practice.

In addition, 70 corporate Managers from Hotel Operations and PROVAC participated in the Talent Management process, which aims to identify strengths and design individual development plans to strengthen the elements of our DNA.



through the 3+1 Objectives.

#### Performance culture

Through the 3+1 Objectives methodology, we developed a variable compensation model that encourages business results through individual contribution, including an objective focused on personal development.

#### Flexwork. Productive from wherever you are

Through our Flexwork program we managed to take care of two very important aspects of our collaborators: time and productivity. Thus, by opening the possibility of working at home, or anywhere, people have found that working remotely brings them several benefits, including decreasing the time to commute to the offices, thereby allowing them to focus on their objectives.

The first phase of this program has been implemented through 600 collaborators of the corporate offices.

#### Innovation and digitalization of human capital

UNET is the platform that brings together the Posadas talent.

It harnesses technology to evolve and provide a better experience in the use of the main services of Human Capital.

The platform consists of 4 modules for self-management and centralization of processes centered on our collaborators:

- Employee Central
- Recruitment and Onboarding
- Succession and development
- 4. Objectives and performance.

In the first module, we carried out the registration of more than 11,800 hirings as well as the process of 1,044 promotions; since then, we already have more than 19,000 active collaborators.



We provided moments and spaces intended for sharing and integration of our work teams through the celebration of important dates and events. As a result, we are strengthening the culture of Posadas and seeking to improve the work climate at each location.

To achieve this, we have implemented various dynamics and activities where the teams throughout the country can express the satisfaction of being part of a great industry, a great company, and proudly saying: We are Posadas.

We have assumed the initiative of spreading our culture in order to position ourselves as an important employment brand through digital content disseminated by our social networks. This has allowed us to reach out and engage with new generations for whom credibility is provided through smiles, messages and experiences of the collaborators themselves. We have also maintained a presence in the major social networks like LinkedIn, Facebook and Instagram.

In the Recruitment and Onboarding module, we migrated the Posadas Careers application to UNET, achieving a monthly average of 25,800 site visits and 4,800 registered external candidates; more than 350 vacancies published nationally and more than 6,900 applications.

In the case of Succession and Development, 122 employees captured Individual Development Plans and we recorded the historical load of Talent Management information collected in previous years.

For the last module corresponding to Objectives and Performance, we captured 7,850 individual objectives with the contribution of hotels, sales rooms, Konexo, Conectum and corporate areas.

POSADAS. 2019 Annual Report





Posadas implements actions in the three areas of sustainability: economic. social and environmental.

In order to address the above, we have created the Communications Program "Posadas Actúa", through which the Sustainability Committee promotes the various actions taken to care for the well-being of our collaborators, communities and the environment, and to raise awareness about sustainable development in the tourism sector, our suppliers and guests.

In 2019, we carried out important activities that included the following aspects:



#### ECONOMIC

#### OBJECTIVES

Develop efficient processes and programs for the conservation and responsible use of energy and natural resources

Obtaining environmental certifications and working on efficient energy use and savings.

#### MAIN ACTIVITIES

We prepared our annual report on greenhouse gas and compound emissions in accordance to the National Emissions Registry (RENE) in conjunction with FibraHotel; the report was audited and delivered on time.

It should be mentioned that we have achieved a significant reduction of greenhouse gases per occupied room against the base year, of 22.9% Another new initiative in 2019 was a pilot test for the collection of glass shared with Grupo Modelo and the

Fiesta Americana Reforma hotel. The results have been successful and we hope to expand it to include more hotels next year.

On the other hand, we have begun a program to evaluate the level of regulatory compliance of our hotels -federal, state or municipal- through TACOR, a platform that allows the upload of all the documentary information that gives evidence of regulatory compliance and features a License and Permit Control Panel.



#### SOCIAL

OBJECTIVES

We promote gender, race and religious equality.

We seek to improve the quality of life of our collaborators.

We promote nondiscrimination and ethics in all our operations.

#### MAIN ACTIVITIES

For the seventh consecutive year we have obtained the Socially Responsible Company Distinction (ESR) for all our hotels, as well as the Great Place to Work recognition, being ranked 3<sup>rd</sup> among the best companies to work for in Mexico. In addition, we were recognized for diversity and inclusion.

Throughout 2019, we continued our commitment to implement the National Code of Conduct for the Protection of Children and Adolescents in the Travel and Tourism Sector.

Seeking to involve our collaborators in the company's sustainability actions and to make them aware of the importance of the activities in this area, we have created a corporate and hotel sustainability mailbox through which we receive suggestions to be implemented into concrete actions.

Moreover, we carry out training at corporate offices, hotel and sales areas related to the initiatives presented in the economic, environmental and social areas. We also email sustainability information to all the areas to communicate and promote actions.

Our hotels have earned awards from various organizations which have recognized our good practices in social matters:

- Inclusive Company Distinction "Gilberto Rincón Gallardo"®, granted by the Secretary of Labor and Social Security to the hotels Fiesta Americana Cancún Villas, Live Aqua Cancún, Fiesta Americana Grand Coral Beach Cancún Resort & Spa.
- 8 of our hotels have been recognized with the Golden Apple

Award which is granted by Apple Vacations for exceptional ratings in quality and service by the guests who register their post-vacation surveys.

We have implemented the National Code of Conduct for the Protection of Children and Adolescents in the Travel and Tourism Sector, a program of the Ministry of Tourism of the Government of Mexico, at all our hotels



#### OBJECTIVES

We work on the conservation and optimal use of natural resources, as well as the care of animal and plant diversity We implement actions to reduce our ecological footprint

We contribute to a more responsible and socially-aware tourism.

Ranked 5th among international companies and the best in the tourism sector/"2019 Green Companies"

#### MAIN ACTIVITIES

One of the most important activities in 2019 was the "Goodbye Bottles" program, through which we have achieved the elimination of 60,000 plastic bottles from our corporate.

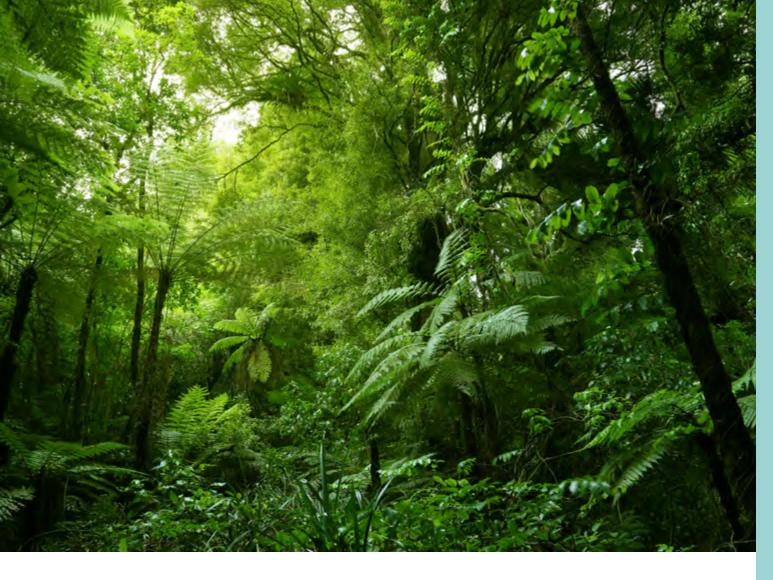
We also organized a *Sustainability Week* for all our collaborators during which we gave workshops on energy saving, waste management,

responsible consumption, and included a bazaar with sustainable products for sale.

During 2019 we continued to work on initiatives for our green hotels such as signaling, final waste disposal accredited by SEMARNAT, temporary storage of chemical and solvent waste, vegetable oil collection, water

CONTINÚA EN PÁGINA SIGUIENTE

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savers, LED lighting in public and service areas, ecological coolants and efficient heaters, among others.

In addition, during the months of November and December 2019, we carried out training at 80 of the Group's hotels on the Official Mexican Standard NOM-162-SEMARNAT-2012, which establishes the specifications for the protection, recovery and management of sea turtle populations in their nesting habitat.

Through a cooperation agreement we signed with the Federal Envi-

ronmental Protection Agency (PRO-FEPA), we have continued with the certification of hotels in the "Environmental Quality for Tourism" category. This includes registering the consumption of fossil fuels, electricity, gas, and water, and registering the inventory of greenhouse gases at the National Registry of Emissions.

In Posadas we want to be leaders in environmental matters, thus our hotels received in 2019 several awards for sustainable practices: 16 of the Group's hotels have been awarded the "S" Distinction by SEC-TUR, a recognition granted for good sustainable practices in the development of tourism projects and the commitment of tourism companies operating in Mexico to sustainability criteria. Among them are the Fiesta Americana Acapulco Villas, The Explorean Cozumel and Kohunlich.

SAFE HOTEL distinction, quality label for fire safety in hotels; awarded to 6 of our hotels among which are the Fiesta Americana Condesa Cancun, Grand Fiesta Americana Los Cabos All Inclusive Golf & Spa, Live Aqua Residence Club Los Cabos, Aqua Cancun.

On 20 December 2019, the re-certification audit by GREEN KEY of all the Group's hotels was completed.

8 hotels have been recognized with the Golden Apple Award which is granted by Apple Vacations to the hotels that obtain exceptional ratings in quality and service by the guests that register their post-vacation surveys.

Cristal International Standards Certification for 5 of our hotels. The certification is granted to the hotel industry as a tool for health and hygiene management. The Live Aqua Cancun, Fiesta Americana Cozumel Dive Resort, are some examples.

43 of our hotels have the "Environmental Tourism Quality Certificate" issued by PROFEPA.

10 of our hotels were awarded the BLUE FLAG emblem sponsored by the internationally recognized Foundation for Environmental Education based in Copenhagen, Denmark. It is awarded to those beach resorts that have managed to maintain the highest worldwide standards in terms of safety and services, environmental education and water quality; these include the Live Aqua Cancun, Live Agua Residence Club Los Cabos, Fiesta Americana Condesa Cancun, Grand Fiesta Americana Los Cabos All Inclusive Golf & Spa, and The Explorean Cozumel. The WHITE FLAG emblem was also awarded to the Fiesta Americana Puerto Vallarta.

Green Companies Report 2019 / 5<sup>th</sup> place among international companies, and the best in the tourism sector.

"Distintivo H" to 8 of our hotels. This award is presented by the Ministry of Tourism and endorsed by the Ministry of Health in the area of food and beverages to those hotels that meet the standards defined by the Program; some examples are the Fiesta Americana Puerto Vallarta, Fiesta Americana Acapulco Villas, Live Aqua Residence Club Los Cabos, Live Aqua San Miguel de Allende Urban Resort.

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We are celebrating 15 years of operations and are now present in 30 states in Mexico. We have focused our efforts on four areas: health, education, disaster relief and volunteering. We are proud of our achievements but aware that there is still much to be done.





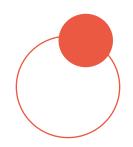
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#### HEALTH

More than 380 people who do not receive adequate health care received assistance in the form of surgery, therapy, hearing aids, eyeglasses and various other treatments.

We provided 2,705 eyesight examinations to over 3,578 beneficiaries.

#### EDUCATION



We granted 839 educational scholarships to children and young people of limited resources. Nine of them earned their degrees from the University.

Since the beginning of the program we have granted 5,796 scholarships.

#### DISASTER RELIEF

8 people were assisted with construction material and household items following fires in their homes.

We have provided 2,254 people with support since the beginning of this program.



#### VOLUNTEERING

For the third consecutive year we implemented the National Volunteer Program, which involved more than 3,200 volunteers (Posadas collaborators and their families) in benefit of more than 28,000 people (children, women, seniors, all in vulnerable situations).

We organized activities such as cleaning and maintenance of nursing homes, foster homes, and schools; reforestation, regularization classes and tutorials, get-togethers, and food and clothing donations, in addition to other activities.

#### OTHER INITIATIVES

We encouraged the participation of guests with cash donations in order to continue the work of the Posadas Foundation in building a better future for Mexican families.

We supported more than 5 million people through 37 institutions with a social purpose like ours by donating about 700 room-nights at Posadas hotels. Our aims include supporting surgery for burned children (we host the doctors), and donating bedding, towels and uniforms.

All the proceeds received from the sale of burned cooking oil that is used to generate Bio-Diesel are donated to the Foundation to be used in its different initiatives.

Regarding preservation of the environment, the Foundation received certification for the planting of trees carried out by its volunteers.





Francisco Javier Barrera Segura

VICEPRESIDENT - FRANCHISE

VICEPRESIDENT - FRANCHISE

Enrique Calderón Fernández
VICEPRESIDENT - HOTEL
OPERATIONS

Arturo Martínez del Campo Saucedo VICEPRESIDENT - FINANCE

Jorge Carvallo Couttolenc

VICEPRESIDENT - DEVELOPMENT

Gerardo Alonso Rioseco Orihuela

VICEPRESIDENT - VACATION PROPERTIES



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