SantaFe
grupo | hotelero

A DECADE OF CHALLENGES AND ACHIEVEMENTS

CONTENTS

ABOUT GHSF

Our Company

[102-1, 102-2, 102-3, 102-4, 102-6, 102-7]

Grupo Hotelero Santa Fe has its own brand, Krystal. We also invest in, integrate, and operate other widely recognized brands, such as Hilton, Marriott, Ibis, and Hyatt, totaling 28 hotels in operation and 6,897 rooms in 2020.

Our ability to understand the market's needs, and our financial strength have allowed us to continue operating efficiently, despite the hardships that COVID-19 has brought with it to the entire tourism industry, and particularly to the hotel sector.

With the many upheavals that 2020 brought with it, we had to adapt and face the challenges that arose, such as the five-month closure of all beach and some urban hotels. Throughout this time we focused on the safety of our employees and their families, and on implementing health protocols for the safety of our guests.

Santa Fe
grupo | hotelero

Hotel development, acquisition and operation

We are a leading, highly efficient hotel operating company in Mexico with a focus on three essential areas: the development, acquisition, and operation of our own hotels and those of third parties, employing a multi-brand and multi-segment strategy that provides excellent-quality infrastructure and services, and meeting the expectations and demands of the domestic and international markets, thus maximizing profitability.

Presence in Mexico and our brands

Our corporate offices are located in Mexico City, and our 28 hotels are located in 16 cities throughout Mexico. Our own brand is Hoteles Krystal, which is recognized in Mexico and worldwide. We have several other recognized companies that enable us to provide attractive options for various market segments, both urban and beach hotels, including: Hoteles Krystal, Hilton, Hyatt, AC Marriott, Ibis, Curio and Breathless.

CORPORATE PROFILE

We are one of the leading companies in the hotel industry in Mexico. We focus on acquiring beach and urban hotels in the main domestic tourist destinations, converting property use, and having operating and development agreements with hotels in locations that fully justify that approach.

Our current platform includes own brands such as Krystal Resorts, Krystal Grand, Krystal Beach and Krystal Urban, franchises and brands licensed by Hilton, Hyatt, Marriott, and Accor, among others.

The diversity of our hotel portfolio allows us to have more stable revenues and income due to the counter-cyclicality in urban and beach hotels. This diversity also allows us to create cross sales among our client base.

Our management team has a long history of success in Mexico's hotel industry, with combined experience of more than 100 years. Together the team has acquired, operated, and developed more than 12,000 rooms in Mexico and other locations in Latin America.

Our operating model is defined by the multi-functional efficiency of our personnel and strict expense control, which allows rapid adaptation and anticipation of the industry's changing needs.

Our strategy seeks to grow our hotel platform in Mexico with a clear focus on the Krystal brand, prioritizing the country's principal markets in the four-star, five-star, and Gran Turismo categories. We also focus on managing our hotel portfolio efficiently, and supporting growth in sales and income through efficient asset optimization.

MISSION

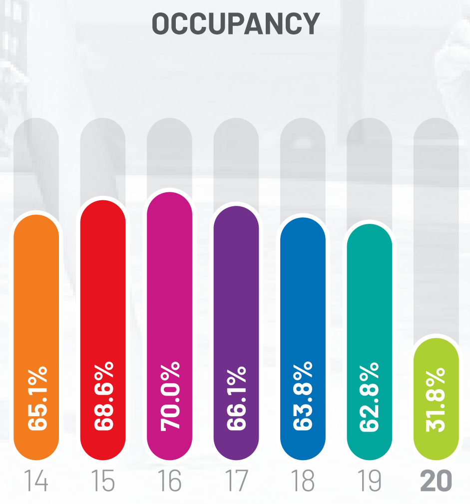
To provide our guests and clients with enjoyable and unforgettable experiences, through employees who are passionate about providing quality service, which, together with good management, allows us to create the profitability expected by our partners, shareholders, and investors.

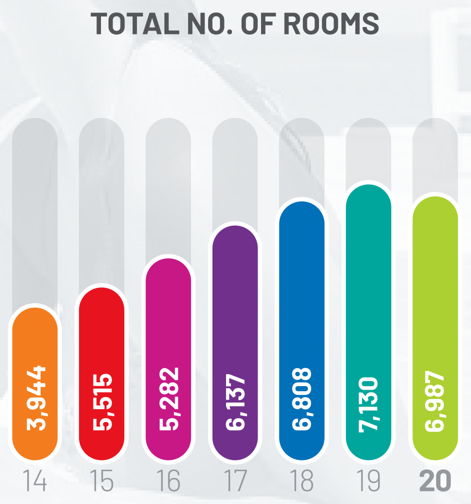
VISION

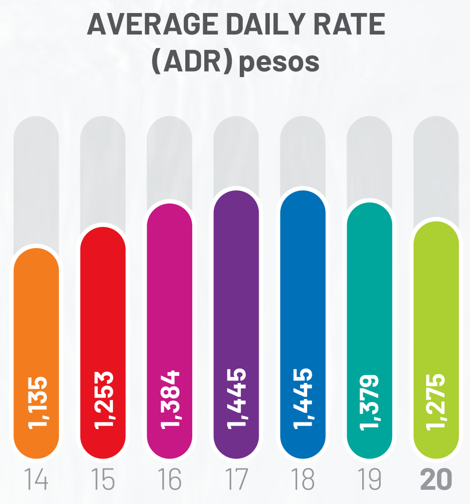
To be recognized as one of the best hotel companies due to high profitability, professional ethics and trust, quality products and services, with employees who are proud to be part of the group.

KEY FIGURES

INCOME STATEMENT	2020	2019	% Var.
Numbers in thousands of pesos			
Room revenues	499,678	1,096,658	(54.4)
Revenues from food and beverages	415,549	860,367	(51.7)
Other hotel revenues	123,698	204,120	(39.4)
Third-party hotel management fees	31,610	76,756	(58.8)
Total revenues	**1,070,535**	**2,237,902**	**(52.2)**
Operating costs and expenses	624,878	1,019,971	(38.7)
Administrative and sales expenses	359,691	535,883	(32.9)
Other expenses	38,980	36,477	6.9
Depreciation	236,451	237,293	(0.4)
Total costs and expenses	**1,260,000**	**1,829,625**	**(31.1)**
Total non-recurring expenses	**37,508**	**29,528**	**27.0**
EBITDA	**46,986**	**645,570**	**(92.7)**
EBITDA margin (%)	4.4%	28.8%	(24.5 pt)
Operating income	**(288,132)**	**378,749**	**NA**
Operating Income margin (%)	(28.7%)	16.9%	(43.8 pt)
Net financial cost	**(241,578)**	**(108,655)**	**NA**
Income tax	(9,271)	108,422	NA
Net income	**(521,181)**	**164,042**	**NA**
Net Income margin (%)	(48.7%)	7.3%	(56.0 pt)
Gains attributable to:			
Company owners	(398,911)	179,364	NA
Non-controlling interest	(122,270)	(15,322)	NA







MESSAGE FROM THE **CHAIRMAN OF THE BOARD OF DIRECTORS**

> The year 2020 was a difficult one for the industry. Grupo Hotelero Santa Fe, however, led the way by taking significant steps to protect our employees, clients, providers, and lenders from the outset of the pandemic.

The year 2020 was a difficult one for the industry. Grupo Hotelero Santa Fe, however, led the way by taking significant steps to protect our employees, clients, providers, and lenders from the outset of the pandemic. We were the first hotel company in Mexico to implement sanitary protocols at all our hotels. We reduced costs and expenses to offset a portion of the lower revenues, we temporarily decreased salaries, and postponed non-essential CAPEX investments. We also extended our debt profile, thanks to help from the banks with which we work.

Protecting the interests of our investors and partners was key during the year. This included a capital increase of 500 million pesos, which was authorized by our shareholders, with the result of 100% of the shares issued being fully subscribed and paid in. The strength of our investor base was on display as it continued to provide invaluable support to the Company in these unprecedented times. The idea behind this capital increase was to prepare ourselves for the uncertainty of 2021, and to be ready to capitalize on possible future opportunities.

We have a very solid expansion plan as part of the Company's strategy. Our focus is clear: to continue disciplined growth by adding value to every property that we include in our portfolio.

Carlos Gerardo Ancira Elizondo
Chairman of the Board of Directors

MESSAGE FROM THE **CHIEF EXECUTIVE OFFICER**

"In November 2020, 100% of the shares issued in order to raise capital were successfully subscribed and paid in. This measure was approved at the Company's General Ordinary Shareholders' Meeting that was held on October 1, 2020."

The world was severely impacted in 2020, due to the effects caused by the COVID-19 pandemic, and the tourism industry has been heavily affected since the end of the first quarter. It was a particularly difficult year for our Company, as the majority of our hotels were closed during the months of April, May, June, and part of July. When we reopened, we took the necessary measures at our hotels to prevent the risk of contagion among our employees and clients by adopting domestic and international health protocols. In addition, the majority of our hotels operated at limited occupancy upon orders issued by the government. Impacts in the urban segment were immediate, and recovery has been slow, due to the closure of companies, corporations and government entities. The beach segment had a slower initial deceleration, and has recovered slightly due to domestic vacationers. Our international clients, however, have fallen off significantly due to travel restrictions, partial closure of borders, and the implementation of testing for COVID in order to travel.

On the financial front, we implemented several initiatives to preserve our working capital, and to reduce our operating expenses. During the year, we were able to reduce our costs and expenses by more than 30%. The measures we put into place include: (i) curtailment of discretionary expenses; (ii) salary cuts at all levels of the organization; (iii) reduction in operating costs and expenses at all of our properties; and (iv) delay of non-essential CAPEX. We also re-profiled our cash flow with the help of the banks with which we work, thus ensuring adequate levels of working capital.

In November 2020, 100% of the shares issued in order to raise capital were successfully subscribed and paid in. This measure was approved at the Company's General Ordinary Shareholders' Meeting that was held on October 1, 2020. In this transaction, 125,000,000 Class II common registered shares with no par value were subscribed and paid in, issued at a subscription price of $4.00 per share, for a total amount of $500,000,000. All of the mentioned shares were subscribed and paid in by shareholders of the Company, as this transaction did not constitute a public offering.

I would like to highlight and express my sincere gratitude to the more than 2,800 employees who have provided unconditional support to the Company, not only with their economic contributions, but also with their tremendous attitude that has gone well beyond the call of duty. As always, we are profoundly grateful for the trust and support of our shareholders during these times, and again, to all of our exceptionally professional and cooperative teams.

Francisco Medina Elizalde
Chief Executive Officer

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HOTELS IN 2020

We have 10 brands in 16 cities. Our "3 x 3 Strategy" establishes a significant presence in the three main cities and the three most important vacation destinations in the country.

Of the 6,987 rooms in the portfolio, **62% are KRYSTAL brand,** for a total of

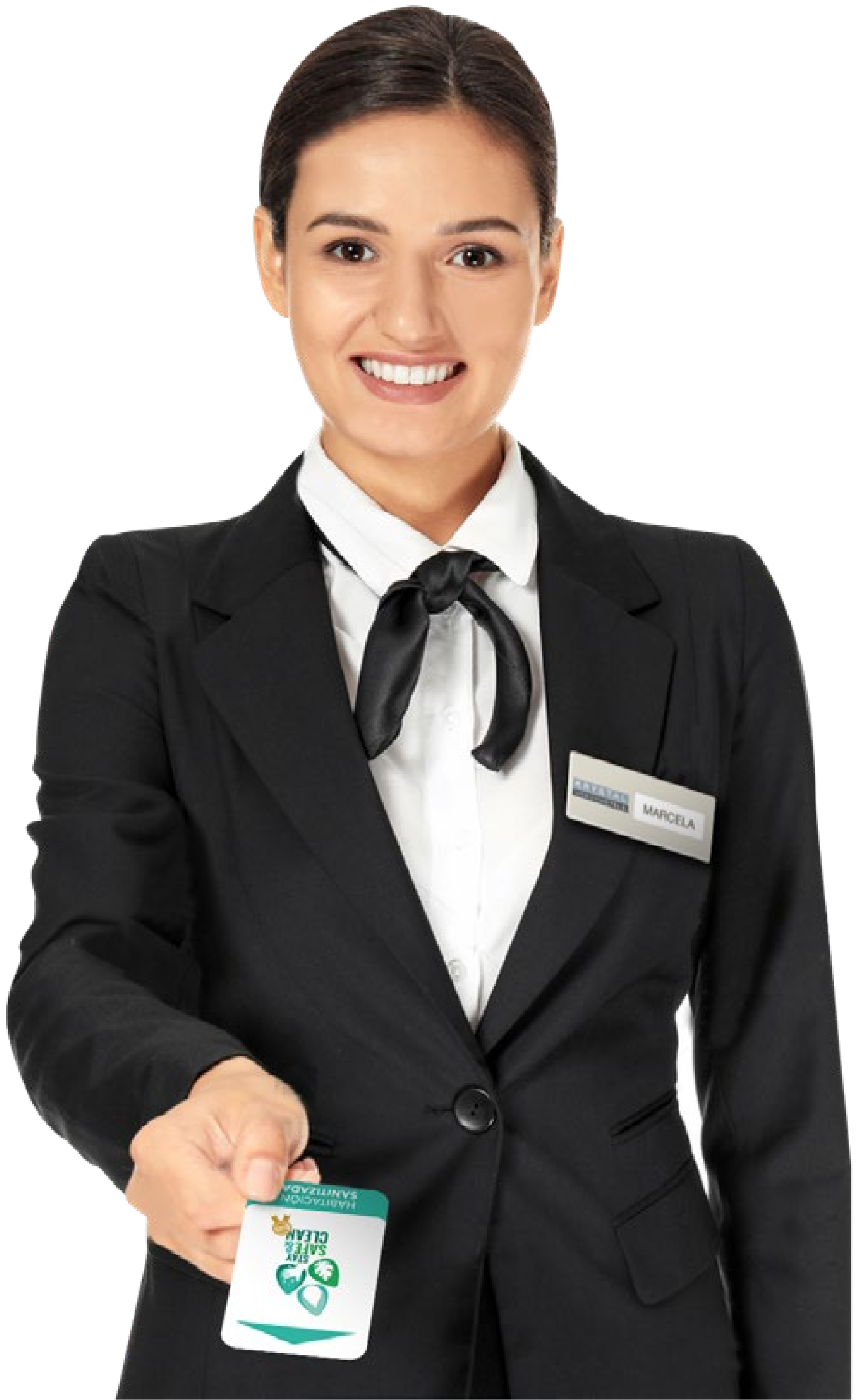
4,343

OWN ROOMS

At the end of 2020,
our portfolio of hotels totaled

6,987

ROOMS



The unconditional support of our employees has been essential in facing the challenges of the COVID-19 pandemic, and today more than ever, we maintain our commitment to create jobs and opportunities for our more than

2,800

EMPLOYEES

OUR HOTELS

MEXICO CITY AND METROPOLITAN AREA
1. Krystal Urban Aeropuerto Ciudad de México
2. Krystal Satélite María Bárbara
3. Krystal Grand Suites
4. Hyatt Regency Insurgentes Mexico City
5. AC Hotel by Marriott Santa Fe

MONTERREY
6. Krystal Urban Monterrey
7. Hilton Garden Inn Monterrey Aeropuerto
8. Krystal Monterrey
9. AC By Marriot Distrito Armida

GUADALAJARA
10. Hilton Guadalajara
11. Krystal Urban Guadalajara

CANCÚN AND RIVIERA MAYA
12. Krystal Resort Cancún
13. Krystal Grand Punta Cancún
14. Krystal Urban Cancún Centro
15. Secrets Tulum

PUERTO VALLARTA
16. Krystal Resort Puerto Vallarta
17. Hilton Puerto Vallarta

NUEVO VALLARTA
18. Krystal Grand Nuevo Vallarta

LOS CABOS
19. Krystal Grand Los Cabos

LEÓN
20. Hyatt Centric Campestre León

IXTAPA
21. Krystal Resort Ixtapa

AGUASCALIENTES
22. Hyatt Place Aguascalientes

ACAPULCO
23. Krystal Beach Acapulco

ZACATECAS
24. Curio Collection by Hilton Zacatecas

IRAPUATO
25. Ibis Irapuato

TABASCO
26. Hampton Inn & Suites Paraíso, Tabasco

CIUDAD JUÁREZ
27. Krystal Urban Ciudad Juárez

PUEBLA
28. Courtyard by Marriott Puebla

We have hotels in **16 destinations** throughout Mexico.

- In operation
- Under construction

OUR SERVICES

Grupo Hotelero Santa Fe provides lodging in both urban and beach destinations. With our 3,987 rooms, we serve four- and five-star markets, as well as Gran Turismo, or very high-end markets, using European layouts and all-inclusive models. We also provide a wide range of complementary services, with the principal objective of ensuring that every guest who stays with us has an extraordinary experience. We have a wide variety of restaurants, bars, spas, coffee shops, and specialized products, such as spaces to hold events.

Our operating model is defined by its foundation of multi-functional efficiency and strict expense control, which allow us to adapt and react quickly to the industry's changing needs. Part of our strategy is to incorporate hotel assets that have strategic value and that offer us long-term growth and profitability in different relevant markets.

We also provide a wide range of complementary services, with the principal objective of ensuring that every guest who stays with us has an extraordinary experience.

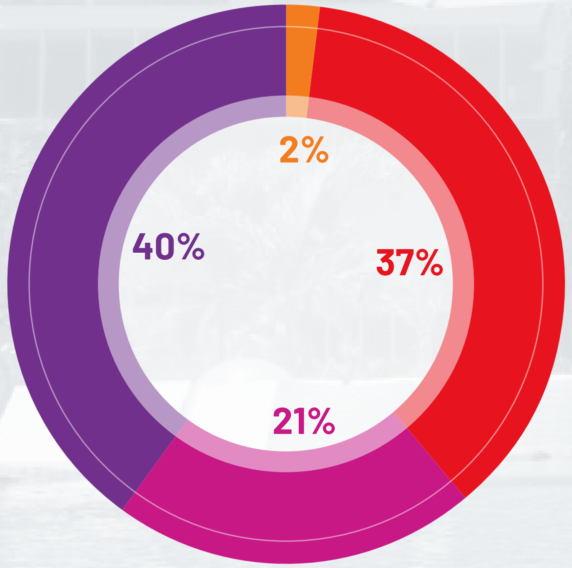
PORTFOLIO OF HOTELS

	NO.	PROPERTY	ROOMS	TOTAL PROPERTY	TYPE	CATEGORY	MONTHS IN OPERATION	STABILIZED	CITY	STATE
URBAN	1	Hilton Guadalajara	450	100%	Urban	Gran Turismo	>36	Yes	Guadalajara	Jalisco
	2	Krystal Urban Monterrey	150	100%	Urban	4 star	>36	Yes	Monterrey	Nuevo León
	3	Krystal Urban Cd. Juárez	120	100%	Urban	4 star	>36	Yes	Ciudad Juárez	Chihuahua
	4	Krystal Urban Cancún	246	100%	Urban	4 star	>36	Yes	Cancún	Quintana Roo
	5	Krystal Satélite María Bárbara	215	100%	Urban	5 star	>36	Yes	Mexico City	Mexico City
	6	Hilton Garden Inn Monterrey Aeropuerto	134	15%	Urban	4 star	>36	Yes	Monterrey	Nuevo León
	7	Hampton Inn & Suites Paraíso Tabasco	117	-	Urban	4 star	>36	Yes	Paraíso	Tabasco
	8	Krystal Urban Aeropuerto Ciudad de México	96	-	Urban	4 star	>36	Yes	Mexico City	Mexico City
	9	Krystal Urban Guadalajara	140	100%	Urban	4 star	>36	Yes	Guadalajara	Jalisco
	10	Krystal Monterrey	207	-	Urban	5 star	>36	Yes	Monterrey	Nuevo León
	11	Ibis Irapuato	140	-	Urban	3 star	>36	Yes	Irapuato	Guanajuato
	12	Krystal Grand Suites Insurgentes	150	50%	Urban	Gran Turismo	>36	Yes	Mexico City	Mexico City
	13	Hyatt Centric Campestre León	140	50%	Urban	Gran Turismo	28	In Process	León	Guanajuato
	14	Hyatt Place Aguascalientes	144	-	Urban	4 star	22	In Process	Aguascalientes	Aguascalientes
	15	AC Hotel by Marriott Santa Fe	168	-	Urban	4 star	17	In Process	Mexico City	Mexico City
	16	Courtyard by Marriott Puebla	150	-	Urban	4 star	17	In Process	Puebla	Puebla
		SUBTOTAL URBAN	**2,767**							
BEACH	17	Krystal Resort Cancún	502	-	Beach	5 star	>36	Yes	Cancún	Quintana Roo
	18	Krystal Resort Ixtapa	255	-	Beach	5 star	>36	Yes	Ixtapa	Guerrero
	19	Krystal Resort Puerto Vallarta	530	-	Beach	5 star	>36	Yes	Puerto Vallarta	Jalisco
	20	Hilton Puerto Vallarta Resort	451	100%	Beach	Gran Turismo	>36	Yes	Puerto Vallarta	Jalisco
	21	Krystal Beach Acapulco	400	100%	Beach	4 star	>36	Yes	Acapulco	Guerrero
	22	Krystal Grand Punta Cancún	398	100%	Beach	Gran Turismo	>36	Yes	Cancún	Quintana Roo
	23	Krystal Grand Los Cabos	454	50%	Beach	Gran Turismo	36	Yes	Los Cabos	Baja California Sur
	24	Krystal Grand Nuevo Vallarta	480	50%	Beach	Gran Turismo	36	Yes	Nuevo Vallarta	Nayarit
		SUB TOTAL BEACH	**3,470**							
		TOTAL IN OPERATION	**6,237**							
UNDER CONSTRUCTION	25	Hyatt Regency Insurgentes Mexico City	250	50%	Urban	Gran Turismo			Mexico City	Mexico City
	26	AC by Marriott Distrito Armida	168	-	Urban	4 star			Monterrey	Nuevo León
	27	Curio Collection Zacatecas	32	-	Urban	Boutique			Zacatecas	Zacatecas
	28	Secrets Tulum	300	-	Beach	Gran Turismo			Tulum	Quintana Roo
		TOTAL UNDER CONSTRUCTION	**750**							
		TOTAL	**6,987**							

COMPOSITION OF HOTEL PORTFOLIO

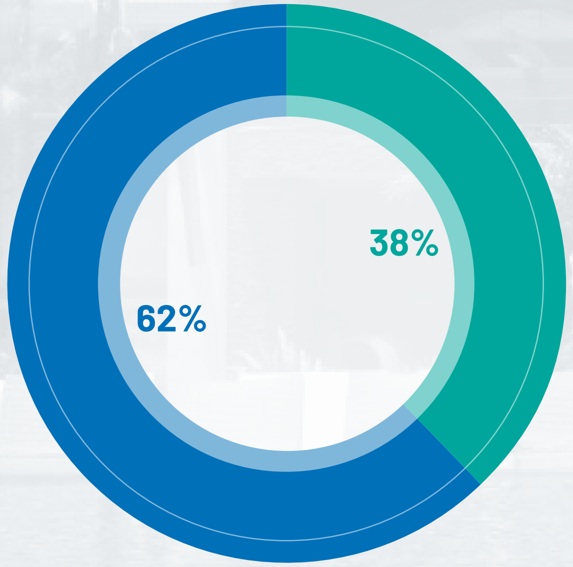
In terms of rooms in operation and under development (including construction and conversion) **at the close of 2020:**

PROPERTY
(Number of Rooms)



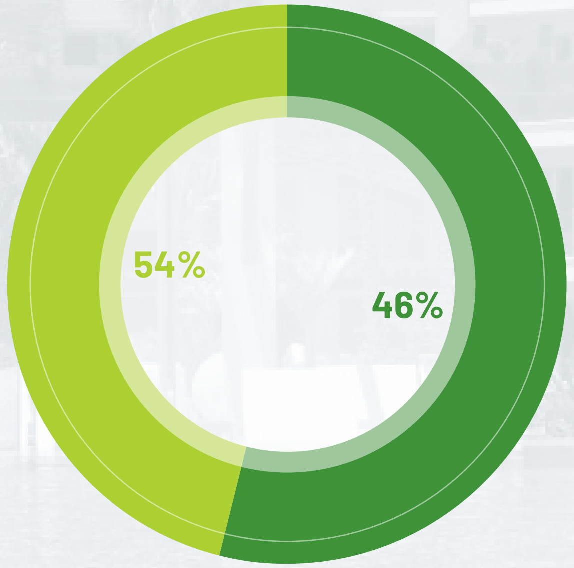
134 Co-investment
2,570 Own 100%
1,474 Own 50%
2,809 Third party

BRAND
(Number of Rooms)



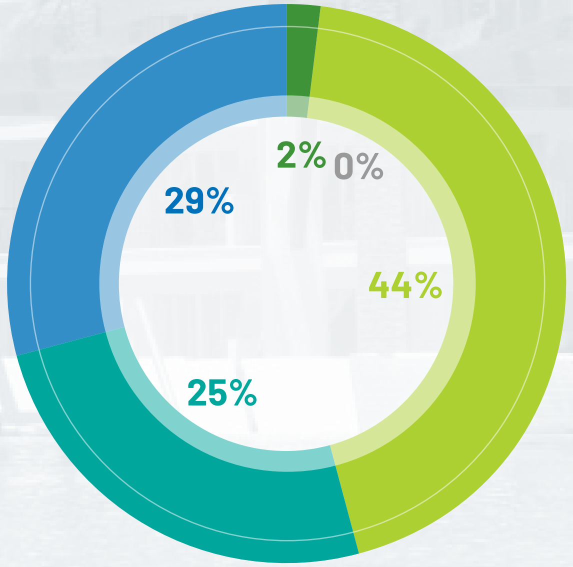
2,644 Others
4,343 Krystal

SEGMENT
(Number of Rooms)



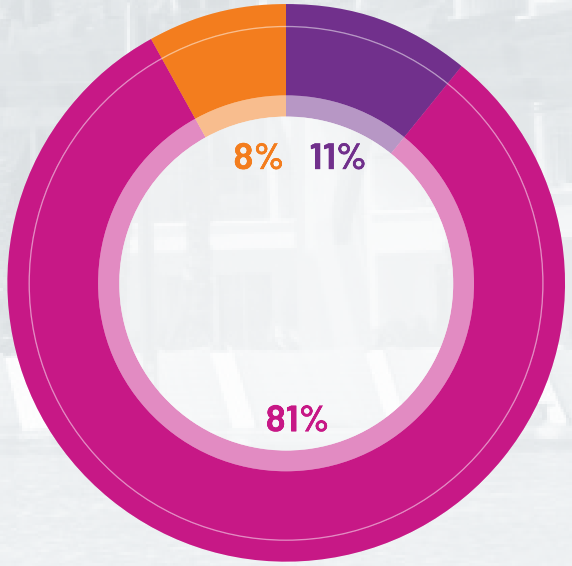
3,217 Urban
3,770 Beach

CATEGORY
(Number of Rooms)



140 3 Star
32 Boutique
3,073 Gran Turismo
1,709 5 Star
2,033 4 Star

STABILIZATION STAGE
(Number of Rooms)



602 In maturation process
750 Under development
5,635 Stabilized

BRAND SEGMENTATION

KRYSTAL GRAND

OUR HIGHEST QUALITY AT KRYSTAL HOTELS

We provide a Grand Tourism category experience, with the highest-quality products and services for demanding travelers. It is the benchmark in every location where there is a Krystal Hotel.

Spoil Yourself

KRYSTAL hotel & resort

THE TRADITIONAL KRYSTAL QUALITY

The Krystal hotel & resort brand is five-star quality, and in the main destinations throughout Mexico. With 35 years of history, this brand has made significant renovations to its hotels in recent years, and has become a favorite brand among Mexican and international travelers alike who want to experience the country's local character. This brand provides a wide gamut of choices for rest, fun, and business.

Meaningful Travel

KRYSTAL BEACH

FAMILY VACATIONS

This is the brand most focused on family time, providing unforgettable experiences for the youngest in the family. In the four-star segment, it is an extraordinary alternative at beach destinations.

Family Escape

KRYSTAL URBANHOTELS

THE NEWEST EVOLUTION IN THE KRYSTAL FAMILY

Business travelers are ever-more demanding. This type of guest wants to have a modern experience, at unforgettable locations with personalized service. We provide a comfortable and functional product through which we enable guests to make the very best use of their time.

Redefining Business

OUR ACHIEVEMENTS IN 2020

- Creation of the **Stay Safe & Clean** program, to ensure a safe reopening
- All board members, directors, and employees know the **Company's Code of Ethics**
- Improved and updated our **Code of Ethics**
- Resolved 100% of the complaints or reports received through **our anonymous tip line**
- Provided more than **200 hours of training** in anti-corruption matters
- Provided more than **30 hours of training** per person in transferrable skills
- Launched our internal bulletin, **Santa Fe News**
- **Received the SRC** (Socially Responsible Company) Award for the fifth consecutive year
- Confirmed our adherence to the **United Nations Global Compact**
- Reduced existing **salary discrepancies**
- 17 of our hotels have **waste-monitoring and reduction processes**
- **13,848 turtles released** in Cancún through the sea turtle protection program

ETHICAL CULTURE

[102-16,102-17 103-1, 103-2, 103-3, 205-1, 205-2]

At Grupo Hotelero Santa Fe, we have not only built a firmly ethical culture; we have also implemented best domestic and international practices to ensure that we protect the well-being of our people, the environment, the Company's assets, and that we maintain our valuable relationships with our supply chain and the communities where we operate.

OUR VALUES

HONESTY

We act **honorably**, without compromising the truth, maintaining the **highest professional criteria** with our **clients, investors, and employees.**

SERVICE

We live with **passion**, ensuring that our clients experience **unforgettable** moments by exceeding their expectations, making their stay a **new lifestyle.**

COMMITMENT

We act **responsibly, impacting life positively**, inside and outside the organization, contributing to **Sustainable Development** to the benefit of the **environment and the community.**

PROFITABILITY

We work hard to attain the **profitability** expected by our investors, enabling us to **all grow together.**

TEAMWORK

Everyone gives their best, **joining efforts and multiplying achievements,** advocating by example and supporting the development of our employees. We believe in respecting diversity, with no barriers in working conditions.

EFFICIENCY

We do things well the first time, and are **constantly looking for creative ideas** that have the potential to change and improve our organzation.

ENJOYMENT

We truly enjoy what we do, enthusiastically sharing our day-to-day. We are proud of our **Mexican DNA**, but mainly we are proud of **our work,** which is an enjoyable way to live.

CODE OF ETHICS AND CONDUCT

Our Code has cemented great strengths in our corporate culture, establishing guidelines and norms of conduct that apply at all levels of the Company. Established within this frame of reference are the principles and values for daily conduct for every employee in their internal relationships, and with our various stakeholders.

The Code of Ethics and Conduct was modified in 2020, and due to the COVID-19 pandemic Grupo Hotelero Santa Fe incorporated actions into its guidelines whose end goal is to safeguard the health and well-being of every employee.

MATTERS INCLUDED IN THE CODE OF ETHICS

1. GHSF provided support with **medical follow-up** for employees with **COVID-19.**
2. Incorparation of **COVID-19** as a cause of **discrimination**.
3. Protection of worker health through internal **protocols to combat COVID-19.**

ETHICAL TRAINING

In this reporting period we continued informing and training all personnel in the Group in matters of ethical conduct.

ETHICAL TRAINING COURSES BY GENDER – 2020

Number trained
1,408
MEN

Number trained
1,152
WOMEN

2,560
Total number of **EMPLOYEES TRAINED**

12,580
Total hours of **ETHICAL TRAINING**

ETHICAL TRAINING COURSES BY POSITION

Labor Category

EXECUTIVE COMMITTEE	DEPARTMENT HEADS
2,764 hours	2,387 hours

Total **12,580**

MANAGERS	UNIONIZED
5,164 hours	2,265 hours

FRONT DESK STANDARDIZATION

This year we implemented a Front Desk Standardization project in which several areas participated, including Internal Audit, Technology, Operations, Sales, Administration and Reservations.

The goal of this project is to improve internal controls at Reception, and facilitate the timely prevention of those activities which, due to their nature, represent an inherent risk, such as handling cash. This project also supports compliance with internal programs at each hotel.

During the reporting period, the contents of the Code were communicated to all board members, directors, and employees.

ETHICS COMMITTEE

Our Ethics Committee is the body that oversees compliance with the guidelines of our Code of Ethics, and it also establishes and applies the appropriate penalties.

This Committee is comprised of senior management (partners, shareholders, directors and board members). The improvements we implemented focused on the times required for research, analysis, and response time to every complaint. We again highlight our commitment to ensuring the protection of the rights and anonymity of anyone filing a complaint.

ETHICS SYSTEM AND TIP LINE

The Tip Line is a very effective instrument for detecting diversions or possible breaches of the guidelines in the Code of Conduct. As a leading company in implementing best practices, our Tip Line is managed by a third party, providing certainty and trust in the processes and in the anonymity of callers. Deloitte, a consulting firm, is responsible for managing the Ethical System, and offering its professional services both to our internal personnel and to our providers. We are thus assured of being involved at the highest level with the situations that might harm people, or the reputation or equity of the Company.

During 2020, 29 internal complaints were received and handled, and no complaints came from providers. Of these complaints, 100% were closed successfully, abiding by the established protocols.

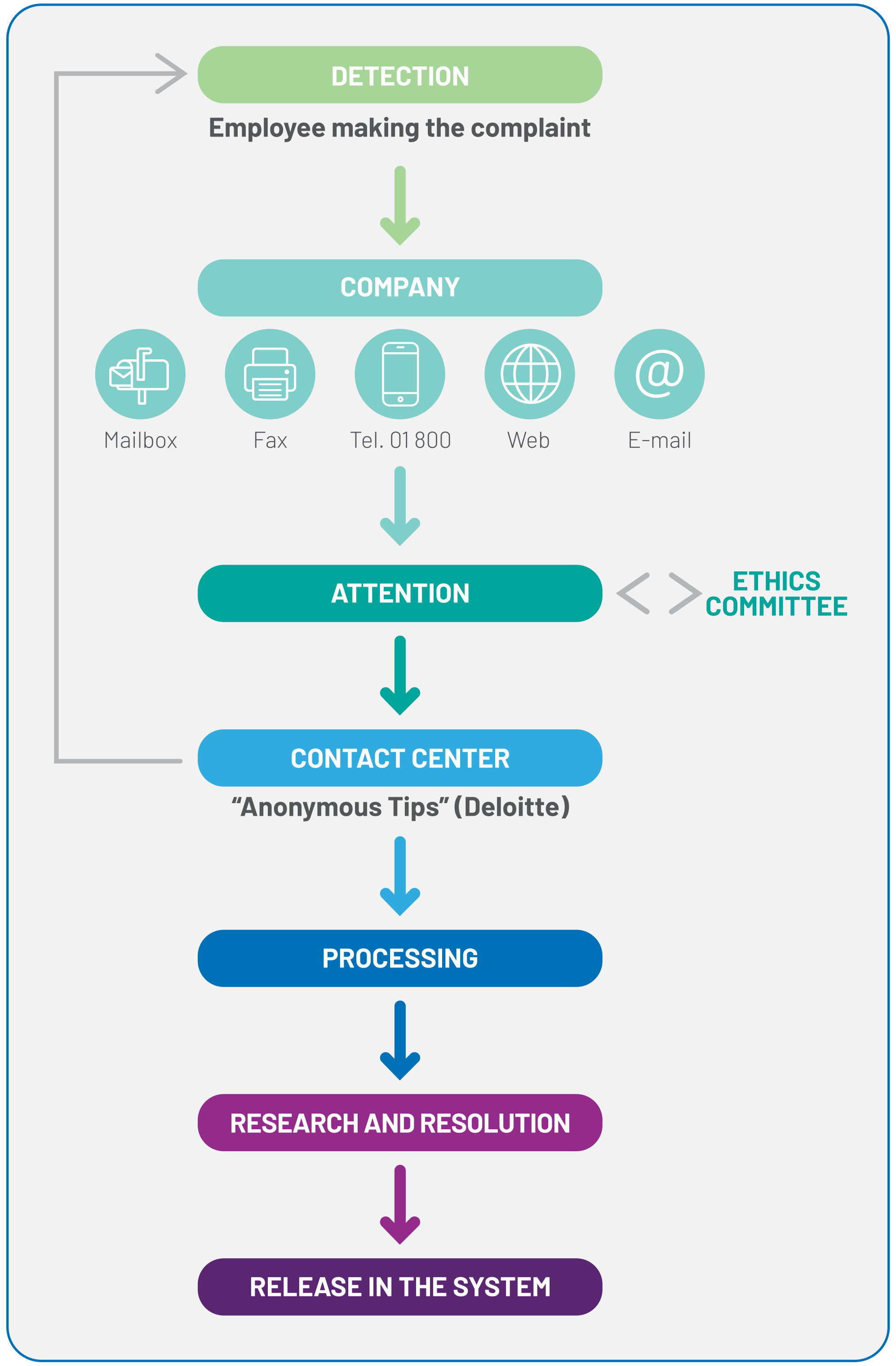
COMPLAINTS THROUGH OUR ETHICS SYSTEM

2019
25 internal complaints
Zero complaints from suppliers

2020
29 internal complaints
Zero complaints from suppliers

During this reporting period and because of the pandemic, new sub-categories were added to the tip line.

COMPLAINT MANAGEMENT PROCESS



CATEGORIES INCORPORATED INTO THE TIP LINE (ANONYMOUS TIPS): COVID-19

1

Subcategories

Discrimination due to having contracted **COVID-19.**

Code of Ethics Violation

Discrimination

2

Subcategories

Knowledge of an employee **who has tested positive** and/or who has had contact with someone confirmed to have **COVID-19** and who is working **in-person.**

Code of Ethics Violation

Hazardous conditions

3

Subcategories

Refusal by a manager to quarantine as required, if positive for **COVID-19.**

Code of Ethics Violation

Abuse of power/**Work-related negligence**

4

Subcategories

Refusal by a manager or difficulty obtaining approval from a manager to take a **COVID-19 detection test.**

Code of Ethics Violation

Abuse of power/**Work-related negligence**

ANTI-CORRUPTION INITIATIVES

This year we implemented high-impact, anti-corruption measures. Our commitment to an ethical culture and transparency extend beyond legal compliance, as we are aligned with best practices both domestically and internationally. The plans and implementation of the various actions are coordinated by the Internal Audit Department, which is the area responsible for developing the protocols and tools that facilitate an extensive operational roll-out throughout the Company, both at the corporate level and at each hotel.

- Update on corruption risks: in this period we updated the risk matrix.
- Anti-corruption manual: contains guidelines and mechanisms for the timely prevention of acts that might violate ethical rules and corporate governance. The manual uses the following as its frame of reference:
  a) General Law of Administrative Responsibilities – Art. 25
  b) Constitution of the United Mexican States – Section 4
  c) Federal Tax Code – Art. 69B

ROLES AND RESPONSIBILITIES

ROLE: *Corporate Ethics Committee*

RESPONSABILITIES:

- *Conduct investigations,* ***screen complaints and assess penalties****.*
- *Ensure protection of the rights and* **identity of the complainant.**

ROLE: *Human Resources Department*

RESPONSABILITIES:

- *Ensure compliance with the Code of Ethics and Conduct of GHSF.*
- *Penalize those who violate the Code of Ethics and Conduct.*
- *Conduct investigations, screen complaints and assess penalties.*

ROLE: *Internal Audit Department*

RESPONSABILITIES:

- **Verify** timely compliance with **internal programs** to prevent corruption.
- *Ensure timely compliance with the integrity* **Policy implemented by GHSF.**

ROLE: *Administration and Finance Department*

RESPONSABILITIES:

- *Ensure timely compliance with the internal anti-corruption* **programs implemented by GHSF.**
- *Create, authorize, and issue* **internal policies and procedures** *that mitigate identified* **risks and needs** *in the operation of the* **hotels and corporate offices.**

ANTI-CORRUPTION TRAINING:

In 2020, a total of 268 hours of training was provided, broken down as follows:

	Participants	Hours	Total Hours
Corporate actions regarding **COVID-19**	55	4	**220**
Federal law of Prevention and Identification of Operations using **Funds of Illegal Origin**	4	8	**32**
Follow-up on compliance with **PLD**	4	4	**16**
			268

ANTI-MONEY LAUNDERING ACTIVITIES (AML)

We improved our Anti-Money Laundering program in 2020 by hiring a corporate compliance official to head the Internal Audit Department, as well as an official from each of our hotels.

Their objective is to comply with the legal provisions in three specific matters for Grupo Hotelero Santa Fe: property leasing, exchange, and development. The 28 individuals responsible for existing compliance rules are listed on the AML portal, as required by law.

OUR ETHICAL COMMITMENT

"To comply with legal requirements and to prevent money-laundering, 100% of the hotels are registered on the government portal. An analysis was performed on each unit regarding vulnerable activities (leasing, real estate development, and exchanges); now we have a trained compliance officer at each hotel who officially oversees compliance with the policies and procedures in the matter."

Alejandro Abaid

Director of Auditing

COVID-19 ACTIONS

BENCHMARK

BEST HEALTH AND SAFETY PRACTICES

Due to the pandemic, in 2020 we performed a Risk Evaluation Analysis, identifying internal and external factors that could impact our goal of guaranteeing a healthy and safe environment for everyone. During the year, every measure and protocol proposed by the federal and state health authorities that focused on providing a healthy and safe environment was taken into account.

The following actions were identified:

a. Preventive Actions. Measures implemented to prevent worker exposure in situations that could pose a risk of contagion.

b. Detection Actions. Activities to identify personnel whose symptoms (fever, headache, loss of smell/taste) indicate they might have been infected.

c. Containment Actions. The plan of execution that must be followed, so that if there is a case of identified contagion, the location and people who might have come into contact with the infected person can be traced.

d. Follow-Up Actions. The actions taken in order to:

i. Monitor the re-incorporation of personnel who have been infected back into work.

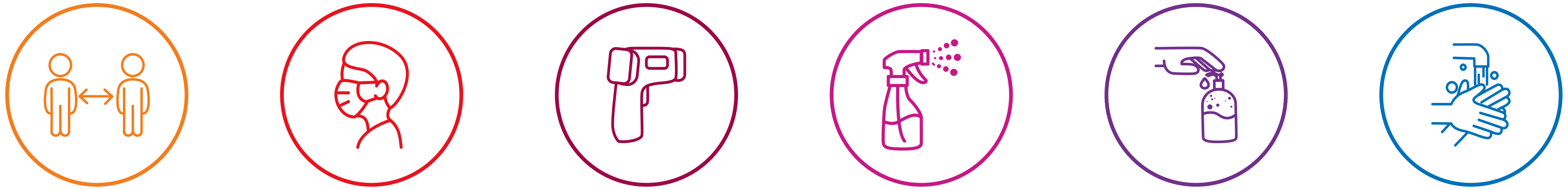
ii. Audits to ensure compliance with the implemented actions.

EVALUATION OF EMERGING RISKS

We also performed an evaluation and analysis of internal and external risks that could weaken or place business continuity at risk.

Each risk was plotted according to its probability of occurrence and economic impact, and is being monitored by the Internal Audit Department in order to anticipate any corporate action that might need to be taken in order to protect workers.

Due to the pandemic, in 2020 we performed a Risk Evaluation Analysis, identifying internal and external factors that could impact our goal of guaranteeing a healthy and safe environment for everyone.



OUR SUSTAINABILITY STRATEGY

[102-20, 102-21, 102,32, 102-40, 102-43, 102-44, 102-46 102-47]

In 2020, some sustainability initiatives were implemented as part of our strategy. However, the impact from temporarily closing operations at several hotels due to the pandemic meant that not all activities planned for the year could be implemented. We remained in close contact with our stakeholders, and were attentive to the new needs that arose from the pandemic.

At Grupo Hotelero Santa Fe we have a clear vision of what sustainable management is, and today more than ever we are committed to continuing to work with a focus on the impact and creation of economic, social, and environmental value, which includes effective cooperation in achieving our Sustainable Development Objectives.

We are confident that the tourism industry and hotel sector will recover from the pandemic's impact, which sharply reduced travel and vacations. With this recovery, we believe we will be able to reach the Group's highest potential, and put into place our robust sustainability plans.

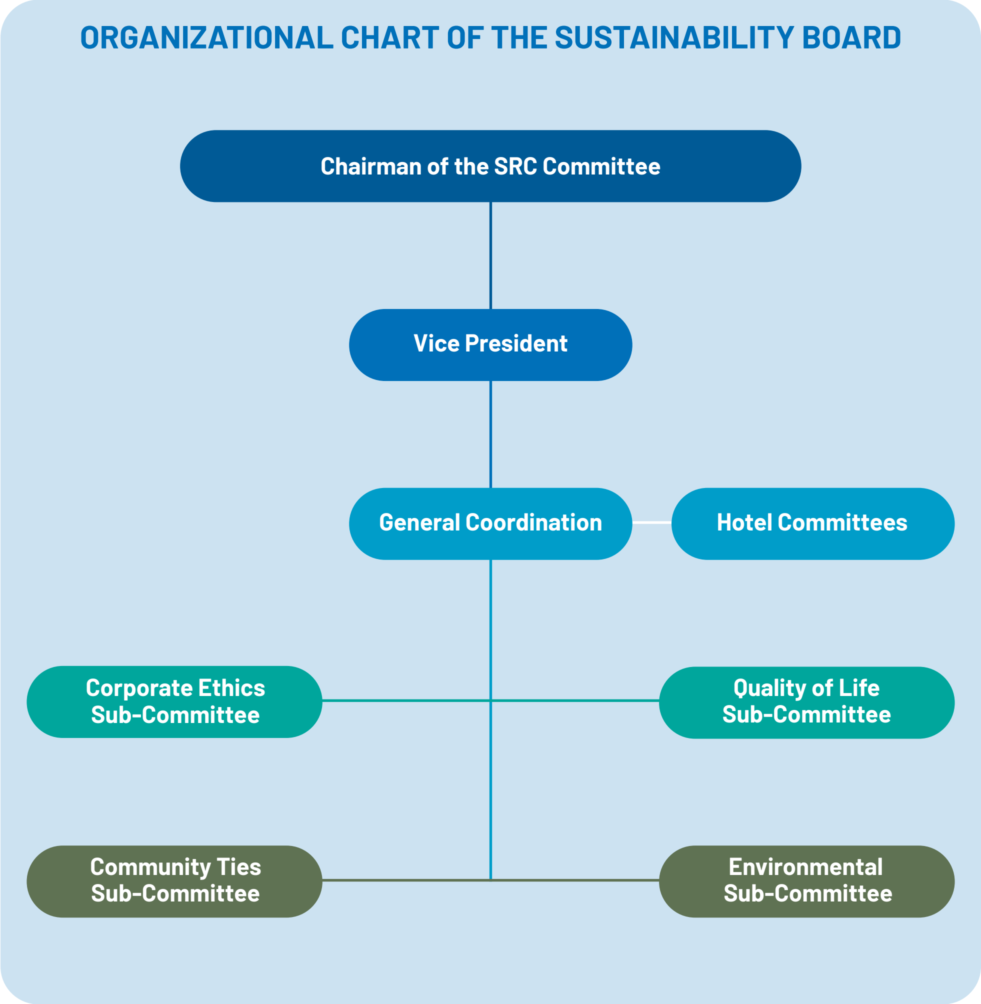
SUSTAINABILITY BOARD

We have a Sustainability Board, which is responsible for defining strategies and making relevant decisions regarding the Company's sustainable performance. Each hotel has a Social Responsibility Committee (SRC) that is headed by the Corporate Social Responsibility Department, in coordination with the committees from each hotel (connecting the principal issues of Quality of Life, Environment, Ethics and Providers, and Community Ties), which are headed by a "Key Leader."

One of the most important functions performed by the SRC Committee is maintaining a dialogue with stakeholders, understanding their concerns and expectations, and keeping hotel management, upper management, and the corporate Social Responsibility area informed and involved.

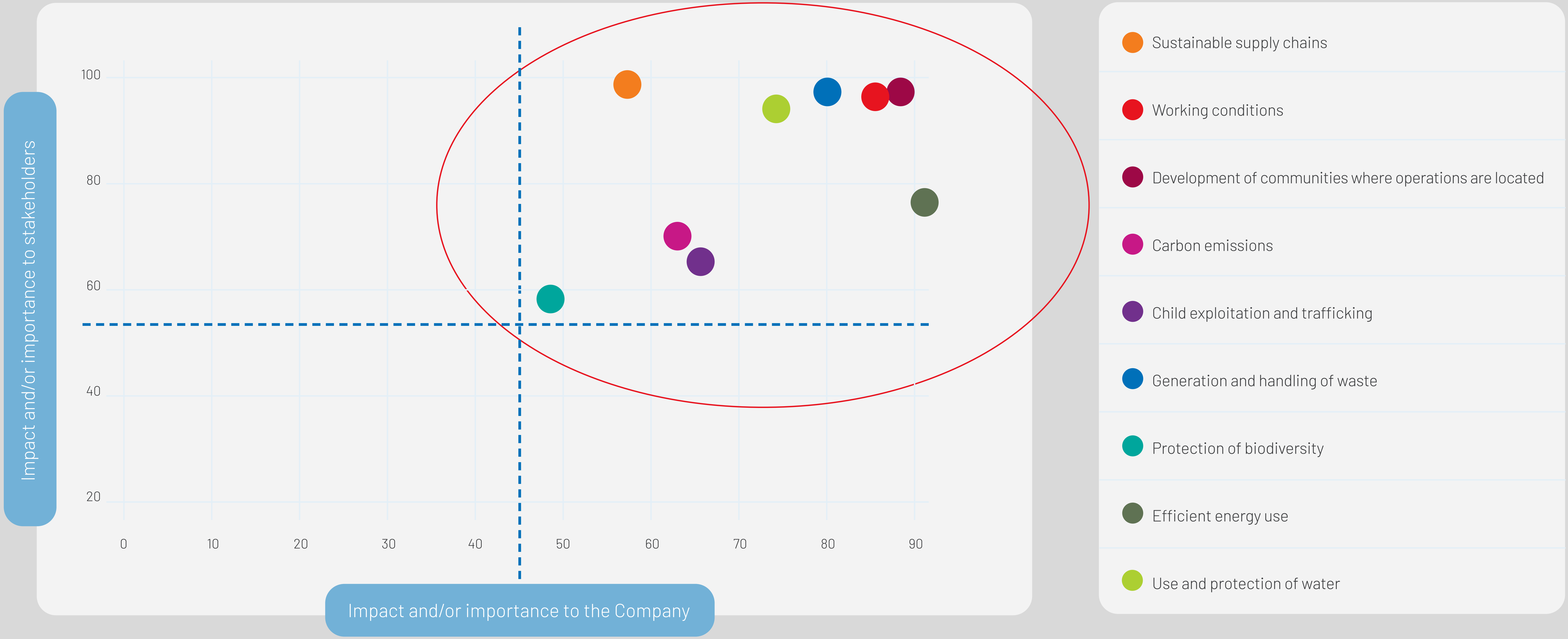
Implementing the majority of social and environmental initiatives of each hotel is one of the Group's strategic goals; implementation occurs under an autonomous model that considers local issues and the guidelines of some of the hotel brands operated by the Company.

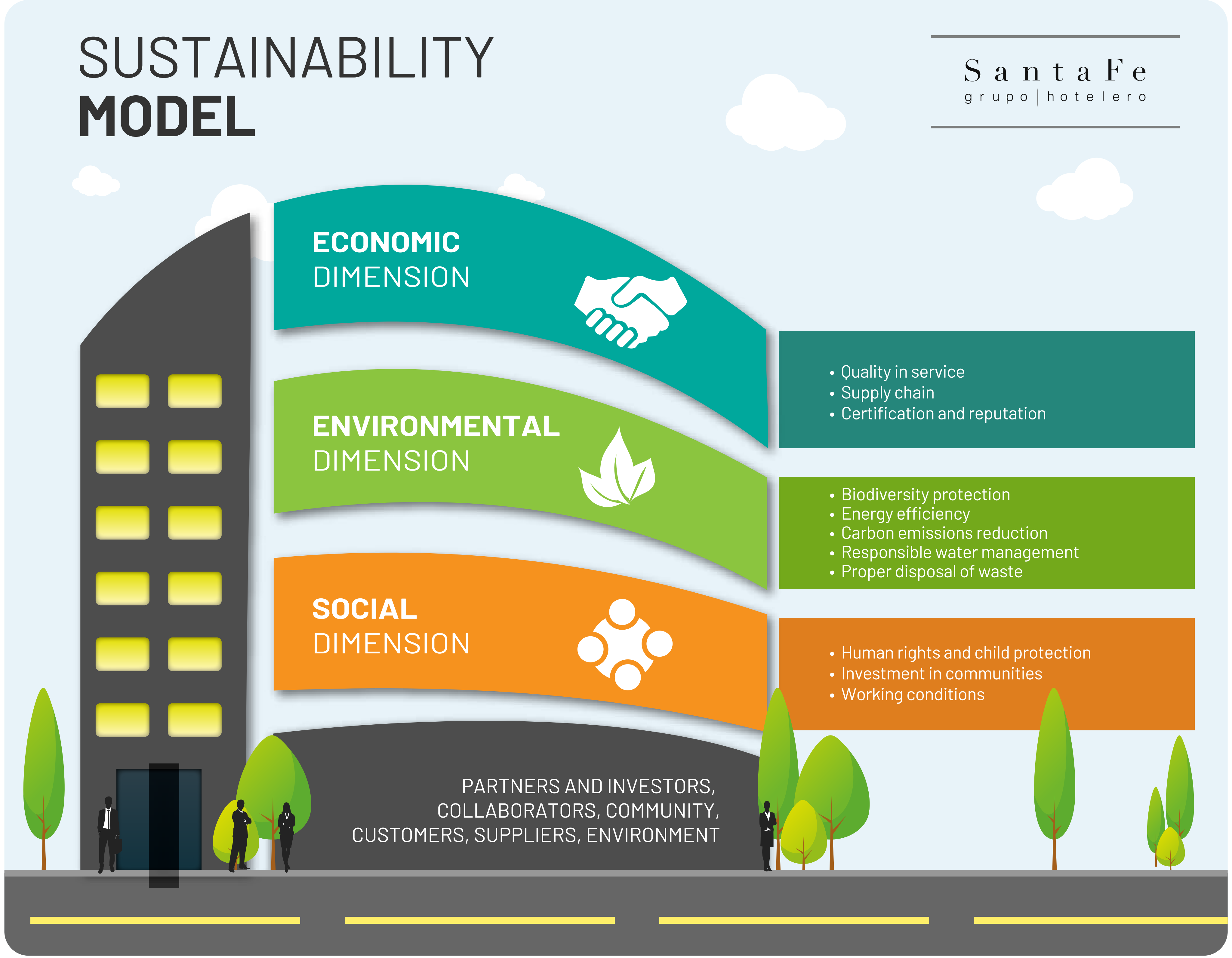
The organizational charts of the Board and the Committee are shown below:



MATERIALITY MATRIX

The year 2020 was the second one in which the Company worked with the Study and the Matrix developed in 2018. That Study identified the most relevant issues with respect to the environmental, social and economic impact of the Company, and the voices of our stakeholders were included through a consultation and research exercise.





SUSTAINABILITY, STRATEGIC INVESTMENT PATH

"There is an increasing amount of capital interested in green investing and green consumption. Various sectors such as AFORES are increasingly demanding more solid performance in the Environment, Social, and Governance (ESG) sphere. At Grupo Hotelero Santa Fe, we are on the correct path."

Maximilian Zimmermann
Director of Investor Relations and Sustainability

MODEL OF COMMUNICATION WITH OUR STAKEHOLDERS

Our dialogue and interaction with our main stakeholders is based on the communication model presented below:

MODEL OF COMMUNICATION

Stakeholder	Relevant matters identified	Mode of interaction	Frequency
Partners and Shareholders	• Economic growth • Ethical questions • Corporate governance • Job creation • Reputation • ESG	• Economic growth • Job creation • Ethical questions	• On demand • Quarterly • Annually
Directors	• Competitors • Certifications • Natural disasters • Working conditions • Reputation • Ties to the community • Job creation • Economic growth • Emissions • Talent retention • Energy savings	• Board of Directors • Board of Operating Committee • Financial report • Sustainability report • Mailing	• On demand • Monthly • Quarterly • Annually
Employees	• Working conditions • Community support • Turnover • Insecurity • Workday • Economic growth • Leadership • Environmental awareness	• Employee blackboard • Santa Fe News • Mailing • Training sessions • Grupo Hotelero Santa Fe University Platform	• On demand • Daily • Quarterly
Clients	• Protecting beaches • Reforestation • Direct communication at hotels • Volunteering • Reducing emissions	• Web page • Digital announcements on screens at hotels • Relevant events	• Ongoing
Providers	• Working conditions • Recycling • ESG Management • Local economy • Value chain	• Questionnaire to providers • Providers Code of Ethics • Telephone interviews	• Annual
Societal organizations	• Biodiversity • Poverty in tourist communities • Company-community relationship • Climate change	• Focus groups • Telephone interviews	• Annual
Government	• Biodiversity • Poverty in tourist communities • Child labor	• Meeting for the Materiality Study	• On demand

The following sections of our report will cover the sustainability performance of Grupo Hotelero Santa Fe, considering its Sustainability Model and the indicators to be reported, considering the GRI Standards that were defined based on the material issues. The advances will be presented grouped into our three main focal points:

ECONOMIC

This section presents the actions and results related to the economic value created and distributed by Grupo Hotelero Santa Fe from the perspective of the Sustainability Model, as well as their ties with other relevant matters, such as the quality of our service, the guest experience, the value relationship with the supply chain, and our reputation.

FOCUS ON CLIENT SERVICE

At Grupo Hotelero Santa Fe, we have a service quality system that is focused not only on process standardization, but also on providing every guest with an unforgettable experience, from the day they arrive until the end of their stay at our hotels.

Our Service Standards Manual specifies the processes through which every employee learns their responsibilities, so they can provide personalized attention with a solid understanding of the role they play in the quality of the service, within our culture of focusing on the client. This Manual has new protocols that consider the health of our clients to be the highest priority. The Stay Safe & Clean plan was created, which, through training and programs, will assure a safe reopening for everyone.

How do we measure quality?

- Standards
- Protocols and procedures
- Own internal measurements
- Third-party internal measurements
- Client comments

Our focus:

- To always do things well the first time around
- To meet and exceed clients' expectations
- The quality of our properties, whose purpose is to meet the needs of our guests

The COVID-19 Challenge

- Limited occupancy
- Limited personnel
- Resources
- Elimination of products
- Changes in procedures
- Reinforcement and introduction of new procedures

Acting strategically and quickly

"Many things were done well during the pandemic, but I would like to point out how quickly we acted in implementing health and safety protocols. We rapidly and temporarily closed hotels, resulting in cost savings during the pandemic, while working to keep people in their jobs as long as possible. More than ever, our experience in operating efficiency is bearing fruit, enabling us to handle very complex global environments."

Francisco Zinser
Executive Vice President

STAY SAFE & CLEAN

This year we substantially modified our "Stay Green" program to include COVID-19 health and safety protocols. The program is now called Stay Safe & Clean, for which we have designed sophisticated mechanisms based on international standards to ensure the health of our guests and of everyone who enters our hotels and various facilities.

Stay Safe & Clean is the result of a profound analysis of domestic and international standards to define the actions that should be taken to clean and disinfect our hotels and all of their connected facilities. The result was three main areas in which to take action:

1. **Protocols:** Is supported by rules and standards recommended by Ecolab, to ensure that they function efficiently, and to achieve sustainability goals.

2. **Procedures:** Through our alliance with Ecolab, we implemented additional cleaning and disinfection procedures prior to reopening our hotels and during their operation, and we have periodic processes that we implement.

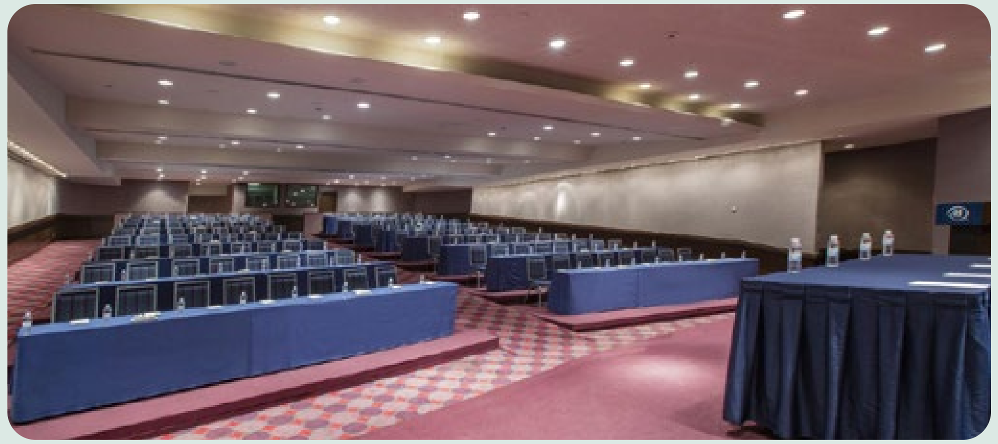
3. **Certification:** To certify our Stay Safe & Clean program, we have chosen the company Cristal International Standards to provide services based on global quality models.

CRISTAL
INTERNATIONAL STANDARDS

We were the first Mexican hotel chain to announce our sanitary certification program, based on complying with strict health and sanitation protocols, duly audited and certified, with the main objective of our guests and clients feeling confident and safe in our hotels.

The Stay Safe & Clean program has a manual of protocols, guidelines and specific procedures for COVID-19, notably:

- Use of new products (Ecolab)
- Hiring certifiers and programs (H / Clean Point / Cristal)
- Antigen testing for clients
- Quality control standards for cleaning and maintenance by the corporate staff
- Daily audit of rooms, areas, pools, and dining rooms
- SS&C 2021 Standards
- Quarterly evaluation by corporate



To be able to evaluate and verify the new protocols, we are using the software Lauditor. Furthermore, as part of the Stay Safe & Clean program, we have started sending out satisfaction surveys to clients after their stay, using the technological applications called Myhotel and Medallia.

The Stay Safe & Clean program will be certified by the company CRISTAL, one of the leading global risk management companies. Our hotels will be certified in five modules.

ROOM CHECK	**Measures and evaluates the efficacy of room service**
POOL CHECK	**Verifies that the water in the pools is safe and the surrounding area is controlled**
AQUA CHECK	**Verifies and controls water systems**
POSI CHECK	**Audit program designed to oversee an effective response to contagious infections**
FOOD CHECK	**Measures 255 points of control throughout the food chain and measures yield under global standards**

"The client experience was good when the hotels were reopened. Guest expectations were met, even with the restrictions due to COVID-19. We offered a safe stay, and the **Stay Safe & Clean** program became the bellweather in the hotel sector, meeting international standards."

Ignacio Garay
Director of Purchasing

OUR VALUE CHAIN

[102-9]

Due to its complexity and requirements, the hotel sector has a very complicated value chain due to its multiple activities, from providing food and beverages, to all the requirements involved in offering lodging that meet our clients' demands.

Since we began operations, we have created programs whose purpose has been to reduce negative impacts by introducing good practices that maximize our performance as a socially responsible company. This vision has also permeated our value chain, with a focus that includes hiring providers who comply with the established criteria, and purchasing products using responsible criteria.

SUPPLY CHAIN

[103-1, 103-2,103-3, 204-1]

One of the most important elements in our operation is our supply chain, which, in the hotel sector, is very large and covers a vast array of products and services, and which is subject to internal policies and processes. Due to the activities that are particular to our business we interact with hundreds of providers; these commercial relationships are governed by rigorous quality guidelines and strict ethical criteria.

In 2020, due to the pandemic caused by COVID-19, we faced numerous challenges, including the availability of supplies, as numerous providers were also impacted. This led us to create financing schemes in a mutually beneficial relationship. The Purchasing Committees continued operating, with collaboration between the Auditing Department and the Commercial Department. Notably, purchasing from local providers increased due to the supply shortages, so the purchasing areas worked hard to find the majority of supplies from new sources, and thus allow operations to continue uninterrupted.

In managing our supply chain, we work hard to build lasting and valuable relationships through good negotiating practices and initiatives that allow varying needs to be understood. Different from 2019, whose budget allocated 55% to local providers, in 2020 the percentage of the budget was lower at 45%, but the percentage of local providers vs. foreign providers increased to 54.18%.

OUR EXTERNAL SRC INITIATIVES

[102-12]

For our Group it is essential to have the trust of our clients and credibility among our various stakeholders. Therefore, every day we work hard to attain high quality standards in the services we provide, while simultaneously taking action in the commitments that underlie our reputation. At the Group level, we support the adoption of standards, differentials, and programs that help us corroborate our sustainable performance, such as the following:

UNITED NATIONS GLOBAL COMPACT

Our Company has been part of this international initiative since 2015, and since that time, in our communication report we have provided updates on our advances in supporting and implementing the 10 Principles in four key areas: human rights, environmental protection, anti-corruption, and working conditions.

SOCIALLY RESPONSIBLE COMPANY AWARD

In 2020, for the fifth consecutive year we won the Socially Responsible Company Award, given by the Mexican Center for Philanthropy (CEMEFI), in recognition of our performance in five pillars: SRC Management, Quality of Life of our Employees, Protecting the Environment, Ethics and Corporate Governance, and Creating Value for the Community.

HUMAN RIGHTS

ENVIRONMENT

ANTI-CORRUPTION

WORK STANDARDS

ESR Empresa Socialmente Responsable

ECONOMIC VALUE CREATED AND DISTRIBUTED

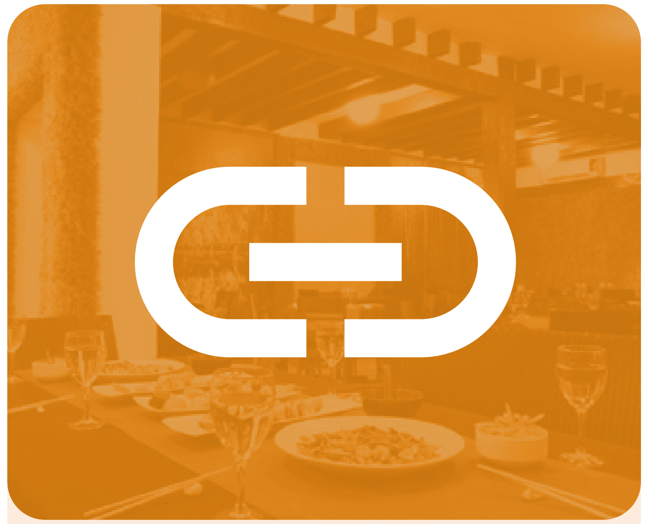
[201-1]

ECONOMIC VALUE CREATED AND DISTRIBUTED (In thousands of pesos)	
Economic Value Created (EVC)	
Own operating revenues	1,070,534,927
Revenues from managed hotels	740,283,276
Interest	26,884,279
Total Revenues	1,837,702,483
Economic Value Distributed (EVD)	1,992,469,906
Total EVD	(-154,767,424)

COMMITMENTS 2020 – ECONOMIC

CLIENT SERVICE AND REPUTATION

- Ensure the health and safety of our guests through the Stay Safe & Clean program
- Maintain the level of quality and service with the improvements necessary to increase our positive perception with our guests

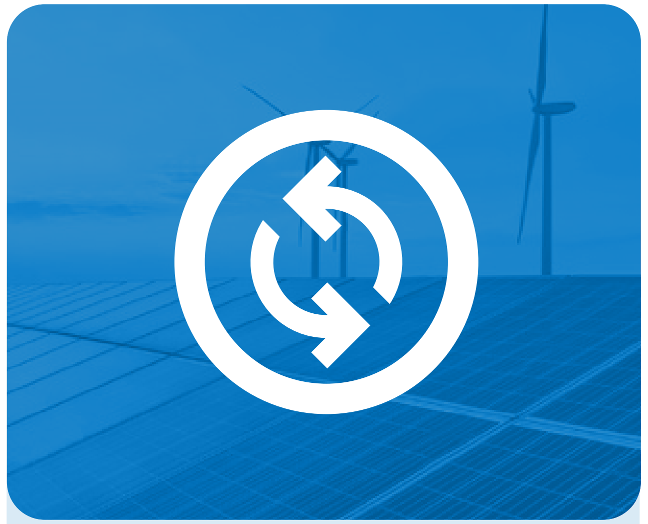


SUPPLY CHAIN

- Ensure that 80% of our strategic providers sign the Code of Ethics letter through the Purchasing Committee at each hotel
- Ensure that 25% of our strategic providers answer the GHSF Sustainability questionnaire
- Train 80% of our local strategic providers in ethical and social responsibility matters

VALUE CREATION

- Based on the implementation of social and environmental programs, coordinated by corporate, improve our measurements of distributed value



SUSTAINABILITY MANAGEMENT

- Update the organizational chart of the Sustainability Board, and review its scopes and functions
- Standardize a quarterly meeting of the Sustainability Board: explain the advances and challenges for the Sustainability area
- Improve the quality of information of the indicators reported to GRI
- Have a third party verify our Sustainability Report, and obtain the Materiality Disclo-sure issued by GRI

SOCIAL

The year 2020 was a period of huge economic and social challenges all over the world. **At Grupo Hotelero Santa Fe, for more than a decade we have committed to offering excellent working conditions to our employees,** in alignment with our Sustainability policy, legislation, and human and working rights. We share our 2020 results below.

OUR EMPLOYEES

[102-8, 103-1, 103-2, 103- 3, 401-1, 401-2]

During the pandemic, the Board of Directors and upper management of our Company kept everyone fully employed for as long as possible, but starting in May 2020, when hotels were ordered to close, it was necessary to lay off personnel at the hotels and at the corporate offices. The result was a 23.5% reduction in personnel compared to 2019. We believe that as things get back to normal, not only will we be able to rehire people to fill these jobs, but we will be in a position to create more and better jobs.

During 2020 our employees were extremely diligent and committed to the Company. They implemented all health protocols required to provide safety to our guests, which allowed us to reopen successfully and to continue offering memorable experiences to our guests.

Occupational health and safety: our main focus

"In the Human Resources area, in 2020 we focused on motivating our people and reinforcing the feeling of belonging. Standard 035 brought a greater focus on people's quality of life during their workday, an assessment of hours, positions, and evaluations to determine impacts from stress caused by work and the pandemic. We are focusing on our employees, to whom we provide competitive benefits that were not impacted by COVID-19."

Juan Carlos Quijano
Director of Human Resources

OUR PEOPLE: A KEY FACTOR IN OUR SUCCESS

"We are extremely grateful for the team that is Grupo Hotelero Santa Fe. Everyone went the extra mile, every amazing man and woman reacted in an exemplary way under conditions of great uncertainty..."

Francisco Zinser
Executive Vice President

NUMBER OF EMPLOYEES AT GHSF (2019-2020)

2019	3,702 TOTAL
2020	2,832 TOTAL

Our workforce is the driver behind our activity, and low turnover among our staff is one of the main goals of Grupo Hotelero Santa Fe. In 2020 not only did we have to reduce staff, but there is currently a great deal of movement of personnel, which only increased with the pandemic. In 2019, we reported a turnover rate of 10.56%, and in 2020 it was 24%.

TURNOVER RATE BY GENDER AND AGE GROUP

	AGE	2019	2020
WOMEN	18 to 29 years old	5.13%	11.06%
	30 to 45 years old	3.45%	10.93%
	46 and up	1.26%	2.05%
MEN	18 to 29 years old	5.49%	11.70%
	30 to 45 years old	3.21%	10.29%
	46 and up	1.06%	2.01%
	Overall Turnover Rate	**10.56%**	**24%**

We know that our turnover rate was within the average parameters of the hotel sector; however, the period this report considers is an atypical year, therefore the indicators provided do not show comparative parameters against the 2019 baseline.

EMPLOYEES BY GENDER AND TYPE OF CONTRACT

	WOMEN	%	MEN	%	TOTAL
PART-TIME	979	43%	1,278	57%	2,257
FULL-TIME	566	39%	879	61%	1,445
TOTAL BY GENDER	1,545	42%	2,157	58%	3,702

According to the most recent numbers reported, in 2020 there were 2,334 new hires; 54% of our personnel have full-time contracts, and 46% work part time. We would like to note that we provide the same benefits that are offered to employees, both for full-time and seasonal hires.

WORKING CONDITIONS

[102-41, 103-1, 103-2, 103-3, 401-1, 401-2, 403-1, 403-3, 403,4, 404-1, 404-2, 404-3]

At Grupo Hotelero Santa Fe, we are constantly working to make improvements so that our employees will not only have optimal working conditions that promote a feeling of belonging and well-being, but also so their commitment and loyalty will be focused on our brands. Below we present our commitments and initiatives in this field.

BENEFITS AND PAYMENTS

In order to be able to offer our employees competitive salaries, a package that exceeds legal requirements has been created, with a series of benefits that vary according to the needs of the various jobs.

FREEDOM OF ASSOCIATION

As part of its Human Resources management, we strictly comply with the law and worker guarantees, one of which is the right to collective bargaining. In 2019, 59% of our employees were affiliated with one of the 21 unions with which we have a relationship, and in 2020 this percentage was 55.4%.

We also work to maintain respectful relationships and open dialogue with union representatives. All of our collective bargaining agreements are in compliance with legal provisions, and reviews of working conditions and the agreements reached are negotiated annually. In health and safety matters, in 2019, 3.87% of these contracts had specific clauses on the matter, and in 2020 this number increased to 4.44%.

EMPLOYEE BENEFITS

- a Bonus
- b Vacation
- c Vacation leave
- d Savings fund
- e Food vouchers
- f Annual bonus
- g Life insurance
- h Medical expense insurance
- i Uniforms
- j Groceries

BALANCING WORK AND FAMILY LIFE

At Grupo Hotelero Santa Fe, we are concerned about the well-being of our employees. We know that the temporary closure of our hotels generated uncertainty and stress, so an at-home program was created for our employees, with the following components:

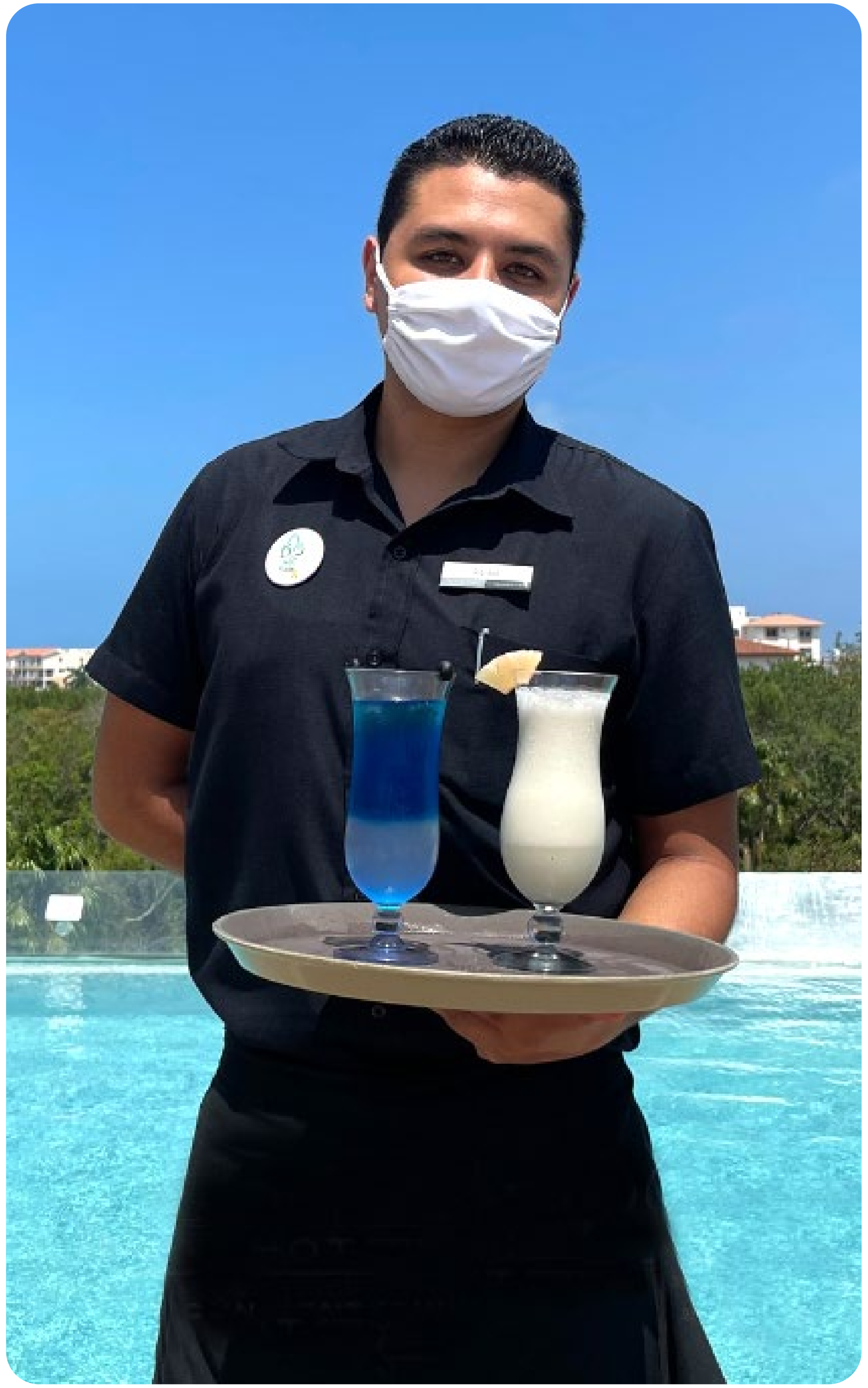
- On-line yoga class (which included employees' families)
- On-line training
- Distribution of our bulletin – Santa Fe News
- Distribution and training in COVID-19 protocols
- Work-Life Balance Program, Home Office and Flexible Hours Policy
- Actions to help the community

Parental leave: As part of our compliance with the legislation in force regarding maternity and paternity leave, the Company granted all employees the corresponding parental leave.

Ninety percent of the men and 88% of the women were included, and remained in their jobs at the end of leave, and for the following 12 months.

PARENTAL LEAVE BY GENDER AND RETENTION

	Number of employees	Number of employees who have returned after perental leave	Number of employees who have remained after 12 months
WOMEN	87	82	78
MEN	40	38	35



INTERNAL COMMUNICATION

We believe that internal communication is a highly relevant and impactful matter for the entire organization. Thus the Company has several mechanisms and corporate and local communication tools whose purpose is to keep our employees informed about the most important issues. We would like to point out the impact that our internal bulletin "Santa Fe News" has had, which is distributed electronically every quarter to all levels of the organization, with content highlighting objectives, achievements, and challenges for the Company and its employees.

GENDER EQUALITY AND INCLUSION

We promote a culture of diversity, inclusion, and equal opportunities for all of our employees. We have institutional instruments such as the Code of Ethics, and the Gender Equality and Inclusion Policy, both of which guidelines establish clear commitments.

In 2020, activities were carried out to improve promotion of gender equality and inclusion:

- **Gender equality training.** At GHSF University we have a 10-hour module dedicated to the matter of gender equality, through which we provide a space to create awareness and to provide education on basic concepts on the matter.
- **Equal opportunity hiring.** As our Code of Ethics states, the principle of equity and equality is in our DNA. Human Resources processes, as well as posting vacant jobs, analyzing candidates and selecting personnel, are based on recognizing the ability of people to professionally and personally perform their jobs, always seeking to attract the best talent.

From the gender perspective, in 2019 Grupo Hotelero Santa Fe conducted an analysis on salary equity, considering labor categories and gender, which in 2020 generated a reduction in the salary gaps, as shown below:

PARENTAL LEAVE BY GENDER AND RETENTION

	RATIO 2019	RATIO 2020	
Excutive Committee	+16%	+13.90%	Men
Departament Heads	+18%	+15.97%	Men
Managers	+2%	-3.60%	Men
Unionized	+7%	-4.40%	Men

We promote a culture of diversity, inclusion, and equal opportunities for all of our employees. We have institutional instruments such as the Code of Ethics, and the Gender Equality and Inclusion Policy, both of which guidelines establish clear commitments.

TRAINING AND QUALIFICATION

[404-1, 404-2, 404-3, 101-2, 101-3]

Through the digital GHSF University platform, the Company has been able to maintain the quality of training, and to expand the scope and coverage of its programs year after year. This platform currently has a training program that is divided into three principal subject areas:

a) Operational courses
b) Human development
c) Talent development or career plans

The data continues to be encouraging, since in 2019 there was an average of 34.71 hours per employee. Despite the pandemic, in 2020 there was an average of 30.43 hours of training per person. In addition to the on-line training are the in-person training sessions that are provided both for internal personnel as well as for specialists, as needed. Among all of the tools used, we would like to highlight some of the areas in which training was provided during this reporting period:

- Stay Safe & Clean Protocols
- Personal and organizational communication
- Image and non-verbal communication
- Leaderships skills
- English classes
- Stress management
- Teamwork
- Supervisory skills
- Quality service

TRAINING HOURS AND AVERAGE PER EMPLOYEE

2,832
EMPLOYEES

86,134
HOURS

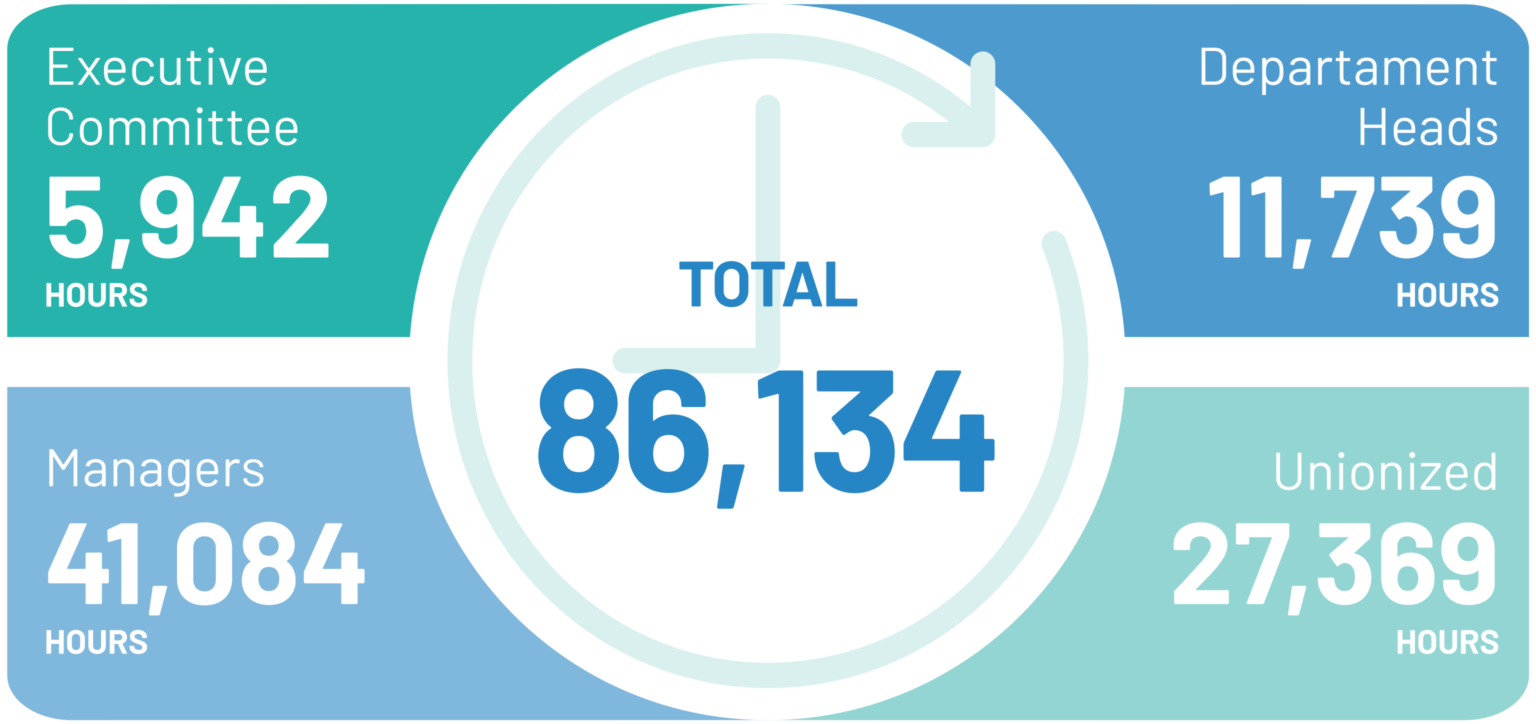
30.43
HOURS PER WORKER

TRAINING HOURS BY GENDER

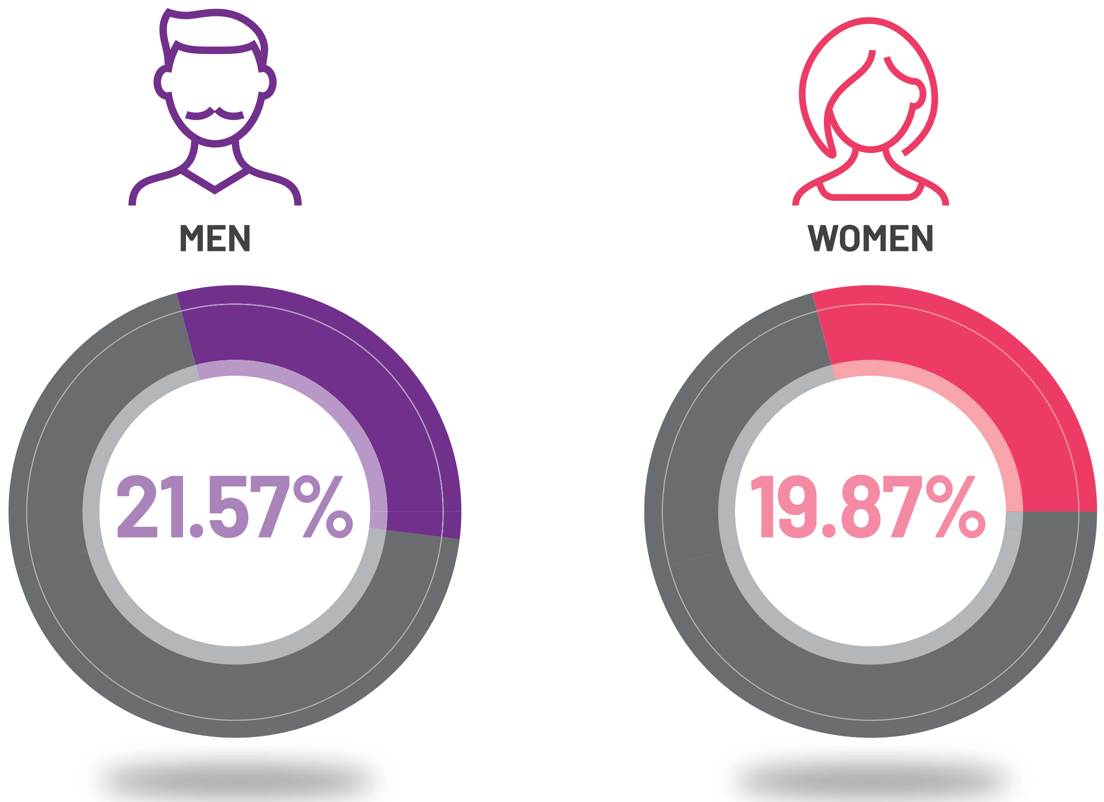
17.91
MEN

12.52
WOMEN

TRAINING HOURS BY LABOR CATEGORY



PERFORMANCE EVALUATIONS BY GENDER 2020



PERFORMANCE EVALUATIONS

We work under the premise that each manager and supervisor is responsible for having a development and well-being plan for their team that must meet the objectives for that area, while at the same time creating a deeper commitment and job stability among our personnel.

To comply with established goals, performance evaluations are the instrument that allows the degree of compliance with objectives proposed at the individual level to be displayed. In 2019, 62% of our employees received an evaluation and received the respective feedback. This number was lower in 2020 as one of the impacts from the pandemic, which resulted in a percentage of 20.72% of employees being evaluated.

GHSF UNIVERSITY

"Thanks to our on-line university, not only have we impacted every employee at Grupo Hotelero Santa Fe with more and better training programs, but this platform was enormous help to our team during the most critical phase of the pandemic, as we were able to offer special programs to counteract stress and provide support to families."

Ricardo Quintero
Director of Training

PERFORMANCE EVALUATIONS BY LABOR CATEGORY

Executive Committee
5.65%

Departament Heads
7.22%

Managers
15.20%

Unionized
19.10%

The evaluation forms are on our internal platform, which allows us to keep a history and create a more efficient and more easily accessible process. As one of the natural results of the performance evaluations, training programs are developed and offered to improve skills, among which are courses and workshops so that our employees can improve their knowledge to be able to perform their functions well.

HEALTH AND SAFETY

[403-1, 403-2, 403-3, 103-1, 103-2, 103-3]

At Grupo Hotelero Santa Fe, we strive to keep our employees healthy and happy. During this reporting period, several initiatives were implemented, including: health campaigns, awareness videos, collaboration with the Mexican Social Security Institute to promote a culture of prevention, and free vision exams, among others.

We are proud of our compliance with legislation in health and safety matters, as each hotel that is part of the Group has a Mixed Hygiene and Safety Commission in which workers and Company representatives participate. This Commission has several committees, including: health and safety, firefighting brigades, first aid, evacuation, search and rescue, and communication. The committees meet monthly, and inspect the facilities to detect possible unsafe conditions or activities, and based on their findings, action, prevention and remediation plans are created.

At Grupo Hotelero Santa Fe, we strive to keep our employees healthy and happy.

ACCIDENT RATE BY GENDER		LOST DAYS RATE BY GENDER		ABSENTEEISM RATE	
0.4281	0.3062	0.29%	0.27%	3.53%	3.93%
MEN	WOMEN	MEN	WOMEN	MEN	WOMEN

OUR INVESTMENT IN COMMUNITIES

[103-1, 103-2, 103-3, 412-2, 413-1]

Community investment and social and environmental support programs are coordinated autonomously by each hotel. Our Corporate Sustainability Strategy, and the Social Impact Study performed in 2019, had the objective of creating cross-Company programs. With the pandemic, however, a large part of the hotels' focus was on implementing our **Stay Safe & Clean** protocols, in our efforts to protect our team and guests. Following are some of the most relevant initiatives:

YCI PROGRAM

Continuing a multi-year tradition, the Hilton Guadalajara and Hilton Puerto Vallarta implemented the YCI Program, which gives tools to vulnerable students, providing them with a well-rounded training plan that joins theory and practice to develop technical skills in the different departments of the hotel. Some of the courses that were included in the program were: English classes, sessions by the "Órale" Institution, corporate etiquette and image classes, cooking with a microwave, and a public speaking workshop, among others.

DONATIONS OF SCHOOL SUPPLIES

At the beginning of 2020, our hotel Krystal Beach Acapulco made a donation of school supplies in conjunction with the Secretary of Public Health, benefiting 100 students at the "Plan de Ayala" elementary school. In addition to the donation, a coexistence event was held at Parque Papagayo, where crime-prevention activities were held through the program "Building Preventive Communities."

FOOD DONATIONS TO GHSF EMPLOYEES AND GOOD PREPARED FOR THE COMMUNITY

As part of the activities held during the down-time while hotels were closed due to the pandemic, in conjunction with the DIF of Guerrero, a donation of food was made to employees at the Hotel Krystal Beach Acapulco and their families. Furthermore, food was distributed three times each week to the wider community during the most intense phase of the pandemic.

Krystal Cancún

Krystal Cancún

CRIT GUANAJUATO
A donation of PET, aluminum, and HDPE was made to CRIT in Guanajuato to build accessible and inclusive benches for parks.

PROMOTING ART AND LOCAL CULTURE
As it does every year, the Hotel Krystal Grand los Cabos added a space to promote local artists, through a gastronomic and artistic event, creating new experiences for our guests. The Hotel Hilton Puerto Vallarta also provides spaces within its facilities, as well as furniture and food to support local artists, who exhibit and sell their products every weekend.

LABOR INCLUSION
At Hotel Krystal Puerto Vallarta, a labor inclusion program was created for mothers with children who have some type of disability, including flexible hours to facilitate their participation in rehabilitation programs.


Hampton Tabasco

FOOD BANK
Through this donation program, the Hotel Hilton Puerto Vallarta and Guadalajara have been able to collaborate with the food bank in Puerto Jalisco, with processes for correctly disposing of, and delivering food from events in perfect condition.

DONATION OF SHEETS
The donation of sheets and other items in good condition is promoted among our hotels. The program collects these items during the year to be donated to different civil organizations to benefit various vulnerable groups.

SUPPORT FOR THE ELDERLY
At several hotels belonging to Grupo Hotelero Santa Fe, collections are made with the goal of supporting nursing homes, with donations to purchase disposable undergarments for adults.


Krystal Grand Cancún

DONATION TO PET SHELTERS
In order to provide support to the "Happy Tails" dog shelter, Hotel Krystal Urban Ciudad Juárez and its personnel made a donation to support 43 dogs at the facility.

VOLUNTEERING AT CASA HOGAR
The employees at Hotel Krystal Monterrey volunteered to take food and create recreational activities with the boys and girls at Casa Hogar.

COMMITMENTS 2020 – SOCIAL

THE COMMUNITIES WHERE WE OPERATE

- Based on the social impact assessment, to develop a program with social and environmental initiatives in a collaboration between the corporate office and the hotels in each of the 15 states where we operate
- To define an annual budget focused on implementing the social and environmental programs to support the communities where we operate
- Ensure that 100% of our hotels sign the National Code of Conduct for Protection of Children and Adolescents in the Travel and Tourism Sector (SECTUR)

QUALITY OF LIFE OF OUR EMPLOYEES

- To maintain healthy and safe conditions for our work team
- To train 80% of our employees with full-time contracts in ethical and anti-corruption matters
- To implement a parental leave program that exceeds legal compliance and encourages a healthy work-life balance

ENVIRONMENTAL

Over the years **at Grupo Hotelero Santa Fe, we have worked and invested to reduce our environmental impact, as we are keenly aware of the relevance of sustainable development.** The Company's main focus is on energy efficiency, reducing our emissions into the atmosphere, correctly handling waste, saving water, and protecting biodiversity, which is strategically valuable to the tourism sector.

PROTECTING BIODIVERSITY

[103-1, 103-2, 103-3, 314-1, 304-3]

At Grupo Hotelero Santa Fe, we have continued studying the impact of our operations that are close to highly biodiverse areas, particularly the species that appear on the IUCN Red List, as well as those on national lists (NOM-059-Semarnat-2010).

As a result of this work, it has been found that three of our hotels are less than two kilometers away from protected areas, areas that are ecologically protected,[2] or of great value in terms of biodiversity. Furthermore, in 2020, we approached several civil organizations to suggest coordinated work to protect ecosystems, but the pandemic has postponed some of these projects. However, we would like to share our most important activities that are focused on protecting natural resources:

BEACH CLEAN-UP

Hotel Krystal Beach Acapulco has taken the initiative to clean up beaches for several years in cooperation with the town council of Acapulco. The objective of this program is to pick up cigarette butts and other types of waste left on the beaches. Another volunteering activity was promoted by Hotel Krystal Cancún to celebrate International Beach Clean-Up Day, and Hotel Krystal Ixtapa once again held its Trash Challenge program, in which an internal team participates every year in cleaning up Playa la Madera. Another example of this type of activity was at Hotel Reflect Krystal Grand Los Cabos, in which employees and other stakeholders were brought together to clean up beaches. We would like to thank our more than 180 volunteers who participated in these programs, showing their commitment to improving their surroundings.

2 Krystal Urban Monterrey- close to the State Natural Reserve of Sierra de las Mitras (1.63km), Hilton Puerto Vallarta – El Salado (1.8 km), Krystal Puerto Vallarta- El Salado (1.7 km)

SEA TURTLE PROTECTION PROGRAM

It is well known that many species of sea turtle are in danger of becoming extinct, due to several factors, such as:

- Only one out of every 1000 turtles reaches maturity (adulthood)
- Turtles only begin their reproductive cycle when they are 25 years old
- Turtle eggs and meat are a delicacy in a global market that demands these illegal products

Grupo Hotelero is working to extend to all of its beach hotels the initiative currently in place at Hotel Krystal Cancún, which has established a program to protect the sea turtles that lay their eggs on the beaches where we are located. This program is supported by the ecological authorities at the local level, and consists of the following:

- Monitoring: During sea turtle nesting season (May to October), hotel personnel watch the beach close to our facilities 24 hours a day to detect the arrival of the sea turtles
- Sea turtle arrival: When the presence of turtles is detected, based on several protocols, great care is taken so that the turtles are not bothered by hotel personnel or guests, and the appropriate authorities are notified. It is extremely important to fill in the forms indicating sea turtle sightings for registration
- Collection of egg clutches: After a turtle lays her eggs, they are carefully collected, preserving the mucus membrane that covers the shells, and each clutch is placed in its own bucket
- Artificial nest: While the eggs are being collected, artificial nests are being created inside the space created for this purpose, complying with the specifications in NOM-162-SEMARNAT-2012
- Hatch and release: The hatchlings are released immediately after they hatch. With help from hotel security, the area is cordoned off and the hatchlings are released
- Documentation: Photographs are taken as evidence, and the forms required by the authorities are filled out

These activities have been impactful:

144	14,590	16,848
NESTS	TURTLES RELEASED	EGGS COLLECTED

Our other hotels that participate in sea turtle protection efforts are the Krystal Beach Acapulco, which has a turtle reserve where new clutches are protected, in cooperation with the tourism authorities; the Krystal Grand Los Cabos also participates, and was the first of our hotels to be awarded for encouraging community participation in conserving and protecting sea turtles along the coasts of Baja California Sur.

WORLD SEABIRD DAY

In order to create awareness among our Company's employees, Hotel Krystal Resort Cancún had an informational presentation about the birds in the region which, due to pollution and destruction of mangroves, are migrating away from their traditional nesting sites.

INTERNAL CAMPAIGN – ENVIRONMENTAL MURAL

In 2020, the Krystal hotels had a campaign in which they dedicated a space or a mural to show important environmental dates, awareness messages, and images of various species of fauna that appeared during quarantine. These activities promote the importance among the team of preserving natural resources.

ENERGY EFFICIENCY AND EMISSIONS REDUCTION

[103-1, 103-2, 103-3, 305-1, 302-1]

One of our greatest environmental impacts is in our energy use. In recent years we have focused our efforts on promoting energy-efficiency initiatives, processes, and policies. Based on our materiality assessment, an energy and resources area was created to measure and monitor energy consumption. This area also spearheads proposing energy-saving initiatives. Due to the pandemic's impact on our operations, some energy projects have not been implemented as initially planned; however, during this period we have continued with programs that had already been established, such as:

100-POINT SAVING PROGRAM

This program has operating and/or project activities that focus on the medium and long term, with the goal of each facility implementing a plan for efficient resource use.
The actions are classified as follows:

- Implementation of good energy-saving practices
- Energy efficiency awareness and training programs
- Maintenance

HUNT SYSTEM

This is our system for measuring and storing energy consumption data. It allows us to assess, analyze, and decide on the actions to take to consume electricity efficiently at our facilities. Currently ten of our hotels have implemented this system:

- **Hilton Guadalajara**
- **Hilton Puerto Vallarta**
- **Krystal Beach Acapulco**
- **Krystal Grand Punta Cancún**
- **Krystal Urban Cancún**
- **Krystal Urban Guadalajara**
- **Krystal Resort Cancún**
- **Krystal Krystal Resort Puerto Vallarta**
- **Krystal Resort Ixtapa**
- **Krystal Satélite María Barbara**

EVALUATION OF RENEWABLE ENERGY SOURCES

As one of the commitments for 2020, the Energy and Environmental Committee made the decision to start receiving energy from renewable sources through a Power Purchase Agreement (PPA); however, several questions within the legal framework and changes in national energy policy have delayed the agreement. Nevertheless, we are certain that we will be able to use energy more sustainably in the future.

ENERGY-SAVING TECHNOLOGIES

We use several technologies to attain our energy-saving objectives, such as temperature-regulation systems, the e-cube device that is now at 19 of the Group's facilities, motion sensor lighting, and solar water-heating equipment.

CHANGE STRATEGY TO RENEWABLE ENERGY

"The energy future of Grupo Hotelero Santa Fe lies in renewable sources. The Energy Committee is committed to gradually transforming the Company into an entity that creates less environmental impact, and we hope to have the facilities and a suitable legal framwork to be able to move our plans forward."

Jaime Bonilla
Director of Systems

OUR ENERGY CONSUMPTION AND CO2EQ EMISSIONS

Since 2017, we have been working hard to measure and minimize energy consumption at our hotels. By calculating the Group's energy consumption in 2020, we measured the greenhouse gas emissions generated[3] by our direct emissions, which included:

- Energy consumption at hotels
- Consumption from fixed and mobile fossil fuel-fired sources

ENERGY CONSUMPTION	
2019: 59,101,277 kWh	2020: 26,366,842 kWh
GREENHOUSE GAS EFFECT EMISSIONS	
2019: Tons CO2eq 43,598	2020: Tons CO2eq 19,450

The Company's baseline was established in 2019 (the first time this calculation was done), and in 2020 the data showing reduced emissions was due mainly to the temporary close of operations.

3 The methodology used is based on the GHG Protocol, and on national guidelines on how to calculate emissions into the atmosphere. This calculation included 28 hotels.

RESPONSIBLE WASTE AND WATER MANAGEMENT

[103-1, 103-2, 103-3, 303-1]

In 2020, we continued generating reports due to our ongoing commitment to monitor and implement water-saving initiatives

WATER

In 2020, we continued generating reports due to our ongoing commitment to monitor and implement water-saving initiatives.

Many of our hotels have invested in savings-focused technologies, such as products with LEED certification, or water treatment plants.

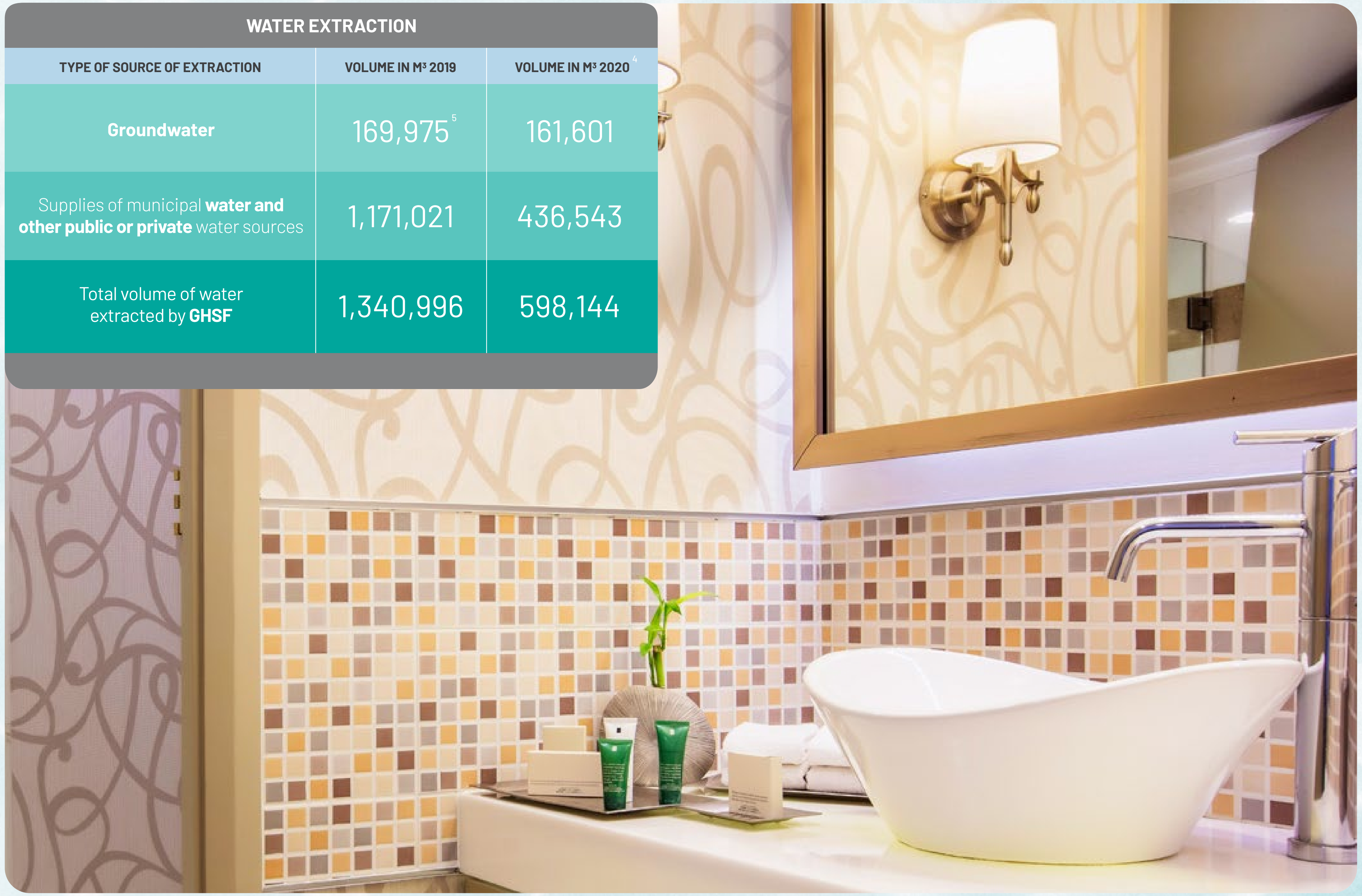
At the Group level, we continued with our program that offers guests the chance to replace towels less often, raising awareness and involving them in the commitment to conserve water. Another initiative to raise guest awareness is providing a dedicated telephone number to report water leaks.

Furthermore, our Procurement Committees already have guidelines to locate and purchase cleaning products that require less water use when cleaning, without compromising the quality of our service.

Our water consumption for this reporting period is shown in the following table. As can be seen, the pandemic and the closure of our hotels also had repercussions on water consumption.

WATER EXTRACTION

TYPE OF SOURCE OF EXTRACTION	VOLUME IN M^3 2019	VOLUME IN M^3 2020 [4]
Groundwater	169,975 [5]	161,601
Supplies of municipal **water and other public or private** water sources	1,171,021	436,543
Total volume of water extracted by **GHSF**	1,340,996	598,144



4 The reduction in the total volume of water extracted is mainly due to the temporary closure of hotels and occupancy restrictions due to the COVID-19 pandemic.
5 The hotels that report water extraction from aquifers are: Reflect Krystal Grand Punta Cancún, Krystal Urban Guadalajara, Hilton Garden Inn Monterrey Aeropuerto, and Hampton Inn Paraíso Tabasco.

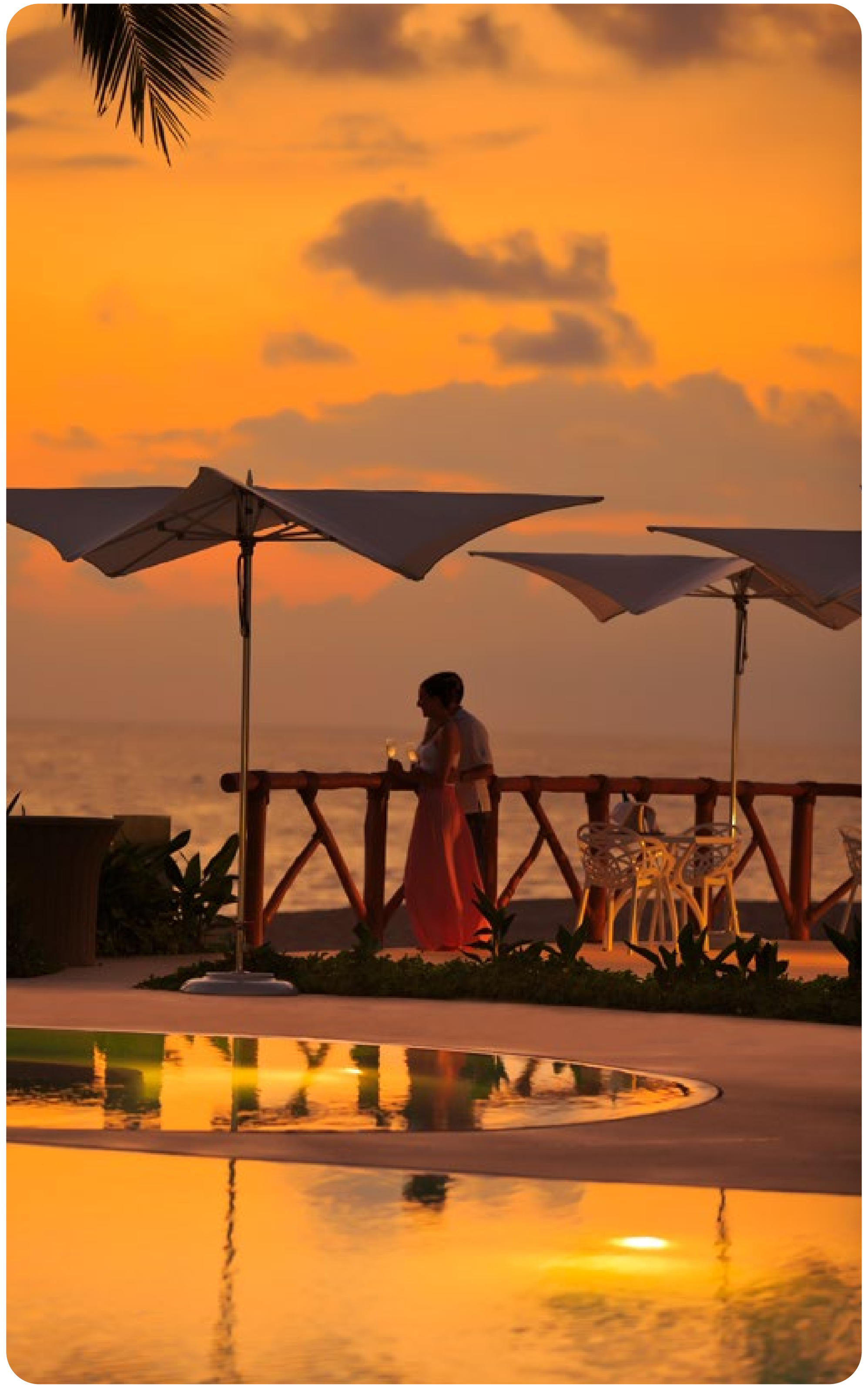
WASTE

Waste management is one of the material issues for our Group, and little by little we have been adopting initiatives to monitor, control, and decrease the amount of waste we generate. Please note that the hotels listed below already have processes for monitoring, measuring, and recycling waste:

- Krystal Acapulco
- Krystal Cancún
- Krystal Ixtapa
- Hilton Puerto Vallarta
- Krystal Puerto Vallarta
- Reflect Cancún
- María Barbara
- Krystal Urban Aeropuerto CDMX
- Krystal Urban Cancún
- Krystal Suites Insurgentes
- Reflect Los Cabos
- Reflect Nuevo Vallarta
- Ibis Irapuato
- Hilton Garden Inn
- Aeropuerto Monterrey
- Hilton Guadalajara
- Hampton Inn Tabasco

INTEGRAL WASTE MANAGEMENT PROCEDURE

Our corporate procedure for handling waste establishes the guidelines for integral management of hazardous and solid urban waste, and waste that requires special handling. This process was designed by the Social Responsibility area, the SRC Committees, and the maintenance area in each hotel.



HAZARDOUS AND NON-HAZARDOUS WASTE GENERATED

NON-HAZARDOUS WASTE [6]	
2019	1,481,719 kilograms
2020	895,375 kilograms

VEGETABLE OIL SEPARATED FOR BIODIESEL GENERATION	
2019	14,289 liters
2020	DNG*

HAZARDOUS WASTE	
2019	DNG*
2020	19,784 kilograms

6 The amounts reference waste generated, which includes different types of materials, such as: cardboard, glass, paper, plastic (mainly PET), aluminum, and other organic and inorganic waste.
* DGN – Data not managed

COMMITMENTS 2020 – ENVIRONMENTAL

2020

To implement an environmental verification program to assess the performance of our 28 hotels, in order to develop an efficiency plan in each material matter

To improve environmental management and communication between corporate and the hotels

To bring another 10 hotels into the HUNT system to improve our energy performance

To advance in adopting renewable energy for operation of our hotels

Waste and the value chain:
To establish points of communication to develop synergies with providers in order to reduce waste generation, and to encourage alternatives to lessen the amount of waste that must be disposed of

A plan to refurbish old equipment with new technologies that have less environmental impact

UNITED NATIONS GLOBAL COMPACT

THE GLOBAL COMPACT

WE SUPPORT

ECONOMIC	Supply chain	**PRINCIPLE 2:** Do not be complicit in human rights abuses. **PRINCIPLE 4:** Eliminate all forms of forced and compulsory labor.
	Ethical culture	**PRINCIPLE 10:** Work against corruption in all its forms, including extortion and bribery.
SOCIAL	Labor conditions	**PRINCIPLE 1:** Support and respect the protection of internationally proclaimed human rights. **PRINCIPLE 3:** Uphold the freedom of association and the effective recognition of the right to collective bargaining. **PRINCIPLE 4:** Eliminate all forms of forced and compulsory labor.
	Human rights and protection of children	**PRINCIPLE 2:** Do not be complicit in human rights abuses. **PRINCIPLE 5:** Help abolish child labor.
ENVIRONMENTAL	Biodiversity	**PRINCIPLE 7:** Support a precautionary approach to environmental challenges. **PRINCIPLE 8:** Undertake initiatives to promote greater environmental responsibility.
	Responsible management of water and energy	**PRINCIPLE 7:** Support a precautionary approach to environmental challenges. **PRINCIPLE 8:** Undertake initiatives to promote greater environmental responsibility. **PRINCIPLE 9:** Encourage the development and diffusion of environmentally friendly technologies.
	Energy efficiency and reduction of emmissions	**PRINCIPLE 7:** Support a precautionary approach to environmental challenges. **PRINCIPLE 8:** Undertake initiatives to promote greater environmental responsibility. **PRINCIPLE 9:** Encouragethe development and diffusion of environmentally friendly technologies.

CORPORATE GOVERNANCE

[102-18, 102-19, 102-20, 102-21, 102-22]

BOARD OF DIRECTORS

The year 2020 brought with it relevant changes in shareholder structure, which generated the investments necessary to allow us to continue pursuing our business goals. This was reflected in our corporate governance, which was improved not only by our new partners and the capital infusion, but also by the expanded group of external advisers who work closely with us to meet our strategic business goals and to follow the Company's corporate philosophy.

The Board of Directors, as the highest governing body in the Company, is comprised of 12 board members, of whom ten are independent board members. The following tables present the corporate governance structure:

Board of Directors

NAME	POSITION	CAPACITY
Carlos Gerardo Ancira Elizondo	Executive Chairman of the Board of Directors	NA
María del Rocío Alarcón Brockmann	Board Member	Independent
Luis Alberto Harvey Mackissack	Board Member	Independent
Arturo José Saval Pérez	Board Member	Independent
Pablo Villanueva Martínez	Board Member	Independent
Federico Martín del Campo flores	Board Member	NA
Diego Gutiérrez Aguayo	Board Member	NA
Jorge Manuel Pérez	Board Member	Independent
Francisco Javier Moguel Gloria	Board Member	Independent
Eduardo Chaillo Ortiz	Board Member	Independent
Jerónimo Marcos Gerard Rivero	Board Member	Independent
Eduardo Diaz Balogh	Board Member	Independent
Enrique Gerardo Martínez Guerrero (1)	Alternate Board Member	NA
Roberto Langenauer Neuman (2)	Alternate Board Member	NA
Eduardo Guemez Sarre (3)	Alternate Board Member	NA
Alejandro Diaque Ballesteros (3)	Alternate Board Member	NA
Yosef Wiznitzer Eilemberg (3)	Alternate Board Member	NA
Eduardo Barajas Ramírez (4)	Alternate Board Member	NA
Jon Paul Pérez (5)	Alternate Board Member	NA

(1) Alternate board member for either Carlos Gerardo Ancira Elizondo or Maria del Rocio Alarcón Brockmann

(2) Alternate board member for Arturo J. Saval Pérez

(3) Alternate board member for either Federico Martín del Campo or Diego Gutiérrez Aguayo

(4) Alternate board member for Pablo Villanueva Martinez

(5) Alternate board member for Jorge Manuel Perez

Audit Committee

Francisco Javier Moguel Gloria	**Eduardo Chaillo Ortiz**	**Eduardo Diaz Balogh**
Chairman	Member	Member

Corporate Practices Committee

Arturo José Saval Pérez	**Eduardo Chaillo Ortiz**	**Jerónimo Marcos Gerard Rivero**
Chairman	Member	Member

Executive Committee

Carlos Gerardo Ancira Elizondo	Chairman of the Executive Committee
Francisco Alejandro Zinser Cleslik	Member
Eduardo Diaz Balogh	Member
Arturo José Saval Pérez	Member
Federico Martín del Campo Flores	Member
Diego Gutiérrez Aguayo	Member
Enrique Gerardo Martínez Guerrero (1)	Alternate Member
Roberto Langenauer Neuman (2)	Alternate Member
Eduardo Guemez Sarre	Alternate Member
Alejandro Diaque Ballesteros (3)	Alternate Member
Yosef Wiznitzer Eilemberg	Alternate Member

(1) Alternate member for any of: Carlos Gerardo Ancira Elizondo, Francisco Alejandro Zinser Cieslik or Eduardo Diaz Balogh

(2) Alternate member for Arturo José Sava Pérez

(3) Alternate member for either Federico Martín del Campo, or Diego Gutiérrez Aguayo

MANAGEMENT TEAM

The management team of Grupo Hotelero Santa Fe is comprised of executives with substantial experience in the hotel and tourism sector.

Thanks to the experience of the management team and to the unparalleled willingness and support from all employees, the Group successfully navigated the adverse effects of the COVID-19 pandemic, which had particularly heavy impacts on this industry.

CARLOS GERARDO ANCIRA ELIZONDO
Chairman of the Board of Directors

FRANCISCO ZINSER CIESLIK
Executive Vice President

FRANCISCO MEDINA ELIZALDE
Chief Executive Officer

ENRIQUE MARTÍNEZ GUERRERO
Chief Financial Officer

RENÉ DELGADO CHAPMAN
Legal Director

MAXIMILIAN ZIMMERMANN CANOVAS
Director of Investor Relations

AWARDS AND RECOGNITIONS

HIGH TECHNOLOGY

Recognition of the commitment to provide guests with the latest in communications technology and connectivity.

THE HOTELS AWARDED THIS PRIZE:

- **Hilton Puerto Vallarta**
- **Krystal Ixtapa**
- **Krystal Grand Cancún**
- **Krystal Puerto Vallarta**
- **Hilton Guadalajara**

AAA 3 DIAMOND AWARD AND AAA 4 DIAMOND AWARD

Granted by the American Automobile Association (AAA) to hotels and restaurants in the USA, Canada, Mexico and the Caribbean, AAA Diamond Award certification guarantees that the establishment offers the highest standards of luxury, quality, and high-level service.

THE HOTELS AWARDED THIS PRIZE:

- **Krystal Puerto Vallarta**
- **Hilton Puerto Vallarta**
- **Krystal Grand Punta Cancún**
- **Hilton Guadalajara**

GOLD CROWN RCI

This award is given to properties that have fulfilled or exceeded standards in specific areas and in check-in and check-out procedures, hospitality, property maintenance, maintenance of the buildings and cleaning, as well as an evaluation of the complex's facilities.

THE HOTELS AWARDED THIS PRIZE:

- **Krystal Puerto Vallarta**
- **Krystal Cancún**

ABOUT THIS REPORT

[102-50, 102-51, 102-52, 102-53, 102-54]

Grupo Hotelero Santa Fe is very pleased to present this second annual Sustainability Report 2020. It is the result of an outstanding team that reflects our commitment and values, and an exercise in communication and transparency with our various stakeholders. The report has been prepared in conformance with the Essential option of GRI Standards.

In 2019, the indicators for the Company's material issues were established, as well as their respective baselines. However, due to the COVID-19 pandemic, the comparisons between years created a distortion in the analysis, resulting in non-comparable differences in GHSF'S performance, as 2020 was an atypical year worldwide.

The period this report covers is January to December 2020, and it is in line with the Ten Principles of the United Nations Global Compact. Our materials also contribute to the following Sustainable Development Goals of the United Nations:

For any questions on their content, please contact: Maximilian Zimmermann Canovas, Director of Investor Relations and Sustainability of Grupo Hotelero Santa Fe. Contact e-mail: mzimmermann@gsf-hotels.com

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INCOME STATEMENT	2020	2019	Var.	% Var.
Numbers in thousands of pesos				
REVENUES				
Rooms	499,678	1,096,658	(596,980)	(54.4)
Food and beverages	415,549	860,367	(444,819)	(51.7)
Other hotel revenues	123,698	204,120	(80,422)	(39.4)
Third-party hotel management fees	31,610	76,756	(45,146)	(58.8)
TOTAL REVENUES	**1,070,535**	**2,237,902**	**(1,167,367)**	**(52.2)**
COSTS AND EXPENSES				
Operating costs and expenses	624,878	1,019,971	(395,094)	(38.7)
Sales and administrative expenses	359,691	535,883	(176,192)	(32.9)
Building and insurance	38,980	36,477	2,503	6.9
Depreciation and amortization	236,451	237,293	(842)	(0.4)
TOTAL COSTS AND EXPENSES	**1,260,000**	**1,829,625**	**(569,625)**	**(31.1)**
Expenses related to expansion and new hotel openings	11,088	15,540	(4,452)	(28.6)
Other non-recurring expenses	26,420	13,988	12,432	88.9
EBITDA	**46,986**	**645,570**	**(598,584)**	**(92.7)**
EBITDA margin	4.4%	28.8%	(24.5 pt)	(24.5 pt)
OPERATING INCOME	**(288,132)**	**378,749**	**(666,880)**	**NA**
Operating margin (%)	(28.7%)	16.9%	(43.8 pt)	(43.8 pt)
Interest expense, net	(130,913)	(173,941)	43,028	(24.7)
Exchange rate (loss) income, net	(105,305)	71,933	(177,238)	NA
Other financial costs	(5,360)	(6,647)	1,287	(19.4)
Financial cost, net	**(241,578)**	**(108,655)**	**(132,924)**	**NA**
Stake in results of permanent investments	(742)	2,370	(3,112)	NA
Income before taxes	(530,452)	272,464	(802,916)	NA
Income tax	(9,271)	108,422	(117,693)	NA
Net Income	**(521,181)**	**164,042**	**(685,223)**	**NA**
Net income margin (%)	(48.7%)	7.3%	(56.0 pt)	(56.0 pt)
Gains attributable to:				
Company owners	(398,911)	179,364	(578,275)	NA
Non-controlling stake	(122,270)	(15,322)	(106,948)	NA

The Company's total revenues decreased 52.2%, from Ps. 2,237.9 million in 2019 to Ps. 1,070.5 million in 2020. The drop in revenues was due to the COVID-19 pandemic.

Room revenues in 2020 dropped 51.7%. The number of own rooms in operation decreased by 20.4%, while the RevPAR dropped by 42.9%. RevPAR comprised occupancy that was 23.9 percent lower than in 2019, and a 6.1% decrease in the ADR for the year. During 2020, the portfolio of own stabilized hotels saw a 19.2% decrease in the number of rooms in operation, and a 44.2% decrease in RevPAR. The portfolio of own hotels in maturation decreased 22.7% in the number of rooms, with a 40.0% decline in RevPAR.

Revenues from food and beverages decreased 51.7%, dropping from Ps. 860,367 million in 2019, to Ps. 415.5 million in 2020. This decrease was mainly due to the COVID-19 pandemic.

The line for other hotel expenses, which includes, among others, income from salons, parking, laundry, telephones, and rental of commercial locations, dropped 39.4%, from Ps. 204.1 million in 2019 to Ps. 123.7 million in 2020.

Fees for administering third-party hotels decreased 51.2% over 2019. The portfolio of hotels under management decreased 13.9% in the number of rooms, and 39.5% in RevPAR.

The Company sees an opportunity to continue pursuing its growth plans by way of third-party operating contracts, mainly through the Krystal® brand, without significantly impacting its operating structure.

COSTS AND EXPENSES

The Company's total costs and expenses decreased by 31.1%, from Ps. 1,8 3 billion in 2019, to Ps. 1.26 billion 2020. This decrease was possible thanks to the implementation of a series of cost reduction initiatives, including elimination of non-priority expenses, and readjusting the structure of operating costs and expenses at all properties.

OPERATING INCOME

Operating Income was Ps. (226.9) in 2020, compared to Ps. 378.7 in 2019 due to the COVID-19 pandemic.

EBITDA

After adjusting the operating income with relation to non-recurring expenses, depreciation and amortization, and the all-in result of financing, the Company's EBITDA was Ps. 47.0 million in 2020, compared to Ps. 645.6 million in 2019, representing a decrease of 92.7%. EBITDA margin decreased by 28.8% in 2019 to 4.4% in 2020, due to the COVID-19 pandemic.

FINANCIAL COSTS, NET

Net financial cost in 2020 presented a loss of Ps. 241.6 million, compared to a loss of Ps. 108.7 million in 2019, which is a loss that is Ps. 132.9 million higher. That difference is mainly due to the exchange rate loss caused by the market valuation impact of a higher USD/MXN exchange rate on the dollar-denominated debt.

NET INCOME

The Company's net income dropped Ps. 164.0 million in 2019 to a net loss of Ps. 475.6 million in 2020, which income is Ps. 639.6 million lower in 2020.

CASH FLOW SUMMARY

Operating cash flow for 2020 was Ps. 93.7 million, compared to PS. 573.8 million in 2019, which is an 83.7% decrease. That decrease was due to the COVID-19 pandemic.

CASH FLOW SUMMARY Numbers in thousands of pesos	2020	2019	Var.	% Var.
Cash flow from operating activities				
Net income	(475,611)	164,042	(639,653)	NA
Depreciation and amortization	236,451	237,293	(842)	(0.4)
Income tax	6,318	108,422	(102,104)	(94.2)
Loss (gain) on unrealized currency exchange	143,615	(113,320)	256,935	NA
Net interest expense	130,913	173,941	(43,028)	(24.7)
Other financial costs	5,360	6,647	(1,287)	(19.4)
Non-controlling stake	742	(2,370)	3,112	NA
Income from sale of shares	-	-	-	NA
Cash flow before changes in working capital	**47,787**	**571,093**	**(523,306)**	**(91.6)**
Working capital	45,918	2,682	43,236	**NA**
Net cash flows from operating activities	**93,705**	**573,775**	**(480,070)**	**(83.7)**
Non-recurring items	3,162	(65,024)	68,186	**NA**
Net cash flow from non-recurring items	**96,867**	**508,751**	**(411,884)**	**(81.0)**
Net cash flow from investment activities	(62,651)	(135,263)	72,612	(53.7)
Net capital increase	500,000	-	500,000	**NA**
Net cash flow from financing activities	(177,125)	(296,407)	119,282	(40.2)
Net (decrease) increase from cash and cash equivalents	**357,091**	**77,081**	**280,010**	**NA**
Cash and cash equivalents at the start of the period	179,884	102,804	77,080	75.0
Cash and cash equivalents at the end of the period	**536,975**	**179,885**	**357,090**	**NA**
Cash in business acquisitions	-	-	-	NA
Total cash at the end of the period	**539,133**	**179,885**	**359,248**	**NA**

BALANCE SHEET

CASH AND CASH EQUIVALENTS

At the end of 2020, the Company's position in cash and banks was Ps. 643.8 million, comprising Ps. 539.1 million in cash and cash equivalents, and Ps. 104.7 million in restricted cash related to debt. Of that position, 7.5% is dollar denominated.

ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

This line decreased by 60.3%, from Ps. 232.5 million in 2019, to Ps. 92.4 million In 2020.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment fell by 2.8%, from Ps. 8.08 billion at the end of 2019, to Ps. 7.85 billion in 2020.

NET DEBT AND DEBT MATURITY PROFILE

At the close of 2020, the Company's net debt was Ps. 2.25 billion. Of the Company's total debt, 94.6% is dollar denominated, with an average financing cost of 3.4%; the remaining 5.4% is denominated in pesos, at an average financing cost of 7.5%.

To continue with its growth plans, the Company will continue balancing its debt between pesos and dollars. Both peso- and dollar-denominated debt have a hedge against increases in the reference rate (TIIE and LIBOR), valued at 8.5% and 4.5%, respectively, during the fiscal year.

In conformance with IFRS, numbers in dollars were converted to pesos using the exchange rate published by the Official Gazette of Mexico on December 31, 2020, which was 19.9352 pesos per dollar.

BALANCE SHEET Numbers in thousands of pesos	2020	2019	Var.	% Var.
Cash and cash equivalents	539,133	179,884	359,249	NA
Accounts receivable and other current assets	161,783	323,031	(161,248)	(49.9%)
Tax credits	391,852	357,137	34,715	9.7%
Total current assets	**1,092,768**	**860,052**	**232,716**	**27.1%**
Restricted cash	104,657	131,451	(26,794)	(20.4%)
Property, plant and equipment	7,850,925	8,077,801	(226,876)	(2.8%)
Non-productive fixed assets (works in process)	692,538	612,262	80,276	13.1%
Other non-current assets	578,085	558,627	19,458	3.5%
Total non-current assets	**9,226,204**	**9,380,141**	**(153,937)**	**(1.6%)**
Total assets	**10,318,971**	**10,240,193**	**78,778**	**0.8%**
Current debt maturities	227,467	217,594	9,873	4.5%
Other current liabilities	503,977	538,651	(34,674)	(6.4%)
Total current liabilities	**731,445**	**756,245**	**(24,800)**	**(3.3%)**
Long-term debt	2,661,689	2,564,307	97,382	3.8%
Other non-current liabilities	888,500	887,400	1,100	0.1%
Total non-current liabilities	**3,550,189**	**3,451,707**	**98,482**	**2.9%**
Total shareholders' equity	**6,037,338**	**6,032,241**	**5,097**	**0.1**
Total liabilities and shareholders' equity	**10,318,971**	**10,240,193**	**78,778**	**0.8%**

CAPEX Numbers in thousands of pesos	2020	% Total
Hotels in development	57,369	62.7%
Improvements and adaptations to own hotels	7,975	8.7%
Ordinary CAPEX	26,120	28.6%
Total Capex	**91,463**	**100.0%**

DEBT

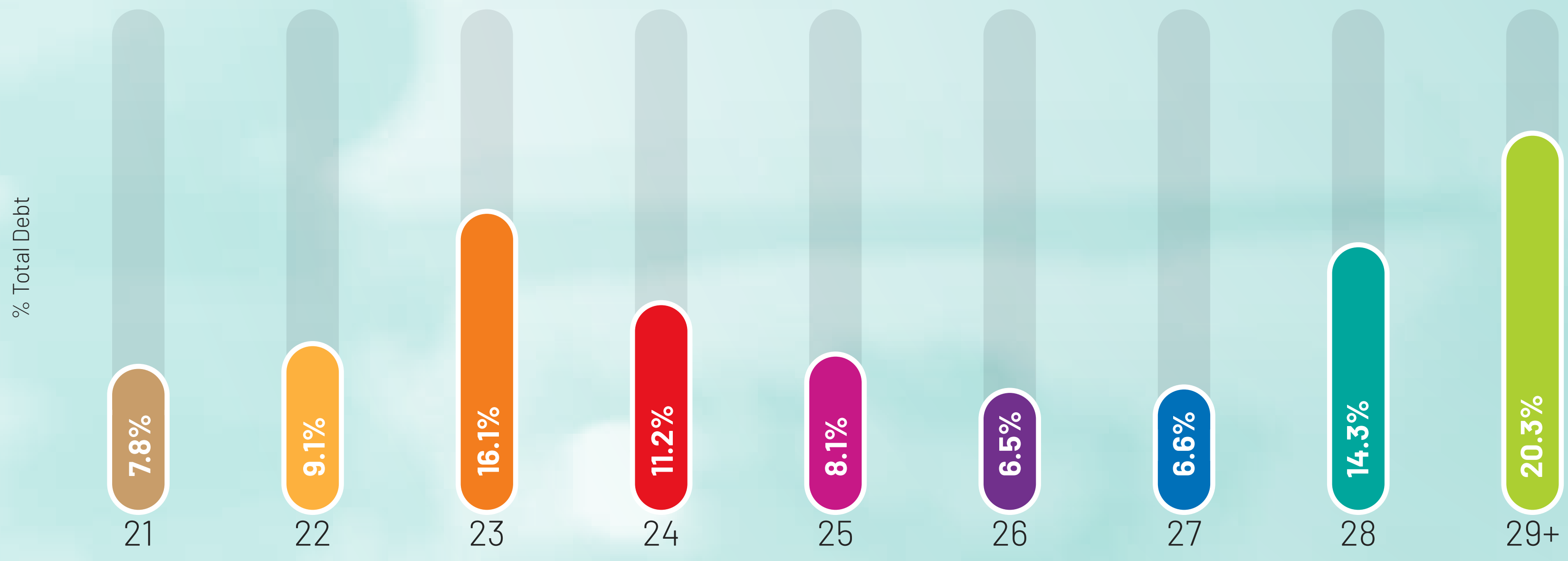
DEBT Numbers in thousands of pesos	Pesos	Dollars	Total
Short term	26,128	201,339	227,467
Long term	130,635	2,531,054	2,661,689
Total	**156,763**	**2,732,394**	**2,889,156**
% Total	5.4%	94.6%	100.0%
Average rate of financial liabilities	7.50%	3.35%	3.57%
Cash and cash equivalents	498,641	40,492	539,133
Restricted cash	4,228	100,428	104,657
Cash and banks**	**502,870**	**140,920**	**643,789**
Net debt	**(346,107)**	**2,591,474**	**2,245,367**
Net debt / EBITDA (last 12 months as at December 31, 2020)			47.8x

*Includes interest payable and the effect of financial Instruments related to bank loans.

**Includes restricted cash related to bank loans.

DEBT MATURITY PROFILE

(as at December 31, 2020)



INDEPENDENT AUDITORS' REPORT

(Translation from Spanish Language Original)

The Board of Directors and Stockholders of
Grupo Hotelero Santa Fe, S. A. B. de C. V.:
(thousands of pesos)

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Opinion

We have audited the consolidated financial statements of Grupo Hotelero Santa Fe, S. A. B. de C. V. and subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo Hotelero Santa Fe, S. A. B. de C. V. and subsidiaries as at December 31, 2020 and 2019, and its consolidated results and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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 that are relevant to our audit of the consolidated financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of impairment of long-lived assets

(See note 6 and 13 to the consolidated financial statements)

The key audit matter

Long-term assets including goodwill amount to $8,898,277 (of which $354,815 correspond to goodwill) and represent 86% of total assets. During 2020, the Group recorded a significant decrease in its operating results and net cash flows, generated mainly by the suspension of hotel activities in Mexico from March 30, 2020 to July 2020, due to the declared health emergency by the Mexican Government, for the COVID-19 pandemic. Consequently, the Group carried out an impairment analysis on long-lived assets and goodwill. As a result of this analysis, the Group recorded an impairment in its long-lived assets and goodwill for $86,802 and $ 9,198, respectively, and reversed an impairment loss recorded in previous years for $34,841.

Group's Management carries out the impairment assessment of long-lived assets, when there are signs of impairment and in the case of goodwill, at least once a year at the end of the year, comparing their book value with their amount recoverable. The recoverable amount of the Cash Generating Units (CGU) is based on the higher of value in use and fair value less disposal costs, and is derived from discounted cash flow models, as well as pricing investigations of similar properties. In the case of estimating the value in use, key assumptions are used, including estimates of future sales, operating costs, long-term growth rates and the weighted average cost of capital (discount rate). In the case of fair value less disposal costs, realized investigations of similar property prices and/or his net replacement cost.

We have determined the impairment assessment of long-lived assets as a key audit matter because the estimated recovery values involve a high degree of subjectivity; specifically, the assumptions about the projection of future cash flows, the long-term growth rate and the discount rate used to calculate the value in use of the CGUs, which are complex and some change in them has a significant effect in the result of Group's cash flows.

How the matter was addressed in our audit

Our audit procedures in this area include, but are not limited to:

- Involve our specialists in financial valuation to evaluate the reasonableness of the discount rates applied and the valuation methodology applied by Management.

- Involve our specialists in the valuation of fixed assets, to validate the Net Selling Price (fair value less costs of disposal) of the properties based on inquiries about the prices of comparable assets (Market Approach) and/or catalogs of costs to determine the replacement value and later depreciate them by age, state of conservation, as well as the obsolescence identified that the properties had (Economic, Technological and Functional Obsolescence).

- Evaluate the reasonableness of the assumptions applied to key inputs, such as sales volumes and prices, operating costs, inflation, and long-term growth rates, including the comparison of this data against external data, as well as our own evaluations and sensitivity analysis, which included evaluating the effect of possible reasonable reductions in growth rates and forecasting cash flows based on our knowledge of the Group and the industry.

- Evaluate the reasonableness of the reversal of the impairment loss on long-lived assets, verifying that at the date of the report the factors that caused the impairment at the time have been reversed and that the fair value less disposal costs was greater than the value. in books.

- The evaluation of the appropriateness of the Group's disclosures in the consolidated financial statements, including those significant disclosures and judgments used in the calculations.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's 2020 Annual Report to be filed with the National Banking and Securities Commission (CNBV) and the Mexican Stock Exchange, ("the Annual Report"), but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' 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 ISAs 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 ISAs, we exercise professional judgment 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 management'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 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 auditors' 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 auditors' 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Cárdenas Dosal S. C.

C.P.C. A. César Ramírez Angulo

Mexico City, March 31, 2021.

Grupo Hotelero Santa Fe, S. A. B. de C. V.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2020 and 2019. (Thousands of Mexican pesos).

These consolidated financial statements have been translated from the Spanish language original and for the convenience of foreign / English-speaking readers.

ASSETS	NOTE	2020	2019
Current assets:			
Cash and cash equivalents	8	$ 539,133	179,884
Accounts receivable, net	9	92,407	232,535
Due from related parties	10	13,115	37,135
Other accounts receivable		2,755	7,877
Other receivables	11	391,852	355,913
Inventories	12	21,630	26,229
Prepaid expenses		31,743	20,855
Total current assets		**1,092,635**	**860,428**
Non-current assets:			
Restricted cash	8	104,657	131,451
Property, furniture and equipment, net	13	8,491,501	8,690,063
Other assets	14	36,205	29,051
Investment in associated companies	3(j)	37,897	38,739
Deferred tax assets	18	150,974	148,184
Goodwill	6	345,617	354,815
Total non-current assets		**9,166,851**	**9,392,303**
Total assets		**$ 10,259,486**	**10,252,731**

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	2020	2019
Current liabilities:			
Current installments of long-term debt	15	$ 227,467	217,594
Trade accounts payable		162,793	173,894
Accumulated liabilities	16	64,877	78,884
Other liabilities		165,243	172,046
Accruals		35,389	42,228
Due to related parties	10	18,319	10,902
Advances from customers		57,224	61,072
Total current liabilities		**731,312**	**756,620**
Non-current liabilities:			
Long-term debt, excluding current installments	15	2,661,689	2,564,307
Employee benefits	17	10,330	7,625
Deferred tax liabilities	18	862,256	888,533
Other liabilities		2,131	3,404
Total non-current liabilities		**3,536,406**	**3,463,869**
Total liabilities		**4,267,718**	**4,220,489**
Stockholders' equity:	19		
Controlling interest:			
Capital stock		3,954,707	3,454,707
Stock repurcharse reserve		(37,538)	(32,839)
Aditional paid-in capital		80,000	80,000
Legal reserve		190,493	190,493
Retained earnings		645,356	1,044,267
Total controlling interest		**4,833,018**	**4,736,628**
Non-controlling interest		1,158,750	1,295,614
Total stockholders' equity		**5,991,768**	**6,032,242**
Total liabilities and stockholders' equity		**$ 10,259,486**	**10,252,731**

The notes from page 56 to 122 are integral part the consolidated financial statements.

Grupo Hotelero Santa Fe, S. A. B. de C. V.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019. (Thousands of Mexican pesos, except for earning per share).

These consolidated financial statements have been translated from the Spanish language original and for the convenience of foreign / English-speaking readers.

	NOTE	2020	2019
Revenues:			
Rooms		$ 499,678	1,096,658
Food and beverages		415,549	860,367
Other	10	155,308	280,876
Total revenue		**1,070,535**	**2,237,901**
Departmental costs and expenses:			
Rooms		142,030	233,185
Food and beverages		283,269	491,808
Other		24,436	45,089
Total departmental costs and expenses		**449,735**	**770,082**
Departmental income		**620,800**	**1,467,819**
Indirect expenses:			
Administrative	10	265,916	340,336
Advertising and sales		118,570	208,758
Maintenance and energy costs		175,144	249,989
Total indirect expenses		**559,630**	**799,083**
Profit before property expenses and depreciation		**61,170**	**668,736**
Property expenses and depreciation:			
Property tax		13,846	13,631
Insurance		25,134	22,846
Depreciation	13	233,618	235,366
Allowance for impairment loss	6 and 13	61,159	-
Amortization of other assets	14	2,833	1,927
Preoperative expenses		3,587	5,586
Expansion expenses		7,501	9,954
Estimate for expected credit loss		3,124	-
Other		-	678
Total property expenses and depreciation		**350,802**	**289,988**

	NOTE	2020	2019
Other income, net		1,500	-
Operating (loss) income		**(288,132)**	**378,748**
Financial cost:			
Interest income	10	2,775	10,704
Interest expense	15	(133,688)	(184,645)
Foreing exchange (loss) gain, net		(105,305)	71,933
Other financial costs		(5,360)	(6,647)
Financial cost, net		**(241,578)**	**(108,655)**
Equity in earnings from associated companies			
Permanent investments		(742)	2,370
(Loss) profit before income tax		**(530,452)**	**272,463**
Income taxes:	18		
Current		19,796	116,997
Deferred		(29,067)	(8,576)
Total income taxes		**(9,271)**	**108,421**
Net (loss) income		**$ (521,181)**	**164,042**
Income (loss) attributable to:			
Controlling interest		(398,911)	179,364
Non-controlling interest		(122,270)	(15,322)
		$ (521,181)	**164,042**
Basic (loss) earning per share	19(i)	**$ (1.04)**	**0.34**

The notes from page 56 to 122 are integral part the consolidated financial statements.

Grupo Hotelero Santa Fe, S. A. B. de C. V.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2020 and 2019. (Thousands of Mexican pesos).

These consolidated financial statements have been translated from the Spanish language original and for the convenience of foreign / English-speaking readers.

	NOTE	CAPITAL STOCK	STOCK REPURCHASE RESERVE	ADITIONAL PAID - IN CAPITAL	LEGAL RESERVE	RETAINED EARNINGS	TOTAL CONTROLLING INTEREST	NON-CONTROLLING INTEREST	TOTAL STOCKHOLDERS' EQUITY
Balances as of January 1, 2019		**$ 3,454,707**	**(41,367)**	**80,000**	**190,493**	**864,903**	**4,548,736**	**1,295,349**	**5,844,085**
Repurchase of shares	19(c)	-	8,528	-	-	-	8,528	-	8,528
Initial recognition of non controlling interest		-	-	-	-	-	-	15,587	15,587
Net income		-	-	-	-	179,364	179,364	(15,322)	164,042
Balances as of December 31, 2019		**3,454,707**	**(32,839)**	**80,000**	**190,493**	**1,044,267**	**4,736,628**	**1,295,614**	**6,032,242**
Repurchase of shares	19(d)	-	(4,699)	-	-	-	(4,699)	-	(4,699)
Capital increase	19(c)	500,000	-	-	-	-	500,000	-	500,000
Initial recognition of non controlling interest		-	-	-	-	-	-	(14,594)	(14,594)
Net loss		-	-	-	-	(398,911)	(398,911)	(122,270)	(521,181)
Balances as of December 31, 2020		**$ 3,954,707**	**(37,538)**	**80,000**	**190,493**	**645,356**	**4,833,018**	**1,158,750**	**5,991,768**

The notes from page 56 to 122 are integral part the consolidated financial statements.

Grupo Hotelero Santa Fe, S. A. B. de C. V.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019. (Thousands of Mexican pesos).

These consolidated financial statements have been translated from the Spanish language original and for the convenience of foreign / English-speaking readers.

	2020	2019
Cash flows from operating activities:		
Net (loss) income	$ (521,181)	164,042
Adjustment for:		
Depreciation	233,618	235,366
Impairment of long-lived assets and goodwill	61,159	-
Amortization of other assets	2,833	1,927
Profit on sale of shares	-	(3,562)
Income taxes	(9,271)	108,421
Interest income	(2,775)	(10,704)
Investment in associated companies	742	(2,370)
Unrealized foreign exchange loss (profit)	151,125	(113,320)
Interest expense	133,688	184,645
Other financial costs	5,360	6,647
Subtotal	**55,298**	**571,092**
Accounts receivable	140,128	(61,653)
Due from related parties	(1,663)	3,617
Other receivables	(30,817)	46,462
Inventories	4,599	2,823
Prepaid expenses	(10,888)	75
Trade accounts payable	(11,101)	(12,570)
Other liabilities	(22,083)	23,001
Accruals	(6,839)	12,338
Due to related parties	7,417	361
Advances from customers	(3,848)	16,725
Income taxes	(19,796)	(76,486)
Employee benefits	2,705	2,152
Net cash provided by operating activities	**103,112**	**527,937**

	2020	2019
Cash flows from investing activities:		
Acquisition of property, furniture and equipment	(88,063)	(247,348)
Business acquisition (net of cash received)	1,046	-
Other assets	(9,987)	(7,617)
Loans collected from related parties	25,683	-
Loans granted to related parties	-	(30,497)
Investment in associated companies	100	(484)
Proceeds from sale of shares	-	88,000
Interest received	2,775	10,704
Net cash used in investing activities	**(68,446)**	**(187,242)**
Cash flows from financing activities:		
Capital increases	500,000	-
Non-controlling interest contributions	(14,594)	15,587
Repurchase of shares	(4,699)	8,528
Proceeds from loans	11,919	257,783
Payments of loans	(72,998)	(361,580)
Interest paid	(121,839)	(187,237)
Net cash provided by financing activities	**297,789**	**(266,919)**
Net increase in cash, cash equivalents and restricted cash	**332,455**	**73,776**
Cash, cash equivalents and restricted cash at beginning of year	311,335	237,559
Cash, cash equivalents and restricted cash at December 31	**$ 643,790**	**311,335**

The notes from page 56 to 122 are integral part the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019. (Thousands of Mexican pesos).

These consolidated financial statements have been translated from the Spanish language original and for the convenience of foreign / English-speaking readers.

1. Reporting entity

Grupo Hotelero Santa Fe, S. A. B. de C. V. (the "Group" or "GHSF") was incorporated in Mexico City. GHSF is domiciled at Juan Salvador Agraz No. 65, 20th floor, Colonia Santa Fe Cuajimalpa, zip code 05348, Mexico City.

The main activity of the Group is acquire, under any legal title, shares, interests, participations, among other, of any type of corporations, both domestic and foreign, and invest in its equity wealth, as well as participate in their management, liquidation, spin-off and merger. The Group was incorporated on November 24, 2006 and began operations on January 1, 2010.

Initial public offering change of corporate name and subsequent public offering

On September 11, 2014, through a public offering of shares in Mexico, Grupo Hotelero Santa Fe, S. A. B. de C. V. increased its capital stock, issuing 75,000,000 ordinary, and nominative shares, without par value. (See note 19(a)). For this purpose, the Group adopted the stock exchange regime of variable capital stock, for which the Group was denominated "Grupo Hotelero Santa Fe, Sociedad Anonima Bursatil de Capital Variable"or its abbreviation "S. A. B. de C. V." The net proceeds obtained from the initial public offering, were used approximately 80% for future hotel acquisitions and 20% for general corporate purposes, including the capital expenditures fund. At the date of the initial public offering, approximately 25% of the shares were distributed amongst the public investor.

As mentioned in note 19(a), on June 17, 2016, through a subsequent public offering of shares in Mexico and Chile, Grupo Hotelero Santa Fe, S. A. B. de C. V. increased its capital stock, issuing 215,584,530 ordinary and nominative shares without par value. After this transaction, the outstanding shares amount to 491,084,530. The net proceeds from the subsequent public offering increased the capital stock and will be used for the development and acquisition of hotels. At the date, approximately 46% of the total shares of the Company are distributed amongst the public investor.

The principal activities of the Group's main consolidated subsidiaries are as follow:

- Hotelera SF, S. de R. L. de C. V. (Hotelera SF), whose main activity is to provide management services, hotel operation and any type of hotel service. All of its revenues are derived from management and hotel operation contracts. It was incorporated on January 8, 2010, and began operations on March 1, 2010.

- Servicios en Administración Hotelera SF, S. de R. L. de C. V. (SAH), whose main activity is to provide management services, hotel operation and any type of hotel service to its related parties. It was incorporated on January 8, 2010, and began operations on March 1, 2010.

- Grupo Hotelero SF México, S. de R. L. de C. V. (GHSFMEX), whose main activity is to own a hotel located in Acapulco, Guerrero, Mexico, which operates 400 rooms, under the brand name "Krystal Beach Acapulco". The operation of the hotel is carried out by Hotelera SF, which has management and hotel operation contracts that requires the payment of a fee over the revenues and an incentive fee over the operating income. It was incorporated on December 1, 2011, and began operations on April 24, 2014.

- Administración SF del Pacífico, S. de R. L. de C. V. (ASFP), whose main activity is to provide management services, hotel operation and any type of hotel service to its related parties. It was incorporated on April 9, 2013 and began operations on April 25, 2013.

- Servicios e Inmuebles Turísticos, S. de R. L. de C. V. (SIT), whose main activity is to own a hotel located in Guadalajara, Jalisco, Mexico, which operates 450 rooms under the brand name "Hilton". The operation of the hotel is carried out by Hotelera SF, which has management and hotel operation contracts that requires the payment of a fee over the revenues and an incentive fee over the operating income. SIT is a subsidiary of GHSF since March 1, 2010.

- Administración SF Occidente, S. de R. L. de C. V. (ASFO), whose main activity;ovide management services, hotel operation and any type of hotel service to its related parties. It was incorporated on January 8, 2010, and began operations on March 1, 2010.

- Inmobiliaria en Hotelería Leon Santa Fe, S. de R. L de C. V. (IHL) its main activity is to acquire under any legal title shares, interests, participations, among other of any type of commercial companies both national and foreign and invest in its equity; it was incorporated on September 18, 2015, and began operations on March 1, 2015.

- Corporación de Servicios Los Ángeles Vallarta, S.A. de C.V. (CSA), Whose main activity is to provide management services, hotel operation and any type of hotel service to its related parties; it was incorporated on November 24, 2016 and began operations on January 1, 2018.

- Inmobiliaria en Hotelería Ciudad Juárez Santa Fe, S. de R. L. de C. V. (IHJ), whose main activity is to acquire, under any legal title, shares, interests, participations, among other, of any type of corporations, both domestic and foreign, and invest in its equity, as well as participate in their management, liquidation, spin-off and merger. IH Ciudad Juárez is the holding Company of Chartwell Inmobiliaria de Juárez, S. de R. L. de C. V. It was incorporated on January 8, 2010, and began operations on March 1, 2010.

- Inmobiliaria en Hotelería Guadalajara Santa Fe, S. de R. L. de C. V. (IHG), whose main activity is to acquire, under any legal title, shares, interests, among other, of any type corporations, both domestic and foreign and invest in its equity as well as participate in their management, liquidation, spin off and merger. IH Guadalajara is the holding Company of Servicios e Inmuebles Turísticos, S. de R. L. de C. V. It was incorporated on January 8, 2010, and began operations on March 1, 2010.

- Chartwell Inmobiliaria de Juárez, S. de R. L. de C. V. (CIJ), whose main activity is to own a hotel located in Ciudad Juarez, Chihuahua, Mexico, which operates 120 rooms, under the brand name "Krystal Business Ciudad Juárez". The operation of the hotel is carried out by Hotelera SF, which has management and hotel operation contracts that requires the payment of a fee over the revenues and an incentive fee over the operating income. CI Juárez is a subsidiary of GHSF since March 1, 2010.

- Inmobiliaria en Hotelería Monterrey Santa Fe, S. de R. L. de C. V. (IHM), whose main activity is to acquire, under any legal title, shares, interests, among other, of any type corporations, both domestic and foreign and invest in its equity, as well as participate in their management, liquidation, spin off and merger. IH Monterrey is the holding Company of Chartwell Inmobiliaria de Monterrey, S. de R. L. de C. V. It was incorporated on January 8, 2010, and began operations on March 1, 2010.

- Chartwell Inmobiliaria de Monterrey, S. de R. L. de C. V. (CIM), whose main activity is to own a hotel located in Monterrey, Nuevo León, Mexico, which operates 150 rooms, under the brand name "Hilton Garden Inn". The operation of the hotel is carried out by Hotelera SF, which has management and hotel operation contracts that requires the payment of a fee over the revenues and an incentive fee over the operating income. CI Monterrey is a subsidiary of GHSF since March 1, 2010.

- Administración SF del Norte, S. de R. L. de C. V. (ASFN), whose main activity is to provide management services, hotel operation and any type of hotel service to its related parties. It was incorporated on January 8, 2010, and began operations on March 1, 2010.

- Inmobiliaria en Hotelería Vallarta Santa Fe, S. de R. L. de C. V. (IHV), whose main activity is to own a hotel located in Puerto Vallarta, Jalisco, México, which operates 451 rooms, under the brand name "Hilton". The operation of the hotel is carried out by Hotelera SF, which has management and hotel operation contracts that requires the payment of a fee over the revenues and an incentive fee over the operating income. It was incorporated on May 23, 2011, and began operations on October 1, 2012.

- Corporación Integral de Servicios Administrativos de Occidente, S. de R. L. de C. V. (CISAO), whose main activity is to provide management services, hotel operation and any type of hotel service to its related parties. It was incorporated on February 7, 2012 and began operations on February 9, 2012.

- Inmobiliaria en Hotelería Cancún Santa Fe, S. de R. L. de C. V. (IHC), whose main activity is to own a hotel located in Cancún, Quintana Roo, Mexico, which operates 398 rooms, under the brand name "Krystal Grand Punta Cancún". The management and operation of the hotel is carried out by Hotelera SF, which has management and hotel operation contracts that requires the payment of a fee over the revenues and an incentive fee over the operating income. It was incorporated on May16, 2013, and began operations on September 24, 2013.

- Administración SF de Quintana Roo, S. de R. L. de C. V. (ASFQ) whose main activity is to provide management services, hotel operation and any type of hotel service to its related parties. It was incorporated on June 20, 2013, and began operations on October 1, 2013.

- Inmobiliaria Hotelera Cancún Urban, S. de R. L. de C. V. (IHCU), whose main activity is to own a hotel located in Cancún, Quintana Roo México, which operates 246 rooms, under the brand name "Krystal Urban Cancún". The operation of the hotel is carried out by Hotelera SF, which has management and hotel operation contracts that requires the payment of a fee over the revenues and an incentive fee over the operating income. It was incorporated on October 21, 2014, and began operations on December 16, 2014.

- Servicios Administrativos Urban Cancún, S. de R. L. de C. V. (SAUC), whose main activity is to provide management services, hotel operation and any type of hotel service to its related parties. It was incorporated on November 3, 2014, and began operations on December 16, 2014.

- SF Partners II, S. de R. L. de C. V. (SFP), whose main activity is to own a hotel located in Guadalajara, Jalisco México, which operates 140 rooms, under the brand name of "Krystal Urban Guadalajara". SFP is a subsidiary of GHSF since March 24, 2014.

- Administración y Operación SF, S. de R. L. de C. V., (AYO) whose main activity is to provide management services, hotel operation and any type of hotel service. It was incorporated on December 4, 2014. As of December 31, 2020, it has not started operations.

- Moteles y Resturantes María Bárbara, S. A. de C. V. (MRMB), whose main activity is to own a hotel located in the State of México, in the municipality of Naucalpan, which operates 215 rooms under the brand name "Krystal Satélite María Bárbara". MRMB is a subsidiary of GHSF since May 7, 2015.

- Servicios Administrativos Tlalnepantla, S. A. de C. V. (SATL) whose main activity is to provide management services, hotel operation and any type of hotel service to its related parties. It was incorporated on April 14, 2015; and began operations on July 1, 2015.

- Inmobiliaria MB Santa Fe, S. A. de C. V. (IMB), whose main activity is to acquire, under any legal title, shares, interests, participations, among other, of any type of corporations, both domestic and foreign, and invest in its equity, as well as participate in their management, liquidation, spin-off and merger. IHMB is the holding Company of Moteles y Restorantes María Barbara, S. A. de C. V., and it was incorporated on March 4, 2015, and began operations on the same date.

- Hotelera Inmobiliaria Hotel Insurgentes 724, S. A. P. I. de C. V., (IHI), whose main activity is to own a hotel currently under construction located in Mexico City. It was incorporated on May 15, 2015 and began the construction on January 22, 2016.

- ICD Sitra, S. A. de C. V. (ISI), whose main activity is to own a hotel located in San Jose del Cabo, Baja California Sur, which is leased to its subsidiary Promotora Los Angeles Cabos, S. A. de C. V.; Control was acquired on February 21, 2017.

- Promotora Los Angeles Cabos, S. A. de C. V. (PAC), whose main activity is operating a hotel located in San Jose del Cabo, Baja California Sur, México that operates 454 rooms under the brand name "Krystal Grand Los Cabos". The operation of the hotel is carried out by Hotelera SF which has management and hotel operation contracts that requires the payment of a fee over the revenues and an incentive fee over the operating income; it was incorporated on November 24, 2016 and began operations on March 1, 2017.

- Servicios Ángeles SJC, S. A. de C. V., (SAS) whose main activity is to provide management services, hotel operation and any type of hotel service to its related parties. It was incorporated on November 24, 2016 and began operations on March 1, 2017.

- Sibra Vallarta, S. A. de C. V., (SAV) whose main activity is to own a hotel located in Nuevo Vallarta, Nayarit, which is leased to its subsidiary Arrendadora Vallarta, control was acquired on February 21, 2017

- Arrendadora los Angeles Vallarta, S. A. de C. V. (AAV), whose main activity is to operate a hotel with 480 rooms located in Nuevo Vallarta, Nayarit, Mexico. The operation of the hotel is carried out by Hotelera SF which has management and hotel operation contracts that requires the payment of a fee over the revenues and an incentive fee over the operating income. It was incorporated on November 24, 2016, and began operations on May 1, 2017.

- CER diecinueve 91, S. de R. L. de C. V., (CDN) whose main activity is to provide food and beverage services for clients of "Krystal Grand Suites Insurgentes 1991" and the general public; it was incorporated on July 4, 2017 and began operations on September 13, 2017.

- Inmobiliaria K Suites 1991, S. A. P. I. de CV, (IKS), until September 2018 its main activity was to own a complex of suites located in Mexico City, which operates 150 suites, under the concept of renting furnished spaces and under the brand name "Krystal Grand Suites Insurgentes 1991". As of this date, its activity was transferred to Grupo Inmobiliario 1991, S. A. de C. V. which acquired all the rights and obligations that IKS had. The operation of the suites is carried out by Hotelera S.F. which has management and hotel operation contracts that requires payment of a fee over the revenues and an incentive fee over the operating income; it was incorporated on May 11, 2016 and began operations on September 13, 2017.

- Servicios Administrativos Suites 1991, S. de R. L. de C. V. (SAS), whose main activity is to provide management services, hotel operation and any type of hotel service to its related parties; it was incorporated on June 26, 2017 and began operations on October 1, 2017.

- Inmobiliaria Hotelera del Bajío, S.A. de C. V. (IHB) its main activity is to own a hotel which operates with 140 rooms, located in the City of León, Guanajuato, under the commercial name of "Hyatt Centric Campestre". The operation of the hotel is carried out by Hotelera S.F. which has management and hotel operation contracts that requires payment of a fee over the revenues and an incentive fee over the operating income. It was incorporated on August 24, 2018.

- Servicios en Administración Hotelera M.P.S.F., S. de R. L. de C. V. (SMP), its main activity is to provide management services, hotel operation and any type of hotel service to its related parties. Began operations on August 9, 2018.

- Inmobiliaria Hotelera de la Península S. A. de C. V. (IHP), its main activity is to own a hotel that is remodeling in the city of Merida Yucatan, it was incorporated on November 27, 2017.

- Inmobiliaria en Hotelería Querétaro S.F. S. A. de C. V. (IHQ), its main activity is to own a hotel in the city of Querétaro Qro. It was incorporated on October 10, 2018 and as of December 31, 2020, it has not started operations.

- Grupo Inmobiliario 1991, S.A. (GIM1991), as of August 18, 2018, the main activity is to own a complex of suites, located in Mexico City, through a shareholders agreement, between the shareholders of (IKS) and the shareholders of Grupo Inmobiliario 1991, the latter remaining, which operates 150 suites under the concept of renting furnished spaces and under the brand name "Krystal Grand Suites Insurgentes 1991".

2. Basis of preparation

(a) Statement of compliance

The accompanying consolidated financial statements were prepared in accordance with international standards of financial reporting ("IFRS") issued by the Council of international accounting standards (IASB, by its acronym in English). IFRS designation includes all the standards issued by the IASB and the related, interpretations issued by the Committee's interpretations of the financial reporting (IFRIC, for its acronym in English).

On March 31, 2021, Francisco Medina Elizalde, Chief Executive Officer, Enrique Gerardo Martínez Guerrero, Chief Financial Officer and Legal Representative and José Alberto Santana Cobián, Chief Administration Officer, authorized the issuance of the accompanying consolidated financial statements and related notes thereto.

In accordance with the General Law of mercantile societies (LGSM) and the statutes of the individual companies that were incorporated in the consolidated financial statements of the group, shareholders have the power to amend the financial statements consolidated after their issuance.

Note 3 includes details of the accounting policies of the Group.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, with the exception of certain properties, furniture and equipment, which were recorded at their deemed cost as of February 28, 2010 (date of transition to IFRS) and the date of the acquisition mentioned in note 6. The deemed cost of such properties furniture and equipment was determined by appraisals performed by independent appraises (fair value) at that date.

(c) Functional and reporting currency

The accompanying consolidated financial statements are presented in Mexican pesos ("$" or "MXP"), Mexico's national currency, which is the Group's functional currency and the reporting currency in which these consolidated financial statements are presented. When reference is made to dollars or "USD", it means dollars of the United States of America. All financial information presented in pesos has been rounded to the nearest thousand amount. The exchange rate of the Mexican peso against the dollar, at December 31, 2020 and 2019 was $19.93 y $18.87, respectively. At March 31, 2021 the exchange rate was $20.6047.

(d) Use of estimates and judgments

The preparation of the accompanying consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

We base our judgments, estimates, and assumptions on historical and forecast information, as well as regional and industry economic conditions in which we or our customers operate, changes to which could adversely affect our estimates. Although we believe we have made reasonable estimates about the ultimate resolution of the underlying uncertainties, no assurance can be given that the final outcome of these matters will be consistent with what is reflected in our assets, liabilities, revenues, and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following note:

- Note 6 – Impairment of long-lived assets and goodwill testing.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the consolidated financial statements at December 31, 2019 is included in the following notes:

- Notes 3(o) and 23 - Contingencies

(e) Measurement of fair values

A number of the Group's policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This include a valuation team that has overall responsibility for overseeing all significant fair value measurement, including Level 3 fair values, and reports directly to the chief financial officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuation meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuation should be classified. Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an assets or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 20 - Financial instruments and risk management

(f) Scope of consolidation

The consolidated financial statements include all entities that are directly controlled by the Group.

All Group entities prepare their financial statements as of December 31, 2019, applying the same accounting policies and valuation criteria in accordance with IFRS. Intercompany transactions and balances relating to consolidated entities have been eliminated.

The following table summarizes the changes in the number of entities included in the consolidated financial statements.

Entities consolidated in the financial statements:

	Entities
December 31, 2019	39
Disposals	(1)
December 31, 2020	38

(g) **Statement of comprehensive income presentation**

Given that the Group is a service entity, ordinary costs and expenses are presented based on their nature, as the information so reported is clearer. In addition, departmental income, profit before property expenses and depreciation and operating income lines items are included, which results from decreasing operating income, cost and departmental expenses, indirect expenses and property expenses and depreciation. The presentation of these concepts are considered to provide a better understanding of the economic and financial performance of the Group and in accordance with the standards of the Group industry.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been consistently applied by the Group entities unless otherwise indicated.

(a) Basis of consolidation

(i) ***Business combination***

The Group accounts for business combinations using the acquisition method as of the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group; (I) has power over the investee (II) has exposure, or rights, to variable returns from its involvement with the investee and (III) has the ability to use its power over the investee to affect the amount of the Group returns. The voting rights of the owners that are currency executable or convertible are considerate in the evaluation of control.

The Group measures the goodwill at the acquisition date as follows:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interest in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire, less
- the net amount recognized (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain on purchase is recognized immediately as income.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. These amounts are generally recognized in profit or loss.

Transaction costs, other than those associated with the issuance of debt or equity securities, incurred by the Group in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingency consideration are recognized in profit or loss of the year.

(ii) ***Acquisitions of non-controlling interests***
Acquisitions of non-controlling interest are accounted for as transactions with shareholders and therefore, no goodwill is recognized as a result of these transactions. Adjustments to non-controlling interests arising from transactions not involving loss of control are based on the proportionate amount of the net assets of the subsidiary, the effects are recognized in the stockholders' equity.

(iii) ***Subsidiaries***
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commenced until the date that the control ceases.

The accounting policies of subsidiaries have been homologated as required to conform to the accounting policies adopted by the Group.

Group's management determined that it has control over its subsidiaries when:

1) It has power over the investee.
2) It has exposure or rights to variable returns from its involvement with the investee.
3) It has the ability to use its power over the investee to affect the amount of the Group returns.

The equity interests of the principal subsidiaries of the Group are as follows:

GHSF Subsidiaries	Ownership	Main activity
Inmobiliaria en Hotelería Guadalajara Santa Fe, S. de R. L. de C. V.	100%	Property management
Inmobiliaria en Hotelería Monterrey Santa Fe, S. de R. L. de C. V.	100%	Property management
Inmobiliaria en Hotelería Ciudad Juárez Santa Fe, S. de R. L. de C. V.	100%	Property management
Inmobiliaria MB Santa Fe, S. A. de C. V.	100%	Property management
Grupo Hotelero SF de México, S. de R. L. de C. V.	100%	Hotel management

GHSF Subsidiaries	Ownership	Main activity
Chartwell Inmobiliaria de Monterrey, S. de R. L. de C. V.	100%	Hotel management
Servicios e Inmuebles Turísticos, S. de R. L. de C. V.	100%	Hotel management
Chartwell Inmobiliaria de Juárez, S. de R. L. de C. V.	100%	Hotel management
Inmobiliaria en Hotelería Vallarta Santa Fe, S. de R. L. de C. V.	100%	Hotel management
Inmobiliaria en Hotelería Cancún Santa Fe, S. de R. L. de C. V.	100%	Hotel management
Inmobiliaria Hotelera Cancún Urban, S. de R. L. de C. V.	100%	Hotel management
SF Partners II, S. de R. L. de C. V.	100%	Hotel management
Moteles y Restaurantes María Barbara, S. A. de C. V.	100%	Hotel management
Hotelera SF, S. de R. L. de C. V.	100%	Hotel operation
Administración y Operación SF, S. de R. L. de C. V.	100%	Personnel services
Servicios en Administración Hotelera SF, S. de R. L. de C. V.	100%	Personnel services
Administración SF del Norte, S. de R. L. de C. V.	100%	Personnel services
Administración SF Occidente, S. de R. L. de C. V.	100%	Personnel services
Corporación Integral de Servicios Administrativos de Occidente, S. de R. L. de C. V.	100%	Personnel services
Administración SF del Pacífico, S. de R. L. de C. V.	100%	Personnel services
Administración SF de Quintana Roo, S. de R. L. de C. V.	100%	Personnel services
Servicios Administrativos Urban Cancún, S. de R. L. de C. V.	100%	Personnel services
Servicios Administrativos Tlalnepantla Santa Fe, S. de R. L. de C. V.	100%	Personnel services
Inmobiliaria en Hotelería León Santa Fe, S. de R. L. de C. V.	100%	Hotel management
Corporación de Servicios Los Angeles Vallarta, S. A de C. V.	100%	Personnel services
Inmobiliaria en Hotelería Insurgentes 724, S. A. P. I. de C. V.	50%	Hotel management
Inmobiliaria K Suites 1991, S. A. P. I. de C. V.	100% (1)	Hotel management
Servicios Administrativos K Suites 1991 S. de R. L. de C. V.	100% (1)	Personnel services
Sibra Vallarta, S. A. de C. V.	50% (2)	Property management
ICD Sitra, S. A. de C. V.	50% (2)	Property management
Promotora los Ángeles Cabos, S. A. de C. V.	50% (2)	Hotel management
Servicios Ángeles SJC, S. A. de C. V.	50% (2)	Personnel services

GHSF Subsidiaries	Ownership	Main activity
Arrendadora Ángeles Vallarta, S. A. de C. V.	50% (2)	Hotel management
CER diecinueve 91, S de R. L. de C. V.	100% (2)	Consumer services
Servicios en Administración Hotelera M.P.S.F.S. de R. L. de C. V.	50% (3)	Personal Services
Inmobiliaria en Hotelería Querétaro S.F., S. A. de C. V.	50% (3)	Hotel management
Grupo inmobiliario 1991, S. A. de C. V.	50% (3)	Hotel management
Inmobiliaria en Hotelera del Bajío S.F., S. A. de C. V.	50% (3)	Hotel management

(iv) Balances and transactions eliminated on consolidation

Intercompany balances and transactions as well as any unrealized gain (loss) arising from intercompany transactions, have been eliminated in the preparation of the consolidated financial statements.

Unrealized gains arising from transactions with equity method investees are eliminated against the investment to the extent of the Group interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Operations in foreign currency are converted to the respective functional currencies of the entities of the Group at the exchange rate prevailing on the dates of the transactions. The monetary assets and liabilities denominated in foreign currencies at the reporting date are converted to the functional currency at the rate of Exchange at that date. Profit or loss exchange of monetary items is the difference between the cost repaid in the currency functional at the beginning of the period, adjusted for effective interest during the period and payments, and the cost repaid foreign currency converted to the type of change at the end of the period are reported. Exchange rate differences arising from the conversion are recognized in the results of the exercise.

(c) Financial instruments

(i) Recognition and initial measurement

Trade receivable and debt investment instruments are initially recognized when these assets are originated. All the other financial assets and financial liabilities are initially recognized when the Group has become part of the disposals contractual of the instrument.

Financial assets and financial liabilities (unless it is a trade receivable or payable without a significant financing component) are initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to their acquisition or issue, when in the subsequent are measured at their amortized cost. An account receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

Upon initial recognition, a financial asset is classified as measured at: amortized cost, at fair value with changes in other comprehensive income-debt investment, at fair value with changes in other comprehensive- equity investment or at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period after the change in the business model has occurred.

A financial asset is measured at amortized cost if meets both of the following conditions and is not classified at fair value through income:

- the financial asset is held within a business model whose objective is to hold the financial assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are only payments of principal and interest on the principal amount outstanding

A debt investment is measured at fair value through changes in other comprehensive income if meets both of the following conditions and is not classified at fair value through income:

- the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In the initial recognition, an equity investment that is not held for trading, the Group may make an irrevocable election at the time of initial recognition of subsequent changes in fair value in other comprehensive income. This choice is made individually for each investment.

All financial assets not classified as measured at amortized cost or at fair value with changes in other comprehensive income as described above, are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value with changes in other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model evaluation:

The Group makes an assessment of the purpose of the business model in which a financial asset is held at a portfolio level, since this is what best reflects the way the business is managed and information is provided to management. The information includes:

- the policies and objectives for the portfolio and the operation of those policies in practice. These include whether Management's strategy focuses on earnings contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of assets;

- how the performance of the portfolio is evaluated and reported to the Group´s management;
- the risks that affect the performance of the business model (and the financial assets held in the business model) and, in particular, how those risks are managed;
- how managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in previous periods, the reasons for such sales and expectations of future sales activity.

Transfers of financial assets to a third party in transactions that do not qualify for derecognition are not considered sales for this purpose, in a manner consistent with the Group´s continuous recognition of assets.

Financial assets which are held for trading, and whose performance is evaluated on a fair value basis are measured at fair value with changes in profit or loss.

Financial assets - Assessment whether contractual cash flows are only payments of principal and interest:

For purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as the consideration for the time value of money and for the credit risk associated with the outstanding principal amount during a particular period of time and for other basic lending risk and costs (for example, liquidity risks and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of the principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features: and
- terms that limit the Group´s claim to cash flows from specified assets (for example, “non-recourse” features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the amount of the advance payment represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

In addition, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation by early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - subsequent measurement and gains and losses

Negotiable financial instruments (IFN)	These assets are subsequently measured at fair value. Profits and net losses, including any interest or dividend income, are recognized in income. However, in the case of derivatives designated as hedging instruments.
Financial instruments to collect the principal and interest (IFCPI)	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by loss impairment. The interest income, gains and losses by conversion of foreign currency and deterioration are recognized in income. Any gain or loss on decline in accounts is recognized in results.
To collect or sell financial instruments (IFCV)	These assets are subsequently measured at fair value. The interest income calculated under the effective interest method, gains and losses by foreign currency conversion and degradation are recognized in income. Other gains and net losses are recognized in other comprehensive income (IFCV). At the time of the decrease in accounts, gains and losses accumulated in other comprehensive results are reclassified in results.

Financial liabilities - classification, subsequent measurement, gains and losses

In the case of financial liabilities, they are initially recognized at fair value, and are subsequently measured at amortized cost or changes in fair value through profit or loss. A financial liability is classified through profit or loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange differences are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. ***Derecognition***

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows of the financial asset expire, or it transfers the rights to receive the contractual cash flow in a transaction in which substantially all the risks and benefits of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and benefits of ownership and it does not retain control of the financial assets.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, or canceled, or expire. The Group also derecognize a financial liability when its conditions are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the new conditions at fair value is recognized.

On derecognition of a financial liability accounts, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv. ***Offsetting***

An asset and a financial liability will be subject to offsetting and the net amount presented in the statement of financial position, when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v. ***Derivative financial instruments and hedge accounting***

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract, and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. After initial recognition, derivative financial instruments are measured at fair value, and changes are usually recognized in profit or loss.

(d) Inventories

Inventories are recorded at cost or net realizable value, whichever is lower. The cost of inventories is determined by the average cost method, which includes the expenses incurred for the acquisition of inventories.

The Company records the necessary allowances for inventory impairment arising from damaged, obsolete or slow-moving inventories or any other reason indicating that the carrying amount will exceed the future revenues expected from use or realization of the inventory items.

The net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(e) Prepaid expenses

Include mainly prepaid insurance with less-than-a-year maturity and is amortized over the contractual period. The prepaid expenses are recognized as an expense in the income statement when the service or asset are received.

(f) Property, furniture and equipment

(i) ***Recognition and measurement***

Property furniture and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The land is measured at its cost. The assets acquired in business combinations are recognized under fair value method (see note 6).

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, and other costs directly attributable to bringing the asset to useable conditions such as financing costs of qualifying assets. Acquired computer programs that are integral to the functionality of the related fixed assets are capitalized as part of that equipment.

Gains and losses on the sale of an item of property, furniture and equipment are determined by comparing the proceeds from the sale against the carrying value of property, furniture and equipment and are recognized within “other operating income and expenses” in profit or loss.

The operating equipment relates mainly to crockery, glassware, cloth fabrics and cutlery whose expenditure took place at the beginning of the hotel's operation. The costs to replace them are directly charged to the results of the year in which they occur. The operating equipment is not subject to depreciation, as it represents approximately the permanent investment in this regard.

A component of property, furniture and equipment, and any significant part of it initially recognized, is derecognized at the time of disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on the sale of an item of property, furniture and equipment are determined by comparing the proceeds from the sale against the carrying value of property, furniture and equipment, and are recognized within "other operating income and expenses" in the consolidated statement of income.

(ii) Subsequent costs

The replacement cost of an item of property, furniture and equipment (except for the replacement of the operating equipment) is recognized in the carrying value when it is probable that future economic benefits of such item flows to the Group and its cost can be reliably determined. The net book value of the replaced part is derecognized. The costs of day to day operation of property, furniture and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss using the straight-line method in accordance with the estimated useful lives of each component of an item of property, furniture and equipment, as this better reflects the expected pattern of consumption of future economic benefits included in the asset. Land is not depreciated.

The estimated remaining average useful lives of significant items of property, furniture and equipment are as follows:

	Useful Lives
General construction	62 to 66 years
Building hallway	52 to 56 years
Services construction	42 to 46 years
Complementary facilities	43 to 52 years
Elevators	12 to 16 years
Air conditioner	2 to 6 years
Office furniture	2 to 6 years
Transportation equipment	1 to 3 years
Computer equipment	1 to 2 years

The depreciation method, useful lives and residual values are reviewed at each year and adjusted, if necessary.

(g) Goodwill

Goodwill represents future economic benefits arising from other acquired assets that are not individually identifiable or separately recognized. Goodwill is subject to impairment testing at the end of the reporting period and when there is an indication of impairment.

(h) Impairment

i. Financial instruments

The Group recognizes losses allowances for estimated credit losses on:

- financial assets measured at amortized cost;

The Group measures loss allowances at an amount equal to lifetime of the asset, except for the following, which is measured as the amount of the expected credit losses of twelve months:

- debt instruments that is determined that they have a low credit risk as at the date of the financial statements; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables always are measured at an amount equal to lifetime.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and estimating the expected credit losses, the Group considers reasonable and sustainable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Group's historical experience and an informed credit assessment and including forward-looking information.

The Group assumes that the credit risk of a financial asset has increased significantly if it´s more than 30 days past due, except in cases where the Company has information that the risk has not increased significantly.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset has a more than 90 days past due, or when the Company has reasonable and supported information to consider that a longer term is a more appropriate criterion.

The Group considers that a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

Credit losses expected over the lifetime are the credit losses that result from all possible events of default during the expected life of a financial instrument, about past events, current conditions and forecasts of future economic conditions.

Twelve months expected credit losses are part of the expected credit losses during the lifetime of the asset arising from events of non-compliance that are possible within 12 months after the date of the financial statements (or a shorter period if the instrument has a life of less than 12 months). The maximum period considered in the estimation of the expected credit losses is the maximum contract period during which the company is exposed to credit risk.

Measurement of expected credit losses

The expected credit losses are the average weighted by the probability of credit losses and are measured as the present value of cash shortfalls (i.e, the difference between the cash flow owed to the Company in accordance with the contract and the cash flows it expects to receive).

The expected credit losses are discounted using the effective interest rate of the financial asset.

Financial Asset with an impairment credit.

At each reporting date, the Group assesses whether financial assets recorded at amortized cost and debt instruments at fair value with changes in other comprehensive income have credit impairment. A financial asset has an 'impairment credit ' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset.

Evidence that a financial asset has an impairment credit includes the following observable data:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or an event past due of more than 90 days;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will go into bankruptcy or some other form of financial reorganization; or
- the disappearance of an active market for the financial asset in question, due to financial difficulties.

Presentation of the value adjustment for expected credit losses in the statement of financial position

Value adjustments for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

In the case of debt instruments at fair value with changes in other comprehensive income, the value adjustment is charged to income and recognized in other comprehensive income.

Cancellation

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. In the case of individual clients, the Group's policy is to write off the gross carrying amount when the financial asset is 180 days past due based on the historical experience of recoveries of similar assets. In the case of business clients, the Group makes an individual assessment of the opportunity and scope of the penalty based on whether or not there is a reasonable expectation of recovery. The Group does not expect that there will be a significant recovery of the amount written off. However, financial assets that are canceled could be subject to activities in order to comply with the Group's procedures for the recovery of amounts owed.

ii. Not financial assets

On each reporting period, the Group reviews the carrying amount of its financial assets [other than biological assets, investment properties, inventories and deferred tax assets) to determine whether there is an indication of impairment. If there are such indications, then the recoverable amount of the asset is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

Recoverable amount of an asset or CGU is the greater between its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount

Impairment losses are recognized in income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Other assets

They mainly include extraordinary fees with a defined useful life and are recorded at their acquisition value. Amortization is calculated using the straight-line method over a maximum period of 10 to 15 years. Additionally, as of December 31, 2019, certain recoverable assets are included as described in note 14.

(j) Investment in associated companies

The Group's interests in investments accounted for under the equity method include interests in associates. An associate is an entity over which the Group has significant influence, but not control or joint control, of its financial and operating policies.

Participations in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. After initial recognition, the consolidated financial statements include the Group's share of the results and comprehensive income of the investments accounted for under the equity method, until the date on which significant influence or joint control ceases.

On September 24, 2019, through resolutions taken outside the meeting, the shareholders resolved to approve the sale of the shares of GHSF (Inmobiliaria Hoteleria León Santa Fe, S. de RL de C.V.) to Grupo HECFA, SA de CV on 25% of the capital of the company Sunset Tulum, S.A. de C.V.

On December 4, 2018, GHSF entered into an agreement to acquire shares with Grupo HECFA S.A. de C.V., in order to develop and build a hotel under the brand name "Breathless", located in the municipality of Tulum, Quintana Roo, through the company called Sunset Tulum S. A. de C. V., in which GHSF holds 25% of the shares of the company.

On June 12, 2013 GHSF entered into a contract with OMA logistics, S. A. de C. V., in order to develop, build and operate a brand "Hilton Garden Inn" hotel at the airport in the city of Monterrey, through the creation of a new entity demined Consortium Hotel Monterrey airport, S. P. I. de C. V., which GHSF participates in 15% of the capital of the new company, without exerting control. Such investment is recorded at cost.

(k) Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are valued on an undiscounted basis and are charged to results as the respective services are rendered considering current salaries. The respective liabilities are expressed at nominal value, as they are short-term; they mainly include the Employee Profit Sharing (PTU) payable, compensated absences, vacations, vacation bonuses and incentives.

PTU is recorded in the results of the year in which it is incurred and is presented under the heading of costs and expenses.

ii. Defined benefit plan

The Group's obligations regarding seniority premiums that by law must be awarded under certain conditions are calculated by estimating the amount of future benefits earned by employees in exchange for their services in the current and past periods. That benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds to 10 years who have maturity dates approximating the maturity of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

iii. Termination benefits

Termination benefits are recognized as an expense when it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer that is made to encourage voluntary redundancy. Termination benefits for voluntary retirement are recognized as an expense only if the Group has made an offer of voluntary redundancy, it is probable that the offer is accepted, and the number of acceptances can be reliably estimated. If benefits are payable more than twelve months after the reporting period, then they are discounted to their present value.

(l) Share-based payment

The Group has established a payment program based on shares of its equity for certain employees, recognizing an operating expense in the consolidated income statement and an increase in stockholders' equity, during the vesting period, at fair value of the equity instruments granted. The vesting period ranges from one to three years. The plan grants shares to executives, net of taxes withheld, who meet the plan criteria and remain within the Group through the vesting period as disclosed in note 19(e).

(m) Accruals

An accruals is recorded if, as a result of a past event, the Group has a present legal or constructive obligation that can be reasonably estimated, and it is likely to require an outflow of economic benefits to settle the obligation.

(n) Ordinary activities income from customer contracts

Income is measured based on the obligation to fulfill specified in a contract with a client. The Company recognizes revenue when it transfers control over the goods or services to the customer.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Hosting services	Income from lodging services is recognized to the extent that they are provided. The degree of completion to determine the amount of income to be recognized is evaluated on the basis of a review of the work performed.	Income from hosting services is recognized over time as the services are provided. The determination of the progress towards the complete satisfaction of an obligation to be fulfilled over time to calculate the amount of income to be recognized. Customer advances that are presented as current liabilities, correspond to receipts received for future reservations and for which the hosting service has not been provided. Such advances are recognized as income at the time said services are provided
Food and beverages	Food and beverages revenues are reconized as they are consumed in the hotel's restaurants.	Revenue is recognized over time as the services are provided.
Income from rents	Rental income is recognized linearly throughout the lease term and is presented under other operating income	Revenues are recognized over time according to the incurred costs method. Costs are recognized in income when incurred. Advances received are included in the liabilities of the contract.
Income from hotel administration	Hotel administration income is recognized to the extent that it is provided	The degree of completion to determine the amount of income to be recognized is evaluated based on a review of the work performed.
Loyalty program	The Group operates, through some of its hotels, a loyalty program called "Krystal Rewards" that allows its clients to accumulate points called	Income from these services as they are provided. The degree of completion to determine the amount of income to be recognized is evaluated

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Loyalty program	"Krystales" and then exchange them for services. The equivalent amount of these points is deducted from the income from lodging services and recognized as a deferred liability. The fair value of the prizes is determined based on Management estimates. These Krystal points expire after 3 years.	on the basis of a review of the work performance.

(o) Departmental costs

Departmental costs represent the cost directly related to lodging revenues, food and beverages and other operating income. Costs primarily include personnel costs (salaries, wages and other employees-related costs), consumption of inventories, food and beverages.

The cost of food and beverage inventory represents the replacement cost of such inventories at the time of sale, plus, if any, by reductions in the replacement cost or net realizable value of inventories during the year.

(p) Advertising expenses

Advertising costs are expensed as incurred.

(q) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

i. *Lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

(r) Finance income and costs

Finance income consists of interest income on invested funds. Interest income is recognized as income as it accrues using the effective interest method.

Finance costs comprise interest expense on borrowings and bank commissions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the income statement using the effective interest method.

Foreign currency gains and losses are reported on a net basis in the income statement.

(s) Income taxes

The income tax includes current tax and deferred tax. Current tax and deferred tax are recognized in income, except when it relates to a business combination or items recognized directly in equity, as part of the other comprehensive income.

The income tax is the tax expected to be paid or received per each of the Group entities individually. Current income tax payable for the year is determined in conformity with legal and tax requirements for companies in Mexico, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recorded individually by each Group entity according to the asset and liability method, which compares the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes, thus recognizing deferred taxes (assets and liabilities) for the temporary differences between these values.

Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and that does not affect neither the accounting or tax result, and differences relating to investments in subsidiaries to the extent that the Group has the ability to control the timing of the reversal and is unlikely to reverse in the foreseeable future. In addition, no deferred taxes are recognized for taxable temporary differences arising from the initial recognition of goodwill.

Deferred taxes are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are reviewed at the reporting date and are reduced to the extent that realization of the related tax benefit is no longer probable.

(t) Employee Statutory Profit Sharing (ESPS)

ESPS payable for the year is determined in accordance with current tax regulations. Under current tax legislation, companies are required to share 10% of its taxable income to its employees. It is presented under indirect expenses, within "Administrative", in the income statement.

(u) Contingencies

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, disclosure is provided in the notes to the combined financial statements. Contingent revenues, earnings or assets are not recognized until realization is assured.

(v) Segment information

Segment results that are reported by the Group's senior management (the operating decision makers) include items that are directly attributable to a segment, as well as those that can be allocated on a reasonable basis. For those expenses that cannot be directly assigned to the hotels (Urban and Resort), such as salaries, office rent, other administrative expenses, among other, are presented in the Operator segment.

(w) Earnings per share

The Group reports basic earnings per share (EPS) corresponding to its ordinary shares. Basic EPS is computed by dividing net income or loss available to common shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted by its own shares held.

4. Accounting standards

(a) New standards or amendments not adopted

A series of new standards, modifications to standards and interpretations are applicable to annual periods beginning after the 1st. January 2020, and have not been applied in the preparation of these consolidated financial statements.

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are the first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group has determined that all contracts existing at 31 December 2020 will be completed before the amendments become effective.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9. IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows o hedging relationships arising from the replacement of an interest rate benchmark with a alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- Changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- Hedge accounting

I. ***Disclosure***

The amendments will require the Group to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

II. ***Transition***

The Group plans to apply the amendments from 1 January 2021. Application will not impact amounts reported for 2020 or prior periods.

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- COVID-19 – Related Rent Concessions (Amendment to IFRS 16)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

(b) New standards or amendments to the adopted Standards

A series of new standards, standards amendments and interpretations are applicable to the annual periods beginning after the 1st. January 2020, and have been applied in the preparation of these consolidated financial statements are those shown as follows:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Definition of a Business (Amendments to IFRS 3)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The next requirement starting on June 1, 2020 is shown as follows:

- COVID-19 – Related Rent Concessions (Amendment to IFRS 16)

The new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

5. Financial risk management

The Group is exposed to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk

- Market risk
- Currency risk
- Interest rate risk

This note presents information on the Group's exposure to each of the aforementioned risks, the objectives, policies and processes of the Group for risk measurement and management, as well as the Group's capital management. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework of the Group. Management is responsible for developing and monitoring compliance with established policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's operating activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management framework in relation to the risks by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises mainly from the Group's accounts receivable from customers.

Receivables from customers, related parties and other receivables

The Group's exposure to credit risk is affected mainly by the individual characteristics of each customer. The Group's services are provided to a large number of customers without significant concentration in any one of them.

The Group's management has implemented a credit policy under which each new customer is analyzed individually for creditworthiness before offering the standard terms and conditions of payment and delivery. The review carried out by the Group includes external ratings, when available, and in some cases bank references. For each client purchase limits are set, representing maximum open amount. Customers, who do not meet the Group's credit reference, can only perform operations through prepayment or cash.

In response to the COVID 19 pandemic, Group Management has developed frequent reviews of the credit limits of customers who were severely affected.

The Group creates a provision for impairment losses that represents its best estimate of the losses expected with respect to accounts receivable and other receivables. The main factors of this allowance are a specific loss component that relates to individually significant exposures and is classified in other revenues in the statements of income.

Investments

The Group limits its exposure to credit risk by investing only in "money table" investments, which are highly liquid and low risk.

Guarantee

It is the Group's policy to provide financial guarantees only to subsidiary companies owned at least 90%.

At December 31, 2020, there is a secured loan with BBVA Bancomer, S. A. Institución de Banca Multiple being guarantors subsidiaries: Servicios de Inmuebles Turisticos, S. de R. L. de C. V. and Chartwell Inmobiliaria Monterrey, S. de R. L. de C. V. (see note 15).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation (see note 20).

Typically the Group ensures sufficient cash available to cover anticipated operating expenses for a period of 30 days, which includes the payment of its financial obligations; the above excludes the potential impact of extreme circumstances that are not reasonably foreseeable, such as natural disasters, for which the Group has taken out insurance coverage.

The measures adopted by the Group to respond to possible future liquidity constraints arising from the COVID 19 pandemic and the impact of these measures on the consolidated financial statements include the following:

- Increased its flexibility in reservation, cancellation and change policies, which make it easier for guests.
- Agreements with the workforce in order to have a commitment to have sufficient support to maintain the operation of the hotels without the need to suspend operations,
- Establish a strict control of costs and expenses that mainly includes: i) negotiation with suppliers in relation to the modification of the payment agreements and reduction of prices agreed in order to guarantee liquidity during the following months and ii) the maintenance that support the operation and adaptation to new sanitary measures.
- Renegotiation of its debt contracts and the Group entered into debt modification agreements during April, May and June 2020 with BBVA Bancomer, S.A. to defer the payment of interest and principal for up to 6 months; with Banco Sabadell, S. A. for up to 12 months, starting in June and September 2020 and with Banco Santander México and Banco Ve por Más, S. A. for six months, starting in June 2020.
- During October, November and December 2020, the Group entered into new debt modification agreements with BBVA Bancomer, S. A. to defer the payment of interest and principal for up to 6 months.
- During November 2020, Banorte, S. A. established a credit line through a simple promissory note from which the principal and interest are paid.

- At Ordinary General Shareholders' Meeting held on October 1, 2020, a capital increase of $ 500,000 was approved, the shares of which were subscribed and paid by the Company's shareholders.
- During December 2020, the Group obtained waivers from the banks for the breach of some obligations to do and not to do related to financial covenants, thereby guaranteeing that the debt will not be enforceable during the next 12 months, that is, from January 1 to December 31, 2021.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, prices and economic situation, factors that the population face may affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control exposures to market risks within acceptable parameters, while yields are optimized.

The Group is exposed to transactional foreign currency risk mainly for services render and borrowings denominated in a different currency to the respective functional currency of the Group, that is the Mexican peso. The foreign currency in which these transactions are denominated is the US dollar.

Interest expense on loans are denominated in the currency of the loan, which is the US dollar.

Respect to other monetary assets and liabilities denominated in foreign currency, the Group ensures that its net exposure remains at the acceptable level through the purchase and sale of foreign currencies at exchange rates of spot operations to cover unforeseen contingencies in a short term.

Currency risk

The Group is exposed to currency risk primarily by providing services and loans denominated in a currency other than the functional currency of the Group, which is the "Mexican peso". The foreign currency in which these transactions are denominated is the U.S. dollar.

Interest on loans is denominated in the currency of the loan which is U.S. the dollar.

For other monetary assets and liabilities denominated in foreign currency, the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currency exchange spot trading to cover unforeseen events in the short term.

Interest rate risk

Fluctuations in interest rates primarily impact loans, changing either their fair value or future cash flows. Management does not have a formal policy to determine how much of the Group's exposure should be at a fixed or variable rate. However, at the time of obtaining new loans, management uses its judgment to decide whether it considers that a fixed or variable rate would be more favorable to the Group during the specified period until its maturity.

The Group's policy is to hedge the reference rate for its bank loans in accordance with market conditions. Currently the Group maintains a current position in interest rate options (Libor and TIIE), which provides a limit to the rates to be paid over the bank loans with variable interest rates.

Equity management

Management seeks to maintain an adequate equity base to meet the Group's operating and strategic needs and maintain the confidence of market participants. This is achieved through effective cash management, monitoring the income and profitability of the Group, and long-term investment plans that primarily finance the Group's cash flows. With these measures, the Group aims to achieve a constant growth of profits.

6. Business acquisitions

Assets acquired and liabilities assumed

Identifiable assets acquired and liabilities assumed in the business combination were as in the show below:

Grupo Inmobiliario 1991, S. A. de C. V.

On August 18, 2018, GHSF, through a shareholders meeting it was, agreed a capital contribution in Grupo Inmobiliario 1991, S. A. de C. V. for $132,000 through capitalization of doubt that the Company maintained with Inmobiliaria K Suites 1991, S. A. P. I. de C. V. with this capitalization GHSF acquired 50% of the company.

In the property owned by Grupo Inmobiliario 1991, the hotel "Krystal Grand Suites 1991" is currently located with 150 rooms and operated by a subsidiary of GHSF.

The acquisition of the aforementioned hotel was financed through resources from a bank loan obtained by a subsidiary of the Group.

Business combinations are accounted using the acquisition method as of the acquisition date, which is the date on which control is transferred to the Group. Management determined that it has control mainly because: i) it has power over Grupo Inmobiliario 1991, S. A. de C. V, ii) exposure or right to variable returns from their involvement in Grupo Inmobiliario 1991, S.A. de C. V., and iii) ability to use their power over Grupo Inmobiliario 1991, S. A. de C. V. to influence the amount of their returns.

As a result of the recognition of the acquisition described above based on IFRS 3 "business combination", the Group recognized a goodwill net of deferred tax of $22,762 using the acquisition method as of the acquisition date, which is the date on which the control is transferred to the Group.

Inmobiliaria Hotelera del Bajío S.F., S. A. de C. V.

On August 24, 2018 GHSF entered into a share subscription contract in which GHSF subscribed a capital increase in the capital of Inmobiliaria Hotelera del Bajio S.F., S.A. de C.V. (IHB) of $128,250 pesos reaching a total of $256,503, obtaining 50% of the capital shareholding.

With the resources obtained through, the company acquired on that date a property, furniture and equipment in the city of Leon Guanajuato, where a hotel with 140 rooms is located, which works under the name of Hotel Hyatt Centric Campestre León and is operated by GHSF.

The acquisition of the aforementioned hotel was financed with resources from a bank loan obtained by one of the Group's subsidiaries.

Business combinations are accounted using the acquisition method as of the acquisition date, which is the date on which control is transferred to the Group. Management determined that it has control mainly because: i) has power over IHB, ii) exposure or right to variable returns from their involvement IHB and iii) ability to use their power over IHB to influence the amount of their returns.

As a result of the recognition of the acquisition described above based on IFRS 3 "business combination", the Group did not recognize a goodwill since the assets obtained were at fair value.

ICD Sitra, S. A. de C. V. y Sibra Vallarta, S. A. de C. V.

On February 21, 2017, GHSF entered into a share subscription contract, in which GHSF subscribed a capital increase in the variable part of the capital of ICD Sitra, S. A. de C. V. ("Sitra"), obtaining 50% of the capital shareholding.

The assets of Sitra include a hotel which operates 454 rooms in the Gran tourism category. The operation of the hotel will be carried out by GHSF, under the brand "Reflect Krystal Grand" named "Krystal Grand Los Cabos".

In addition, on February 28, 2017, GHSF entered into a share subscription contract, in which GHSF subscribed a capital increase in the variable part of the capital of Sibra Vallarta, S. A. de C. V. ("Sibra"), obtaining 50 % of shareholding.

The assets of Sibra include a hotel which operates 480 rooms in the Gran tourism category. The operation of the hotel will be carried out by GHSF under the brand "Reflect Krystal Grand" named "Krystal Grand Vallarta".

The acquisition of the aforementioned hotels was financed through resources from the Subsequent Public Offering of shares in Mexico and Chile which took place on July 7, 2016. (See note 1).

Business combinations are accounted using the acquisition method as of the acquisition date, which is the date on which control is transferred to the Group. Management determined that GHSF has control mainly because: i. GHSF has power over Sitra and Sibra, ii. exposure or right to variable returns from their involvement in Sitra and Sibra and iii. ability to use their power over Sitra and Sibra to influence the amount of their returns.

As a result of the recognition of the acquisition described above based on IFRS 3 "business combination", the Group recognized a goodwill net of deferred tax of $224,059 using the acquisition method as of the acquisition date, which is the date on which the control is transferred to the Group.

As of December 31, 2020, GHSF recorded an impairment to the total goodwill corresponding to Sitra for $ 9,198, so that as of December 31, 2020 the goodwill of both entities for $ 224,059 decreased by the impaired amount. The current balance of goodwill corresponding to this acquisition is $ 214,861, which corresponds to Sibra.

Moteles y Restoranes Maria Barbara, S. A. de C. V.

On May 7, 2015, the Group acquired a hotel located in Estado de México, in the municipality of Naucalpan, which operates 215 rooms under the commercial name of "Krystal Satélite Maria Barbara" for an amount of $205,265. The assets acquired and the identifiable liabilities assumed in the acquisition of said business resulted in goodwill for $ 65,131, and were recognized in the financial statements on the date the operation occurred.

Inmobiliaria en Hotelería Cancún Santa Fe, S. A. de C. V.

On September 24, 2013, the Group acquired a hotel located in the city of Cancun, Quinta Roo Mexico. The assets acquired and the identifiable liabilities assumed in the acquisition of this business resulted in goodwill for $ 45,864 and were recognized in the financial statements on the date the operation occurred.

7. Business segments information

a) Segmentation basis

The Group has three operating segments, which are classified by type of service and due to the similarity of its economic characteristics:

- Urban Services
- Resort Services
- Operator and Holding

The Urban segment refers to city hotels, the Resort segment refers to beach hotels, and the Operator and Holding segment refers to the operation segment of third-party hotels and administrative services.

The performance of the operating segments is measured based on the total revenues and the operating income of each operating segment, management considers this information is the most appropriate for evaluation the results. The financial information related to each of the operating segments is detailed as follows:

	2020			
	Urban	Resort	Operator and Holding	Consolidated
Total operating revenues	$ 229,485	790,631	51,420	1,070,535
Depreciation and amortization	89,649	135,758	11,044	236,451
Operating profit (loss)	(55,595)	(66,517)	(166,020)	(288,132)
Consolidated net income (loss)	(261,994)	(48,631)	(164,986)	(521,181)

	2019			
	Urban	Resort	Operator and Holding	Consolidated
Total operating revenues	$ 642,809	1,486,819	108,273	2,237,901
Depreciation and amortization	92,414	110,545	34,334	237,293
Operating profit (loss)	154,150	346,131	(121,535)	378,746
Consolidated net income (loss)	96,045	208,936	(140,939)	164,042

The financial situation for the last two years is shown below:

	2020			
	Urban	Resort	Operator and Holding	Consolidated
Total assets	$ 3,367,662	5,505,196	1,386,628	10,259,486
Total liabilities	1,072,836	3,001,341	193,541	4,267,718

	2019			
	Urban	Resort	Operator and Holding	Consolidated
Total assets	$ 3,510,894	5,770,571	971,266	10,252,731
Total liabilities	1,088,061	3,017,474	114,954	4,220,489

8. Cash and cash equivalents

Cash and cash equivalents are comprised as follows:

	2020	2019
Cash	$ 305,333	176,420
Temporary investments	233,800	3,464
Total cash and cash equivalents in current assets	539,133	179,884
Long term restricted cash[1]	104,657	131,451
Total cash and cash equivalents	**$ 643,790**	**311,335**

(1) Restricted cash comprises of certain deposits to guarantee the payment of bank loans.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows:

	2020	2019
Cash and cash equivalents	$ 539,133	179,884
Long term restricted cash	104,657	131,451
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	**$ 643,790**	**311,335**

9. Accounts receivable

Accounts receivable are summarized as follows:

	2020	2019
Guests and agencies	$ 85,257	186,110
Other	10,601	47,142
	95,858	233,252
Less estimate for doubtful accounts	3,451	717
Total accounts receivable	$ 92,407	232,535

Note 20 discloses the Group's exposure to credit and currency risks and impairment losses related to accounts receivable from customers.

10. Transactions and balances with related parties

(a) Control relationships

At December 31, 2020, the equity of Grupo Hotelero Santa Fe, S. A. B. de C. V. is as follows:

- Casa de Bolsa Ve por Más, S. A. de C. V., Grupo Financiero Ve Por Más, División Fiduciaria as a trustee of F/154 (the "Control Trust"), 16.80% of capital.
- The remaining 83.20% is held by the public investors.

The final control of Grupo Hotelero Santa Fe, S. A. B. de C. V. is held by the Control Trust.

(b) Remuneration to key management personnel

Management's key members received the following remuneration during each of the following years, which are included in personnel costs. (See note 21).

	2020	2019
Short-term benefits	$ 40,919	40,699

(c) Transactions with other related parties

As following the transactions with other related parties are described:

(i) Revenue

	Transaction value	
	2020	2019
Management fee base:		
Hotelera Chicome, S. A. de C. V.	$ 6,397	11,764
Promotora Turística Mexicana, S. A. de C. V.	4,543	7,927
Hotelera Caracol, S. A. de C. V.	2,917	5,250
Consorcio Hotelero Aeroportuario Monterrey, S. A. P. I. de C. V.	978	3,104
Incentive fees:		
Hotelera Chicome, S. A. de C. V.	$ 5,504	13,777
Promotora Turística Mexicana, S. A. de C. V.	4,192	10,166
Hotelera Caracol, S. A. de C. V.	2,238	5,684
Consorcio Hotelero Aeropuerto Monterrey, S. A. P. I. de C. V.	619	4,903
Interest income:		
Roseg, S. A. de C. V.	$ 104	31
Corporate and international advertising revenues:		
Hotelera Chicome, S. A. de C. V.	$ 2,872	9,827
Promotora Turística Mexicana, S. A. de C. V.	1,446	5,250
Hotelera Caracol, S. A. de C. V.	886	2,048
Other income:		
Hotelera Chicome, S. A. de C. V.	$ 6,881	8,398
Promotora Turística Mexicana, S. A. de C. V.	731	2,421
Consorcio Hotelero Aeropuerto Monterrey, S. A. P. I. de C. V.	82	105
Hotelera Caracol, S. A. de C. V.	350	1,248
Servicios Corporativos Krystal Cancún, S. A. de C. V.	39	1,860
Servicios Corporativos Krystal Vallarta, S. A. de C. V.	39	39
Servicios Corporativos Krystal Ixtapa, S. A. de C. V.	39	55
Servicios Hoteleros Aeropuerto Monterrey, S. A. de C. V.	39	39

(ii) ***Expenses***

	Transaction value	
	2020	2019
Refundable expenses:		
Promotora Turística Mexicana, S. A. de C. V.	$ 7,195	10,294
Hotelera Caracol, S. A. de C. V	59	52
Hotelera Chicome, S.A. de C. V.	40	2,225
Servicios Krystal Ixtapa, S. A. de C. V	-	147
Expenses for administrative services:		
Servicios Administrativos Chartwell, S. A. de C. V.	$ 3,553	3,905
Grupo Circum, S. A. de C. V.	951	9,406
Leases:		
Inmobiliaria de la Parra, S. de R. L. de C. V.	$ 6,945	6,208
Extraordinary fees (note 14):		
Hotelera Chicome, S. A. de C. V.	$ 4,270	-
Promotora Turística Mexicana, S. A. de C. V.	3,246	-
Hotelera Caracol, S. A. de C. V.	2,155	-

(iii) ***Transfer pricing policies***

As for the pricing agreed, related party transactions, are comparable to those that would be used with or between independent parties in comparable transactions.

Accounts receivable and payable to related parties are integrated as shown in the following sheet:

	2020	2019
Due from related parties		
Roseg, S. A. de C. V. (1)	$ 8,256	30,497
Hotelera Chicome, S. A. de C. V.	3,402	3,900
Hotelera Caracol, S. A. de C. V.	1,018	1,552
Administración S.F. Reforma, S. de R. L. de C. V.	218	231
Servicios Integrales Paramba, S. A. de C. V.	164	25
Operadora Hexpla Puerto Bajio, S. A. de C. V.	32	32
Consorcio Hotelero Aeroportuario Monterrey, S. de R. L. de C. V.	21	604
Nexxus Capital Private Equity Fund III, L. P.	2	2
Comercializadora MP, S. A. de C. V.	2	2
Sunset Tulum, S. A. de C. V	-	290
Due from related parties	**$ 13,115**	**37,135**

		2020	2019
Due to related parties			
Grupo ICD Sitra, S. A. de C. V.	$	12,567	10,357
Promotora Turística Mexicana, S. A. de C. V.		5,182	5
Operadora Inca, S. A. de C. V.		515	140
Servicios Corporativos Krystal Cancun, S. A. de C. V.		18	18
Servicios Corporativos Krystal Vallarta, S. A. de C. V.		13	48
Servicios Hoteleros Aeropuerto Monterrey, S. A. de C. V.		12	-
Servicios Krystal Ixtapa, S. A. de C. V.		9	5
Inmobiliaria en Hoteleria Querétaro SF, S. A. de C. V.		3	3
Roseg, S. A. de C. V.		-	313
Administración SF Reforma, S. A. de C. V.		-	13
Due to related parties	**$**	**18,319**	**10,902**

(1) Includes a simple credit granted by Grupo Hotelero Santa Fe, S. A. B. de C. V. to Roseg, S. A. de C. V. for $2,000,000, accruing interest at a fixed rate of 10%, payable in 20 monthly installments, beginning on August 1, 2019 with maturity on March 1, 2021. During 2020, loan collections for 1,184 dollars of principal and 105 dollars of interest were obtained. The balance as of December 31, 2020 is $416,505 and $4,161 of accrued interest receivable.

As of December 31, 2020 and 2019, accounts receivable and payable to related parties correspond to hotel management and operation contracts and current account balances that do not generate interest or have a specific maturity.

Note 20 discloses the Group's exposure to credit and liquidity risks related to accounts payable to related parties.

11. Other receivables

Other accounts receivable is summarized as follows:

		2020	2019
Recoverable value added tax	$	333,500	321,778
Recoverable income taxes		57,713	33,496
Recoverable cash. deposits tax		413	413
Recovered flat rate business tax		226	226
	$	**391,852**	**355,913**

Note 20 discloses the Group's exposure to credit risk related to other accounts receivable.

12. Inventories

Inventories are comprised as follows:

		2020	2019
Foods	$	5,436	5,659
Other operating supplies		11,621	15,455
Beverages		4,573	5,115
	$	**21,630**	**26,229**

13. Property, furniture and equipment

The rollforward of property, furniture and equipment is shown as following:

Investment:		Land	Operating equipment	Buildings	Furniture & equipment in	Construction progress	Total
Balance at December 31, 2019	$	1,862,624	112,112	6,203,928	1,055,589	599,501	9,833,754
Additions		-	4,019	16,046	10,845	57,153	88,063
Disposals		-	(1,046)	-	(1,067)	-	(2,113)
Transfers		-	-	3,027	832	(3,859)	-
Balance at December 31, 2020	**$**	**1,862,624**	**115,085**	**6,223,001**	**1,066,199**	**652,795**	**9,919,704**
Balance at December 31, 2018	$	1,862,624	92,229	5,647,878	845,615	1,145,150	9,593,496
Additions		-	19,463	56,085	16,643	155,157	247,348
Disposals		-	(203)	(3,916)	(438)	(2,533)	(7,090)
Transfers		-	623	503,881	193,769	(698,273)	-
Balance at December 31, 2020	**$**	**1,862,624**	**112,112**	**6,203,928**	**1,055,589**	**599,501**	**9,833,754**

Accumulated depreciation:		Land	Operating equipment	Buildings	Furniture & equipment in	Construction progress	Total
Balance at December 31, 2019	$	-	-	718,576	390,274	-	1,108,850
Depreciation		-	-	131,326	102,292	-	233,618
Disposals		-	-	-	(1,067)	-	(1,067)
Balance at December 31, 2020	**$**	**-**	**-**	**849,902**	**491,499**	**-**	**1,341,401**
Balance at December 31, 2018	$	-	-	578,392	298,153	-	876,545
Depreciation		-	-	142,872	92,494	-	235,366
Disposals		-	-	(2,688)	(373)	-	(3,061)
Balance at December 31, 2019	**$**	**-**	**-**	**718,576**	**390,274**	**-**	**1,108,850**

Deterioration:		Land	Operating equipment	Buildings	Furniture & equipment in	Construction progress	Total
Balance at December 31, 2019	$	-	-	34,841	-	-	34,841
Increments (1)		-	-	86,802	-	-	86,802
Reversals (2)		-	-	(34,841)	-	-	(34,841)
Balance at December 31, 2020	**$**	**-**	**-**	**86,802**	**-**	**-**	**86,802**

Investment:		Land	Operating equipment	Buildings	Furniture & equipment in	Construction progress	Total
Balance at December 31, 2018	$	-	-	34,841	-	-	34,841
Increments		-	-	-	-	-	-
Reversals		-	-	-	-	-	-
Balance at December 31, 2019	**$**	**-**	**-**	**34,841**	**-**	**-**	**34,841**

Carrying values:

Balance at December 31, 2020	$	1,862,624	115,085	5,298,030	568,293	647,469	8,491,501
Balance at December 31, 2019	$	1,862,624	112,112	5,450,511	665,315	599,501	8,690,063

(1) ICD Sitra, S. A. de C. V.
(2) Chartwell Inmobiliaria de Juárez, S. de R. L. de C. V.

At December 31, 2020 and 2019, the estimated cost to complete construction in process projects amounts $457,900 and $548,648, respectively

(1) The constructions in process correspond to remodeling of Krystal Urban Monterrey, Hilton Guadalajara, Reflect Krystal Grand Los Cabos, Reflect Krystal Grand Nuevo Vallarta, Reflect Krystal Grand Cancún and the construction of the hotel Krystal Grand Insurgentes (IHI).

As of December 31, 2020 and 2019, there are impairment losses in the value of long-lived assets of $ 86,802 and $ 34,841, respectively, evaluated in accordance with the provisions of IAS 36 Impairment of Assets.

For the years ended December 31, 2020 and 2019, the depreciation expense recognized within costs and expenses was $ 233,618 and $ 235,366, respectively.

14. Other assets

The other assets are integrated as follows:

	2020	2019
Extraordinary Fees (1) (2) (3) (4) (5)	$ 38,271	28,600
Other	5,883	5,568
	44,154	34,168
Least:		
Accumulated amortization	7,949	5,117
	$ 36,205	**29,051**

(1) On February 23, 2020, Hotelera SF, S. de RL de CV ("the Operator") entered into hotel management and operation contracts with Hotelera Chicome, SA de CV, Hotelera Caracol, SA de CV and Promotora Turística Mexicana, SA de CV ("the owners") through which the Owners entrust the Operator, and it accepts and undertakes to carry out the administration and operation of the hotels, which will be marketed under the "Krystal" brand. The contracts are valid for 10 years from February 23, 2020 ("Start of operations date") and in which an extraordinary fee is stipulated in favor of the Owners in consideration of having been chosen by the Operator to operate them. Therefore, the Operator will pay the Owners monthly for the next 60 months from the date of commencement of operations, advances on a determined monthly extraordinary fee, which consists of 4% of gross income plus VAT. The extraordinary fee will be amortized by the Operator within a period of 120 months from February 23, 2020. As of December 31, 2020, its amortization in the income statements was for $ 806.

(2) The 1st day. November 2017, Hotelera SF, S. de RL de CV signed a hotel operation and administration contract with Parimba, S. A. P. I. de C. V., for the administration and operation of the 144-room hotel, which will be marketed under the brand and under the trade name of "Hyatt Place Aguascalientes" which stipulates

the payment of an extraordinary fee in the amount of $12,000, in consideration for having been chosen by the owner of the hotel to operate it for an initial period of 20 years, the same period for which they will be amortized. As of December 31, 2020 and 2019, its amortization was $600 and $500, respectively.

(3) On March 13, 2017, Hotelera SF entered into an operation and hotel management agreement with Servicios Integrales PIN, S. A. P. I. de C. V., to operate 140 rooms hotel in the city of Irapuato, Gto. The aforementioned under the franchise of a well-known international brand, in which it is stated the payment of an extraordinary fee (key money) amounting to $7,000 in consideration for being chosen by the hotel owner to operate for an initial term of 15 years which will be the amortization period. As of December 31, 2020 and 2019, its amortization was $467.

(4) On March 17, 2016, Hotelera SF entered into an operation and hotel management agreement with Inca Inmobiliaria Monterrey S. A. de C. V., owner of the Hotel "Krystal Monterrey", in which it is stated the payment of an extraordinary fee amounting to $ 6,000, in consideration for being chosen by the hotel owner to operate for initial term of 10 years, which will be the amortization period. At December 31, 2020 and 2019, its amortization was $600.

(5) On December 22, 2015, Hotelera SF, entered into a management and hotel operation agreement with Servicios Hoteleros Metropolitanos S. A. de C. V. (owner of the hotel "Krystal Urban Aeropuerto Ciudad de México"), which stipulated the payment of an extraordinary fee amounting to $3,600 in consideration for being chosen by the owner of the hotel to operate it for a term of 10 years which will be the amortization period. At December 31, 2020 and 2019, its amortization was $360.

15. Short and long-term debt

The Group's debt is summarized are shown as following:

	2020	2019
Unsecured loan originated by BBVA Bancomer, S. A. up to USD 29,000,000 to Inmobiliaria en Hotelería Guadalajara Santa Fe, S. de R. L de C. V. and Inmobiliaria en Hotelería Monterrey Santa Fe, S. de R. L. de C. V., which bear interest at 90-day LIBOR rate, plus 3.10 percentage points, payable in 40 quarterly installments, beginning June 29, 2011, maturing in 10 years. The last payment of USD 8,700,000 dollars corresponds to 30% of the total debt. This loan was restructured during 2019. On July 16, 2019, the Company entered into an amendment agreement to the original contract of the Simple Credit granted by BBVA to Inmobiliaria en Hotelería Guadalajara Santa Fe, S. de RL de CV, and Inmobiliaria en Hotelería Monterrey Santa Fe, S. de RL de CV, which accrues interest at LIBOR rates for 90 days, plus 3.10 percentage points payable in 40 quarterly installments, due on July 2, 2029. On June 5 and December 16, 2020, the Company entered into two amending agreements to the original contract establishing changes to the payment schedule that allows deferring the payment of 4 quarterly amortizations corresponding to payments from June 30, 2020 to March 31, 2021 and accumulate them to the last payment of the debt, which is in the amount of 4,987,284 dollars on July 2, 2029.	$ 243,103	234,397

	2020	2019
Unsecured loan originated by BBVA Bancomer, S. A. to Inmobiliaria en Hotelería Vallarta Santa Fe, S. de R. L. de C. V. up to USD 22,000,000, which bear interest at the 90-day LIBOR rate, plus 3.10 percentage points, payable in 40 quarterly installments, beginning on October 31, 2014 maturing in 10 years. The last payment of USD 6,600,000 corresponds to 30% of the total debt. On April 30 and October 30, 2020, the Company entered into two amending agreements to the original contract establishing changes to the payment schedule that allows deferring the payment of 4 quarterly amortizations corresponding to payments from April 30, 2020 to February 2, 2021 and accumulate them to the last payment of the debt, which is in the amount of 8,007,375 dollars on July 14, 2023.	268,029	262,991
Unsecured loan originated by BBVA Bancomer, S. A. to Grupo Hotelero SF de México, S. de R. L. de C. V. for $120,000, which bear interest that results from adding 2.95% (two point ninety-five percentage points) to the defined TIIE rate in the contract and in the absence of this, by reason of an annual interest rate that results from adding 2.95% (two point ninety-five percentage points) to the CETES rate, payable in 40 quarterly installments beginning on February 29, 2016 , maturing in 10 years. The last payment of $36,000 pesos corresponds to 30% of the total debt. This credit agreement was restructured on July 9, 2019.	-	-
On July 9, 2019, the Company entered into an amendment agreement to the original credit agreement for $4,736,223.30 USD to Grupo Hotelero SF de México, S. de R.L. de C.V. which bearing interest at LIBOR rate at 90 days plus 3.10 percentage points, payable in 26 quarterly exhibitions, the due date is November 21, 2025. Last payment for $1,897,734 USD corresponds at 40% of the total debt. On May 20 and November 26, 2020, the Company entered into an agreement modifying the original contract establishing changes to the payment schedule that allows deferring the payment of 4 quarterly amortizations corresponding to payments from May 31, 2020 to February 28, 2021 and accumulate them to the last payment of the debt, which would be in the amount of $ 2,351,892 dollars on November 12, 2025.	87,627	85,100
Unsecured loan originated by BBVA Bancomer, S. A. to Inmobiliaria in Hotelería Cancún, S. de R. L. de C. V. for USD 18,300,000, which bear interest at the 90-day LIBOR rate, plus 3.10 percentage points, payable in 39 quarterly installments, beginning June 28, 2014, maturing in 10 years. Last payment of USD 5,490,000 corresponds to 30% of the total debt.		

	2020	2019
On June 5 and December 16, 2020, the Company entered into two amending agreements to the original contract establishing changes to the payment schedule that allows deferring the payment of 4 quarterly amortizations corresponding to payments from June 30, 2020 to March 31, 2021 and accumulate them to the last payment of the debt, which would be for an amount of $ 6,830,830 dollars on March 27, 2024.	207,663	202,794
Unsecured loan originated by Banco Ve por Más, S. A. to Inmobiliaria Hotelera Cancún Urban, S. de R. L. de C. V. for $3,852,101 USD which bearing interest at annual LIBOR rate plus 3.10 percentage points, payable in 16 quarterly exhibitions beginning on August 19, 2019 and maturing in 4 years. Last payment for $1,566,956 USD corresponds at 40% of the total debt.		
On April 22, 2020, the Company entered into an agreement modifying the original contract establishing changes to the payment schedule that allows deferring the payment of 2 quarterly amortizations corresponding to the payments from May 19, 2020 to August 19, 2021 and accumulating them last payment of the debt, which would be in the amount of $ 1,871,642 on April 19, 2023.	64,644	66,949
Unsecured loan originated by Banco Santander Mexico to SF Partners II, S. de R. L. de C. V. for $85,000 which bear interest at the ordinary rate resulting from adding 2.95 percentage points to the rate (TIIE) payable in 79 monthly payments beginning December 16, 2016, maturing in 7 years. The last payment of $25,500 corresponds to 30% of the total debt.		
On April 22, 2020, the Company entered into a modifying agreement to the original contract establishing changes to the payment schedule that allows deferring the payment of 6 monthly amortizations corresponding to the payments from May 16, 2020 to October 16, 2020 and accumulating them to the last payment of the debt, which would be for an amount of $ 30,077 pesos on May 19, 2023.	52,199	56,775
Loan granted by Banco Mercantil del Norte, S. A. to Motels with pledge and mortgage guarantee and Restores María Bárbara, S. A. de C. V. for $ 110,000 which bear interest at the 28-day TIIE rate plus 3.0 percentage points. Payable in 15 annual exhibitions due May 30, 2031.	93,199	99,479
On April 29, 2020, the Company entered into a simple credit opening contract in a checking account entered into with Grupo Financiero Banorte, SAB de CV, to Moteles y Restoranes Maria Bárbara, SA de CV, for up to $ 25,000 pesos available in parts to Through promissory notes with maturity of the balance used on February 23, 2021 with the option of covering the payment with the unused part of the line granted	11,919	-

	2020	2019
Loan with pledge and mortgage guarantee granted by SABCAPITAL, S. A. of C. V., SOFOM, E. R. for $31,500,000 USD. To ICD Sitra, S. A. de C. V., with a grace period for the payment of the principal of 12 months, which bear interest at the 90 day LIBOR rate plus 2.95 percentage points payable on 45 quarterly exhibits due November 14, 2029. On June 5, 2020, the Company entered into an amendment agreement to the original contract establishing changes to the payment schedule that allows the payment of 4 quarterly amortizations corresponding to payments from June 5, 2020 to March 5, 2021 to be deferred and accumulated to the last payment of the debt, which would be for an amount of 8,590,909 dollars on November 15, 2029.	559,454	540,446
Loan with pledge and mortgage guarantee granted by SABCAPITAL, S. A. de C., V., SOFOM, E.R. for $ 28,800,000 USD., to Sibra Vallarta, S. A. de C. V. which bear interest at the 90-day LIBOR rate plus 2.95 percentage points payable at 46 quarterly exhibits due on December 5, 2029. On June 5, 2020, the Company entered into an amendment agreement to the original contract establishing changes to the payment schedule that allows the payment of 4 quarterly amortizations corresponding to payments from June 5, 2020 to March 5, 2021 to be deferred and accumulated to the last payment of the debt, which would be in the amount of $7,808,000 on December 5, 2029.	512,893	495,220
Unsecured loan originated by BBVA Bancomer, S. A. to Inmobiliaria en Hotelería Cancún, S. de R. L. de C. V. up to USD 8,000,000, which bear interest at 90-day LIBOR rate, plus 3.10 percentage points, payable in 40 quarterly installments, beginning October 30 2018, maturing in 10 years. Last payment $2,540,000 corresponds to 30% of the total debt. On April 30 and October 30, 2020, the Company entered into an agreement modifying the original contract establishing changes to the payment schedule that allows deferring the payment of 4 quarterly amortizations corresponding to payments from April 30, 2020 to February 2 of 2021 and accumulate them to the last payment of the debt, which would be in the amount of $ 3,100,000 on July 6, 2028.	142,736	137,771
Unsecured loan with collateral and mortgage guarantee granted by SABCAPITAL, S.A. de C.V., up to USD 13,000,000, to Grupo Inmobiliario 1991, S.A. de C.V., which bear interest at 90-day LIBOR rate plus 2.95 percentage points payable on 40 quarterly installments maturing on November 30, 2028. Last payment for 2,600,000 corresponds to 20% of the total payment of the debt.		

	2020	2019
On June 8, 2020, the Company entered into an agreement modifying the original contract establishing changes to the payment schedule that allows the payment of 4 quarterly amortizations corresponding to payments from June 6, 2020 to March 6, 2021 to be deferred and accumulated to the last payment of the debt, which would be in the amount of $ 3,324,916 on November 30, 2028.	242,989	233,253
Simple credit granted by BBVA Bancomer, SA to Inmobiliaria en Hotelería Vallarta Santa Fe, S. de RL de CV for up to $ 14,000,000 dollars, accruing interest at the 90-day Libor rate, plus 3.10 percentage points, payable in 40 quarterly installments, starting as of November 9, 2018 with a maturity of 10 years.The last payment of $ 5,134,920 corresponds to 36% of the total debt.		
On April 30 and October 30, 2020, the Company entered into an agreement modifying the original contract establishing changes to the payment schedule that allows deferring the payment of 4 quarterly amortizations corresponding to payments from April 30, 2020 to February 2 of 2021 and accumulate them to the last payment of the debt, which would be in the amount of $ 5,134,920 dollars on October 31, 2028.	276,240	264,216
Unsecured loan with collateral and mortgage guarantee granted by BBVA Bancomer, S. A. for $6,512,649 USD to Inmobiliaria Hotelera del Bajio S.F., S.A. de C.V. (IHB), bearing interest at annual LIBOR rate plus 3.10 percentage points, payable in 40 monthly exhibitions, the due date is May 31, 2029.		
On May 27 and November 26, 2020, the Company entered into an agreement modifying the original contract establishing changes to the payment schedule that allows deferring the payment of 4 quarterly amortizations corresponding to payments from June 1, 2020 to March 1 of 2021 and accumulate them to the last payment of the debt, which is for an amount of $ 2,379,071on May 31, 2029.	127,014	121,141
Accrued interest payable	23,164	12,069
Less issuance costs	(24,235)	(30,703)
Total debt	2,889,156	2,781,901
Less current installments	227,467	217,594
Long-term debt, excluding current maturities	**$ 2,661,689**	**2,564,307**

Below is a reconciliation between the debt balances and the effluent flows presented in the year.

2020	Beginning balance	Loans received during 2020	Payments principal	Of Interest paid	Total cash transactions	Others financial cost	Unrealized foreign exchange	Accured interest	Final balance
Long debt	**$2,781,901**	11,919	(72,998)	(121,839)	**2,598,983**	5,360	151,125	133,688	**2,889,156**

2019	Beginning balance	Loans received during 2019	Payments principal	Of Interest paid	Total cash transactions	Others financial cost	Unrealized foreign exchange	Accured interest	Final balance
Long debt	**$2,994,963**	132,109	(260,582)	(187,237)	**2,679,253**	6,647	(88,643)	184,645	**2,781,901**

Interest expense on loans for the years ended December 31, 2020 and 2019 was $133,688 and $184,645, respectively.

At December 31, 2020 and 2019, the distribution among the entities in relation with the unsecured loan granted by BBVA Bancomer, S. A. up to USD 29,000,000 (which are guaranteed by Servicios e Inmuebles Turísticos, S. de R. L. de C. V. and Chartwell Inmobiliaria de Monterrey, S. de R. L. de C. V.), is shown below:

	US dollars
Inmobiliaria en Hotelería Guadalajara Santa Fe, S. de R. L. de C. V.	26,300,000
Inmobiliaria en Hotelería Monterrey Santa Fe, S. de R. L. de C. V.	2,700,000
	29,000,000

Bank loans establishes certain restrictive covenants, the most significant of which are:

- Provide audited financial statements within 210 calendar days after the fiscal year end.
- Provide within sixty calendar days after the end of each semester, internal unaudited financial statements.
- Inform within the next ten business days of any event that could affect or impair the current financial situation of the business or incur in any of the causes of anticipated termination under in the contract, informing the actions and measures that will be taken on the matter.
- Comply with certain financial ratios.
- Do not transmit or transfer neither the shareholding (whether from merger, acquisition, spinoff or transfer) nor the property, with certain exceptions.

- Not incurring interest- bearing liabilities, whose amounts may affect the payment obligations established in the contract.
- Do not grant loans or guarantees to third parties that may affect the payment obligations established in the contract.

As of December 31, 2020, the Group did not comply with some of the do's and don'ts related to financial covenants. However, during December 2020, Management obtained a waiver from the banks. Consequently, the loan was not payable on demand as of December 31, 2020.

Note 20 discloses the Group's exposure to liquidity and currency risks related to short and long-term debt.

16. Trade accounts payables, other liabilities and accrued liabilities

Accumulated suppliers and liabilities are integrated as shown below:

		2020	2019
Rent advance	$	11,154	101
Social security fees		9,835	11,721
Unidentified deposits		3,293	3,234
Others		40,595	63,828
	$	**64,877**	**78,884**

17. Employee benefits

The cost of the obligations and other elements of the seniority premium plans were determined based upon calculations prepared by independent actuaries at December 31, 2020 and 2019.

Below is the amount of the benefit obligation of the plans at December 31, 2020 and 2019, and the present value of benefits obligations of the plans at those dates.

		2020	2019
Seniority premium	$	10,330	7,625

(a) Movements in the present value of defined benefit obligations (DBO)

	Seniority premiums	
	2020	2019
DBO at January 1,	$ 7,625	5,473
Benefits paid by the plan	(843)	(372)
Current service cost	1,436	842
Labor cost of past services	(57)	7
Finance cost	512	139
Actuarial gains	1,657	1,536
DBO at December 31	**$ 10,330**	**7,625**

(b) Recognized expense in profit or loss

	Seniority premiums	
	2020	2019
Current service cost	$ 1,436	690
Labor cost for past services	(57)	159
Interest on the obligation	512	463
Acturial gains and losses generated In the period	1,657	1,536
	$ 3,548	**2,848**

The net cost of the period was recognized in 2020 and 2019 in indirect administrative expenses in the consolidated statements of income.

(c) Actuarial assumptions

The main actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:

	2020	2019
Discount rate	6.80%	7.50%
Future salary increases	5.20%	5.13%

18. Income taxes (IT)

IT Law effective as of January 1, 2014 imposes an IT rate of 30% for 2014 and thereafter.

(a) Reconciliation of effective tax rate

Income tax attributable to income before income taxes differed from the amounts resulting by applying the Mexican statutory rates of 30% of IT to profit before income taxes, as a result of the items which are shown below:

		IT	
		2020	2019
Computed "expected" tax expense	$	(159,136)	81,739
Increase (reduction) resulting from:			
Fiscal effects of inflation, net		25,480	18,706
Non-deductible expenses		4,743	7,976
Goodwill impairment reserve		2,759	-
Recognition of previously unrecognized deferred assets		116,883	-
Income tax expense	**$**	**(9,271)**	**108,421**

(b) Deferred income tax assets and liabilities recognized

Deferred income tax assets and liabilities are presented below:

		IT	
		2020	2019
Deferred assets:			
Tax losses to be amortized	$	80,767	94,962
Provisions		17,788	12,357
Customer advances		11,487	17,054
Allowance for doubtful accounts		914	1,057
Estimated impairment of long lived assets		26,041	10,452
Employee Profit Sharing deductible		1,132	667
Employee Benefits		678	1,239
Total deferred assets		138,807	137,788
Deferred tax liabilities:			
Property, furniture and equipment		826,388	861,433
Prepaid expenses		14,604	9,608
Other assets		9,097	7,096

	IT 2020	2019
Total deferred tax liabilities	850,089	878,137
Deferred liabilities, net	**$ 711,282**	**740,349**
Deferred tax assets in the consolidated statements of financial position	$ 150,974	148,184
Deferred tax liabilities in the consolidated statements of financial position	862,256	888,533
	$ (711,282)	**(740,349)**

Deferred income tax assets and liabilities have been presented in the consolidated statement of financial position, based upon the grouping of each legal entity included in the consolidation, because taxes effects cannot be offset between the different entities, due to the fact that there is no legal mechanism that allows it.

(c) Activity in temporary differences

	January 1 2020	Recognized in results	December 31, 2020
Property, furniture and equipment	$ (861,433)	35,045	(826,388)
Tax loss carryforwards	94,962	(14,195)	80,767
Accruals	12,357	5,431	17,788
Advances from costumers	17,054	(5,567)	11,487
Allowance for doubtful accounts	1,057	(143)	914
Estimated impairment of long lived assets	10,452	15,589	26,041
Employee benefits	1,239	(561)	678
Deductible ESPS	667	465	1,132
Prepaid expenses	(9,608)	(4,996)	(14,604)
Other assets	(7,096)	(2,001)	(9,097)
	$ (740,349)	**29,067**	**(726,871)**

	January 1 2019	Recognized in results	December 31, 2019
Property, furniture and equipment	$ (828,922)	(32,511)	(861,433)
Tax loss carryforwards	81,129	13,833	94,962
Accruals	8,117	4,240	12,447
Advances from costumers	358	16,696	17,054

	January 1 2019	Recognized in results	December 31, 2019
Allowance for doubtful accounts	954	103	1,057
Estimated impairment of long lived assets	10,452	-	10,452
Employee benefits	329	910	1,239
Deductible ESPS	337	330	667
Prepaid expenses	(2,973)	(6,635)	(9,608)
Other assets	(18,706)	11,610	(7,096)
	$ (748,925)	**8,576**	**(740,349)**

To evaluate the recovery of deferred income tax assets, management considers the probability that some or all of them will not be recovered. The final realization of deferred income tax assets depends on the generation of taxable profits in the periods in which the temporary differences will be deductible. In conducting this assessment, management considers the expected reversal of deferred tax liabilities, projected taxable earnings, and planning strategies.

The deferred tax assets not yet recognized in the consolidated financial statements of the Group are shown below:

	2020	2019
Tax loss carryforwards	$ 819,047	302,515

At December 31, 2020, tax loss carryforwards expire as follows:

Year	Tax loss carry forwards
2021	$ 83
2022	98
2023	3,464
2024	120,592
2025	164,137
2026	138,473
2027	64,401
2028	39,402
2029	103,237
2030	454,384
	$ 1,088,271

19. Stockholders' equity and reserves

The main features of the accounts included the Group stockholders' equity are described below:

(a) Initial public offering

At the Ordinary and Extraordinary Shareholders' Meeting held on September 3, 2014, it was agreed to change the legal regime of the Company to a Stock Exchange Company of Variable Capital. In addition it was approved to go public through a mixed public offering of shares in Mexico of up to 75,000,000 shares ($750,000 ($681,809 net of offering expenses and taxes)), which took place on September 11, 2014.

After the public offer, the capital stock was comprise of 275,500,000 common shares, registered, with no nominal value, Series "II", 207,500,000 corresponding to the founders and 68,000,000 to the public.

(b) Subsequent public offering

At the Extraordinary Shareholders' Meeting held on June 15, 2016, it was agreed to make a public offering of shares in Mexico and Chile for up to 215,625,000 shares, of which 215,584,530 were issued ($1,832,469 ($1,787,961, net of offering expenses and taxes)), which took place on June 17, 2016.

After the subsequent offering, the capital stock is comprised of 491,084,530 ordinary shares, with no par value, 264,612,635 corresponding to the founders and 226,471,895 to the investing public.

(c) Capital increase

At the General Ordinary Shareholders' Meeting on October 1, 2020, it was agreed to increase the Company's capital stock for 125,000,000 ordinary registered shares, Class II, without expression of par value, which were issued at a subscription price for each one of said shares of $ 4.00 resulting in a total amount of $ 500,000.

After the capital increase, the capital stock is made up of 616,084,530 nominative ordinary shares without expression of par value, the fixed capital is 0.0040% and the variable is 99.9960% of which 103,498,713 correspond to the founders and 512,585,817 to the investing public.

(d) Repurchase of shares

At the Ordinary and Extraordinary General Shareholders' Meeting held on September 3, 2014, it was agreed to set up the Company's shares repurchase program up to a maximum amount equivalent to the total balance of the Company's retained earnings, including retained earnings from prior years. The Mexican National Banking and Securities Commission allows the companies to acquire in the market their own shares with a charge to retained earnings.

The total repurchased shares at December 31, 2020, is 6,447,919 shares, equivalent to 1.05% of the total shares of the Company's capital stock.

100% of the repurchased shares 6,447,919 correspond to the fund for the payment plan based on shares of the Company's executives, which was implemented in 2016, as of December 31, 2020 there are no shares for the repurchase fund. The market value of the shares as of December 31, 2020 is $ 4.04 and as of December 31, 2019 it is $ 6.40 per share. The repurchased treasury shares available for sale have been recorded as a decrease in share capital.

(e) Share-based payment

The Group has a trust with the purpose of acquiring its own shares for the share-based payment to certain Group executives. The main features of the plan is a three-year term, the start date of the plan was the April 1, 2016 and will release 20%, 30% and 50% of the shares on the first, second and third anniversary respectively. To participate in the share-based payment plan, the executive must be at least one year in the Group, be recommended by the executive committee and remain in the Group on the date of each anniversary. This plan allows incorporations into their validity which must comply with the same conditions. The Group's board of directors authorizes and assigns plan shares at least once a year to certain executives who are eligible under the policies. The fair value for each share allocated in the share plan is equal to the average market price of the share at the date of allocation.

The shares of the trust for the share-based payment as of December 31, 2020 is 6,447,919 shares whose market value as of December 31, 2020 was $ 4.04 pesos per share.

(f) Additional paid in capital

Represents the difference in excess between the subscribed shares and the nominal value derived from the capital contribution increase made on February 26, 2010 by Grupo Hotelero Santa Fe, S. A. B. de C. V.

(g) Restrictions on stockholders' equity

The net income for the year is subject to the separation of a 5%, to the legal reserve until it reaches one fifth of the capital stock. (see note 19(g)).

Stockholder contributions restated as provided for by the tax law may be refunded to stockholders tax-free, to extend that such contributions equal or exceed stockholders' equity.

Retained earnings on which no income taxes have been paid, are subject to income taxes in the event of distribution, at the rate of 30%, payable by the Company; consequently, the stockholders may only receive 70% of them.

(h) Legal reserve

At December 31, 2020 and 2019, the legal reserve amounts to $190,493, such amount has not reached the required amount by amount Mexican Corporation Law.

(i) Basic earnings per share

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of shares outstanding during the period. The weighted average number of shares at December 31, 2020 and 2019, is as shown below:

	Number of shares	
	2020	2019
January 1,	485,319,948	487,281,244
Shares repurchase	(683,337)	(1,961,296)
Issuance of shares	125,000,000	-
Final balance number of shares	**609,636,611**	**485,319,948**
Weighted average number of shares	499,401,879	486,988,322
Earnings per share	(1.04)	0.34

20. Financial instruments and risk management

(a) Credit risk or counterparty

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Group's receivables from customers and investment securities. To mitigate this risk, the Group estimates the exposure of credit risk on financial instruments.

(b) Credit risk exposure

The carrying value of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Carrying amount	
	2020	2019
Accounts receivable	$ 92,407	232,535
Due from related parties	13,115	37,135
Other accounts receivable	2,755	7,877
Taxes to be recovered	391,852	355,913
	$ 500,129	**633,460**

The maximum exposure to credit risk for accounts receivable at the reporting date by geographic region is as follows:

		Carrying amount 2020	Carrying amount 2019
Domestic	$	64,104	96,022
Foreign		28,303	136,513
	$	**92,407**	**232,535**

Below is the maximum exposure to credit risk for accounts receivable at the reporting date, by type of customer:

		Carrying amount 2020	Carrying amount 2019
Business groups	$	73,580	146,313
Wholesale		18,827	86,222
	$	**92,407**	**232,535**

Impairment loss-

The following is the classification of accounts receivable from customers according to their age as of the date of the report:

		Gross 2020	Impairment 2020	Gross 2019	Impairment 2019
Up to date	$	26,662	-	196,214	-
Between 0 to 30 days		8,651	-	13,323	-
Between 31 to 120 days		11,500	-	12,057	-
More than 120 days		49,045	(3,451)	11,658	(717)
	$	**95,858**	**(3,451)**	**233,252**	**(717)**

The movement in the provision for impairment of accounts receivable from customers during the years ended December 31, 2020 and 2019 is as follows:

		2020	2019
Balance at the beginning of the year	$	717	3,739
Decrease and write-offs		2,734	(3,022)
Balance at the end of year	**$**	**3,451**	**717**

Derivative financial instruments

The fair value of financial assets represents the maximum risk exposure. This exhibition is shown below:

		Fair value	
		2020	2019
Effect in thousands of Mexican pesos			
Interest rate options (LIBOR 3M) BBVA Bancomer	$	(1,431)	238
	$	**(1,431)**	**238**

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty to meet its obligations related to financial liabilities. The Group seeks as far as possible, monitor these obligations, under both normal and stressed scenarios, without incurring unacceptable losses or risking damage to the Group's reputation.

The contractual maturities of financial liabilities at the end of the reporting period are shown as follows, including estimated interest payments. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

2020		Carrying amount	Contractual cash flows	1 year	2 years	3 years	More than 3 years
Non-derivative financial liabilities							
Short and long-term debt	$	2,889,156	3,679,969	381,455	401,288	591,060	2,306,166
Trade accounts payable		162,793	162,793	162,793	-	-	-
Related parties		18,319	18,319	18,319	-	-	-
	$	**3,070,268**	**3,861,081**	**562,567**	**401,288**	**591,060**	**2,306,166**

2019		Carrying amount	Contractual cash flows	1 year	2 years	3 years	More than 3 years
Non-derivative financial liabilities							
Short and long-term debt	$	2,781,901	3,633,031	383,710	381,274	369,369	2,498,678
Trade accounts payable		173,894	173,894	173,894	-	-	-
Related parties		10,902	10,902	10,902	-	-	-
	$	**2,966,697**	**3,817,827**	**568,506**	**381,274**	**369,369**	**2,498,678**

Market risk-

Market risk is the risk that changes in market prices, such as interest rates, stock prices and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. In order to mitigate the market risks, the Group enters into derivative financial instruments, which, if not are formally designated for hedging, are accounted as for held-for-trading.

Exposure to currency risk-

The Group's exposure to currency risk is shown below:

	Thousands of dollars 2020	2019
Accounts receivable	$ 2,122	6,956
Guaranteed bank loans	(137,064)	(140,111)
Trade accounts payable	(1,037)	(2,780)
Net exposure	**$ (135,979)**	**(135,935)**

The peso exchange rate in relation to the dollar at December 31, 2020 and 2019 was $19.9352 and $18.8727, respectively. At march 31, 2021, the exchange rate was $20.6047.

Exposure to currency risk from derivative financial instruments

The Group is exposed to currency risk in its derivative financial instruments, since they are denominated in US dollars while the functional currency of the Group is the Mexican peso.

The Group does not have financial instruments to protect against currency fluctuations.

Exposure to exchange rate risk

The following is a summary of the exposure to exchange rate risk originated by derivative financial instruments, originally agreed in dollars:

Effect in thousands USD	2020	2019
Interest rate option (3M LIBOR)		
BBVA Bancomer	$ (72)	13

The dollar exchange rates used during the year are shown below:

	2020	2019
Mexican peso	$ 19.9352	18.8727

Sensitivity analysis

A strengthening of the Mexican peso, as indicated below, against the US dollar as of December 31, 2020 and 2019, would have increased (decreased) net income in the amounts shown below.

This analysis is based on the variations in the peso-dollar exchange rate that the Group considers will be reasonably possible at the end of the period covered by the report. The analysis assumes that all other variables, especially interest rates, remain constant.

2020	Results
USD (1.6% of strengthening)	$ 1,414
2019	
USD (0.3% of strengthening)	$ 408

A weakening of the Mexican peso against the US dollar as of December 31, 2020 and 2019 would have had the same effect, but opposite, in the above currencies, in the amounts shown, on the basis that the other variables remain constant.

As of December 31, 2020, the Group had no hedging instruments against currency risk.

Sensitivity analysis of foreign exchange rate on derivative financial instruments:

A strengthening or weakening of the US dollar at the end of the year could affect the valuation of the financial instruments denominated in this currency, causing an increase or decrease of profit or loss. This analysis is based on changes in the MXP / USD exchange rate under six different scenarios (+/- $1.50, $ + / - $1.00 and +/- $0.5). The analysis assumes that all other variables remain constant and the scenarios represent changes in these exchange rate fluctuations of derivative instruments.

	Increase			Decrease		
Effect in thousands of MXP	△ $1.5	△ $1.0	△ $0.5	▽ $0.5	▽ $1.0	▽ $1.5
December 31, 2020						
Sensitivity to foreign exchange rate on options (LIBOR 3M)	$ (113)	(75)	(38)	38	75	113

	Increase			Decrease		
Effect in thousands of MXP	△ $1.5	△ $1.0	△ $0.5	▽ $0.5	▽ $1.0	▽ $1.5
December 31, 2019						
Sensitivity to foreign exchange rate on options (LIBOR 3M)	$ 23	16	8	(8)	(16)	(23)

Sensitivity analysis of the exchange rate of financial liabilities denominated in non-functional currency:

A strengthening or weakening of the US dollar, at the end of the year, could affect the recognition of financial liabilities denominated in this currency. This analysis is based on the changes that the MXP / USD exchange rate could undergo under six different scenarios (+/- $ 1.50, $ + / - 1.00 and +/- $ 0.5). The analysis assumes that all other variables remain constant and the scenarios represent the changes in the face of these fluctuations in the exchange rate of financial liabilities.

	Increase			Decrease		
Effect in thousands of MXP	△ $1.5	△ $1.0	△ $0.5	▽ $0.5	▽ $1.0	▽ $1.5
December 31 2020						
Sensitivity to foreign exchange rate on financial liabilities in USD	$ (205,596)	(137,064)	(68,532)	68,532	137,064	205,596

	Increase			Decrease		
Effect in thousands of MXP	△ $1.5	△ $1.0	△ $0.5	▽ $0.5	▽ $1.0	▽ $1.5
December 31 2019						
Sensitivity to foreign exchange rates on financial liabilities in USD	$ (210,167)	(140,111)	(70,056)	70,056	140,111	210,167

Interest rate risk-

Fluctuations in interest rates impact primarily loans changing either their fair value or future cash flows. The administration does not have a formal policy to determine how much of the Group's exposure should be to fixed or variable rate. However, when borrowing new loans, management uses its judgment to decide whether to consider that a fixed or variable rate would be more favorable to the Group, until maturity.

Profile-

At the reporting date of approval of the consolidated financial statements, the interest rate profile of financial instruments is as follows:

	Carrying amount	
	2020	2019
Variable rate instruments		
Financial liabilities in USD	$ 2,708,444	2,644,279
Financial liabilities in MXN	155,991	137,622
	$ 2,864,435	**2,781,901**

Risk of interest on financial derivative instruments:

The Group is exposed to interest rate risk on derivative financial instruments, to possible fluctuations in the short and long-term interest rates.

Exposure to interest rate risk-

As following as show is a summary of the exposure to interest rate risk on derivative financial instruments.

	Fair value	
	2020	2019
Interest rate options50T (LIBOR 3M) BBVA Bancomer	$ (1,431)	238
	$ (1,431)	**238**

Sensitivity analysis of fair value for variable rate instruments-

A fluctuation of 100 basis points (bp) in interest rates at the reporting date would have increased or decreased the results of the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

Results:	Increase of 100 basis points	Decrease of 100 basis points
2020		
Variable rate debt	$ 34,319	34,319
2019		
Variable rate debt	$ 8,459	8,459

Sensitivity analysis of interest rate on derivative financial instruments-

An increase or decrease in the interest rate, at year-end, could affect the valuation of financial instruments; and, therefore, impact the gains or losses of the year. This analysis is based on changes in the LIBOR interest rate could suffer under 6 different scenarios (+/- 5, +/- 10 and +/- 15 basis points). The analysis assumes that all other variables remain constant and represent the change that would suffer in the event of fluctuations in the scenarios mentioned:

	Increase			Decrease		
Effect in thousands of MXP	△ $1.5	△ $1.0	△ $0.5	▽ $0.5	▽ $1.0	▽ $1.5
December 31, 2020						
Interest rate options (LIBOR)	$ 657	384	166	(113)	(246)	(247)

Interest rate sensitivity

	Increase			Decrease		
Effect in thousands of MXP	△ $1.5	△ $1.0	△ $0.5	▽ $0.5	▽ $1.0	▽ $1.5
December 31, 2019						
Interest rate options (LIBOR)	$ 163	118	78	8	(22)	(49)

Sensitivity analysis of interest rate of financial liabilities at a variable rate-

An increase or decrease in the interest rate during the year could affect the recognition of financial liabilities denominated in a variable rate; and therefore, impact the gains or losses of the year. This analysis is based on changes to the Libor interest rate under 6 different scenarios (+/- 5, +/- 10 and +/- 15 basis points) and the TIIE interest rate under 6 different scenarios (+/- 50, +/- 100 and +/- 150 basis points) for interest paid in the year. The analysis assumes that all other variables remain constant.

	Increase			Decrease		
Effect in thousands of MXP	△ $1.5	△ $1.0	△ $0.5	▽ $0.5	▽ $1.0	▽ $1.5
December 31, 2019						
Interest rate sensitivity of financial liabilities MXN	$ 2,359	1,474	788	(786)	(1,569)	(2,346)

	Increase			Decrease		
Effect in thousands of USD	△ $1.5	△ $1.0	△ $0.5	▽ $0.5	▽ $1.0	▽ $1.5
December 31, 2020						
Interest rate sensitivity of financial liabilities USD	$ 1,913	1,261	623	(608)	(1,199)	(1,776)

Effect in thousands of MXP	Increase △ $1.5	△ $1.0	△ $0.5	Decrease ▽ $0.5	▽ $1.0	▽ $1.5
December 31, 2019						
Interest rate sensitivity of financial liabilities MXN	$ (376)	(253)	(128)	131	265	403

Effect in thousands of USD	Increase △ $1.5	△ $1.0	△ $0.5	Decrease ▽ $0.5	▽ $1.0	▽ $1.5
December 31, 2019						
Interest rate sensitivity of financial liabilities USD	$ (2,548)	(1,278)	(879)	908	1,846	2,814

Accounting classification and fair value of derivative financial instruments-

Fair value and amortized cost

The fair value of the financial assets and liabilities, together with the amortized cost:

	Carrying amount	Fair Value
Balance at December 31, 2020		
Interest rate options (LIBOR 3M) BBVA Bancomer	$ (1,431)	(1,431)
Total derivative financial instruments	**$ (1,431)**	**(1,431)**
Balance at December 31, 2019		
Interest rate options (LIBOR 3M) BBVA Bancomer	$ 238	238
Total derivative financial instruments	**$ 238**	**238**

Interest rate used in determining fair value-

The interest rates that were used to discount estimated cash flows, where applicable, are based on the yield curve plus an appropriate credit spread, and were as follows:

	2020	2019
Derivatives – LIBOR rate	0.19%-0.40%	1.693-1.908%

The above rates take into consideration discounts until maturity, being the latest maturity on Jul 31, 2025 (term of due 1,673 days as of December 31, 2020).

Fair value hierarchy-

The Group determines the fair value using the following hierarchy that reflects the significance of the inputs used in making such measurements.

- Level 1: Quoted prices (unadjusted) in active markets for an identical instrument.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments, quoted prices for similar instruments in markets that are considered less active, or other valuation techniques where all significant input are directly or indirectly observable from the market data.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes factors that are not based on observable data and unobservable factors can have a significant effect on the valuation of the instrument. This category includes instruments that are valued based on quoted prices for similar instruments that require adjustments or significant unobservable assumptions to reflect differences between the instruments.

The following table analyzes financial instruments at fair value at reporting dates, showing the level in the hierarchy that classifies the fair value measurement:

		Level 1	Level 2	Level 3
December 31, 2020				
Interest rate options (LIBOR 3M)	$	-	(1,431)	-
Total derivative financial instruments	**$**	**-**	**(1,431)**	**-**

		Level 1	Level 2	Level 3
Bank loans in USD	$	-	2,777,348	-
Bank loans in Mexican pesos		-	160,218	-
Total bank loans	**$**	**-**	**2,937,566**	**-**
December 31, 2019				
Interest rate options (TIIE 91)	$	-	-	-
Interest rate options (LIBOR 3M)	$	-	238	-
Total derivative financial instruments	**$**	**-**	**238**	**-**
Bank loans in USD	$	-	3,949,297	-
Bank loans in Mexican pesos		-	165,566	-
Total bank loans	**$**	**-**	**4,114,863**	**-**

21. Personnel costs

The main items comprising the personnel costs are as follows:

	2020	2019
Salaries and other related costs	$ 344,259	439,307
Christmas bonus	19,009	20,073
Annual bonus	3,470	5,439
Compensations	7,863	13,583
	$ 374,601	**478,402**

22. Operating leases

(a) Leases as lessee

The Group leases the facilities of its offices under an operating lease scheme. Normally, leases are for an initial period of 5 years, with the option to renew the lease after that date. Lease payments are generally increased annually to reflect market rental prices.

The future minimum lease payments subject to cancellation are as shown below:

	2020	2019
Less than one year	$ 6,688	6,262
Between one and five years	-	6,688
	$ 6,688	**12,950**

During the years ended December 31, 2020 and 2019, the amount of $7,169 and $14,967 was recognized, respectively, as an expense in results with respect to operating leases.

(b) Leases as lessor

The Group leases portions of its properties under the operating lease scheme. Future minimum lease revenue not subject to cancellation are as follows:

	2020	2019
Less than one year	$ 9,804	5,500
Between one and five years	18,900	16,673
	$ 28,704	**22,173**

During the years ended December 31, 2020 and 2019, $9,804 and $9,946, respectively, were recognized as rental revenue in the consolidated statement of income.

23. Contingencies

Litigation-

Some of the Group's subsidiaries are involved in various suits and claims arising from the normal course of their operations, which are expected to have no material adverse effect on its financial position and results of operations.

Tax contingencies-

In accordance with Mexican tax law, the tax authorities are empowered to examine transactions carried out during the five years prior to the most recent income tax return filed.

In accordance with the Income Tax Law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of prices, which should be similar to those that would be used in arm's-length transactions.

Should the tax authorities examine the transactions and reject the related-party prices, they could request additional taxes plus the related inflation adjustment and interest, in addition to penalties of up to 100% of the omitted taxes.

24. Commitments

(a) On October 12, 2020, Hotelera SF entered into a hotel management and operation contract with SBE Hotel Management LLC, in which it is obliged to carry out, from the same date, the administration and operation of the hotel, which will be marketed under the brand "SLS Hotel and Residences" with 45 rooms. The hotel started operations on February 9, 2021.

(b) On February 23, 2020, Hotelera SF, S. de RL de CV ("the Operator") entered into hotel management and operation contracts with Hotelera Chicome, S.A. de C.V., Hotelera Caracol, S.A. de C.V. and Promotora Turística Mexicana, S.A. de C.V. ("the owners") through which the Owners entrust the Operator, and it accepts and undertakes to carry out the administration and operation of the hotels, which will be marketed under the "Krystal" brand. The contracts are valid for 10 years from February 23, 2020.

(c) As indicated in note 13 as of December 31, 2020, the Group has certain commitments related to the construction and improvements of certain of its hotels.

(d) On March 13, 2017, Hotelera SF entered into a hotel management and operation contract with Servicios Integrales PIN S. A. de C. V. to operate a hotel in the city of Irapuato under the Ibis brand, beginning that date.

(e) On January 18, 2017, Hotelera SF entered into a hotel management and operation contract with Desarrollos Urbanísticos IVC S. A. de C. V. to operate a hotel under the AC By Marriot brand, the start of operations is expected in 2019.

(f) On March 17, 2016, Hotelera SF entered into a hotel management and operation contract with Operadora Inca, S. A. de C. V. to operate a hotel in the city of Monterrey under the Krystal brand beginning that date.

(g) On December 22, 2015, Hotelera SF entered into a hotel management and operation contract with Servicios Hoteleros Metropolitanos, S. A. de C. V., in which it is obliged to carry out, from the same date, the administration and operation of the hotel, which will be marketed under the brand "Krystal Urban" under the trade name "Krystal Urban Airport Mexico City".

(h) On January 15, 2014, Hotelera SF, entered into a hotel management and operation contract with the Monterrey Airport Hotel Consortium, S. A. P. I of C. V. to operate a hotel in the city of Monterrey, NL, under the Hilton Garden brand.

(i) On June 17, 2013, Hotelera SF, entered into a hotel management and operation contract with the owner of a property in the state of Tabasco, which is required to carry out, as of the date of start of operations, administration and operation of the hotel, which will be marketed under the brand "Hampton Inn & Suites"

25. Relevant financial information (unaudited) - Calculation of Adjusted EBITDA

The Adjusted EBITDA represents the result of recurring transactions before taxes, comprehensive finance cost, depreciation, amortization and non-recurring transactions with the purpose of presenting the consolidated results of Grupo Hotelero Santa Fe, S. A. B. de C. V.

	2020	2019
(Loss) operating profit	$ (288,132)	378,748
Depreciation and amortization	236,451	237,293
Hotel acquisition and opening expenses	11,088	15,540
Other non-recurring indirect expenses	26,420	13,988
Allowance for impairment loss	61,159	-
Adjusted EBITDA	**$ 46,986**	**645,569**

This information is presented for additional analysis and does not represent information required under IFRS; therefore, it is not deemed essential for the proper interpretation and presentation of the consolidated financial position, the consolidated results of its operations or its consolidated cash flows.

EBITDA (Earnings before interest, taxes, depreciation and amortization).

26. Later fact

The 1st. March 2021, the Group entered into agreements to terminate hotel management and operation contracts to stop operating the "A. C. Marriot Santa Fe "and Courtyard Marriot Puebla, owned by a third party.

INFORMATION FOR INVESTORS

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The information provided in this report contains certain forward-looking statements and information related to Grupo Hotelero Santa Fe, S.A.B. de C.V. and its subsidiaries (jointly "Grupo Hotelero Santa Fe," "HOTEL," or the "Company") which are based on the understanding of its managers, as well as on assumptions and information currently available for the Company. Such statements reflect the current view of Grupo Hotelero Santa Fe in regard to future events subject to a number of risks, uncertainties and assumptions. Several features may cause the results, performance or current achievements of the Company to differ materially with respect to future results, performance or attainments of Grupo Hotelero Santa Fe that may be included, expressly or implied, within such statements in regard to the future, including, among others, alterations in the economic general conditions and/or politics, governmental and commercial changes globally or within the countries in which the Company has any business interests, changes in interests rates and inflation, exchange rate volatility, changes in the demand and regulations of the products marketed by the Company, changes in the price of raw materials and other goods, changes in the business strategies and several other matters. If one or more of these risks or uncertainties materialize, or if the assumptions used result to be incorrect, the real results may differ materially from those described herein as anticipated, believed, expected or envisioned. Grupo Hotelero Santa Fe undertakes no obligation to update or revise any forward-looking statements.

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