

ANNUAL
REPORT

2019

Barceló
GRUPO



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LETTER FROM THE CO-PRESIDENTS



Although the information in this Annual Report refers to 2019, we must begin by making reference to the unprecedented situation in which the world is immersed at the time of preparing this document. In the space of a few short weeks in the early months of 2020, the global spread of COVID-19 has led to the loss of many thousands of lives worldwide, while the lockdown measures and closures of borders that the governments of countries across the entire planet have had to implement have brought the economic activity in many sectors to a near complete standstill, with a particularly profound impact on the tourism sector. At this stage, 2020 is widely viewed as a lost year, with potential multi-billion losses in all parts of the sector and enormous uncertainty surrounding the likely time frame and speed of the recovery. We convey our deepest sympathy to all those who have lost loved ones to the disease, and we trust that we will come together to overcome it and focus our efforts on the economic recovery that is so vital to households, companies and countries alike.

The year ending on 31 December 2019 was very satisfactory for the Group. In terms of our financial results, we reported a net profit of 134 million euros. As explained in detail in this Annual Report, the Group has followed the applicable regulations and prepared its financial statements in line with IFRS 16, although for ease of comparison with the previous year we also include the figures without taking into account this standard.

One of the highlights of 2019 was the successful completion of the Barceló Maya Riviera in Mexico, a new hotel with 850 rooms and a large convention centre. This culminates the development of the Barceló Maya Grand Resort, a benchmark in the tourism sector with 3,610 beds and magnificent restaurant, entertainment and meeting facilities as well as unparalleled services. In 2019 we also finalised the acquisition of the Barceló Palmeraie hotel in Marrakech. As a result of these and other investments, the net financial debt in 2019 stood at nearly 200 million euros at the end of the year.

Like last year, this Annual Report contains the Non-Financial Information Statement, which provides detailed information about the

Group's business model and its divisions, its relationship with society, and relevant data regarding environmental issues, social issues, staff, respect for human rights and other aspects.

In 2019 the Group managed nearly 58,000 rooms at 250 hotels spread across Latin America, Europe, the USA, North Africa and the Middle East. Over the course of the year, we have continued to renovate hotels in order to improve the quality we offer, adapt to the standards of our new brands and provide our guests with modern and comfortable accommodation that is respectful of the environment. All of this has led to the continuous improvement of customer satisfaction.

In 2019 we added 12 new hotels with 3,727 rooms to our portfolio, including owned, rented and managed establishments in Tunisia (6), Spain (2), Mexico (1), Morocco (1), Dubai (1) and Hungary (1).

Our Travel Division Ávoris continued to consolidate all of its business lines following the acquisitions of the previous year, the opening of new flagship stores and the renovation of its fleet of aircraft.

The combined efforts of all of us – shareholders, managers and employees – are going to be crucial for addressing the immediate future, overcoming uncertainties and stimulating the recovery.

Yours faithfully,

Simón Barceló Tous
Simón Pedro Barceló Vadell

NON-FINANCIAL
INFORMATION
STATEMENT
2019

Independent limited assurance report on the Consolidated Statement of
Non-Financial Information for the year ended December 31, 2019

BARCELÓ CORPORACIÓN EMPRESARIAL, S.A. AND SUBSIDIARIES



**Building a better
working world**

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

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION

To the Shareholders of BARCELÓ CORPORACIÓN EMPRESARIAL, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Statement of Non-Financial Information (hereinafter NFIS) for the year ended December 31, 2019, of BARCELÓ CORPORACIÓN EMPRESARIAL, S.A. and subsidiaries (hereinafter, the Group), which is part of the Consolidated Management Report of the Group.

The content of the NFIS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in Appendix III "List of Legal Requirements under Law 11/2018 and GRI Indicators", included in the accompanying NFIS.

Directors' Responsibility

The Directors of BARCELÓ CORPORACIÓN EMPRESARIAL, S.A. are responsible for the approval and content of the NFIS included in the Consolidated Management Report of the Group. The NFIS has been prepared in accordance with the contents established in prevailing mercantile regulations and following Sustainability Reporting Standards selected criteria of the Global Reporting Initiative (GRI standards), as well as other criteria described in accordance with that indicated for each subject in Appendix III "List of Legal Requirements under Law 11/2018 and GRI Indicators", included in the accompanying NFIS.

This responsibility also includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFIS that is free from material misstatement, whether due to fraud or error.

The Directors of BARCELÓ CORPORACIÓN EMPRESARIAL, S.A. are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our Firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.
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Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our work has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Guidelines on assurance engagements on the Non-Financial Statement issued by the Spanish Institute of Chartered Accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are less extent in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFIS, reviewing the process for gathering and validating the information included in the NFIS, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meeting with Group personnel to gain understanding of the business model, policies and management approaches applied, and of the main risks related to these matters, and obtaining the necessary information for our external review.
- ▶ Analyzing the scope, relevance and integrity of the content included in the 2019 NFIS based on the materiality analysis made by the Group and described in Appendix I “Identification Relevant Sustainability Issues” of the NFIS, considering the content required by prevailing mercantile regulations.
- ▶ Analyzing the processes for gathering and validating the data included in the 2019 NFIS.
- ▶ Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2019 NFIS.
- ▶ Checking, through tests, based on a selection of a sample, the information related to the content of the 2019 NFIS and its correct compilation from the data sources.
- ▶ Obtaining a representation letter from the Directors and Management.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter has come to our attention that would lead us to believe that the 2019 NFIS of the Group for the year ended December 31, 2019 has not been prepared, in all material respects, in accordance with the contents established in prevailing mercantile regulations and following the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in Appendix III “List of Legal Requirements under Law 11/2018 and GRI Indicators”, included in the NFIS.



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Use and distribution

This report has been prepared to comply with prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Antonio Capella Elizalde

July 22, 2020

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ABOUT THIS REPORT

CONTENT AND CRITERIA FOR DRAWING UP THIS REPORT

This Non-Financial Information Statement (NFIS) forms part of the 2019 Consolidated Management Report of Barceló Corporación Empresarial, S.A. and fulfils requirements related to the reporting of non-financial and diversity information set out in Spanish Law 11/2018 of 28 December 2018, amending the Code of Commerce, the consolidated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July, and the Spanish Account Auditing Act (Law 22/2015 of 20 July).

The report was drawn up in line with the requirements established in Spanish Law 11/2018 and the standards of the Global Reporting Initiative (GRI). Appendix I of the NFIS contains a correlation for both. The European Commission's Guidelines on Non-financial Reporting (2017/C 215/01) arising from Directive 2014/95/EU was also observed.

According to the GRI Standards, the content of this NFIS complies with the principles of comparability, materiality, relevance and reliability in that the included information is accurate, comparable and verifiable. Since this is the second NFIS that the Group has drawn up and published, it includes information for 2019 and 2018 (Appendix II).

SCOPE AND BOUNDARIES OF THE INFORMATION

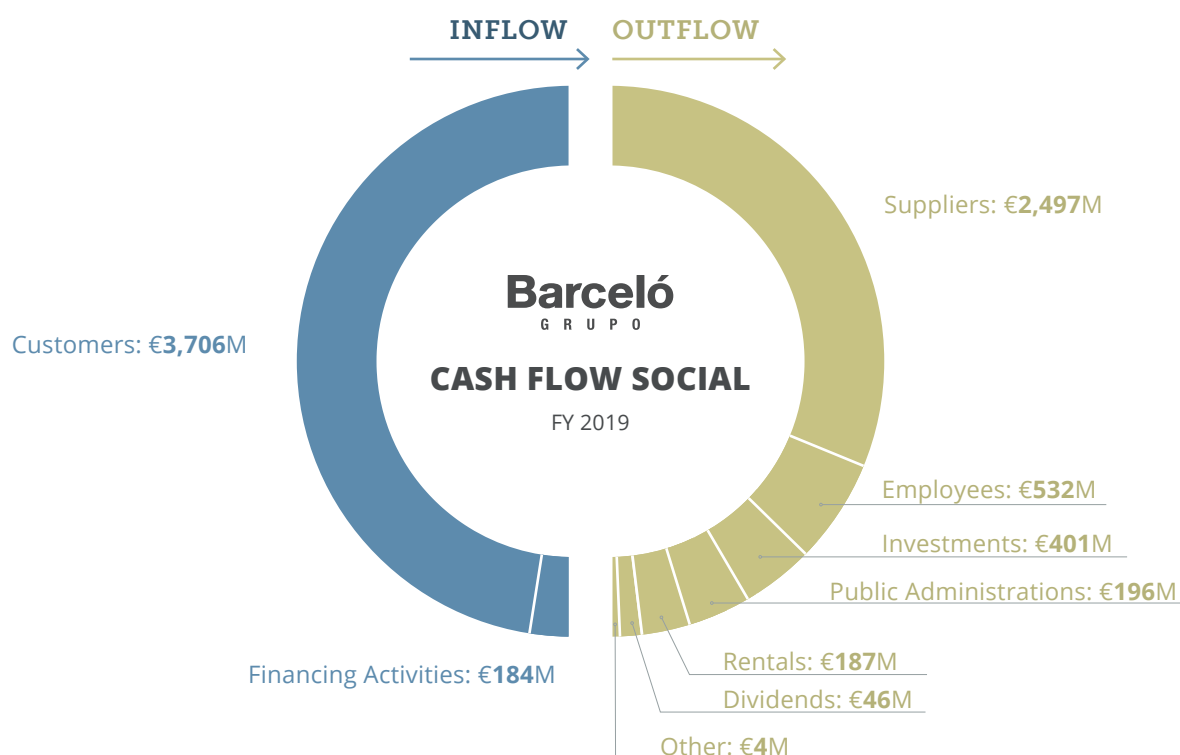
A global business approach was used for the scope/perimeter of this report, consolidating all the data of the Group's two business divisions, namely Barceló Hotel Group, including hotels owned, rented or managed, and Ávoris, the Travel Division, except for specific exclusions in certain indicators or information (identified throughout the report).

The economic data are consolidated in accordance with the consolidation principles defined in the 2019 Consolidated Financial Statements of the Barceló Group.

1. OUR COMPANY

1.1 GENERATING SHARED VALUE

Barceló's activity is framed as contributing significantly to the economic, social and environmental progress of the countries in which we operate. The following Cash Flow Social chart summarises the main economic contributions to the environment in 2019¹:



Customers: Revenue from Group activity.

Financing activities: Revenue from loans and other financing activities.

Suppliers: Payments to suppliers and service providers, including supply and procurement, repairs and maintenance, advertising, insurance, professional services and external services.

Employees: Payments to staff.

Public Administrations: Corporate taxes, social charges, VAT, etc.

Investments: Payments for investments made, maintenance or reforms in Company assets.

Rentals: Payments to real estate asset owners.

Dividends: Dividends to shareholders/owners.

Other: Other payments not reflected in the previous categories.

¹ The difference between "inflow" and "outflows" is the value retained by the Company

1.2 ECONOMIC RESULTS

MAIN INDICATORS 2019 – 2015 (MILLIONS OF EUROS) ²

	2019	2018	2017	2016	2015	% 2019 - 2018
Turnover	4,779.3	4,383.4	4,313.4	3,081.9	2,480.2	9.0%
Net Sales	2,850.3	2,559.5	2,586.8	1,979.7	1,600.5	11.4%
EBITDA (without IFRS 16)	342.6	348.0	495.6	338.6	302.6	-1.6%
EBITDA (with IFRS 16)	474.0					
PAT (without IFRS 16)	142.0	180.3	243.3	125.4	100.2	-21.2%
PAT (with IFRS 16)	134.6					
Occupation (%)	74.9	74.4	74.0	70.9	72.2	0.7%
ADR (Euros)	79.7	76.8	78.2	76.7	67.2	3.8%
Revpar (Euros)	59.7	57.2	57.9	54.4	48.5	4.4%
Net Financial Debt	197.4	50.3	330.7	494.8	539.4	292.4%
Net Financial Debt / EBITDA	0.6	0.1	0.7	1.5	1.8	298.6%

Although the tourism sector was characterised in 2019 by instability and an increasingly complex competitive environment due to factors such as the economic downturn, the collapse of Thomas Cook and the slowdown in international tourist arrivals as a result of the change of cycle faced by the industry in the short term, as well as a significant increase of competition in distribution and the concentration of the industry, the Barceló Group posted strong end-of-year results for the third year in a row, once again on the verge of achieving record levels in some of the regions in which the Group operates.



Royal Hideaway Corales Suites

² ADR: average daily rate per room. RevPAR: revenue per available room. Net financial debt / EBITDA: the figure has been rounded to a decimal and the deviation percentage has been calculated with the figure with all the decimals.

1.3 THE BARCELÓ BUSINESS MODEL

THE BARCELÓ GROUP: FROM SHIPPING TO A LEADING TOURISM GROUP

The Barceló Group is a family-owned business operating at all levels of the value chain in the hotel and travel sectors, and is renowned for the complementary nature of its travel and hotel businesses, geographic diversification and balanced portfolio.



A. HOTEL DIVISION: BARCELÓ HOTEL GROUP A PROPRIETARY BUSINESS MODEL

Throughout a history spanning more than 85 years, the Barceló Group has crafted its own business model, adapting to the different stages of development and regional realities that the Group has encountered during its expansion.

Barceló Hotel Group, the hotel division of the Barceló Group, has a network of 250 hotels spread across 23 countries, with operations in Europe, Latin America, the United States, Africa and the Middle East, as well as projects in the pipeline for Asia. Our global portfolio, which includes nearly 58,000 rooms, places us in the 31st slot³ on the list of largest hotel chains in the world, and we are the second-largest hotel chain in Spain.

The expansion undertaken has enabled our Group to consolidate its presence in North Africa through the addition of a new destination, Tunisia, where the chain has opened six hotels and become the leading international manager in the country. Plus, the acquisition of a hotel in Marrakech (Barceló Palmeraie) has supplemented our existing presence in the main cities in Morocco (Agadir, Casablanca, Fez and Tangier).

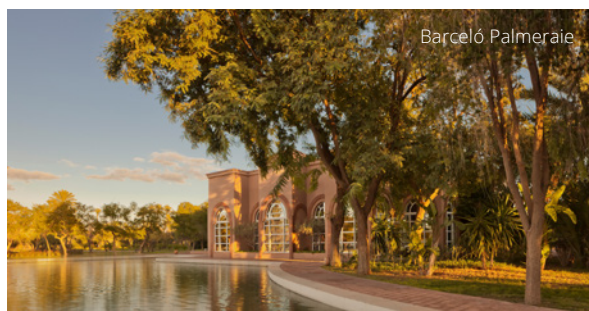
³ Ranking based on "Hotels Magazine, Ranking 325 – Ed. JUL/AGO 2019"

In 2019 Barceló Hotel Group continued its expansion in the United Arab Emirates with the addition of Dukes The Palm, a Royal Hideaway Hotel, located in the exclusive Palm Jumeirah area. It also reinforced its presence in mainland Europe through the addition of Hungary, with a hotel in the centre of Budapest, and it remains as committed as ever to two of its key destinations: Mexico, where it completed the construction of phase 4 of the Barceló Maya Grand Resort complex with the inauguration of a spectacular adults-only hotel with 850 rooms (Barceló Maya Riviera), whose customers have access to all the resort facilities and services; and Spain, where the Group added the Occidental Fuengirola and Hotel Almirante Bonifaz in Burgos to its existing offer.

In 2019 the Barceló Hotel Group's expansion team also signed 18 new project agreements in existing destinations and new markets like Sri Lanka and the Maldives – which will position the Barceló brand in Asia – and in others like Poland and Slovenia. Thanks to these and earlier agreements, the chain's portfolio of future additions includes more than 25 hotels and nearly 7,000 rooms, of which 14 establishments and 2,500 rooms are scheduled to open in 2020.

The aim is to consolidate Barceló Hotel Group as a major chain and one of the most important players in the global tourism sector. The Group therefore plans to add new projects in strategic destinations in mainland Europe, Africa, the Middle East and Asia, while remaining firmly committed to continued expansion in Spain.

Today the Barceló Hotel Group has evolved into a multi-brand organisation encompassing segments spanning from Luxury to Upper Midscale under four of our very own brands with differential experiences adapted to guests of every sort. The financial results obtained in 2019 both ratify and validate our customer experience strategy, which sets us apart from the competition. This strategy is based on differentiating and personalising the key moments in the experience to surprise and thrill customers. The pillars of the strategy are its four brands – Royal Hideaway, Barceló, Occidental and Allegro; the design of unique, differential experiences; technology focused on the customer experience; and its teams, who are on the front line in terms of the relationship with guests.



Barceló Palmeraie

12 hotels and 3,727 rooms added in 2019

- **Barceló Palmeraie (Morocco):**
5-star with 252 rooms.

- **Dukes Dubai, a Royal Hideaway Hotel (EAU):** 5-star with 566 rooms.

- **Hotel Almirante Bonifaz (Spain):**
4-star with 79 rooms.

- **Occidental Fuengirola (Spain):**
4-star with 316 rooms.

- **Barceló Budapest (Hungary):**
4-star with 179 rooms.

- **Occidental Sousse Marhaba (Tunisia):**
4-star with 240 rooms.

- **Barceló Maya Riviera (Mexico):**
5-star with 850 rooms.

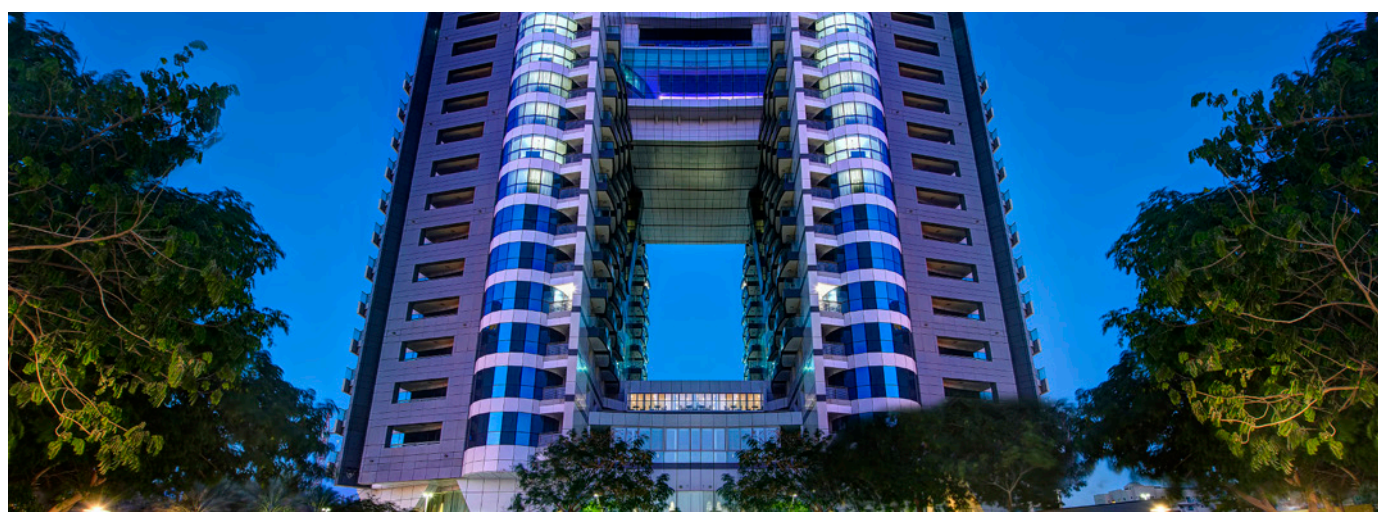
- **Barceló Concorde Berges du Lac (Tunisia):** 4-star with 129 rooms.

- **Occidental Paris (Tunisia):**
4-star with 70 rooms.

- **Occidental Sfax (Tunisia):**
4-star with 130 rooms.

- **Occidental Marco Polo (Tunisia):**
4-star with 464 rooms.

- **Barceló Concorde Green Park (Tunisia):**
5-star with 452 rooms.



Dukes The Palm, a Royal Hideaway Hotel

ROYAL HIDEAWAY

LUXURY HOTELS & RESORTS

Destination hotels to discover the art of fine moments.

SEGMENT: LUXURY

The art of fine moments

BRAND FEATURES:

Elegant and eclectic
Sophisticated and exclusive
Authentic
Respectful and attentive

Royal Hideaway is a collection of unique hotels situated in special locations. Unparalleled experiences rooted in art and culture in a refined atmosphere, coupled with authenticity, attention to detail and discretion, are the hallmarks of these hotels. At Royal Hideaway we believe that every trip has a soul, and we therefore highlight the most remarkable aspects of each destination and invite our guests to live an unforgettable luxury experience.

Barceló

HOTELS & RESORTS

Inspiring and surprising hotels to feel even better than at home.

SEGMENT: UPPER UPSCALE

Live up to more

BRAND FEATURES:

Creative and imaginative
Surprising and inspiring
Innovative and unconventional
Personalised and ambassadorial service

Welcome to **Barceló Hotels & Resorts**, where hospitality, creativity and innovation provide guests with much more than the conventional services. At Barceló we believe in exceeding expectations, and we achieve it with hotels inspired by the local culture of the destination and fascinating state-of-the-art concept hotels to live inspiring, surprising and above all unforgettable experiences.

Occidental

HOTELS & RESORTS

Responsible living hotels that show that another form of travel is possible.

SEGMENT: UPSCALE

Responsible Living Hotels

BRAND FEATURES:

Responsible and committed
Trustworthy and empathic
Honest and simple
Communicative and awareness-raising

We propose an emotional trip that begins with something very small: a simple gesture. At **Occidental** we believe the time has come to achieve sustainability by making it easy.

Our aim is to form part of our guests' wellbeing. We demonstrate that destinations can be enjoyed sustainably, and our network of service-oriented responsible living hotels enable our guests to travel in a manner that is committed to the natural environment, the local community and society in general.

allegro

HOTELS

Hoteles happy soul

DISCOVER A PLACE
TO ENJOY LIFE

SEGMENT: UPPER MIDSCALE

Enjoy Life

BRAND FEATURES:

Happy and optimistic
Flexible and relaxed
Vibrant
Spontaneous and fun

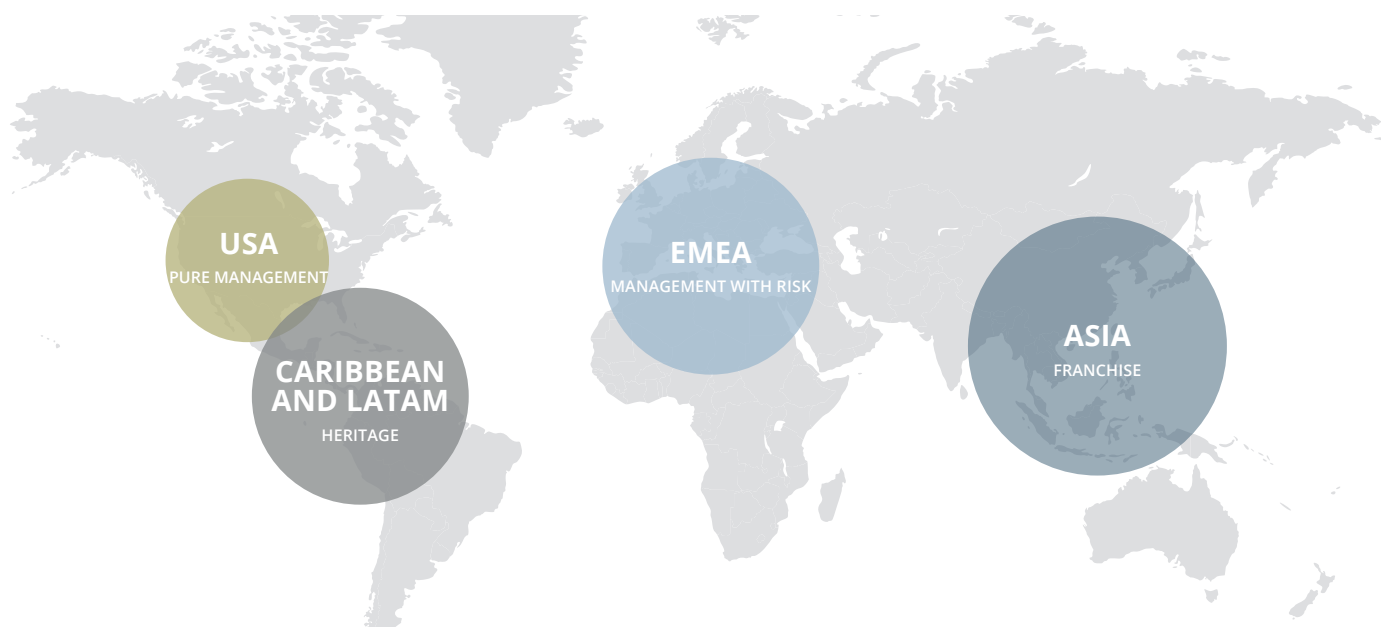
Welcome to **Allegro**, where happiness and contentment are infectious. Our hotels are designed to convey fun and energy, inviting guests to live warm moments with family and friends in spaces where they can disconnect and enjoy a universe of colour. We offer an oasis of positive thinking, a haven to feel free to be oneself. Welcome to a place where life is colour.

Our current business model is the result of the combination of decentralisation and geographical specialisation, characteristics which, while not individually differential, constitute a flexible and efficient model when taken as a whole:

- **DECENTRALISATION:** our structure focuses decisions on each business unit with the support of a corporate structure, which entails strategic and other areas where centralisation permits economies of scale. Decentralisation lets us be highly efficient and adaptable to different markets and environments.
- **GEOGRAPHIC SPECIALISATION:** while the industry tends towards asset-light models, Barceló has adapted its profile according to the regions in which it operates. We can therefore cover all the links in the value chain from franchisors (Asia) to full-cycle operators (Latin America), including pure management (USA) and hotel operation with risk in EMEA.

CRESTLINE HOTELS & RESORTS

The Barceló Group operates in the United States through Crestline Hotels & Resorts, a fully-owned subsidiary with a business model focused on managing third-party hotels (mostly under third-party brands such as Marriott, Hilton, Hyatt, etc.).



The geographical diversification and balance of our portfolio, a light and flexible central structure with a decentralised management model, an effective risk control policy and our commitment to a job well done, have been a guarantee of solidity throughout the history of the Company in the face of the vagaries of the world economy. In this context, the Group has a healthy balance sheet and maintains a solid financial capacity.

In 2019 Barceló Hotel Group received several awards for its business model:

- Leading hotel management company at the World Travel Awards.
- Leading hotel brand in Latin America and Central America at the World Travel Awards.
- Barceló Hotel Group was also named the best international hotel chain leading digital transformation at the Travel & Tourism Digital Impact Awards organised by Telefónica and Ágora Next. This award is granted for leadership in sustainability, innovation, success stories and digital transformation in the global tourism industry.

B. TRAVEL DIVISION: ÁVORIS

ÁVORIS, REINVENTING TRAVEL

Ávoris is the Barceló division specialising in the design, marketing and provision of leisure travel services, holidays and business trips.

Initially focused on the travel agency business, six years ago Ávoris began transforming from a multi-channel retail network to a global tour operator, with presence throughout the customer's travel cycle and operations in the wholesale, retail, reception and airline markets. Today, all of its companies pursue the same approach of achieving complete customer satisfaction through the corporate values: commitment to customers, personal growth, teamwork, passion, responsibility and innovation. Ávoris is especially committed to innovation in its services and products, adapting to market developments with a view to reinventing itself and being a pioneer in the sector.



B the travel brand Xperience Barcelona

Ávoris is a **global tourism company**, vertically integrated (for greater complementarity and synergies between different businesses) with specialised brands to offer a unique experience adapted to every single traveller through four broad areas: distribution, product, airline, and services at destination and experiences.

In November 2019 the Barceló Group signed an agreement with Globalia (subject to approval by Spain's National Commission on Markets and Competition) to merge its retail travel and tour operator divisions and create a single enterprise owned by both companies.

Distribution

The Ávoris distribution division is divided into four broad sub-areas of specialisation:

■ HOLIDAY AREA

For the holiday area, Ávoris has the B the travel brand, which has an extensive network of nearly 700 travel agencies in Spain and Portugal and a long tradition in the holiday segment, providing services to over a million and a half travellers. While B the travel brand is undoubtedly one of the main networks of retail travel agencies in Spain and Portugal, it also offers its services in a multichannel way through the portal bthetravelbrand.com for travellers who prefer online shopping.

In 2019, B the travel brand opened its first flagship store in Lisbon. Spread across more than 800 sq. metres and fitted with the latest technology, these new premises house an area dedicated exclusively to cruise sales, a photo gallery, a travel library and a forum with a capacity for 40 people, all designed to provide inspiration for visitors.

In addition to B the travel brand, the holiday area also has B the travel brand Xperience, a new and innovative shop model that has integrated R&D centres in Madrid, Barcelona and Palma de Mallorca to give travellers an opportunity to get inspired, learn, co-create and share experiences with other travellers, in addition to a different shopping experience; B the travel brand & Catai, a network of spaces operating in the main cities in Spain and Portugal, where travellers looking for more exclusive trips are taken care of by highly specialised consultants; and the brands VaiVai Viajes and Wäy by B the travel brand, specialising in creating experiences exclusively for millennial travellers. The year 2019 also saw the launch of the B Cruises brand, aimed at using specialisation to become the definitive leader of the cruise segment in Spain and Portugal.

■ ONLINE AREA

For the online area, Iberojet is the Ávoris online travel agency brand reinforcing Ávoris's commitment to e-commerce, providing customers with varied and unparalleled travel offers to the Caribbean, Circuits and Great Travels.

■ CORPORATE AREA: TRAVEL AND EVENTS

Formed by BCD Travel, a division specialised in business travel with global management capacity, BCD Meetings & Events, event agency for creating unique experiences; Viajes 2000 by BCD travel agency, which has a special Employment Centre; and Viajeros BCD, which secures the best holiday offers for corporate clients.

■ CONFERENCE AREA

As a professional conference and trade fair operator with a recent expansion into Latin America, Ávoris also has BCO Congressos for organising and managing such events.

The standout event of 2019 was the organisation of the United Nations Climate Change Conference in Madrid (COP25), for which the company received praise from the United Nations as “excellent” providers.

Product

Structured around nine tour operators, of which five are generalist brands: VivaTours, exclusively operating with Iberia flights; Catai, a leading “big trip” operator; Quelónea and Jolidey, with destinations for all types of travellers; and Rhodasol and Bedtoyou, both offering pools of hotel beds to agencies at more than 100,000 establishments.

These brands are complemented by: Special Tours, with an extensive programme of tours and a strong presence in Latin America; LePlan, for travel programmes to Disneyland Paris as its official distributor; LeSki, with ski, sports and adventure offers; and LeMusik, with programmes dedicated to music and concerts.

Airline

The Ávoris airline Evelop, which it has operated since 2013, operates scheduled and charter flights to holiday destinations, particularly in the Caribbean, United Kingdom and Canary Islands. The company announced a direct flight to Mauritius Island in 2016 and then the incorporation of another route, this time to Jamaica, in the spring of 2017.

Evelop has a modern fleet of six aircraft: three Airbus 330-300 for long-haul flights with capacity for 388 passengers; one Airbus 330-200 with capacity for 287 passengers, including 19 in business class; one Airbus 320 for medium-haul flights with capacity for 180 passengers; and a new A350-900 with capacity for 432 passengers added in 2019. A second A350-900 is expected in the summer of 2020. The airline also operates in Portugal under the name of Orbest, which has an Airbus A330-300.



Service at destination and experiences

Since 2015, the company includes reception activity under the Turavia brand, an important step to stay alongside customers during their trip and therefore ensure quality of service. Turavia has activities in the Dominican Republic, Mexico, Cuba, Mauritius, India, Jamaica and the Canary and Balearic Islands. For the rest of the world, Ávoris shored up its reception division by expanding its portfolio with the incorporation of the new Colours brand, which began with an office in Rovaniemi.

1.4 ORGANISATIONAL STRUCTURE

BOARD OF DIRECTORS

Simón Barceló Tous, as the representative of SBT HOLD CORPOR, S.L.

Simón Pedro Barceló Vadell, as the representative of TRES BARFON S.L.

Guillermo Barceló Tous

Pedro Juan Fernández Martos Montero, as the representative of MALUBAR FAMILY HOLDING S.L.

CO-PRESIDENTS

Simón Barceló Tous

Simón Pedro Barceló Vadell

CEO EMEA

Raúl González

CEO ÁVORIS

Vicente Fenollar

CEO USA

James Carroll

EXECUTIVE MANAGEMENT

Construction Managing Director
Jaime Torrens

Finance Managing Director
Vicente Fenollar

Corporate Managing Director
Javier Abadía

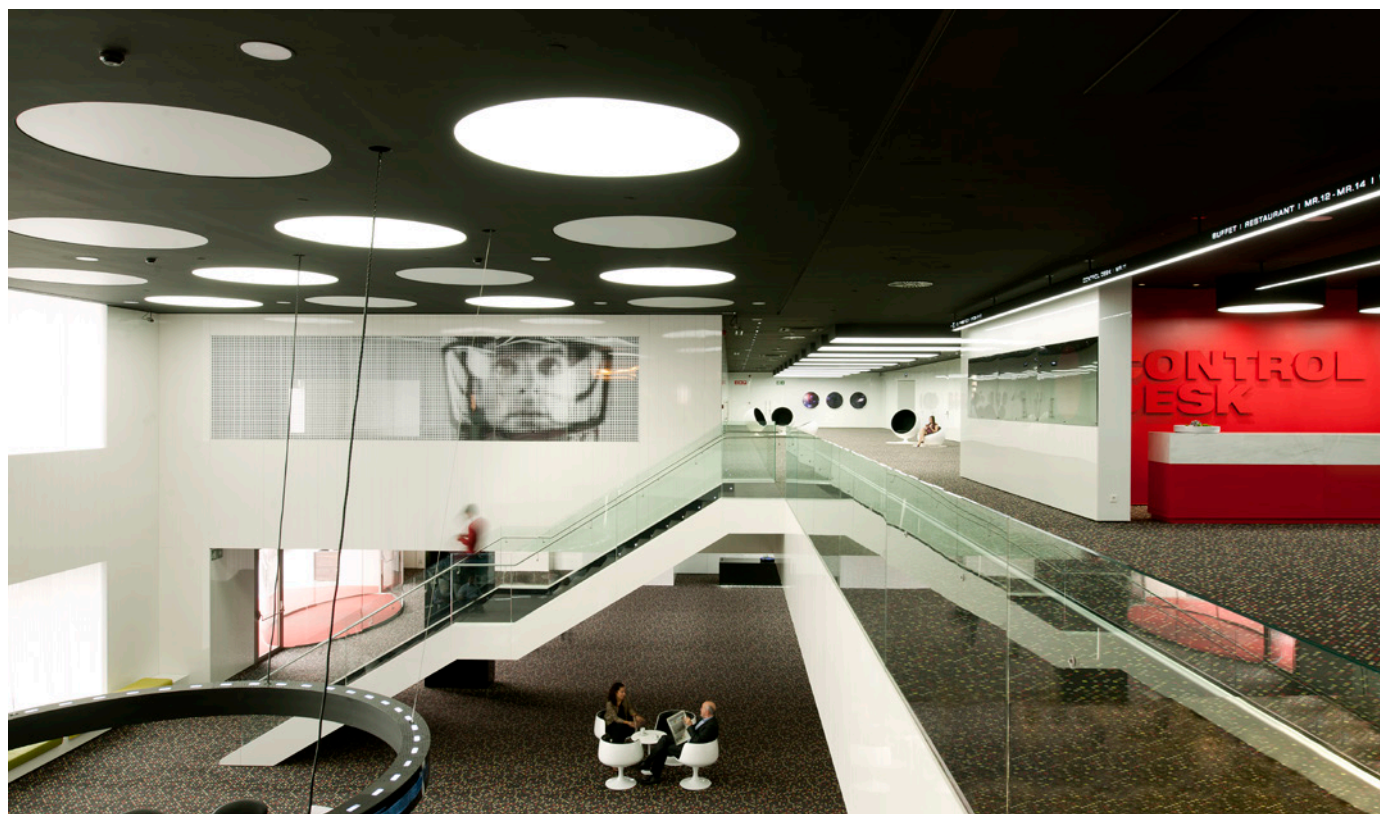
Business Development
Managing Director
Jaime Buxó

Hotels Managing Director
for Central and South America
Juan José Ribas

Hotels Managing Director for Mexico
Miguel Ángel Guardado

Hotels Managing Director
for the Dominican Republic
Fernando Gómez

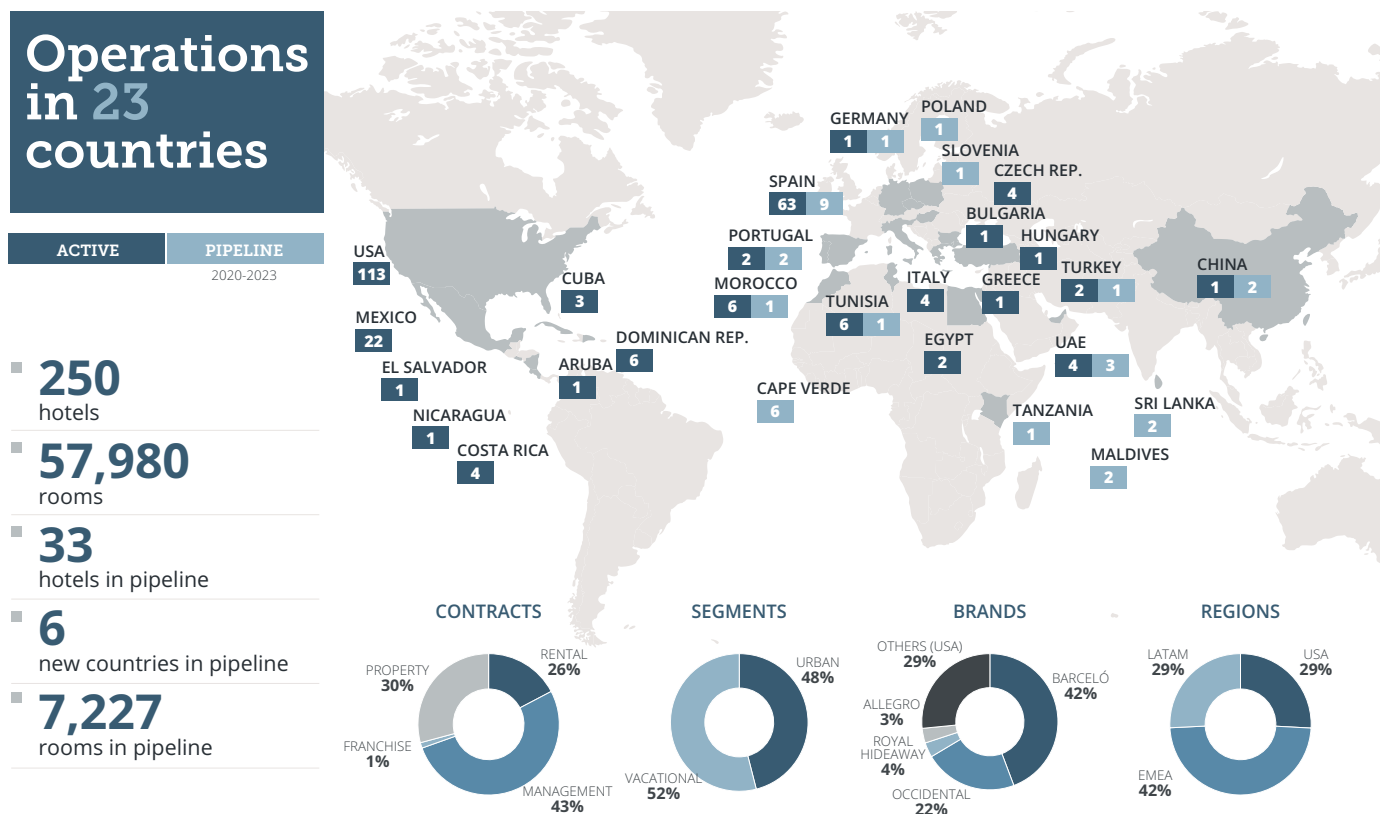
Hotels general Manager for Cuba
Juan Antonio Montes



Barceló Sants

1.5 BARCELÓ'S PRESENCE IN THE WORLD

HOTEL PORTFOLIO



* December 2019

1.6 STRATEGIC PLAN

Strategic planning has strengthened the Group's flexibility to adapt to changes in the environment, turning threats into opportunities and configuring the Group as we know it today.

The Barceló Group is currently immersed in its 2019-2021 strategic plan: "Towards a new RETO" [Towards a new CHALLENGE]. Designed in line with the strategic pyramid of the Bain & Company model, the plan identifies the 2025 ambition of the Barceló Group as follows: "Ensure the best customer experience to become the leading Spanish hotel group in terms of EBITDA and return on investment". Two core strategies have been defined for the period 2019-2021:

- Take the current platform to its full potential (management company development)
- Growth operations (corporate development)

These two core strategies will be achieved through nine strategic initiatives:

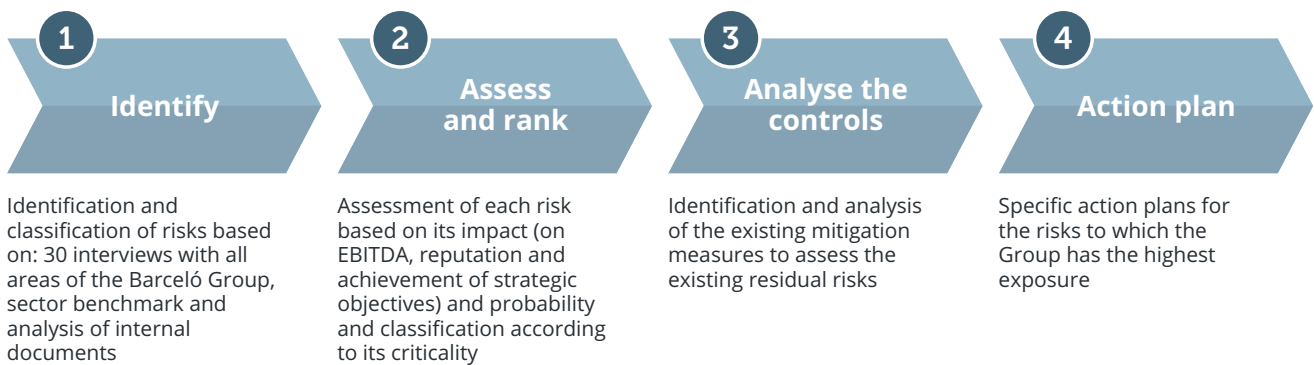
1. Customer experience
2. Business strategy
3. Operational efficiency
4. Digital transformation
5. Organic growth
6. Organisational structure
7. Inorganic growth
8. People, talent management and cultural change
9. Family business with an excellent governance model



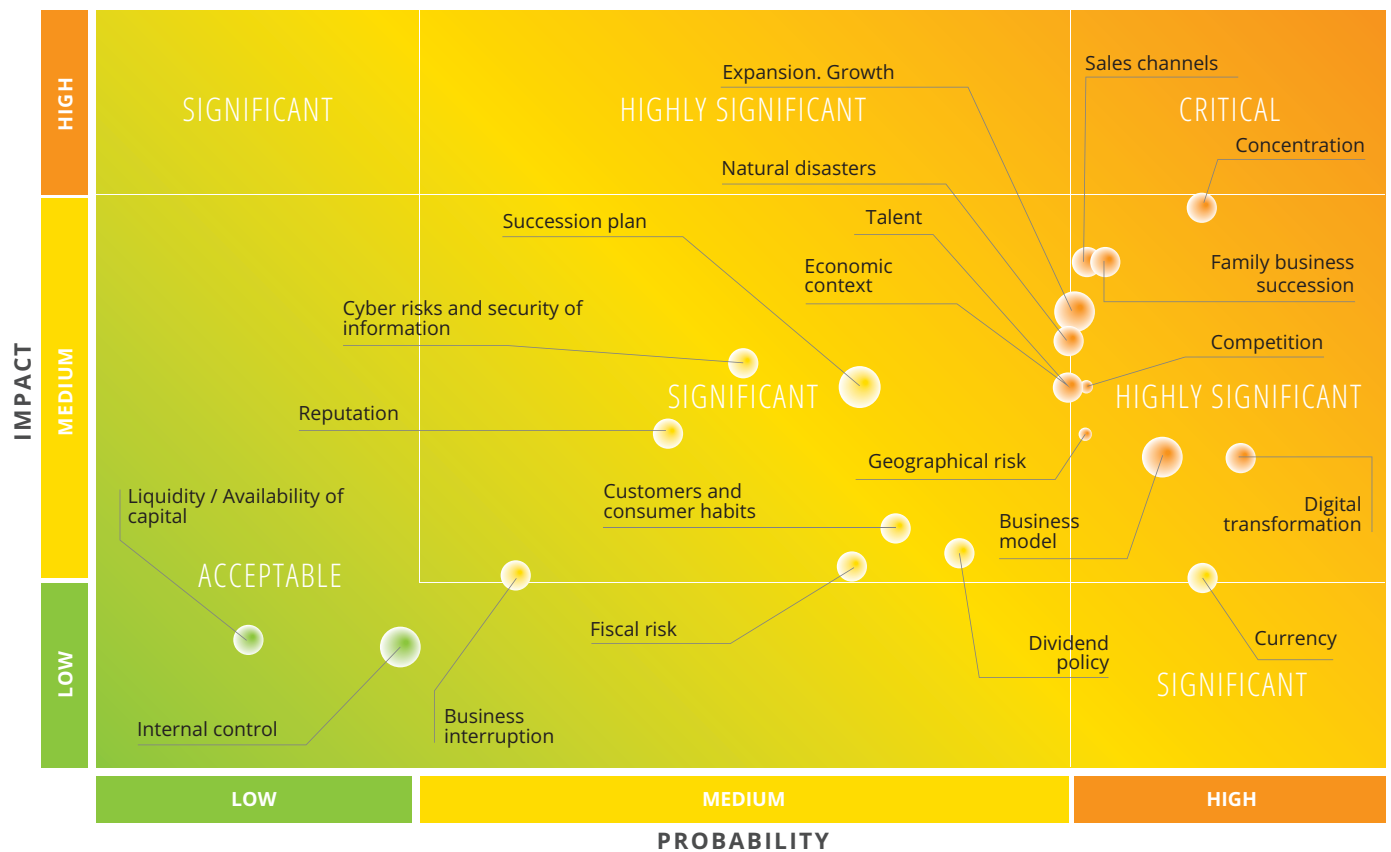
Details of the main projects undertaken for each of these strategic initiatives are provided in the relevant sections of this report.

1.7 RISK MANAGEMENT

Risk management is integrated transversally and globally in all areas and operations of the Barceló Group. The Barceló risk management policies are established with a view to identifying and analysing the risks that the Group faces, setting limits, measures and adequate controls to mitigate the potential impact of these risks as far as possible. In this regard, the Barceló Group has had a risk map in place since 2014 as the main tool enabling senior management to minimise and manage risks. In 2019 the Barceló Group strategic and business risk map was updated and approved by the board of directors in January 2020. The following method was used to create this map:



RISK MAP



In addition to the Company's global risk map, the Barceló Management Committee considers further risks intrinsic to the sector in which it operates and in line with the main challenges of the industry (e.g. changes in consumer habits, seasonality, accessibility/dependence of means of transport, online boom, etc.), countries where activities are carried out (e.g. climate, political situation, etc.), legislative developments/uncertainty in the face of new regulatory frameworks, geopolitical situation of the destinations, etc.

1.8 ETHICAL COMMITMENTS IN BUSINESS DEVELOPMENT

1.8.1 RESPECT FOR HUMAN RIGHTS

At the Barceló Group, the respect and defence of human rights is a maxim in undertaking our business, committing ourselves to prevent or avoid any risk derived from its violation.

Barceló activities are carried out within a framework of commitment to society and the environment in which we operate. Barceló therefore assumes, as part of its internal regulations, the content of national or international conventions and agreements, especially ones to which it has formally adhered, committing to their promotion and fulfilment. Some of the more prominent codes and global commitments assumed voluntarily by Barceló include:

- UN Global Compact, signed by Barceló Hotel Group in 2002 and by BCD Travel in 2019
- Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism (ECPAT), signed in 2007
- Global Code of Ethics for Tourism

The commitments acquired by signing these international agreements guide the conduct of the people who make up the Barceló Group, for which purpose we inform and train our teams. For example, in line with the Group's commitment to adhere to the ECPAT code, employees have to take a mandatory course through our e-learning platform about the different procedures that Barceló has implemented to fight sexual exploitation in travel and tourism.



Occidental Sousse Marhaba

BARCELÓ GROUP CODE OF CONDUCT

The Code of Conduct is the Barceló Group's internal regulatory framework that reflects its commitments to respect Human Rights. The Barceló Group Code of Ethics establishes the lines of conduct and principles of action in accordance with the values of the Company.

This Code of Ethics is available to all stakeholders on our website (<http://www.barcelogrup.com/wp-content/uploads/2017/03/m-codigo-etico-grupo-barcelo-201337-166592.pdf>) and is applicable to all Group employees. All Group employees must read the Barceló Code of Ethics as evidence of the incorporation of its content in their daily tasks and functions as ambassadors of the Barceló brand and in relations with other company employees and stakeholders.

One of the main commitments of the Barceló Group is to be ethical with ourselves and our people, i.e., with all Group employees. Respect and consideration must prevail at all times in our daily relationships with all co-workers, regardless of their level within the organisation. We treat others as we would like to be treated, being considerate towards the differences that may exist between people and with zero tolerance for violence, harassment or abuse at the workplace.

Likewise, in relation to the elimination of discrimination in employment, the hiring and promotion of new and current employees are exclusively based on criteria of professional skill, availability, effort, knowledge, experience and ability to do a given job. There will never be discrimination because of aspects of gender, beliefs, religion or any other personal or social condition outside their conditions of merit and ability, with special consideration for the care and employment integration of people with disabilities or handicaps. Additionally, in our rapport with clients, all employees will act according to criteria of consideration, respect and dignity, taking into account the different cultural sensitivity of each person and not allowing any type of discrimination for any personal or social condition.

In Barceló, as a family business committed to the community, we reject any tourism or related activity that may involve aggression against human rights or dignity, particularly regarding minors.

In order to guarantee compliance with the Code of Ethics at all times, Barceló has a Control and Tracking Committee in charge of supervising compliance with the principles of engagement and standards of conduct set out in the Code of Ethics and, therefore, responsible for examining any irregularity that, in its judgment, involves a breach of the Code. Additionally, an anonymous and externally managed whistleblower channel is available to all Barceló employees as a tool to address any possible irregularity, breach or behaviour contrary to the ethics, legality and norms that govern the Barceló Group. There were no complaints regarding potential human rights violations registered in 2019.

1.8.2 PREVENTION OF CORRUPTION, BRIBERY AND MONEY LAUNDERING

We have generated a "culture of compliance" at Barceló over the years so that regulatory compliance organically forms part of our way of doing things, not so much because of the consequences of the breach itself, but because it is part of our values, our way of being.

Barceló CORPORATE DEFENSE

In this regard, the Barceló Hotel Group began working on the design and implementation of the Criminal Risk Compliance and Prevention Model back in 2012, which became **Barceló Corporate Defence**. A fresh analysis was made in 2017 to update and verify the Model following the organisational changes and regulatory developments at that time.

The Model contemplates a total of 56 criminal risks (26 in the Hotel Division and 30 in the Travel Division), including business corruption and money laundering, and for which 406 controls have been defined (218 and 188 respectively). As a result of the implementation of these controls, there is no type of high residual risk, and in 2019 the Group defined actions and controls for the existing medium residual risks.

The Criminal Compliance Programme is implemented in the approval of various corporate documents constituting the control environment by the Audit Committee and Board of Directors. These documents are:

- **Corporate Defence Procedure:** This defines the process to integrate and disseminate criminal compliance programme training and information with the specific assignment of functions and responsibilities of the different compliance bodies.
- **Regulatory Compliance Policy:** This establishes the essential elements that the Group uses to prevent, detect and adopt the appropriate response to criminal risks. The absolute rejection of any illicit benefit is, in turn, a public manifestation by the management body and senior management.

- **General Principles of Behaviour:** This document aims to reinforce the importance of preventing criminal risks in the Group by defining a set of General Principles of Behaviour that all workers must follow, regardless of their professional category, rank and geographical location.
- **Code of Ethics:** This contains the principles and guidelines that all Group employees must follow when carrying out their duties.
- **Manual for the prevention of money laundering, financing of terrorism and corruption:** The purpose of this document is to fight money laundering, the financing of terrorism and corruption. It contains the regulatory framework, describes the activities that could be suspicious or linked to money laundering, terrorist financing or corruption, and establishes the internal procedures or guidelines to follow in business relationships to prevent this type of conduct (e.g. due diligence measures, internal control measures, etc.).

These documents are available to all employees via the Employee Portal (each employee has access to the applicable documentation) and are required reading for all newly incorporated Company employees, including completion of a knowledge assessment questionnaire.

As already indicated in the previous section, there is a whistleblower channel in place to report irregularities. In 2019, two irregularities received through this channel were analysed and investigated, and in both cases no criminal responsibility was found for either the people involved or the Company.

1.8.3 OTHER CORPORATE INFORMATION

The profit after tax (and before minority interests) for each country is shown below (in thousands of euros):

Country	2019
SPAIN	43,847
MEXICO	57,023
DOMINICAN REPUBLIC	19,074
ARUBA	6,756
USA	4,665
COSTA RICA	3,768
CZECH REPUBLIC	2,426
GUATEMALA	1,655
EGYPT	1,200
OTHER	-3,521
TOTAL	136,894

In 2019 the Company paid €61.8M.

The balance of the capital grants, which are mainly received for the acquisition or construction of hotel assets, are posted in line with the useful life of the asset in question. At 31 December 2018 this balance was 283,000 euros and during 2019 the Group posted 192,000 euros in total, leaving a balance of 91,000 euros at 31 December 2019.

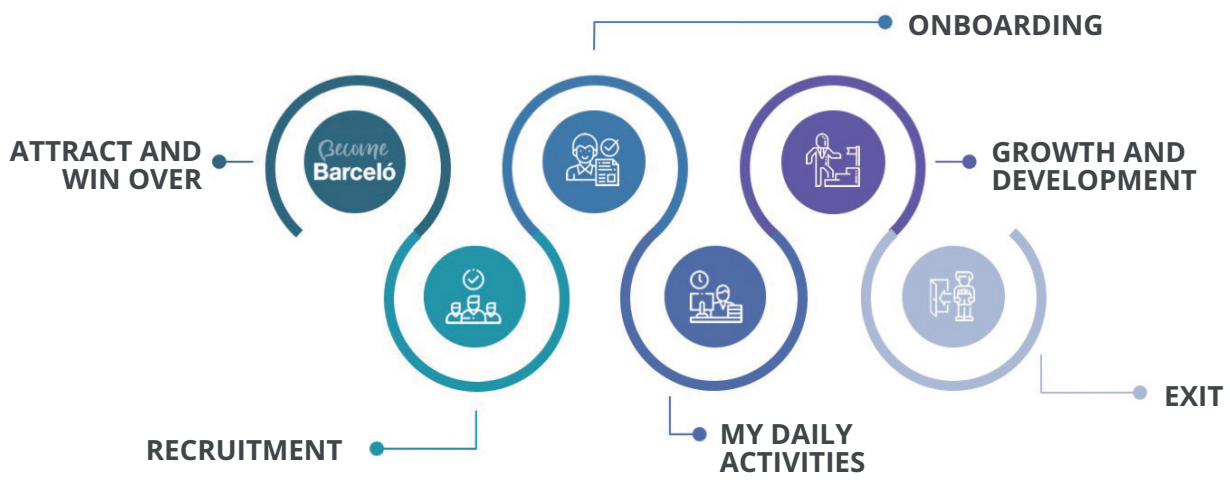
In 2019, Directors and Senior Management, represented by a total of eight men, received an average remuneration of €609,000.

2. PEOPLE, THE HEART OF OUR ORGANISATION⁴

The main asset of the Barceló Group is its staff of over 33,000 people. These are a crucial element of our organisation when it comes to offering special experiences to our customers. As they go about their duties, our teams undertake a journey during which we strive constantly to reinforce their commitment, motivation and development within the Company.

For example, this year we examined the moments of high impact in our relationship with employees and then defined a set of challenging plans and projects to continuously improve the feeling of belonging and cohesion.

EMPLOYEE JOURNEY 2020



2.1 OUR TEAM

The Group's average workforce in 2019 was over 33,700, up 1% on the previous year. This workforce is made up of employees located in more than 20 countries.

The gender distribution of the average workforce is the same as in 2018: 52% men and 48% women.

In Spain, the country with the highest proportion of the workforce (over 8,800 employees), women represented 58%, above the average of most countries.



Punta Umbría Beach Team

⁴ The information and figures in this section refer to the employees of hotels owned by the Barceló Group, hotels managed, rented and franchised (Greece) and employees of Ávoris and Crestline.

DISTRIBUTION OF WORKFORCE BY COUNTRY AND GENDER

Country	AV. WF.	% MEN	% WOMEN
GERMANY	58	60%	40%
ARUBA	182	53%	47%
BULGARIA	99	50%	50%
COSTA RICA	1,115	58%	42%
CUBA	1,014	58%	42%
UAE	583	85%	15%
EGYPT	382	96%	4%
EL SALVADOR	302	63%	37%
SPAIN	8,815	42%	58%
GREECE	129	46%	54%
GUATEMALA	421	59%	41%
HUNGARY	14	69%	31%
ITALY	88	55%	45%
MOROCCO	613	66%	34%
MEXICO	8,615	60%	40%
NICARAGUA	235	51%	49%
PORTUGAL	78	42%	58%
CZECH REPUBLIC	119	49%	51%
DOMINICAN REPUBLIC	5,655	60%	40%
TURKEY	141	72%	28%
USA	5,050	35%	65%
TOTAL	33,708	52%	48%

N.B. Based on the annual average of total contracts. For legal reasons, Cuba only reports the average workforce.

DISTRIBUTION OF WORKFORCE BY COUNTRY AND PROFESSIONAL CATEGORY

Country	Management Team		Middle Management		Core Staff	
	Men	Women	Men	Women	Men	Women
GERMANY	73%	27%	50%	50%	58%	42%
ARUBA	67%	33%	46%	54%	50%	50%
BULGARIA	21%	79%	63%	37%	50%	50%
COSTA RICA	72%	28%	47%	53%	60%	40%
CUBA						
UAE	80%	20%	76%	24%	85%	15%
EGYPT	95%	5%	100%	0%	96%	4%
EL SALVADOR	57%	43%	73%	27%	62%	38%
SPAIN	72%	28%	51%	49%	39%	61%
GREECE	23%	77%	82%	18%	41%	59%
GUATEMALA	22%	78%	49%	51%	60%	40%
HUNGARY	75%	25%	36%	64%	59%	41%
ITALY	93%	7%	83%	17%	46%	54%
MOROCCO	49%	51%	71%	29%	63%	37%
MEXICO	76%	24%	66%	34%	60%	40%
NICARAGUA	80%	20%	72%	28%	55%	45%
PORTUGAL	60%	40%	30%	70%	41%	59%
CZECH REPUBLIC	31%	69%	47%	53%	52%	48%
DOMINICAN REPUBLIC	57%	43%	66%	34%	59%	41%
TURKEY	26%	74%	85%	15%	72%	28%
USA	45%	55%	37%	63%	34%	66%
TOTAL	58%	42%	57%	43%	50%	50%

AVERAGE AGE OF THE WORKFORCE

	Total	Men	Women
TOTAL	37.6	37.0	38.1

The average age of the workforce is between 37 and 38 with hardly any difference between men and women.

The average length of service at our organisation is 4.8 years.

DISTRIBUTION OF WORKFORCE BY AGE AND PROFESSIONAL CATEGORY

Age Range	Under 30	30-50	Over 50
TOTAL	30%	55%	15%

More than half of the Barceló Group workforce is aged between 30 and 50. There is also a high percentage (30%) of young employees under the age of 30.

Collective	Management team	Middle management	Core staff
TOTAL	3%	13%	84%

In general, the management team of a hotel comprises the director, deputy director, assistant director and various area managers/directors with senior responsibilities who report directly to management. Occasionally, there are variations in these professional categories depending on the hotel and the level of responsibility based on the circumstances of the business.

DISTRIBUTION OF WORKFORCE BY CONTRACT TYPE⁵

2019	Men	Women	Management team	Middle Management	Core staff	Under 30	Between 30-50	Over 50	
PERMANENT CONTRACT	75%	76%	74%	92%	92%	72%	63%	79%	87%
TEMPORARY CONTRACT	25%	24%	26%	8%	8%	28%	37%	21%	13%
TOTAL	28,658	15,786	12,872	597	3,860	24,201	9,439	15,864	3,355

Three quarters of the contracts are permanent, with hardly any differences between men and women. More than 90% of senior and middle managers have a permanent contract, compared with 72% of core staff.

Seasonality is highest among the staff under 30, where temporary contracts account for 37% of all contracts.

WORKFORCE WITH PART-TIME CONTRACT⁶

Employees on part-time contracts account for 4% of the overall workforce, down three points on the 2018 figure. The value is higher for women, with 7% of female employees working part time, compared with only 2% in the case of male employees.

This option is more predominant among core staff than among the other professional categories.

⁵ The Crestline values are not included because of the difference in the nature of its contract types.

⁶ Based on the annual average of total contracts.

% WORKFORCE ON PART-TIME CONTRACT

Division	%	% Men	% Women
AVORIS	13%	6%	17%
CRESTLINE	9%	10%	8%
EMEA - Spain	6%	2%	10%
EMEA - International	0.5%	0.3%	1%
LATAM	0.0%	0.0%	0.0%
TOTAL	4%	2%	7%

Division	AGE RANGE		
	Under 30	30-50	Over 50
AVORIS	10.6%	5.6%	16.0%
CRESTLINE	12.6%	7.7%	7.7%
EMEA - Spain	5.2%	5.4%	7.2%
EMEA - International	1.1%	0.3%	0.2%
LATAM	0.0%	0.0%	0.0%
TOTAL	2.6%	4.8%	4.9%

Division	CATEGORY		
	Management team	Middle management	Core staff
AVORIS	0.0%	5.7%	15.6%
CRESTLINE	0.1%	0.0%	10.4%
EMEA - Spain	0.4%	3.2%	7.3%
EMEA - International	0.0%	0.0%	0.5%
LATAM	0.0%	0.0%	0.0%
TOTAL	0.1%	1.8%	4.7%

2.2 WE ATTRACT THE BEST TALENT

2.2.1 BECOME BARCELÓ

In 2019 we changed the way in which we communicate with our potential candidates after conducting an ambitious employer branding project that led to the introduction of a new brand: Become Barceló. The aim is not only to create an employer brand but attract the best. The creation of Become Barceló led to a new logo and claim – What we think, we become – as well as a friendly, attractive image for the talent recruitment area aimed at attracting the best candidates.

Based on this new design, we produced a set of attractive support materials to use at the different talent recruitment events we attended, such as universities and job fairs. Become Barceló also led to the optimisation of the selection process, enabling us to evaluate newly created jobs and make the whole process faster and more efficient while guaranteeing constant close communication between the parties involved. We also introduced a standard recruitment process for hotels and the corporate division.

Become **Barceló**



At the same time, this year we forged ahead with the implementation of our selection and recruitment manager, e-pre-selec, first launched in 2018 and now deployed at all hotels in Spain.

Lastly, we should mention the HR site on the Barceló Group corporate website, to which we try to redirect all external candidate enquiries. In 2019 this portal generated approximately 21% of all candidates. Specifically, 15,993 CVs were received through the b.com employment site, compared with 72,000 CVs that arrive through other channels.

Regardless of the channel, all CVs received are sent to a single candidate management tool, e-preselec, which enables us to filter and manage applications quickly and efficiently while maintaining close communication with the candidates at all times.

In 2019 the Hotel Division of the Barceló Group managed over 72,000 CVs in EMEA, with an average of 88 CVs received per published vacancy, and conducted 820 selection processes.

2.2.2 INTERNSHIP PROGRAMME

In 2019 Barceló Hotel Group entered into 1,058 internship agreements, with the hotel business in Spain accounting for the highest number of participants.

After completing an internship, 21% of participants were formally employed by Barceló, up 2% on the previous year. The Accommodation Area recruited the highest percentage, namely 38%.

A key aspect of this internship programme is the **Management Training Programme**, aimed exclusively at assistant managers. Eighty people were recruited as trainee assistant managers after our team carried out a recruitment drive at 11 schools, including four outside Spain, and 309 personal interviews.

Two schools in particular, the Centro Superior de Hostelería de Galicia and Les Roches Marbella, provided 21 of the new recruits. In general, the year 2019 saw a 52% increase in the number of internship applications received by hotels, with a similar acceptance rate to the previous year (47%).

In relation to the assistant managers recruited with an internship contract in 2018, 13 people joined the Barceló management team in 2019 after successfully completing a rigorous selection process.

2.2.3 YOU'RE MY FIRST CUSTOMER

"You're my first customer" was the slogan we used this year with the numerous teams who joined Barceló following the acquisition of new hotels.

*Mi primer cliente
Eres Tú*

Opening new hotels is always a good excuse to convey the Group's strategy, culture and values in an exciting and challenging way, and to seize the opportunity to create a sense of cohesion and team spirit among new employees.

We therefore used the latest openings to organise face-to-face induction sessions, which in most cases were accompanied by a coffee or aperitif with the new employees in a more relaxed, confidence-building setting.

At all times, our challenge is to fulfil three aims:

- Generate an **emotional impact** in the new employee from the first moment they join the hotel and the Group.
- Forge a **sense of belonging** to Barceló in the employee.
- Reaffirm the **importance of each employee's work** in the new hotel as part of a combined effort to reach a common goal: satisfying our external customers.



Part of this induction is our onboarding programme **B Welcome**, a training course that primarily aims to help new employees adapt to their position and the Company.



As well as the face-to-face model, B Welcome includes an individual e-learning training model for new employees joining the Group. The programme comprises four training pills and 2,197 people completed them in 2019, either face-to-face or through the e-learning model, acquiring the basic knowledge necessary to begin their career with Barceló.

B Welcome is offered to all employees through **Barceló Campus**, our online platform where trainers can create their own specialised courses and employees can take e-learning courses.

2.2.4 OUR FRESH VALUES

FRESH, the acronym for our main values – Flexibility, Responsibility, Spirit of Service, plus Hospitality as an intrinsic value of our sector – is our hallmark.

In 2019 the commitment, dedication and teamwork of everyone who belongs to Barceló enabled us to meet the challenge we had set ourselves: the FRESH Experience.

With a plan structured around caring for and growing a plant, every Barceló Hotel Group employee in EMEA received a kit at the beginning of the year comprising seeds, a plant pot and soil, which they were encouraged to cultivate and strengthen during the course of the year with the same affection and dedication we bring to our dealings with customers.



At the same time, we defined a set of actions – one for each value – that each team had to carry out, fostering a healthy competitive spirit between the hotels and corporate centres. With Flexibility we achieved 1,629 hugs between customers and colleagues, with photographs to prove it; Responsibility enabled us to collect 9,400 kg of clothes donated by employees, which we then distributed to different local charities; and Spirit of Service led to the creation of another 50 FRESH flags thanks to considerable team efforts.

And thanks to the FRESH Stars we were able to discover which people in our organisation best embody our values. Using a manual anonymous voting system, all our hotels and work centres chose three employees who set an example in putting the corporate values into practice. All of them received individual recognition from the FRESH Team, made up of the management team and the HR manager of each business unit, who were also responsible for leading the initiative during the course of the year.

Lastly, the entire Barceló team had the opportunity to hold FRESH Hour, where they reviewed the events of the year and officially closed the 2019 FRESH Experience.

87 EMEA participating hotels + 7,820 employees involved + 35,000 FRESH Place visits

2.3 WE DEVELOP OUR TEAMS

2.3.1 INVESTING IN OUR EXECUTIVE TALENT POOL

In 2019 our hotel management team comprised 190 people, including area directors, hotel directors, deputy directors and assistant directors.

Most of these positions are covered internally thanks to our internal promotion policies. This year, 65% of the vacancies generated in the management team were covered with internal staff from our development programme.

A significant part of the Company's efforts is focused on investing in the development of our executive talent pool, offering them different tools and training programmes adapted to their needs and the needs of the sector.

Training programmes are defined according to the position, the first of which was the **Barceló Development Programme (BDP)** for assistant and deputy directors.



Sixteen people joined the programme in 2019, of which 13 came through the **Management Training Programme**, two through internal promotion and one was an external recruitment, resulting in 94 assistant and deputy directors receiving continuous theoretical and practical training.

The theoretical training is delivered twice a year in face-to-face sessions lasting two to three days and participants follow a training itinerary based on their years of experience and expected learning curve. Mostly delivered by internal trainers, the programme comprises 12 modules. In 2019 participants gave the programme a score of 9.2 out of 10.

At Barceló, we consider that all directors are responsible for their own business units, with an overall management vision. Accordingly, and to ensure the long-term sustainability of our manager business model, our hotel and area directors receive training through the **General Management Programme (GMP)**, a four-year project focused on developing key competences through a generalist vision and a highly strategic approach.

This year we launched the third session of the programme and brought together 43 directors who took the finance, sales and marketing modules, evaluating the training received with a score of 8.4 out of 10.

Both the BDP and GMP are delivered through **B Campus**, our corporate university, the mission of which is to provide training based on excellence.

In addition to this theoretical training, we have a comprehensive evaluation model called B-Talent which has a mainly practical focus and is implemented gradually through daily activities and the accumulation of experiences.

This model was conceived to gain a vision of team development using three coordinated evaluation tools: **Performance Evaluation**, which measures the achievement of the objectives set for the year, both qualitatively and quantitatively; **Talent or Potential Detection**, which assesses the extent to which the person's profile matches the success profile for a specific position based on the key competences and the analysis of associated behaviours; and lastly, **Individual Development Plan Tracking (IDP)**, which measures and tracks the degree of progress/operational learning on the job. We use the sum of these results to get the information that lets us measure the progressions of individuals and determine their development plans in a personalised manner.

Eighty-three people took part in the IDP in 2019, while potential evaluations were carried out for 17 deputy directors with at least two years of service in their positions. They all completed the assessment enabling us to evaluate their potential and identify their strengths and areas for improvement as our future hotel directors.

2.3.2 DEPARTMENT HEADS, A CORNERSTONE OF OUR TEAMS

We firmly believe in the role of department heads as drivers of their department, with responsibility for conveying both operational knowledge and the strategic messages defined by management to their teams.

The training for the heads and managers of both our corporate and business departments is provided within this framework, based on the annual definition of objectives. The **Corporate Programme** is the umbrella for these training actions.

Be Barceló is becoming increasingly consolidated as one of our main in-house training systems, guaranteeing knowledge of the standards and procedures defined by department for all hotel employees. The aim is to offer excellent service and memorable experiences adapted to each customer.

Conveying the Be Barceló spirit to all teams is guaranteed through the department heads, who receive specific training adapted to their area of responsibility to certify them as the trainer of their team. This training, called Be Barceló Trainer Workshop, is jointly delivered by an internal team specialising in operations and an external team specialising in skill-building.

Once they have been trained, the department heads are responsible for training their teams, from the first day on the job and continuously throughout their career with us. This year 217 department heads or trainers and 985 employees received Be Barceló certification, and six Be Barceló Trainer Workshops were organised in different regions of Spain, Dubai and Morocco.



Also targeted at the department heads of our hotels are the **Departmental Meetings**, face-to-face sessions lasting two to three days that are held every two years and convened by operational area. The content of this training is mainly strategic but in most cases it also includes training in team management skills.

The following meetings took place in 2019: 2nd Guest Experience Managers Meeting, 3rd Rooms Meeting and 3rd Reception Meeting. A combined total of 175 participants attended and the average satisfaction score was 9.6 out of 10.

Meanwhile, the corporate managers team – around 95 people – received training in 2019 on self-knowledge, motivation and self-management, as well as following a second module on skills management and team development. This training received a score of 9.6 out of 10.

2.3.3 PROVIDING INNOVATIVE TRAINING IN SPECIFIC SKILLS

Throughout the year, the training area faces different challenges according to the Company's needs and the general environment, for which it uses the established procedures.

In 2019 two specific training actions were organised, the first of which was targeted at our external sales force. Using Lego Serious Play methodology, 28 people had the opportunity to take the global account manager excellence model.

Meanwhile, three training actions on digital transformation were delivered to more than 70 people.

2.3.4 TRAINING FOR OPERATIONAL TEAMS

All our hotels prepare an ad-hoc Training Plan every year with the aim of responding to the training needs of every single employee. These Training Plans cover the concerns of operational teams, ranging from language skills, image and personal branding, culinary innovation topics, postural hygiene, road safety and other mandatory training related to occupational risk prevention and food handling. All of this is delivered through the Operational Programme.

In 2019 more than 3,800 training actions were held, involving more than 28,000 participants across the different countries and business units.

The distribution of total hours per gender and professional category is shown below:

Hours	Men	Women	Management team	Middle management	Core staff
420,667	49%	51%	7%	20%	73%

Focusing in particular on hotels in Spain, during 2019 this Operational Programme facilitated 981 training actions, 44% of which were subsidised, up 12 points on the previous year.

2.4 WE BUILD EMPLOYEE LOYALTY

We look after our employees on a daily basis because it is not simply a question of attracting the best and investing in the development, but having the necessary levers to maintain their level of commitment and dedication throughout their career with us. Our goal is to retain internal talent and reduce the rate of turnover and absenteeism at Barceló.

2.4.1 WE REINFORCE THE COMMUNICATION WITH OUR EMPLOYEES

One of the main projects we carried out in 2019 was the definition of a new **Internal Communication** strategy. We are convinced that if we want to change the corporate culture, we must strive to reinforce communication – one of the key levers in any change process – by ensuring that it is two-way and transparent, designed to generate trust and strengthen commitment.

It is this spirit that has given rise to **|B|inside**, our internal communication brand designed to keep the team abreast of the latest developments and topics of interest related to the Barceló Group.



In 2019 we launched 52 communications, mainly via email, on a variety of subjects ranging from the opening of new hotels and changes in the management structure to nominations for awards and distinctions and the launch and presentation of new company products.

All of these communications can be segmented according to geographical location and business unit, and in 2019 they were all sent out in English and Spanish.

We also carried out a series of face-to-face internal communication initiatives aimed at reinforcing the Company's main messages. For example, for the third year in a row we held **B Conversations**, an event that brings together senior management and the corporate team. More than 200 people attended this year and received first-hand information on key messages, challenges achieved and plans for the future.

Lastly, we are trying to reinforce **LinkedIn** as an internal communication channel for targeting our messages at current employees as well as potential candidates. At the close of 2019, our corporate profile had more than 89,000 followers, an increase of more than 25,000 since the previous year.

2.4.2 WE LISTEN TO WHAT THEY THINK AND HOW THEY FEEL

B Opinion is the name of our workplace climate survey, which we carry out to identify trends in employee motivation and commitment. A crucial aspect in attracting and retaining talent entails fostering a good working environment and a culture that is consistent with the strategy. By aligning expectations and knowing our areas of improvement to work on them will result in excellent service for customers.

Based on the results of the survey conducted at the hotels in the EMEA region in 2018, in 2019 all of these hotels have been defining and implementing improvement plans adapted to their needs.

A total of 382 improvement actions were recorded, representing an average of five actions per hotel, the majority mainly focused on the factors with the greatest impact on commitment. Based on the definition of these actions, 302 initiatives were launched with a 79% degree of implementation.

2.4.3 WE LOOK AFTER OUR EMPLOYEES

As well as communicating with our employees, we try to find spaces dedicated to looking after them. We strive to retain their loyalty and commitment to the brand, seeking to establish emotional bonds that continuously increase their pride of belonging.

We foster **internal promotion** and encourage horizontal mobility. All our employees have priority access to vacancies across the Company, and they are the first to receive news about vacancies through our Employee Portal. This year we managed to attract 68% more internal candidates than last year.

Once a year we hold **Seniority Dinners** as a tribute to employees who are celebrating 10 or 25 years with us, as well to all those who have retired during the course of the year. The dinners are an act of recognition and are attended by the co-presidents and senior management. This year more than 240 employees from different countries attended.

Once a year we also offer our corporate and hotel teams the chance to hold a **Family Day** at Barceló. Depending on the hotel or business centre, this celebration takes place at the beginning or end of the season, or at Christmas. In the latter case, this year we invented the concept of **Navilandia** [Christmas Land], inviting our hotels to create a festive space for employees and their children to carry out different activities and, in certain cases, visit Father Christmas.

On the island of Mallorca we have a long-established team of runners – currently more than 60 people – who regularly get together to organise group training sessions. The Palma Marathon is the highlight of the training calendar, but it also includes coaching sessions delivered by different experts. Known as **We Run**, the team welcomed Olympic swimmer Gemma Mengual as this year's coach.

Lastly, all of our employees and their relatives and friends are entitled to significant discounts on hotels and travel, as well as enjoying other perks on external banking and insurance services.



2.5 DIVERSITY AND INCLUSION

Social responsibility in terms of gender equality is a standing reality at the Barceló Hotel Group. In this regard, the Company assumes the commitment to guarantee and promote real and effective equality between women and men while continuing to promote the value of equality and the principle of non-discrimination as a basic pillar of its corporate policy.

DISTRIBUTION OF WORKFORCE BY GENDER AND AGE

	Av. Workforce		Men		Women	
TOTAL	33,708		52%		48%	
	Under 30		30-50		Over 50	
	Men	Women	Men	Women	Men	Women
TOTAL	55%	45%	50%	50%	50%	50%

The main objectives of our Equality Plan are the following:

- Promote equality in selection and promotion processes that avoid vertical and horizontal segregation and the use of sexist language.
- Ensure that hiring-related decisions are not based on stereotypes or assumptions about aptitudes, characteristics of people of a certain gender, race, age, disability, etc.
- Continue ensuring that women and men have exactly the same opportunities to access and work in any area of the company they wish: in professional groups, occupations and in the management structure of the company.
- Guarantee equal access to training for men and women in the company.
- Conduct training and awareness-raising actions on equal treatment and opportunities.

The Barceló Code of Ethics (Section 1.8.1) contains a non-discrimination commitment in the hiring and promotion of new and current employees, and the policies therein are governed exclusively by criteria of professional skill, availability, effort, knowledge and ability to do a given job. There will never be discrimination because of aspects of gender, beliefs, religion or any other personal or social condition outside their conditions of merit and ability, with special consideration for the care and employment integration of people with disabilities or handicaps.

The gender distribution of the workforce is similar across all age ranges. More than 80 nationalities make up the Group's global workforce. At the centres in Spain the main nationalities, apart from Spanish of course, are Italian and Moroccan. In the rest of the world, the Mexican and Dominican nationalities predominate, in line with our business volume.

Another of the tools we have within the framework of our commitment to society and in compliance with the regulations on the rights of people with disabilities, are purchases from special employment centres and the contribution to indirect labour inclusion.

The Barceló Group has jobs reserved for people with disabilities according to the criteria established by the pertinent legislation. Specifically, in 2019 the average number of disabled employees across the Group was 194, of which 24% work at our centres in Spain.

2.6 WORKING ENVIRONMENT

The Group's senior managers attach enormous importance to creating a working environment that protects the wellbeing of all employees. This is only way to sustain a robust, committed team over time.

2.6.1 SOCIAL DIALOGUE AND TRADE UNIONS

Dialogue and negotiation form part of the way in which the Group handles differences of opinion and conflicts.

At Barceló we respect the fundamental standards of the International Labour Organisation (ILO). All our employees have the right to representation through the different applicable bargaining agreements. We guarantee that workers' representatives receive fair, non-discriminatory treatment and that they have all the facilities they need to perform their representation functions.

Regarding labour relations in Spain, the Group is part of the Fifth State Labour Agreement for the Hotel Industry and collective bargaining agreements for the hotel sector in each province, with the exception of two (company). They apply to virtually the entire workforce, supplemented by collective bargaining agreements as needed and signed with labour representation accordingly. Labour representatives are elected every four years by personal, free, direct and secret suffrage, and are informed of the relevant changes that may occur in the employment organisation at the Entity in accordance with the pertinent legislation in force.



Occidental Fuengirola

WORKFORCE COVERED BY COLLECTIVE BARGAINING AGREEMENT

Division	% Workforce
GERMANY	67%
ARUBA	100%
BULGARIA	0%
COSTA RICA	0%
UAE	0%
EGYPT	0%
EL SALVADOR	0%
SPAIN	98%
GREECE	100%
GUATEMALA	100%
HUNGARY	0%
ITALY	0%
MOROCCO	17%
MEXICO	54%
NICARAGUA	0%
PORTUGAL	44%
CZECH REPUBLIC	0%
DOMINICAN REPUBLIC	0%
TURKEY	0%
USA	6%
TOTAL	46%

WORKFORCE HEALTH AND SAFETY CONDITIONS

Division	% Total AV. WF. ⁷	% WF. COLL. BG. AGR. ⁸
AVORIS	93%	100%
CRESTLINE	6%	100%
EMEA - Spain	100%	100%
EMEA - International	8%	17%
LATAM	23%	73%
TOTAL	42%	90%

2.6.2 OCCUPATIONAL HEALTH AND SAFETY

Barceló Hotel Group has various prevention services, each with internal and external resources, that cover the four specialisms established in the Occupational Risk Prevention Act (Spanish Law 31/1995): Occupational Medicine, Industrial Hygiene, Safety in the Workplace, and Ergonomics and Applied Psychosociology.

The Occupational Risk Prevention Services are responsible for developing and implementing the preventive policy that affects the entire workforce and comprises two lines of action:

- a. Preventive action, which includes activities such as carrying out regular job evaluations, planning preventive and corrective actions, informing and training workers, investigating accidents in the workplace, implementing emergency and evacuation plans, and coordinating preventive activities.
- b. Monitoring employee health through medical check-ups for staff and the protection of especially sensitive employees, as well as carrying out activities and campaigns to promote the health of workers, help create a culture of prevention and encourage healthy living.

⁷ Workforce with health and safety clause in Collective bargaining agreement over total average workforce.

⁸ Workforce with health and safety clause in Collective bargaining agreement over workforce covered by the Collective bargaining agreement.

For example, during the first quarter of 2019 we continued our Check your Health campaign, the first phase of which is focused on corporate teams and aims to promote the value of annual medical check-ups, fostering closer and more positive communication with employees and completing the purpose of the check-ups by using the occasion to provide a guide with recommendations on health and wellbeing and an invitation to enjoy a full and healthy snack.

The same action was extended to the Group's hotels in Spain, fulfilling the objective of including under this same umbrella, but with Group-wide scope, the communication of the different occupational risk prevention actions aimed at improving the health of all Barceló employees.

Barceló Hotel Group actively promotes a culture of occupational health and wellbeing. Examples of initiatives in this line include providing baskets of fresh fruit in the corporate offices for employees to help themselves, and the existence of organised sports groups in different geographical regions to encourage employees to practise a sport, do physical exercise and adopt healthy habits.

Depending on the geographical region, we also carry out prevention measures, vaccination campaigns and other specific actions in partnership with the relevant authorities.

2.6.3 ABSENTEEISM

The rate of absenteeism is based on all absenteeism processes and the reasons that arise during the course of the year related to the average workforce.

In 2019 this rate was 3.6%, including all reasons (OA, OI, TD, maternity/paternity, unjustified absences and other).

In relation to the reasons, the sum of TD + OA +OI represents more than half of all absenteeism hours.

ABSENTEEISM HOURS AND RATE⁹

Hours	2,244,799
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DISTRIBUTION OF ABSENTEEISM BY REASON

Division	TD + OI + OA	MAT / PAT	Unjustified	Other
AVORIS	78.5%	16.7%	0.0%	4.8%
EMEA - Spain	86.5%	8.7%	0.0%	4.8%
EMEA - International	54.4%	22.8%	3.6%	19.2%
LATAM	40.1%	12.6%	25.2%	22.1%
TOTAL	58.1%	12.2%	14.5%	15.2%

TD = Temporary Disability. OA = Occupational Accident. OI = Occupational Illness

DISTRIBUTION OF HOURS BY GENDER

Division	Men	Women
AVORIS	16%	84%
EMEA - Spain	36%	64%
EMEA - International	54%	46%
LATAM	44%	56%
TOTAL	39%	61%

% Absenteeism	3.6%
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⁹ These figures do not include Crestline or the Barceló Anfa Casablanca, Barceló Hydra Beach and Complejo Solymar hotels because their information systems do not provide this information.

OCCUPATIONAL ACCIDENTS AND ILLNESSES¹⁰

		Men	Women
No. of accidents	1,961	49%	51%

In 2019 there were 1,961 accidents in the workplace with a similar distribution for men and women.

In relation to Spain, there were four cases of occupational illness in 2019, affecting three women and one man. Only two cases of occupational illnesses were reported across the rest of the Group, both in LATAM and both affecting women.

In view of the very specific definition of occupational illness, it cannot be applied in the same terms to other countries.

ACCIDENT RATES¹¹

	Incidence I.	Frequency I.	Severity I.
TOTAL	71.6	33.5	0.4
MEN	63.1	28.6	0.4
WOMEN	81.6	38.7	0.5

As shown in the table, the accident rate is measured according to incidence, frequency and severity:

- The incident index represents the number of accidents per 1,000 employees of the average workforce. It is calculated by dividing the number of accidents by the total workforce, multiplied by 1,000.
- The frequency index refers to the number of accidents per million hours worked. It is calculated by multiplying the number of accidents with sick leave per million hours worked, using the hours of exposure to risk as the denominator.
- The severity index reflects the days lost due to occupational accident per 1,000 hours worked, using the total number of hours worked as the denominator.

In this case, women present a higher incidence of accidents, as well as a higher frequency and severity.

2.6.4 PROTOCOLS AGAINST SEXUAL AND GENDER-BASED HARASSMENT

The Barceló Group is committed to national and community regulations, recognising the need to prevent psychosocial risks and behaviours of harassment or bullying at work, forestalling the possibility that they can occur in the workplace.

In Spain there is an action and prevention protocol to deal with psychosocial conflicts.

In 2019 one complaint was received through the whistleblower channel that is available to all employees and is managed externally by Deloitte. The relevant investigation was carried out and confirmed that no criminal activity had taken place, only actions of misconduct, and the appropriate measures were taken with the people involved.

Every person has the right to receive a correct, respectful and dignified treatment, and respect of his or her privacy and physical and moral integrity, and may not be subject to any circumstance, whether by birth, race, gender, religion, opinion or any other personal or social condition or circumstance, including employment status, to degrading, humiliating or offensive treatment.

¹⁰ These figures do not include Crestline or the Barceló Anfa Casablanca, Barceló Hydra Beach and Complejo Solymar hotels because their information systems do not provide this information.

¹¹ These figures do not include Crestline or the Barceló Anfa Casablanca, Barceló Hydra Beach and Complejo Solymar hotels because their information systems do not provide this information.

The actions pursued with this protocol are:

- Inform staff throughout the organisation about the consequences and implications of psychosocial risks, specifically about harassment processes.
- Identify harassment processes that occur with a view to correcting them and establishing the appropriate recommendations to prevent their reoccurrence.
- Convey messages to workers in relation to the adoption of moral patterns of conduct that ensure solidarity, unity, collaboration, integration, respect and personal dignity.

2.6.5 ORGANISATIONAL POLICIES AND WORK-LIFE BALANCE

At Barceló we have systems to organise working time and employees always know their timetable in advance with respect to adequate rest periods and defined holidays.

In view of the dynamics of our business, most of our employees do not require any work-life balance standards: the fact that they do not have any mobile or portable work tools ensures that they can completely disconnect outside their working hours. However, we are currently developing protocols for certain categories that require them.

In the context of co-responsibility in the organisation of work and this balance, Barceló applies the measures of "Ordering work time and work-life balance" regulated in different laws currently in force, observing the maximum days legally established at all times.

The following table provides details on the duration of legally defined maternity and paternity leave according to geographical region:

ORGANISATIONAL POLICIES AND WORK-LIFE BALANCE

Spain (Travel and Hotels)	Maternity 112 days
	Paternity 56 days
Latin America	Maternity between 84 and 120 days
	Paternity between 3 and 5 days
EMEA International	Maternity between 120 days and 3 years
	Paternity between 5 and 108 days
UAE (United Arab Emirates)	Maternity 45 days
	Paternity 0 days

Our aim is constant and permanent: we want to respect and facilitate the work of women in the Group and as far as possible to encourage co-responsibility by enabling both members of a couple to share their economic, domestic and care responsibilities and therefore enjoy a work-life balance.

2.6.6 EMPLOYEE TURNOVER

The **turnover rate** is calculated according to the number of departures from the company during the period analysed for the average workforce.

	Turnover Rate	Men	Women	Permanent	Temporary
2019	53%	52%	54%	40%	90%

As shown, the turnover levels are very similar to those of the previous year, with no major differences in terms of gender but a clear difference between permanent and temporary contracts.

In 2019, a total of 3,857 people **left** the Group.

Departures	Men	Women	Management Team	Middle Management	Core Staff	Under 30	30-50	Over 50
3,857	56%	44%	1%	9%	90%	51%	42%	7%

2.7 REMUNERATION

AVERAGE REMUNERATION AND PROGRESSION BY GENDER, AGE AND PROFESSIONAL CATEGORY

The table below shows the average salary data, taking into account fixed and variable remuneration, broken down by professional category, gender and age range for Barceló Group employees in 2019. More than 70% of the total workforce are on permanent contract and are paid according to the provisions of the applicable collective bargaining agreements.

Average Salary (in €)	CATEGORY					
	Management Team		Middle Management		Core Staff	
	Men	Women	Men	Women	Men	Women
Under 30	33,305	33,673	11,424	18,362	8,106	11,490
30-50	59,307	56,631	20,414	23,968	12,469	16,584
Over 50	85,906	69,602	31,755	32,682	21,595	22,639

Average Salary (in €)	GENDER	
	Men	Women
TOTAL	13,654	16,809

Average Salary (in €)	CATEGORY		
	Management Team	Middle Management	Core Staff
TOTAL	61,499	22,767	13,224

Average Salary (in €)	AGE RANGE		
	Under 30	30 - 50	Over 50
TOTAL	9,964	16,791	27,052

As a result of this average remuneration, the Company's average global pay gap is 23% higher for women. The pay gap is calculated as the difference between the average gross annual salaries of men and women, using the average gross annual salary of men as the denominator.

3. CUSTOMER-CENTRIC

3.1 OUR CUSTOMER EXPERIENCE STRATEGY

Throughout its history, Barceló has successfully reinvented itself as one organisational era has been replaced by another: from 1960 to 1990, the distribution era; from 1990 to 2010, the information era; and today, the CUSTOMER era. The digital revolution has empowered customers, giving rise to a new profile of a more informed, connected, participatory and demanding guest. This new stage therefore requires a strategy that puts the customer at the centre of the entire organisation, with digitalisation being an essential element in this transformation.

Understanding the profound impact of the “customer revolution” is no easy feat. Paradoxically, it can be even more complex for service companies like ours that have always thrived by being customer-focused. It is not about customer orientation, since we’ve always been customer oriented. It’s about going the extra mile, relying on technology to build much more personal relationships with our guests, ones that go much deeper and more emotional than we could have even imagined 10 years ago.

In the tourism sector, this revolution is also redefining the industry itself, motivated by the appearance of new digital actors such as online travel agencies (OTAs), which have had a special impact on distribution. However, hotel business managers like us have an important advantage when it comes to competing and our guests’ stay with us is an opportunity to establish a personal and emotional relationship with them.

At Barceló, we are convinced that improving Customer Experience is our only way to sustainable growth. This means that we not only are but also must be “obsessed” with being customer oriented. We should not do anything without considering what impact it has on customers, and all reflections should start with customers, their preferences and their needs.

This customer-centric approach has brought about a change in our vision: we have evolved from a culture centred on assets and product quality to a culture of experience, focused on putting the customer at the centre of our decisions, on the quality of service measured in terms of satisfaction, on profitability driven by revenue, and on innovation as a differentiating element. At Barceló, we are convinced that improving Customer Experience is our only way to sustainable growth. This obsession with customers has involved a comprehensive review of all the pillars of the company -the strategy, structure, people, processes and technology- and an undertaking of projects of great transformational importance with the customer as the focal point:

- Evolution from an organisational structure in silos that worked autonomously with a segmented vision of the customer, to sharing a single customer image.
- Development of a quick and interconnected structure that promotes interaction between areas (cross and multi-departmental collaboration) and customer-focused transversal project developments.
- Reorganising processes with a focus on the customer and basing decision-making on the impact of our customers’ satisfaction.
- Creation of a specific Guest Experience department, reporting directly to the CEO, to promote and coordinate all customer-related initiatives (with teams at both Corporate and in hotels through Guest Experience Managers). This area identifies and defines when and how each of the different roles participates in the Customer Experience.

3.2 OUR CUSTOMERS’ EXPERIENCE

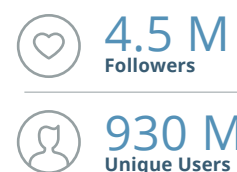
The starting point for our Customer Experience strategy is to carefully listen to our customers to identify their needs and the extent to which we have exceeded their expectations. At Barceló we define the Customer Voice from a broad perspective: we believe that the customer voice encompasses all feedback provided by our customers at all times over the course of the Customer Journey, and we are always on the lookout for new listening channels.

Digital tools allow us to listen to and analyse the customer voice in detail when they are not staying with us. Currently, we monitor the voice of our customers on an aggregated basis via 175 opinion websites and OTAs and analyse more than 1 million comments per year. This tool helps us to understand the customer voice in more detail through structured, seg-

mented information with which we define group-specific action plans. In total, 1,500 employees across the organisation have received training and regularly use the tool.

Thanks to the improvements and investments made and the implementation of our customer experience strategy, we have significantly improved the satisfaction of all our customers in recent years: 33% of hotels in the Barceló Hotel Group have a GRI¹² of over 90%.

In terms of the presence of Barceló Hotel Group on social media, our 40 million hits per month make us the Spanish hotel chain with the third-largest number of followers and the second most popular on Facebook, Instagram and YouTube. Meanwhile, with a 30% growth over the last year, LinkedIn has become a benchmark channel for Barceló.



3.2.1 INCIDENT MANAGEMENT

Barceló Group has constant communication channels with customers in its different businesses, through which customers can share any complaints, suggestions or comments about any aspect. Any complaints that we receive about our services generates an incident, which leads to an analysis by a team of specialists and then a response to the customer concerned.

% Customer complaints:

		2019	
Hotels Division		0.07%	Of all stays
Travel Division	Airline	1.38%	Of all passengers
	Wholesale	0.28%	Of all travellers
	Retail	0.48%	Of all inquiries

Of the 3,772 incidents generated in the Hotel Division, 99% were resolved. With respect to the Travel Division, 96% of the 7,383 incidents created in 2019 were resolved. The unresolved incidents refer to airlines and the resolution process for these cases is usually much longer.

In 2019 the Hotel Division implemented an end user CRM with Salesforce technology, which has enabled us to manage all complaints received through our website and call centre more efficiently. This has in turn led to improved traceability of all cases as well as both internal and customer communication, enabling us to define specific action plans for resolving the causes of these complaints.

At the end of 2018 the Travel Division implemented a new tool that has made agency management more agile and automated the incident resolution process so that agencies can access real-time information about the status of their complaints. And an internal level, the tool has facilitated and speeded up the work of the quality team, freeing up more time for assessing and analysing incidents and reducing the response times.

¹² The Global Review Index™ (GRI) is a standard index in the hospitality industry calculated by ReviewPro based on comments left on more than 170 opinion websites to measure reputation online.

3.3 ENSURING THE HEALTH AND SAFETY OF OUR CUSTOMERS

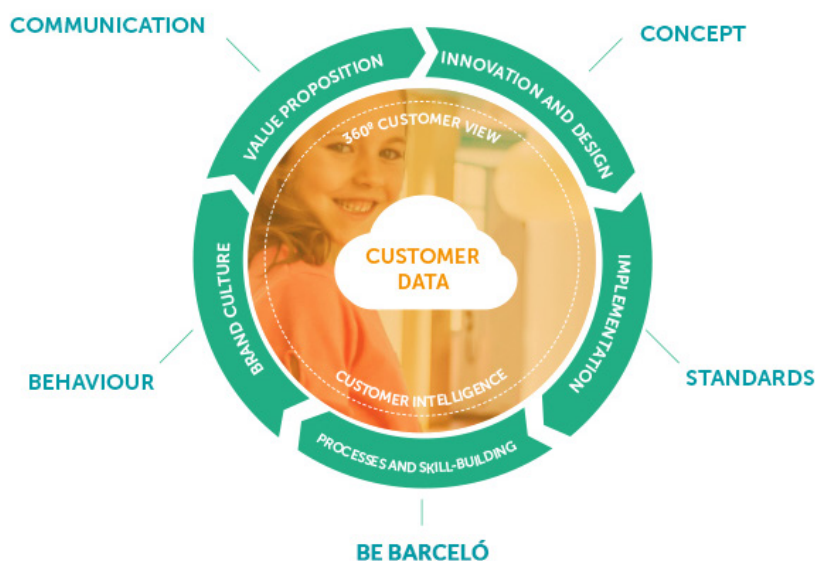
Under our “customer centric” approach and as part of our commitment to our customers, Barceló has implemented and maintains different controls and initiatives:

- In order to guarantee food safety and hygiene, all hotels have preparation and service procedures in line with international hazard analysis and critical control point standards, periodically performing audits to verify and guarantee compliance with this standard. This is a very important control aspect and all teams at the hotel are trained on their correct implementation. The achievement of a minimum score in audits is linked to the variable remuneration of the hotels’ teams.
Furthermore, our airline outsources the catering service, having verified compliance with the applicable legislation.
- All our hotels have specific preventive maintenance and cleaning plans to guarantee that all facilities are in perfect condition (e.g. air conditioning, high and low voltage installations, lifts, kitchen utensils, etc.). Compliance with these programmes is monitored through the B-Ecology programme (see Section 4. Environmental management) and also through internal and external audits as part of the Be Barceló system (see Section 2.3.2).
- Furthermore, at Barceló Hotel Group we strive to help our customers live better as part of our wellness policy focused on continuous improvement. Because there’s always something to improve on. Improving is what motivates us. It is why we innovate in our products and services.
We want guests at our hotels to be actively involved in their stays. We want our customers to feel good, and also offer the tools they need to improve their lifestyle. Because our Wellness philosophy goes beyond our centres, it is a corporate culture that permeates all aspects of our hotels, from rooms to gastronomy. We offer better services to enable our customers to feel better and be better.

At Barceló we have developed a model that guides our conceptualisation and implementation processes, enabling us to create unique concepts that generate value.

The starting point is customer knowledge: useful and relevant information about the customer to guide us when conceptualising and implementing experiences.

The next step is to surprise. The process constitutes a chain development, so we begin by innovating and designing the concept of the experience, offering a differential proposition. The second task consists in identifying and defining standards that transform the initial idea into an efficient and workable implementation process. As the third part, we offer the proposition in line with the manner of each of our brands, and finally we communicate it. Communication closes the cycle and consists in emphasising the value of the differential proposition and launching it through the different media so that customers can comment on and share it. Completion of the cycle guarantees intense, powerful emotions.



CONCEPT CHART BY BRAND:

	Destination hotels	Concept hotels	Responsible hotels	Active hotels
	ROYAL HIDEAWAY LUXURY HOTELS & RESORTS <i>The art of fine moments</i>	Barceló HOTELS & RESORTS Live up to more	Occidental HOTELS & RESORTS <i>responsible living hotels</i>	allegro HOTELS enjoy <i>life</i>
Arrival and departure	Royal Welcome	Barceló Welcome	O! WELCOME	allegro Welcome
	my Barceló Welcome			
	Barceló EXPERIENCES			
Room	Royal Room	B-room	O! ROOM	allegro Room
Gastronomy	 VITAL CORNER Royal Breakfast	 LIKEAT	 BREAK FAST	allegro mornings
	Royal Ice Cream		 MARKET - grab & enjoy -	allegro Market allegro On Wheels
Entertainment	 BHEAVEN  LA SANTA MARIA  ARROZANTE  MAGICAL  allegro Moon			
Wellbeing	 wellness  fitness O! FITNESS			



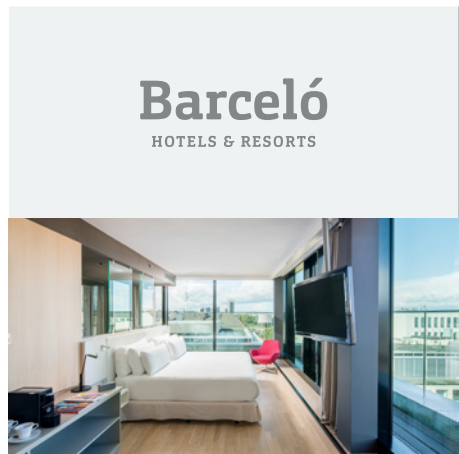
ROYAL HIDEAWAY
LUXURY HOTELS & RESORTS

Royal Breakfast: A delicious experience of healthy, organic food presented in a way that pampers to every detail.

#vitalcorner: A space where our nutritionist offers customers advice on how to improve their health as well as new nutritional tips that they can apply to their daily life.

Royal Experiences: A range of wellness experiences adapted to different needs, including our outdoor sports and famous Thai massages.

Royal Room: Our take on luxury, harnessing the best of the local spirit while ensuring comfort, elegance, attention to detail and the relaxation of our customers.



Barceló
HOTELS & RESORTS

B-Room: Our idea of the perfect room: sophisticated yet comfortable, a superior mattress, 300-count sheets, 42-inch (or bigger) flat screen TV, and a creative local touch in each room.

B-LikeEat: Our new breakfast with the emphasis on organic, seasonal and local ingredients. This innovative culinary product uses healthy produce to transform breakfast into a unique experience for the senses, which guests will no doubt want to share. A better way of living (and travelling).

Occidental HOTELS & RESORTS



O!Breakfast: The breakfast experience by Occidental to start the day in the best way possible. At O!Breakfast, our customers can sample healthy produce in addition to a selection of artisanal and local produce to enjoy the flavour of the destination. Furthermore, at our Kellogg's corner, diners can enjoy a selection of BIO and sugar-free cereals.

O!Fitness Room: We offer customers the option of exercising in the room whenever they want – no fixed time slots, no stress. In addition to the comfort of the Occidental room, customers can use a Technogym bike and a range of fitness elements and even ask for personalised workout routine to tone different parts of their body.

O! Market: The grab & go experience to enjoy delicious snacks at any time of the day. At O!Market, our customers can find healthy options like fruit and detox juices as well as homemade snacks.

allegro HOTELS



Allegro Mornings: The Allegro breakfast experience where colour and energy take centre stage at the beginning of a great new day. Allegro Mornings offer a selection of foods for all types of customers and diets, with healthy products that inject vitality.

Allegro Market: The grab & go experience to enjoy delicious snacks, at any time of the day, whether at urban or beach hotels.

Allegro on Wheels: The poolside food cart service at Allegro hotels where guests can grab a snack and juice during the day.



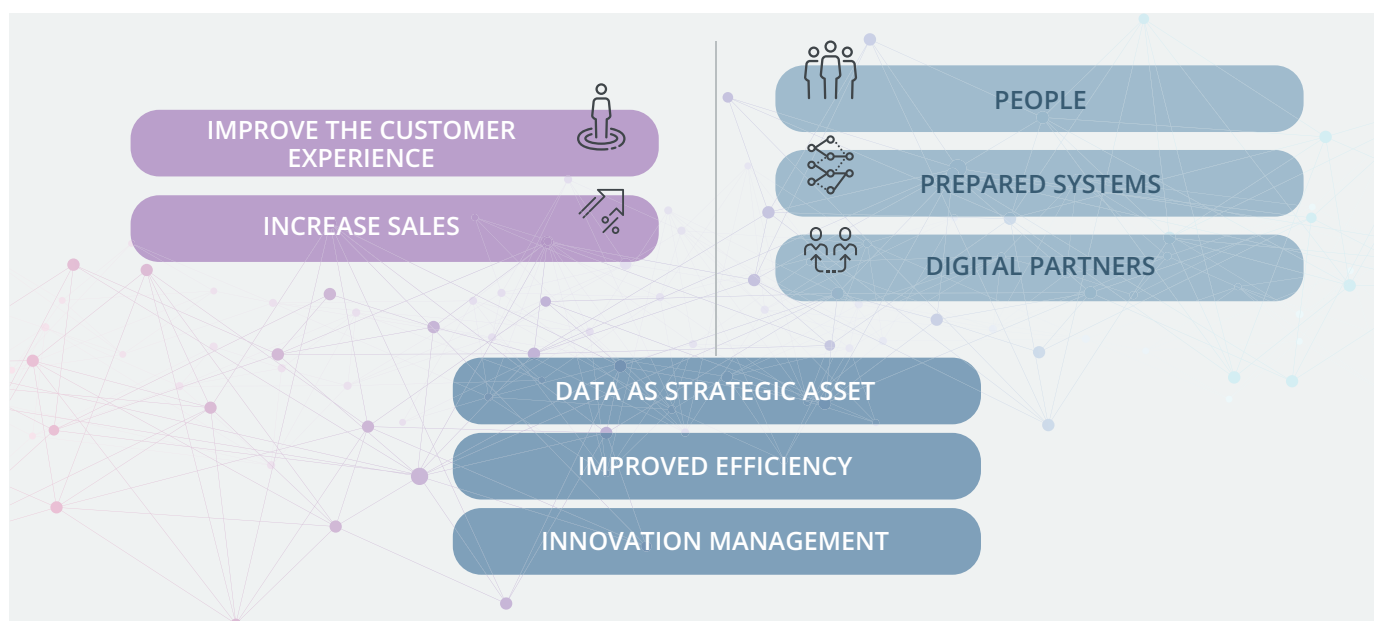
Barceló Concorde Green Park Palace

AVAILABLE AT ALL BRANDS:

- **B Experiences:** This travel guide recommends trips, routes and other activities according to customers' preferences. It also offers the option of buying the best experiences in the destination, including wellness options, at the click of a button.
- **Happy Minds:** An entertainment programme for children that breaks all the traditional rules. Through themed packs and workshops, we encourage children to have fun while they learn and stimulate their intelligence.
- **Wehappy:** The new formula for happiness. At the Barceló Hotel Group, we have redefined the concept of happiness, putting people in touch through an innovative leisure programme. The WeHappy concept is all about innovative content, emphasising the wealth of our natural and cultural heritage, promoting the physical and mental benefits of each of our plans, including new leisure trends to respond to this growing group of people looking for a product with "meaning", "meaningful leisure".
- **Wellness & Fitness:** Our new brand of wellness centres are the tip of the iceberg of our Betterism philosophy. Fresh, modern brands with all the comforts so that our customers can exercise and indulge their body and mind.

3.4 DIGITAL TRANSFORMATION AS A STRATEGIC INITIATIVE

Mindful of the possibilities afforded by digitalisation, and the importance of embracing ever-evolving technologies, at Barceló we have designed a digital transformation strategy comprising eight spheres of action for implementation across the entire Group.



It has been developed and implemented by the Digital Transformation Office (DTO), an internal body made up of the CEO, corporate managing director and the management teams of the following departments: IT-Data, Customer Experience, e-Commerce, Marketing, Human Resources, Buildings, Administration and Finance, Revenue, and Operations. The DTO steers the definition and rollout of projects (more than 150) to boost the digital transformation of our business. Some of the key digital transformation initiatives (as well as many others mentioned in this report) are described below:

- This year we took great strides in our data mining process using our advanced CRM (**Customer Relationship Management**) tool. We installed Salesforce Marketing Cloud application in all our systems to optimise and personalise e-marketing actions. This has enabled us to improve the segmentation of audiences and launch omnichannel personalised campaigns. We also completed the integration of Salesforce Service Cloud into our network of contact centres, and we are in the process of rolling it out at hotels. Thanks to the progress made in this area, we now recognise our customers better and identify them on the journey, which means that we can personalise our offer.
- We are using **artificial intelligence** and machine learning in various projects to improve the personalisation and optimisation of services and processes, sales and the customer experience. The integration and combined use of all the solutions we are currently developing have put us at the forefront of customer data management and personalisation, which allow us to impact every customer with an offer tailored to their needs just at the right moment.
- As part of our quest for more efficient, optimised processes, in partnership with the prestigious agency McCann Worldgroup we have created, tested and launched the **digital refurbishment platform Project Design Hub**. With a clear focus on co-creation, this world-class pioneering tool puts the customer at the centre and impacts four key dimensions: revenue, thanks to quantitative feedback from the customer; costs, since the process is reduced from four months to six weeks; enhanced customer experience; and customer knowledge.
- In September 2019 Barceló unveiled the **XRoom**, an innovative space designed to publicise our company in a brand new way. Inspired by the latest trends, we have turned a conventional meeting room at Hotel Barceló Sants (Barcelona) into the first totally immersive room in the hotel industry. This cutting-edge format plunges visitors into the Barceló universe, showcasing the Group's worldwide reach and helping to cement our position as a leading company.



XRoom in Barceló Sants

4. ENVIRONMENTAL MANAGEMENT

4.1 BARCELÓ RESPONSIBLE, OUR CORPORATE RESPONSIBILITY STRATEGY

At Barceló Hotel Group, responsibility is a question of values. We defend our responsibility as a corporate value rooted in honesty and our leadership position, but also in our commitment as a Group to contribute to more sustainable and responsible tourism.

Barceló Responsible is the trademark for **our corporate responsibility strategy** and active contribution to a better future.

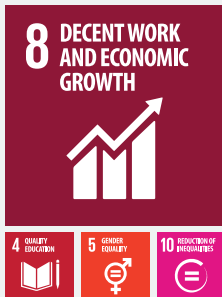


At Barceló Hotel Group we embrace this commitment by maximising our positive impact on society and the wellbeing of people, contributing to the development of the local economy and promoting the conservation and protection of the environment, and being economically sustainable and ethically responsible.

We talk about the future while living in and looking after the present in the hope of building a better tomorrow. We are aware. We are sustainable. We are responsible. We are the beginning of the change. **We are Barceló Responsible.**

The United Nations Sustainable Development Goals (SDGs) adopted by the 2030 Agenda for Sustainable Development provide us with a constant compass and guide when it comes to prioritising initiatives within the Barceló Group corporate responsibility strategy.

If we think about tourism as a cross-cutting industry, affecting a whole host of other sectors, it immediately becomes clear that our activity can contribute directly or indirectly to many of those SDGs. However, at Barceló we focus on the following:



In line with the objective of attracting the best talent to our Company, but also aware of the impact that the Barceló Hotel Group has on the economic environment as a **catalyst for the creation of employment opportunities for young people**, we are firmly committed to supporting Goal 8: Decent work and economic growth. Main initiatives:

- Internship programmes
- Inclusion of people who are at risk of exclusion or disadvantaged



The Barceló Group is **committed to preserving the natural environment**, preventing and mitigating any impact, and promoting the environmental awareness of stakeholders to contribute jointly to sustainable development. Our three lines of action in this area focus on:

- Innovation (constantly searching for more sustainable alternatives)
- Technology to improve the management of impacts generated and speed up the decision making process, in addition to gradually incorporating more energy efficient equipment to constantly reduce our reliance on fossil fuels.
- The continuous adaptation of operating processes to improve the efficient consumption of resources



At the Barceló Hotel Group, we encourage our customers to live better through our **wellness philosophy** where there is no right or wrong: everything is structured around improving. Because there's always something to improve on. Improving is what motivates us. It is why we innovate in our products and services.

We want guests at our hotels to be actively involved in their stays. We want our customers to feel good, and also offer the tools they need to improve their lifestyle. Because our Wellness philosophy goes beyond our centres: it is a corporate culture that permeates all aspects of our hotels, from rooms to gastronomy.



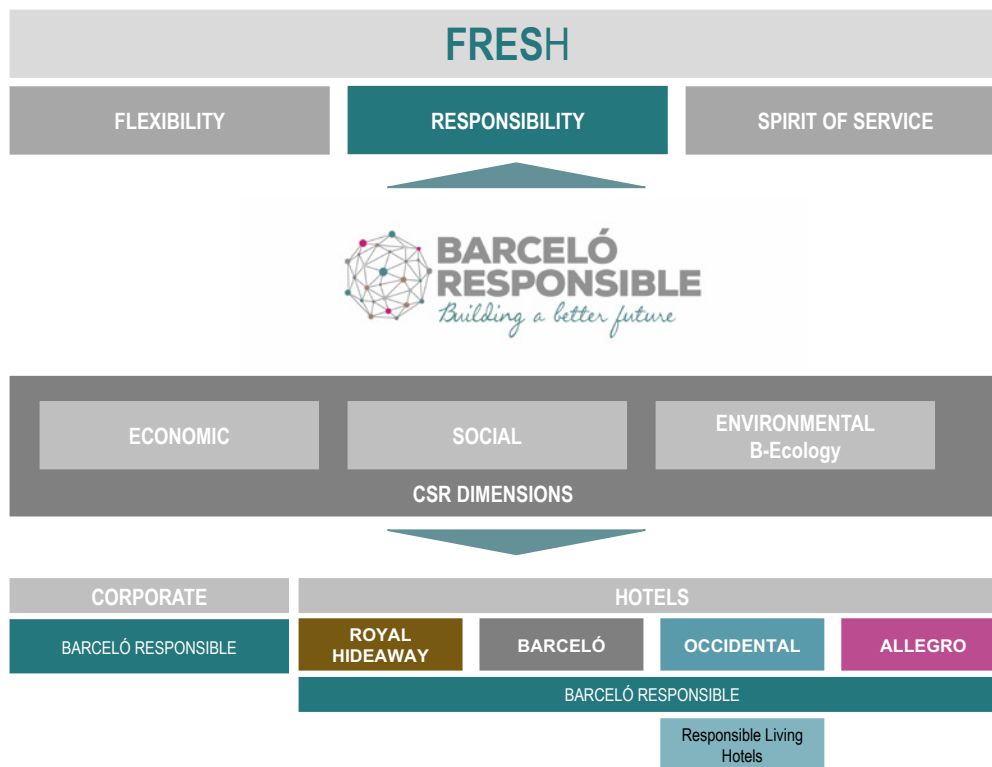
Barceló Hotel Group joined the United Nations Global Compact in 2002 and adheres to its Ten Principles and the United Nations Sustainable Development Goals (SDGs).

We also work with companies in the sector on specific projects that contribute to the SDGs.



The **Barceló Foundation** has been active for 30 years in the fields of health, education, cooperation, agricultural development, art and culture, contributing to the human, economic and social development of the most disadvantaged people. It cooperates in mitigating the needs of the most impoverished countries according to the Human Development Index, which is published each year by the UN. It also focuses on countries that are above this index but that suffer high levels of economic inequality and where the status of women is most precarious, which are mainly the poorest countries in Africa and Latin America, in addition to bearing in mind the needs of the surrounding area in Mallorca.

The diagram below shows how the CSR strategy of Barceló Hotel Group is rooted in our values and shapes our operations and projects:



As part of our corporate social responsibility strategy, in 2019 we invested enormous efforts into the **Responsible Living Hotels** project.

The aim of this project is to turn our Occidental Hotels & Resorts brand into the Group's standard bearer for conscious travel, offering customers a product that is committed to sustainability: responsible hotel stays.

We firmly believe the time has come to achieve sustainability by making it easy. We want all of our guests to feel that every gesture they make is helping to make the world a better place. Our aim across the Group is to enable people to dream, at our hotels, of creating a better world, by making responsible action easy.



Responsible Living Hotels involves the implementation of 55 measures related to energy efficiency, responsible consumption, the elimination of single-use plastics, waste management, new uniforms made out of recycled materials, the promotion of the local environment and contribution to its economy, and awareness-raising and commitment building for our teams and customers.

But as well as implementing these initiatives in the Occidental hotels, as part of the Group's CSR strategy **25 of them will be cross-cutting** and will therefore be rolled out at hotels in the other Barceló Hotel Group brands: **Royal Hideaway, Barceló and Allegro**. This will enable us to ensure that our hotels have the necessary measures in place to guarantee that customers can enjoy responsible stays.

4.2 CONSEQUENCES OF BARCELÓ'S ACTIVITIES ON THE ENVIRONMENT AND ENVIRONMENTAL RISK PREVENTION¹³

The Barceló Group is committed to preserving the natural environment, preventing and mitigating any impact, promoting environmental awareness to jointly contribute to sustainable development.

At Barceló we are aware of the impact of our activities on the environment and we continuously work to prevent and anticipate potential environmental contingencies, integrating sustainability in all our processes to reduce any impacts generated.

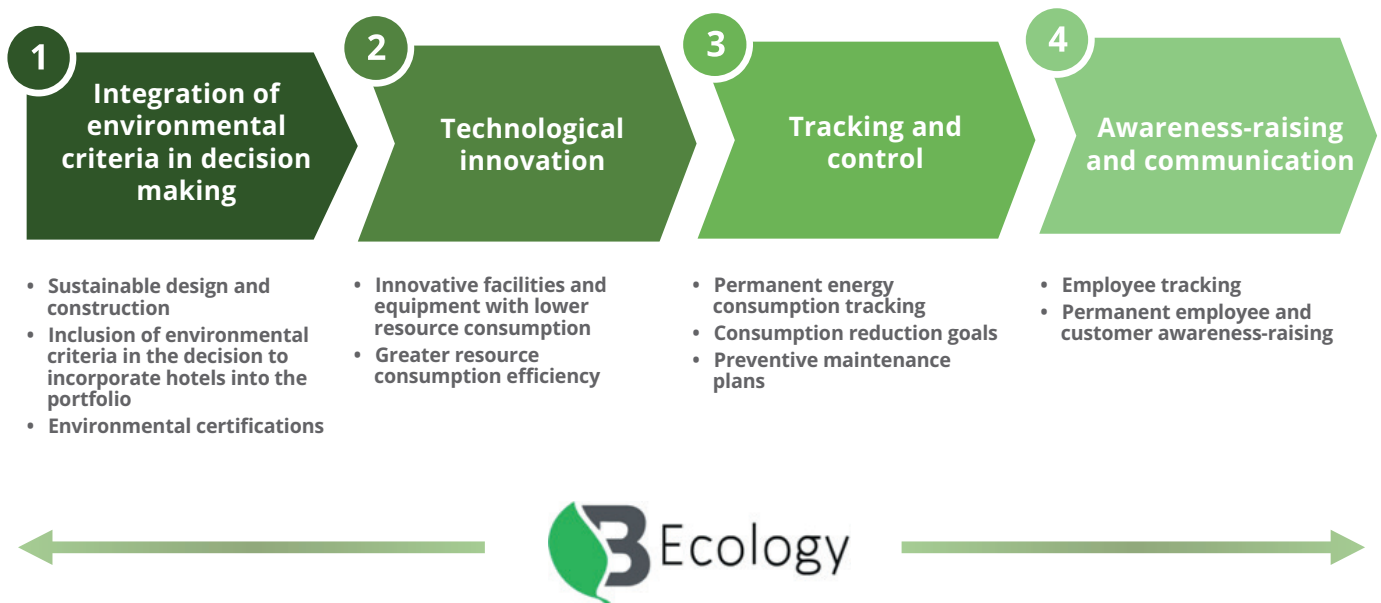
We structure the definition of Barceló's environmental strategy around environmental risk analysis and impacts. In 2019, the most significant risks were identified as those associated with climate change (mainly atmospheric emissions), the consumption of energy resources, water shortage, proper waste management (and in particular, the consequences of implementing the European regulation on single-use plastics), and the protection of biodiversity and ecosystems. Noise and light pollution have been identified as minor risks. This year we identified paper consumption as a significant risk for the first time, and this report describes the main initiatives we have launched to control and manage it.

To control and mitigate these impacts, at Barceló Group we are committed to:

- Innovation, meaning we are constantly searching for more sustainable alternatives
- Technology to improve the management of impacts generated and speed up the decision making process, in addition to gradually incorporating more energetically efficient equipment to constantly reduce our reliance on fossil fuels
- The continuous adaptation of operating processes to improve the efficient consumption of resources

We involve our main stakeholders – employees, customers and suppliers – in these joint efforts to secure a more sustainable future.

To properly manage the Company's environmental risks and impacts, Barceló concentrates its efforts in the following spheres of action:



¹³ The environmental data do not include the hotels managed by Crestline Hotels & Resorts because the relevant information is not available for this business model focused on managing third-party hotels.

B-Ecology is the umbrella brand for all the initiatives implemented at our hotels to protect the environment, ensure the responsible consumption of resources and prevent possible impacts on the local community. The system is structured around three key dimensions:

- **B-EcologyS IDEAS:** All aspects related to the implementation of new technologies, studies, technical audits and the implementation of the Company's know-how. In other words, works and improvements to facilities including ecological lighting systems, tri-generation systems, efficient climate control systems, greywater purification systems, thermal solar energy, geothermal energy systems, biomass process, etc.
- **B-EcologyS 24/7:** Actions associated with daily operations at hotels, interdepartmental meetings, technical inspections at all facilities, energy training for our employees. In other words, measures relating to daily operations and maintenance at hotels. At all hotels, Barceló subjects energy consumption to daily control and monitoring (using a shared system), which makes it possible to obtain in-depth information on areas of the hotel where consumption is highest in order to prioritise energy saving measures. In this connection, each hotel has an Energy Book, which defines the energy characteristics of the hotel and each month, Energy Oversight Committee meetings are held at each hotel, at which compliance with energy saving measures and best practices implemented at the hotel is assessed. Furthermore, there is an "Energy Manager" at each hotel, responsible for implementing B-EcologyS at each hotel.
- **B-Ecology NEWS:** All aspects related to external communication (to our customers) and internal communication (to our workers) of the objectives and results obtained following the implementation of energy measures.

In 2019 we continued to improve this system, with a particular focus on the 24/7 dimension, i.e. the measures related to maintenance and daily operations at our hotels. Some of the most important improvements to the system for monitoring and measuring the consumption of natural resources at our hotels, with a clear focus on digitalisation, are summarised below.

- **Digitalisation of the Energy Book:** The main achievement this year was the conversion of the 12-chapter Energy Book into a digital platform providing real-time information about the energy consumption of our hotels and the associated costs.
A user-friendly visual dashboard shows all the B-Ecology parameters, allowing us to measure, analyse and identify specific solutions to increase energy efficiency at every hotel. Since the platform is connected to all of the Group's hotels in the EMEA region, we can also compare hotels in each area as well as hotels with similar characteristics, which is useful for defining and implementing common energy efficiency strategies.
Meanwhile, the existence of historical records has enabled us to make additional improvements to the system. For example, in 2019 we created two evaluation ratios for all hotels: a self-evaluation ratio for the 24/7 dimension and another ratio to evaluate the overall implementation of the B-Ecology programme. These new indicators also mean that we can define consumption reduction ratios and targets.
- **Digitalisation of waste management:** In 2018 we identified waste control and management as one of the areas with opportunities for improvement, so in 2019 we defined an automated digital system for recording the quantity of waste generated at each hotel. This module will be rolled out at all hotels in 2020.

SUSTAINABLE DESIGN AND CONSTRUCTION

Barceló's commitment to preserving the environment starts long before a hotel is included in our portfolio.

At Barceló we have acquired enormous expertise in technology, actions and the development of specific programmes, and we can therefore provide efficiency and sustainability solutions for hotel refurbishments and new openings. For example, we have the capability to devise energy solutions adapted to the needs of each hotel and can undertake green-field projects in which the design increases the long-term energy profitability of the assets.

Barceló has defined a series of mandatory environmental and energy efficiency criteria for both newly built hotels and the acquisition or refurbishment of existing buildings (e.g. low-consumption lighting, presence detectors, taps fitted with water-saving systems, areas for selective waste collection, etc.).

Besides, Barceló is keen to be sector benchmark and help lay the foundations for a sustainable hospitality industry, and we are therefore working closely with ITH (Hotel Technological Institute), an innovation centre attached to the Spanish Hotel and Tourist Accommodation Confederation (CEHAT), to define and implement sector-wide sustainability and energy efficiency criteria.

In the last five years Barceló Hotel Group has invested nearly 1.5 billion euros in refurbishments and acquisitions to offer better propositions to customers. Of those 1.5 billion euros, 380 million (25%) were invested in 2019. The two main refurbishments this year were the iconic Santa Catalina, a Royal Hideaway Hotel (Gran Canaria) renowned for its unique history and architecture in which we invested 24 million euros to restore the hotel to its former glory, and the Barceló Maya Riviera, an ambitious 850-room project with one of the largest convention centres in the region, in which we invested 220 million euros.



Barceló Maya Riviera



SANTA CATALINA

A ROYAL HIDEAWAY HOTEL



Last September we inaugurated the Santa Catalina, a Royal Hideaway Hotel and one of the most iconic establishments on Gran Canaria, after an ambitious and minutely detailed refurbishment project.

Respecting the unique character of the building – a historic monument with great heritage value for local residents – we have recovered the essence of the former establishment with a concept that highlights the glamour and exclusive aura of a traditional luxury hotel.

As well as restoring the establishment to its former glory, we wanted the hotel to set an example in terms of respect for the environment. The refurbishment project has won a variety of distinctions, such as being named one of the top 10 hotel sustainability and refurbishment projects at the Re Think Hotel Awards (organised by Grupo Habitat Futura), the “Best Repositioning or Refurbishment Project” in 2019 at the third edition of the Caixa-Bank Hotels & Tourism Awards, and “Best Luxury Historic Hotel” in Europe and “Best Luxury Cultural Hotel” in southern Europe at the World Luxury Hotel Awards 2019.

The project, which includes a landscaped area integrated with Doramas Park, is fitted with LED technology, solar panels and a range of measures to improve energy efficiency (such as thermal insulation, use of natural light, green roofs, automation and presence detectors). Meanwhile, the water-chilled air conditioning system in rooms and common areas produces significant energy savings, and green mobility is promoted through an electric car and scooter rental service with charge stations in the car park.

After an investment of more than 24 million euros, the Santa Catalina, a Royal Hideaway Hotel, is once again the social, cultural and artistic landmark it has always been since it was built nearly 130 years ago.

Barceló Maya Riviera



In December 2019 we inaugurated the hotel Barceló Maya Riviera, which culminates the development of the Barceló Maya Grand Resort. With 850 rooms – 500 of them with magnificent views of the Caribbean Sea – this is the sixth hotel that the Barceló chain has completed at what is widely regarded to be one of the finest resorts on the Riviera Maya.

In a contemporary style that respects the quintessential culture and landscape of the Maya world, the building forms a crescent around the curve of the bay, integrating seamlessly with its surroundings: guests are greeted by the sea when they enter the hotel and enveloped by a lush forest when they exit it. This unique structure provides natural cross-ventilation to the building, to the extent where many spaces do not even need to be air-conditioned. Where cool air conditioning is provided, it is thanks to the production of ice-cold water through the underground waters of this privileged landscape, which produces significant energy savings.






In view of the low density of the Maya Riviera, with approximately 30 rooms per hectare, the constructions are surrounded by large expanses of virgin forest and a long white sand beach dotted with coconut palms. The infinity pools on different levels are another interesting feature of the project and enhance the interaction between the architecture and the landscape.

The resort is located around a beach where turtles (the hawksbill and green species) come to lay their eggs, and the hotel therefore has a turtle handling programme and informs customers about the environmental regulations.

The new Barceló Maya Riviera culminates a dream begun 20 years ago at one of the world’s most beautiful beaches and turns the Barceló Maya Grand Resort into a paradise where nature and the environment are revealed in all their splendour.

ENVIRONMENTAL CERTIFICATION PROGRAMMES

A total of 28 hotels have some form of environmental certification, including:

Certification	No. hotels
 Travelife	6
 GreenGlobe	14
 ISO 14001	5
 BREEAM	1
 Sustainable Tourism Certification (Costa Rica)	2

In the coming years, we will work to increase the number of hotels with a certification endorsed by the Global Sustainable Tourism Council.

Furthermore, 32 hotels have been named TripAdvisor GreenLeaders.

With regard to the Travel Division, the following areas have an environmental and quality system in place certified according to the international standards ISO 14001 and ISO 9001:

- BCD Travel
- Evelop
- Viajes 2000

Since 2017 Evelop has also been a member of the International Air Transport Association (IATA) and in 2018 it renewed its IOSA certification (IATA Operational Safety Audit). The scope of these certifications encompasses the provisions of commercial passenger and cargo air transport, demonstrating its staunch commitment to improving the competitiveness and efficiency of the services provided.

RESOURCES DEDICATED TO PREVENTING ENVIRONMENTAL RISKS

In 2019 we estimate that more than 1 million euros were invested in environmental protection and improvement initiatives (certifications, waste management, renewable installations, consumption monitoring tools, audits, etc.).

In addition to the preventive management of different environmental aspects, we have an environmental responsibility policy.

4.3 CONSUMPTION OF NATURAL RESOURCES

As a hospitality and travel company, we are aware of the impact of our activities on the consumption of natural resources, with energy consumption and water consumption the most significant.

4.3.1 ENERGY CONSUMPTION

Faced with the growing problem concerning the availability of resources and the increase in the cost of energy, in recent years, energy consumption has assumed a leading role in the structure of costs at hotels. Therefore, energy consumption has become a competitive advantage that must be coordinated; to this end, actions must be implemented that promote energy efficiency. The implementation of projects that promote energy efficiency generates direct benefits, including the mitigation of the environmental impact, cost reduction, improving process efficiency and facilitating the adaptation to greater legislative requirements.

In recent years, Barceló has implemented a range of energy saving and efficient consumption measures. In the hotel

business, the main initiatives implemented were as follows:

■ **Renewable energy installations:**

41 of our hotels have some form of renewable energy installation (solar, geothermal, biomass, aerothermal). In the EMEA region, approximately half of our rooms are supplied by renewable energy created in-house.

■ **Measures to reduce consumption:**

- Replacement of practically all incandescent and halogen light bulbs at hotels with LED lighting. Implementation at approximately 85% of the Company's hotels.
- Installation of motion sensors to activate lights, timers and automation measures to turn on lights and air conditioning, in both rooms and common areas.
- Replacement of fuels including diesel or propane with natural gas.
- Optimisation of cooling towers and air conditioning systems or installation of more efficient air conditioning equipment.
- Improvements to doors and windows to conserve the temperature.
- Optimisation of the room allocation process in line with occupancy levels.
- Improvements to insulation of pipes to reduce thermal losses.
- Efficient lighting systems with low energy and light impact in outdoor areas. Besides, twilight sensor systems control the outdoor lighting allowing us to adjust the level of light to the quantity of sun light.



The **Occidental Jandía Mar** in Fuerteventura won the TS Media 2020 award for “Best Sustainability and Hotel Refurbishment in Spain” granted by the Habitat Futura Group. Some of the key levers for winning this award are the energy efficiency initiatives implemented at the hotel:

- **Use of renewable energies:** the Occidental Jandía Mar has 233 solar collectors to heat swimming pools and air conditioners. Coupled with a geothermal pump that recovers heat, these cover 51% of the hotel's energy requirements.
- **Lighting:** the hotel is fitted throughout with low-energy LED bulbs. This has reduced CO₂ emissions by 20%.

■ **Communication and awareness raising actions:**

- 26 hotels have electric vehicle charge stations available for customers to use.
- Campaigns, training and awareness-raising aimed at employees, customers and collaborators.

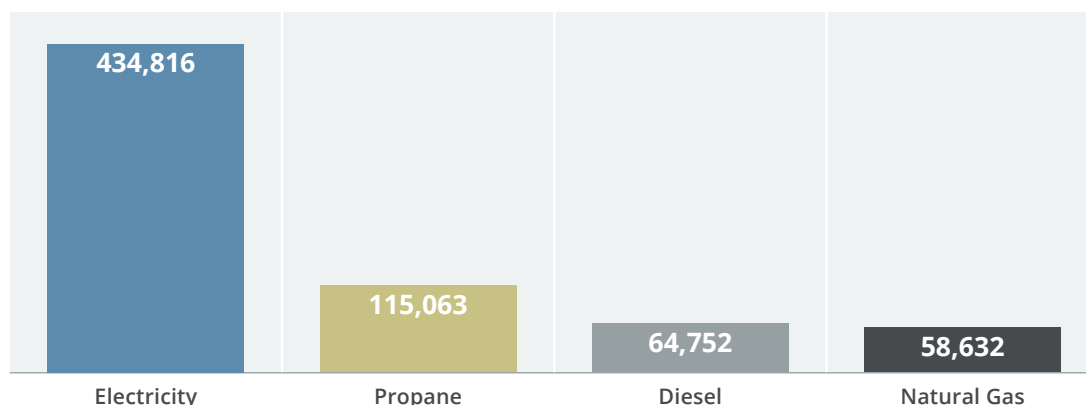
In the **Travel Division**, the airline has the highest energy consumption but the following measures have been implemented to reduce it:

- Acquisition of more efficient planes with fewer emissions. In 2019 the fleet gained an A350 plane, which consumes less fuel and therefore, releases less CO₂ than the existing A330 models.
- Acquisition of lightweight cargo containers, reducing fuel consumption and emissions as a result.
- Periodic outer cleaning of the plane and engines, reducing fuel consumption and emissions as a result.

ENERGY CONSUMPTION BY SOURCE

The Barceló Group consumed a total of 673,263 MWh¹⁴ of energy, with electricity accounting for 65% of the total consumption.

Total energy consumption by source (in MWh) BHG 2019



Energy consumption increased in absolute values, mainly due to the acquisition of hotels and their adaptation to the Barceló Hotel Group standards, although the consumption per stay parameters were comparable to the previous year.

Energy consumption (MWh) per stay	2019
Electricity	0.08
Propane	0.02
Diesel	0.01
Natural gas	0.01

In the **travel business**, the main energy consumption is generated by the flight operations of Evelop, which use jet fuel (Jet-A1) as the source of combustion. The amount of this fuel consumed is directly related to the distance and number of passengers carried.

Seventy-two million litres¹⁵ or 689,688 MWh Jet-A1 were consumed in 2019. In the aviation sector, the most widely used ratio to analyse fuel consumption with respect to the number of passengers carried is JET-A1 litres consumed / RPKs¹⁶. The following table shows year-on-year consumption for the scheduled routes operated throughout the year with Evelop planes, highlighting greater efficiency in consumption:

Jet-A1 consumption (litres) / RPK	2018	2019
Madrid - Punta Cana - Madrid	2.663	2.455
Madrid - Cancún - Madrid	2.485	2.381
Madrid - La Habana - Madrid	2.602	2.386

¹⁴ Includes electricity consumption by the Hotel Division and the travel agencies of the Travel Division, as well as the consumption of propane gas, diesel and natural gas by the Hotel Division.

¹⁵ Fuel consumed as part of Evelop's own activities (including flights with and without passengers).

¹⁶ RPK (Revenue-Passenger-Kilometres): number of passengers carried multiplied by the distance travelled.

4.3.2 WATER CONSUMPTION

In the hotel business, in addition to energy consumption, water consumption is a relevant factor, used mainly for human consumption, watering green spaces and swimming pools. At Barceló, we are staunchly committed to promoting the responsible consumption of this resource and implementing the actions needed to reduce the amount consumed and improve the efficiency of use.

■ Measures to reduce consumption:

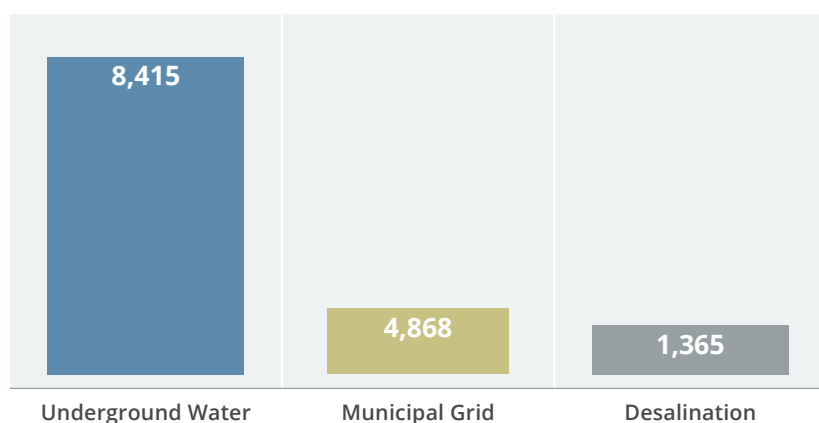
- Installation of flow and pressure reducers
- Installation of sensors on taps
- System optimisation (toilet tanks, irrigation, showers, laundry room, etc.)
- Adaptation of green areas with native plants and less consumption of water
- Replacement of traditional irrigation systems with drip systems
- Harnessing of rainwater to water green areas
- Continuous monitoring of water consumption to detect any deviation and analyse the reasons

■ Communication and awareness raising actions:

- Awareness-raising campaigns for employees, customers and partners

WATER CONSUMPTION DETAILS BY SOURCE: ¹⁷

Total water consumption by source (in thousands of m³) BHG 2019



Overall water consumption in 2019 remained steady with respect to the previous year, which reinforces the effectiveness of the mechanisms and initiatives we have implemented at our hotels because in spite of the increase in the number of hotels in our portfolio, water consumption has not increased. With respect to the volume of water consumed per stay, this is down 10% on the previous year:

Water consumption (m ³) per stay	2019
Underground water	1.39
Municipal grid	0.80
Desalination	0.22

¹⁷ Includes water consumption by the Hotel Division but not the Travel Division's consumption because it is not relevant or significant.

4.3.3 PAPER CONSUMPTION: PAPERLESS PROJECT

As part of the Company's strategic digital transformation initiative, at the Barceló Group we are investing in technological developments to enable us to gradually reduce the use of paper, what we call our Paperless project.

PAPERLESS AT BARCELÓ HOTEL GROUP

Paperless is one of the key initiatives of the Responsible Living Hotels project but it will be implemented for all brands. The initiative will impact the entire customer journey and affect all hotel areas (both those that have contact with the customer as well as what we call the "back-of-house" areas, i.e. the internal management of hotel operations).

In 2019 we defined the Paperless proposition for customers, both in rooms and at reception. The main initiatives are as follows:

- Implementation of the new standard for signage in rooms. Using our slogan for the Barcelona Responsible strategy – "making responsible action easy" – we are providing customers with a new signage proposition to encourage their active participation in the Barceló Hotel Group's commitment to the conservation and protection of the environment by reducing the number of elements to the bare minimum (by eliminating elements, combining several elements into one or using a digital system to provide customers with information) and using recycled paper for printed matter. When guests enter their rooms, they will discover that we have halved the number of paper elements and that the remaining elements are printed on recycled paper.
- We are also using digitalisation to offer a more agile and simpler experience to our guests by reducing the use of paper in different ways:
 - Thanks to the BHG app, guests can check the latest hotel information (facilities, services, entertainment, etc.) and details about the destination (Barceló Experiences) directly on their smartphone, wherever they are. The app is also an interactive channel providing guests with a convenient way to contact hotel staff or book any services they want, from a spa treatment or room service to an excursion or airport transfer.
 - As part of the Barceló Seamless Hotel concept, guests can check in online before they arrive at the hotel. Thanks to the automatic capture of data from their smartphone camera and the electronic signature system, the process has never been easier. On arrival at the hotel, they simply go to the priority desk and pick up their key without having to queue at reception, or they can receive it directly on their smartphone if they prefer thanks to mobile key technology, which is helping us to reduce the consumption of plastic cards.
 - The Paperless Front Desk project is helping us to completely eliminate the use of paper in our check-in and check-out processes at reception. Both the arrival part and the invoices in the departure process are handled electronically through a tablet and the documents are delivered directly to the customer by email.
 - Lastly, to close the 360-degree experience, our customers can check out electronically in advance to avoid having to queue at reception.

PAPERLESS AT AVORIS

- The primary aim of the Paperless project begun in 2015 at BCD is to halve our paper consumption. To achieve and support this aim, we have implemented the use of DocuSign, a tool that offers electronic signature technology and digital transaction management services to facilitate the electronic sharing of signed documents. The tool will greatly reduce the use of paper because electronic signatures will replace signatures on paper, and it will no longer be necessary to make copies of documents and contracts.
- Evelop, the Group's airline, is also making great strides in reducing its consumption of paper by implementing different technologies:
 - Electronic Flight Bag in June 2019, which has digitalised most of the documents on board (maps, plane manual, operations manual, routes, etc).
 - FliteBrief software, which reduces the number of sheets of papers that need to be printed for each flight.
 - Preliminary actions to implement the Electronic Technical Log Book (planned for 2020).

4.4 EMISSIONS GENERATED

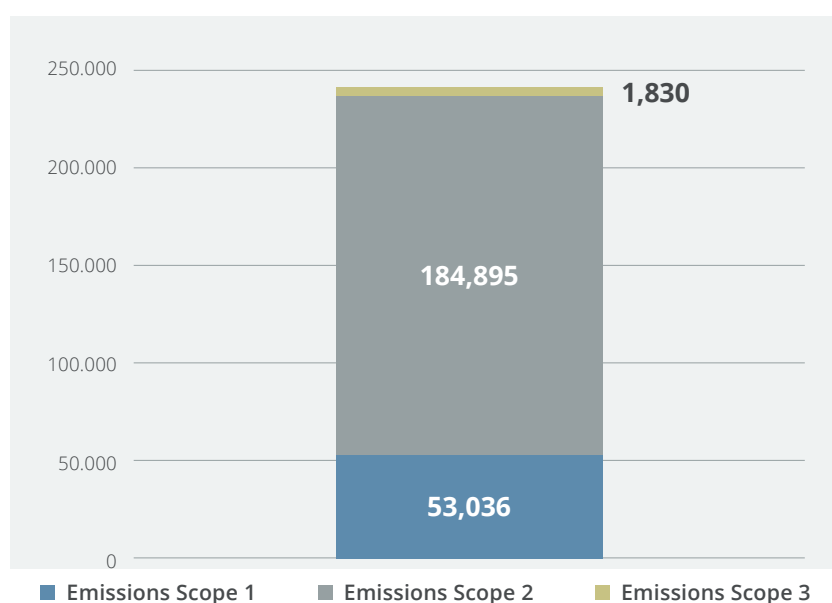
4.4.1 ATMOSPHERIC EMISSIONS

	2019
Hotels Division ¹⁸	239,761 tCO ₂
Evelop airline	181,801 tCO ₂
Total carbon footprint	421,562 tCO₂

The Company's carbon footprint is based on our overall energy consumption.

A. 2019 CARBON FOOTPRINT OF THE HOTEL DIVISION

Carbon Footprint BHG (tCO₂)



The increased carbon footprint is mainly owing to the addition of new hotels to the portfolio. Thanks to the implementation of the different energy efficiency initiatives, we managed to reduce emissions per stay by 8%:

CO ₂ emissions (kgCO ₂) per stay	2019
Scope 1	8.7
Scope 2	30.2

In line with the commitment we adopted in the 2018 Non-Financial Information Statement, we have made considerable progress in identifying and reporting significant Scope 3 emissions, and this report provides details of those derived from business travel in the EMEA region and the BCD Travel area of Ávoris. Besides, the emissions generated by BCD Travel in 2019 due to business travel (100 tCO₂) were offset by the Caleruega "CL 2171" tree planting project conducted in partnership with the company CO₂ Revolution.

¹⁸ Calculated for the entire hotel portfolio of the Barceló Hotel Group, including its own hotels as well as rented and managed hotels. It also includes emissions deriving from the electricity consumption by Ávoris travel agencies and scope 3 emissions generated by BCD travel. The emissions of the airline Evelop are analysed and reported separately.

Next year we will define goals to reduce our energy consumption and therefore emissions, which is a cornerstone of the Company's environmental policy and the basis of our commitment to the protection of the environment.

B. CARBON FOOTPRINT OF THE EVELOP AIRLINE

In 2019 the airline generated 181,801 tonnes of CO₂ emissions, all derived from the fuel consumed by Evelop planes (whether operated by Evelop or by third parties for Evelop).

It is worth noting that Evelop, on account of its activities and in line with the applicable legislation in force, is assigned emission rights, which were not exceeded in 2019.

In addition to CO₂ emissions, the airline generated 921 tonnes of NOx and 58 tonnes of SOx gas emissions (nitrogen and sulphur oxides).

4.4.2 NOISE EMISSIONS

The following measures have been implemented at hotels to prevent noise emissions:

- Periodic monitoring of noise levels to guarantee compliance with the applicable legislation
- Sound limiters on music equipment
- Installation of plant screens to minimise noise emissions
- Replacement of equipment and installation of acoustic insulation

In relation to noise emissions from Evelop planes and our attempts to mitigate the impact of the noise from our operations, we follow the operational procedures established by Spain's civil aviation authority: i.e. we make limited use of auxiliary engines at airports and we follow the entry and exit routes established by air control. Besides, the new Airbus A350-900 is not only more efficient in terms of fuel consumption but also makes less noise than other planes.

4.5 WASTE PREVENTION AND MANAGEMENT

4.5.1 WASTE MANAGEMENT

At Barceló, our goal is to reduce the environmental impact caused by the waste we generate as part of our activities, with a clear focus on implementing the necessary actions to minimise the generation of waste and promote its reuse and recycling.

The main initiatives implemented to ensure proper waste management are:

- Prioritise selective waste management, for which purpose our hotels have selective waste collection containers in key areas.
- We are aware of the fact that controlling the use of single-use plastic is a global concern, and as part of our Responsible Living Hotels (see Section 4.1), but impacting all brands, we are committed to eliminating plastic in our hotels – bottles, cups and cutlery, coasters, drinking straws, bags in rooms – and at certain hotels we are replacing individual amenity kits with bulk dispensers, etc.

In deciding which products to replace, we use the following causal tree:

- Assess which plastics we can stop using.
 - Seek and implement more sustainable alternatives for plastic that cannot be eliminated.
 - At the same time, work with suppliers to minimise plastic used in packaging.
- Production of compost from organic waste.

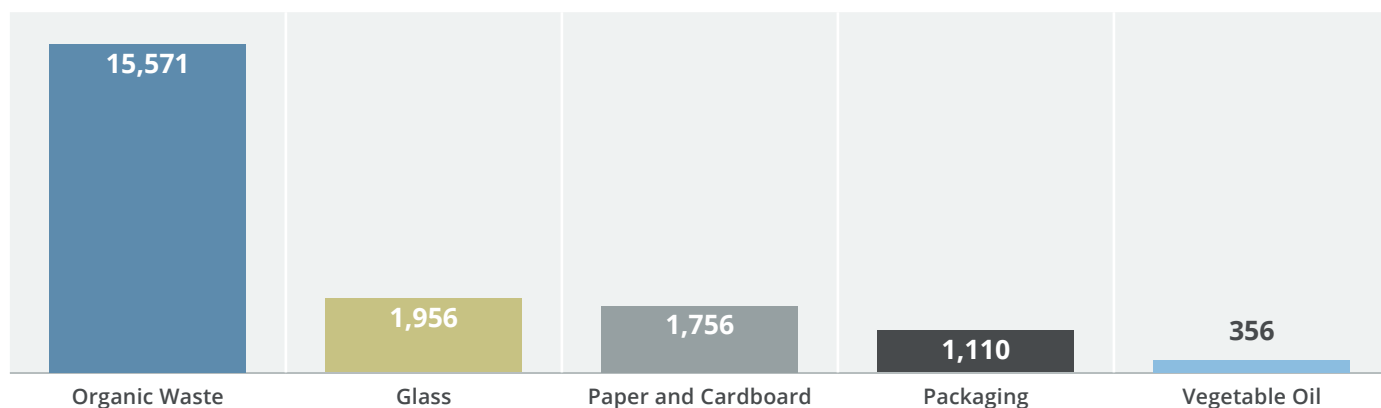
The **Barceló Maya Resort** is a clear example of circular economy in terms of waste management. Sewage from the purifier and tree and plant cuttings are composted to obtain a fertiliser used in the complex's green areas.



- Employee training and awareness-raising.
- Awareness-raising for employees, customers and partners (suppliers, subcontractors).

Barceló has rolled out a waste generation system at the source for all hotels, making it possible to make sure this waste is recycled and/or recovered. The main waste generated is similar to urban waste (organic waste, paper, cardboard, packaging and glass) and used cooking oil.

Generation of waste similar to urban waste (Tn) BHG



The ratio of total kilos of waste generated per stay is in line with the previous year.

Waste generated (kg) per stay	2019
Organic waste	2.6
Glass	0.3
Paper and cardboard	0.3
Packaging	0.2
Vegetable oil	0.1

As mentioned in Section 4.2, next year we will digitalise waste management by implementing an automated electronic system to record the quantity of waste generated at each hotel.



Our **Barceló Guatemala City** hotel took part in the #BasuraChallenge that invites Guatemalans to go out and collect rubbish like bottles, paper, cardboard and plastic. The main aim of the initiative is raise public awareness about the harm to the environment caused by litter on the streets and in public places.

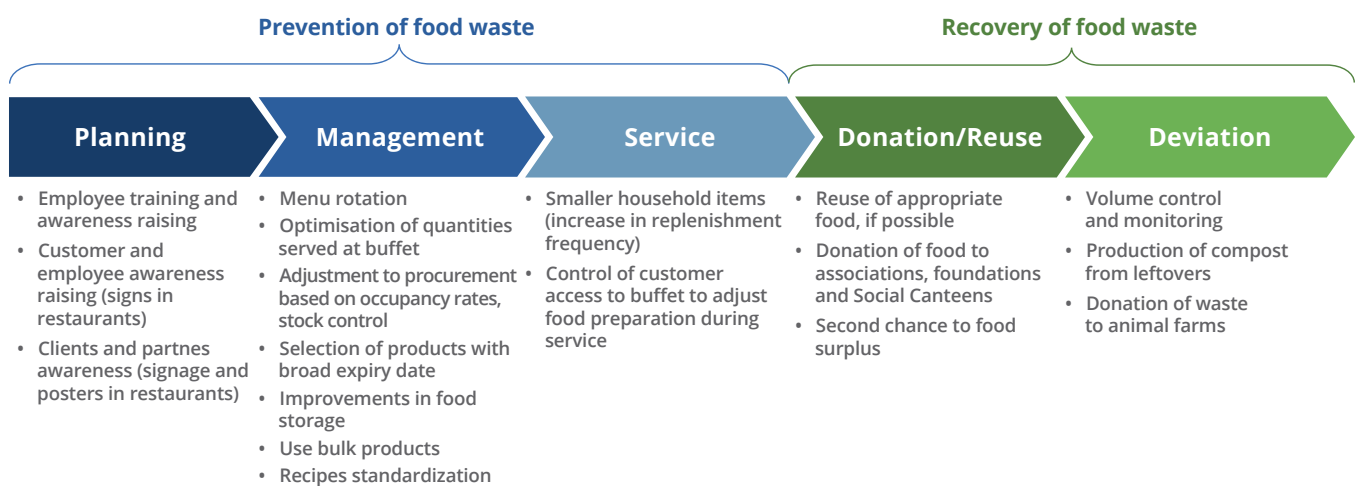
4.5.2 PREVENTION OF FOOD WASTE

Each year, 1.3 billion tonnes of food goes to waste each year worldwide, which accounts for one third of all production, according to the U.N. Food and Agriculture Organisation (FAO). It is estimated that 40% of food waste is caused by customer-facing businesses, such as restaurants, supermarkets and hotels¹⁹.

But it is not only food that is wasted: all the resources and processes involved in producing it are wasted. Besides, when food is thrown away, the process employed to manage the waste harms the environment. It is estimated that 8% of global greenhouse gas emissions are related to this avoidable expense. It is therefore a global problem in which Barceló has an important role to play in the creation of a corporate culture committed to reducing and managing food waste.

At Barceló we know that sustainability is more than simply offering our customers a healthy gastronomic experience, with local and organic produce, and we have therefore installed an efficient management system at all our points of sale (recipes, detailed breakdowns of ingredients, adapting supply to hotel occupancy, etc.) to reduce shrinkage and therefore the generation of waste, enabling us to adapt our gastronomic supply to customer expectations in a profitable way and minimise the impact on the environment.

The main the actions implemented by Barceló Hotel Group to prevent food waste are focused on the early stages of the cycle, i.e. on preventing waste from occurring in the first place.



¹⁹ ReFED, A Roadmap to Reduce US Food Waste by 20 Percent, (2016), www.refed.com

In 2019 we focused our efforts on exploring different lines of action related to food waste:

- A digital tool to optimise kitchen processes, which considerably reduces waste by standardising recipes (digitalisation of ingredient and product breakdowns) and improves the planning of services and tasks according to customer needs and volume.
- Through Too Good To Go, we are finding uses for surpluses, which not only reduces our carbon footprint but helps the local community by offering them healthy food.

Analysed as pilots in 2019, these projects will be rolled out at hotels in 2020.



In relation to customers, our Allegro and Occidental Cozumel hotels launched the Barceló Apples campaign to raise awareness about the problem of food waste and its consequences for the environment by inviting guests to only serve themselves the food they are going to eat.

Over the course of 2019, the Barceló Hotel Group has donated more than 77 tonnes of food to different soup kitchens, food banks, associations or foundations.

4.6 PRESERVATION OF BIODIVERSITY

Approximately 37% of our hotels are located close to or in a special protection area, with the conservation of biodiversity and natural habitats in the destinations in which we operate forming part of our DNA.

The main actions that we undertake in terms of protecting the environment are:

- Concerning vegetation, promoting the planting of native plant species which, in addition to protecting the local ecosystem, require less water. Furthermore, we have collaborated in different reforestation initiatives.
- In terms of fauna, hotels located in turtle nesting zones monitor and care for these nesting sites and help for turtles to be released, respecting the nesting period and adapting the hotels operations at these times (for example, outdoor lights are not turned on so as not to compromise the nesting process). Furthermore, endemic population control actions are required to promote the balance of the ecosystem.
- The “permanent monitoring” work that our employees carry out in terms of the environment and raising awareness among customer is particularly important in ensuring they respect the environment and biodiversity (for example, refraining from removing flora and fauna from coral reefs).
- To promote the conservation of the environment by employees, beach cleaning activities are carried out on a regular basis.

Our Occidental Cozumel and Allegro Cozumel hotels are members of the Municipal Turtle Protection Committee, chaired by the Ecology Department of the Island of Cozumel and involving other tourist companies, which was founded to reduce the environmental impact on the local community and preserve the local flora and wildlife (turtles in particular). The main initiatives carried out are as follows:

- Participation in the clean-up of the Box and Chiqueros beaches to remove waste and gulfweed.
- Participation in the clean-up of the Hanan area (not open to the public but one of the areas of the world with the greatest quantity of waste from the sea).
- Cleaning the hotel beach and adjacent land (including 1.5 km of road) with hotel equipment.
- Monthly environmental assessments conducted by an external environmental consultant specialising in the area.
- Programme to gradually replace invasive exotic flora in gardens and green areas.
- Creation of the "Responsible Tourist Code", with suggestions on how to avoid damaging the area and coral reef in particular, which is given to all customers.
- Elimination of single-use products.



The Occidental Isla Cristina hotel held its WECO DAY, which consists in cleaning the natural landscape near Gaviota beach and the sand dunes in Isla Cristina. The action was organised by the hotel team and involved guests as well, both adults and children.

5. COMMITMENTS TO SOCIETY AND LOCAL COMMUNITIES

5.1 ACTIONS IN THE LOCAL COMMUNITY

At Barceló, we are aware that we just like anybody else in the countries we operate in, which is why we look to generate a positive impact on local communities. The commitment to society is one of the pillars of the Plan to Strengthen the Corporate Reputation of Barceló, with a view to promoting partnerships with local communities insofar as we can contribute to improving the quality of life of their residents.

As part of the feasibility analysis of projects we collaborate with, we assess the impact on the local communities in which the activity is performed, under the framework of international and local regulations applied in each instance, prioritising actions that are aligned with the purpose of our business and Goal 8 of the Sustainable Development Goals, generating shared value with society.

Barceló is committed to promoting the growth and development of the communities in which the Company operates, including the following measures:

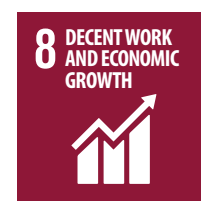
- Promoting the recruitment of staff locally
- Acquisition of local products and services. Supplier selection guided by criteria of objectiveness and transparency.
- Seeking maximum harmony with the features and traditions of the regions and countries in which we operate, with respect for their laws, uses and customs.

Thus, and thanks to these criteria, each of our hotels participates in a wide range of social actions on both an individual and joint basis. Below, a number of the most noteworthy activities performed in 2019 can be consulted.

■ Supporting employability

Tourism is one of the fastest growing economic sectors in the world, currently accounting for the creation of 1 out of every 11 jobs²⁰ and is one of the main sources of income in many countries. Therefore, it is key instrument is achieving inclusive and sustainable economic growth and offering decent employment conditions to a wide number of people, in particular young people and women.

In line with the objective of attracting the best talent to our Company, but also aware of the impact that the Barceló Hotel Group has on the economic environment as a catalyst for the creation of employment opportunities for young people, we are staunchly committed to supporting the achievement of Goal 8 of the Sustainable Development Goals, which fights to achieve decent work and economic growth and believe that this is a priority area of the Company.



Our **internship programmes** go beyond merely allowing students to get an idea of a real-life working environment. We want to offer actual opportunities to join the working world, as part of a programme that offers a wide range of options to different profiles, allowing us to become a reference point in society for providing young people with their first career development opportunity.

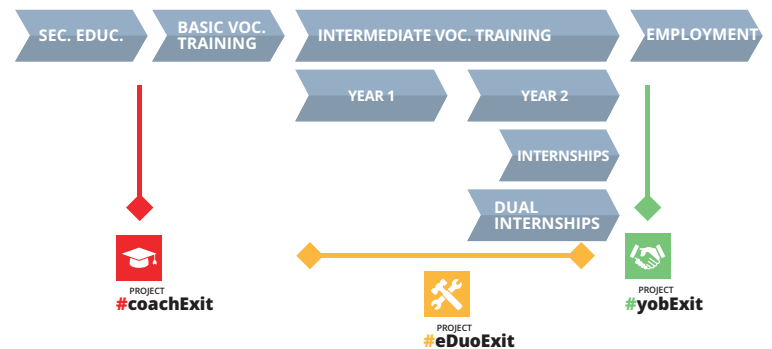
Additionally, in 2001 Barceló Hotel Group joined the board of trustees of **Fundación Integra** to support the foundation's work with vulnerable people. Since then, it has offered 198 employment contracts (30 of them in 2019) to people at risk of exclusion (women who are victims of gender violence, socially excluded young people, homeless people, etc.) who have joined its teams in Seville, Huelva, Barcelona, the Balearic Islands and Valencia. In 2015 Barceló employees started undertaking corporate volunteering actions at Fundación Integra. Last year, 12 volunteers ran 13 training workshops in Madrid, Seville, Valencia and the Balearic Islands.

²⁰ Panorama OMT del turismo internacional (Madrid: OMT, 2015 edition).

Meanwhile, Ávoris works with **Fundación Exit** to reduce the school dropout rate among socially vulnerable young people. The three training projects designed to improve employability target different stages of the education system:

The coachExit project uses coaching and mentoring to guide and motivate young people who are socially vulnerable because of school failure. In 2019 two Ávoris employees volunteered as coaches to help young people discover their vocation and motivate them to complete their studies. Another two employees will participate in the project in 2020.

In 2019 Ávoris volunteers also took part in the jobExit project, which consists in a two-month intensive training module in which young people learn how to pitch their CVs in selection processes, developing non-academic skills and capabilities. One of the young people who participated in the project is still working with us.



Barceló also participates in programmes to offer training to women in situations of vulnerability and intra-family violence.

Finally, in terms of the employment of people at risk of exclusion, a project that we are particularly proud of is Project Chance, which we embarked upon in 2015; this involves collaboration between the main hotel chains in Mallorca to enhance our social presence in the tourism destinations we operate in. **Project Chance** seeks to facilitate the social development of the community through training and employment, choosing the Bávaro region as it once served as the point of access for Spanish hotels in the Caribbean, in addition to being a destination in which we all have a strong, consolidated presence. Thanks to this initiative, young people from the Bávaro and Verón regions in the Dominican Republic with limited resources and that have not been able to study, have obtained the training required to work in the restaurants, bars and kitchens at the region's hotels. The fourth edition of the programme was held in 2019 and involved 67 participants (up 34% on 2018). A total of 5 participants from the different editions of the programme currently work for the Barceló Hotel Group in its hotels in Bávaro.

■ Donations to food banks

Our hotels participate in different food donation initiatives, ranging from the collection of non-perishable food to be sent to institutions including local food banks, foundations like Cáritas, one-off initiatives like Operación Kilo Sector Hotelero and Christmas food drives.

■ Transfer of property, fixtures and linens

Sixty hotels donated furniture (mattresses, bed bases, tables, chairs) and linen (towels, sheets, blankets, etc.) to non-profit associations and organisations in 2019.

■ Corporate volunteering

In 2019, 48 hotels performed some form of employee engagement activity, including participation in beach cleaning or visits to hospitals, nursing homes or community centres. More than 4,800 employees have participated in one of these activities.

■ Transfer of facilities and economic donations

Last year, hotels from the Barceló Hotel Group collaborated to different extents with different associations, from economic donations to donations in kind, such as the assignment of spaces at our hotels or free accommodation to collaborate for beneficial purposes. For example, since 2014 Barceló Hotel Group has dedicated a space at the Barceló Sevilla Renacimiento hotel to serve as the headquarters for Fundación Integra in Andalusia.

■ **Viajes 2000**

The goal of the Special Employment Centre at BTravel Turismo Accesible (Viajes 2000) is to sell travel, focusing mainly on three areas:

- ONCE social holiday programme for the elderly.
- Travel management for different disability associations.
- Corporate Travel for Companies.

70% of the workforce at Viajes 2000 have a disability.

As a Special Employment Centre, the main aim of Viajes 2000 is to provide workers with disabilities with productive, paid employment that is appropriate to their personal circumstances and that enhances the employment and social integration of the disabled worker both at the workplace and in their family and social environment, as the social integration of disabled people is not restricted to merely obtaining a job, but their social inclusion in the community they belong to, reaching a sufficient degree of autonomy.

In 2019 we invited Viajes 2000 to manage the travel for Barceló Hotel Group.

- **Contracts with Special Employment Centres** (Ilunion, Lyreco etc.) worth more than €11.5M in 2019 (+€1.5M with respect to 2018).

- **Foundations and Institutions**

In 2019 we contributed more than €1.1M to foundations and institutions²¹, triple the amount contributed the previous year mainly due to the increase in the amount donated to Fundación Barceló, which was €566,000 in 2019.

- **Sport sponsorships**

Furthermore, Ávoris has always demonstrated its commitment to sport and the values it transmits. In 2019 we invested approximately €1.7M (up 44% on the amount invested in 2018) in a variety of agreements, including sponsorship of the Spanish Olympic Team through the Olympic Sports Association (which involved us in the development of elite athletes through its scholarship programme) and a decisive commitment to female sport through the "Con ellas" programme, an initiative that aims to improve the visibility of women in sport through three key lines of action: supporting female champions and promising newcomers, helping female sports teams and encouraging sport among women. For example, we sponsored the female paddle tennis champions Patty Llaguno and Eli Amatriain, and Andrea Torres Fullana, a young new windsurfing talent.

²¹ Corresponds to contributions by corporate societies and hotels in Spain

5.2 THE BARCELÓ FOUNDATION, 30 YEARS OF SOLIDARITY

Barceló Foundation is a non-profit institution created by the Barceló Oliver family on 24 October 1989 with the aim of improving the integrated development of individuals, contributing their efforts and economic resources to create a more equal society for everybody.

The Barceló Foundation has been active for 30 years in the fields of health, education, cooperation, agricultural development, art and culture, contributing to the human, economic and social development of the most disadvantaged people. It cooperates in mitigating the needs of the most impoverished countries according to the Human Development Index, which is published each year by the UN. It also focuses on countries that are above this index but that suffer high levels of economic inequality and where the status of women is most precarious, which are mainly the poorest countries in Africa and Latin America, in addition to bearing in mind the needs of the surrounding area in Mallorca.

In 2019 the Foundation carried out 100 projects, of which 59% were its own initiatives. Specifically, it ran 72 projects in Africa, 14 in South and Central America, and 13 in Spain, benefitting 319,975 people. With regard to partnerships with other institutions, it carried out 39 projects in 18 countries in Latin America and Africa, benefitting 25,160 people. The total investment in these projects exceeded €2M.

Some of the main projects undertaken by the Barceló Foundation in 2019 are described below.

- It continued to support initiatives in the field of **education**, with 30 projects in 17 countries. Specifically, it granted 1,412 grants to vulnerable children and women with limited resources. It invested funds in the construction of two kindergartens and five classrooms in Kenya and three classrooms in Burkina Faso, completed the second phase of the Kyabé secondary school in Chad, renovated a school in Tanzania, and provided vocational training equipment to the Toni Real Vicens school in Trujillo, Peru. The Foundation also provided support to improve the water supply, sanitation and security in schools in Uganda, Kenya and Burkina Faso.
- In the field of **health**, the Foundation carried out 45 projects in 15 countries. The Farmasol project (Solidarity Pharmacies and Education for Health) was launched in 2015 and has involved 27 projects with 253,967 beneficiaries in six countries. All hotels in the EMEA region participate directly in this project, placing collection projects on show for customers and employees to make donations. In 2019 Barceló Hotel Group transferred approximately €7,000 to the Farmasol project.
- The International Medical Assistance Programme (AMI) begun in 1995 is still being pursued in Honduras and Nicaragua. The medical campaigns to prevent blindness continued in Senegal, along with vaccination campaigns in Kenya and assistance to nutritional and maternal-infant centres in Rwanda and Burkina Faso, with 285,376 end beneficiaries.
- In the field of **agriculture and the environment**, the Foundation carried out 11 projects in seven countries. Specifically, its Alisol (Solidarity Food) and Agrosol (Solidarity Agriculture) projects helped to improve the diet of 10,200 people with limited resources in Mallorca.

Five wells were built in Uganda in 2019, as well as one in Kenya and another in the Democratic Republic of the Congo.

Mission of the Barceló Foundation

Contributing to improving the human, economic and social development of those most in need, mainly in the most impoverished countries in Africa and Latin America, in addition to health, education and integrated development, prioritising the improvement of women's living standards. Contributing to the development of agriculture and undertaking productive processes, caring for the preservation of the environment at all times. Promoting cultural activities. All actions undertaken by the Foundation are governed by a principle of Social Responsibility.



In 2020 the Barceló Hotel Group's Occidental brand will be directly involved in this project by including a solidarity dish on their menus. Each time a customer orders the dish, €1 will be donated to the Barceló Foundation's well construction projects (an initiative launched as part of the Responsible Living Hotels project, described in Section 4.1).

The Foundation also supported 250 women in Mali through agricultural training and skill-building, a grain mill was built in Haiti and a chicken farm was developed in Uganda. Altogether, 18,269 people have improved their living conditions through these projects.

- In the field of **housing**, the Foundation financed the construction of a shelter in Kenya for 98 people.
- In 2019 the Foundation launched the third edition of its **grant scheme** for projects carried out by different not-for-profit associations and institutions in Mallorca. An investment of €321,817 financed 34 different actions that benefitted 819 people. These were projects without any government funding, covering different preventive activities and the provision of social, psychological and emotional support to people affected by situations that generate vulnerability, dependence on other people, risk of isolation, discrimination, marginalisation and social exclusion.
- Lastly, the Foundation maintained its programme of **art and cultural activities**, both at its headquarters in Palma as well as at its centre in Felanitx.

It is worth noting that the "Construir confianza" report produced every year by Fundación Compromiso y Transparencia once again put the Barceló Foundation among the top five most transparent family foundations in Spain, out of a total of 117, a clear testament to our transparency pledge.



6. HAND-IN-HAND WITH OUR SUPPLIERS

In line with our commitment to the suppliers of our goods and services, we ensure that our relationship is lawful, ethical and respectful, based on communication and transparency.

The selection of suppliers is governed, based on the provisions of our Code of Conduct, by the principles of objectivity and transparency, that combine the interest of the company in obtaining the best conditions, while maintaining stable relations with ethical and responsible suppliers. Barceló's employees and, in particular, those involved in the decision-making process concerning the procurement of supplies or services or establishing economic conditions, avoid all forms of interference that may affect their impartiality or objectiveness.

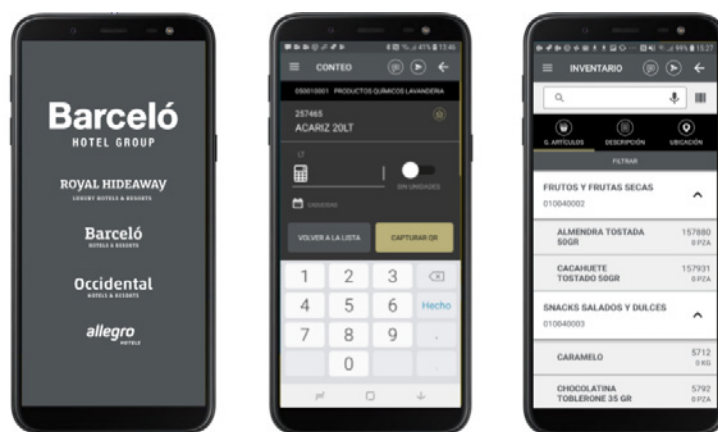
Procurement processes place a particular emphasis on the procedures for assessing and selecting suppliers, in order to avoid any kind of business relationship with natural or legal persons that may participate in unlawful or dishonest conduct or behaviour, in particular activities such as prostitution, grooming, fraud, public and private corruption, money laundering and the financing of terrorist or criminal organisations.

In the **Hotel Division** our main aim is to create a sustainable procurement and supply model by minimising purchase, storage and distribution costs at all our hotels, guaranteeing the standards of each brand and promoting compliance with the applicable regulations and the ethical, environmental and social commitments to which Barceló subscribes. The various lines of action are described below:

- Management of a centralised procurement system based on volume aggregation and operating under a flexible and agile management model, adapted to regional and local needs and the standards we have defined for each brand. In this line, in 2019 we managed 90% of the procurement volume in Spain through centralised corporate agreements.

In relation to the hotels in Latin America, we estimate that 88% of purchases are made through local suppliers.

- Drive digital transformation. Barceló Hotel Group manages suppliers through a proprietary mobile application, B-Stores, which optimises the logistical processes at hotels. In 2019 we launched a new feature for the app that allows us to draw up inventories on portable devices. We also plan to increase the features of B-Stores to be able to record the entry of inventoriable products and order and record external services like laundry, security guards and temporary employment agencies.



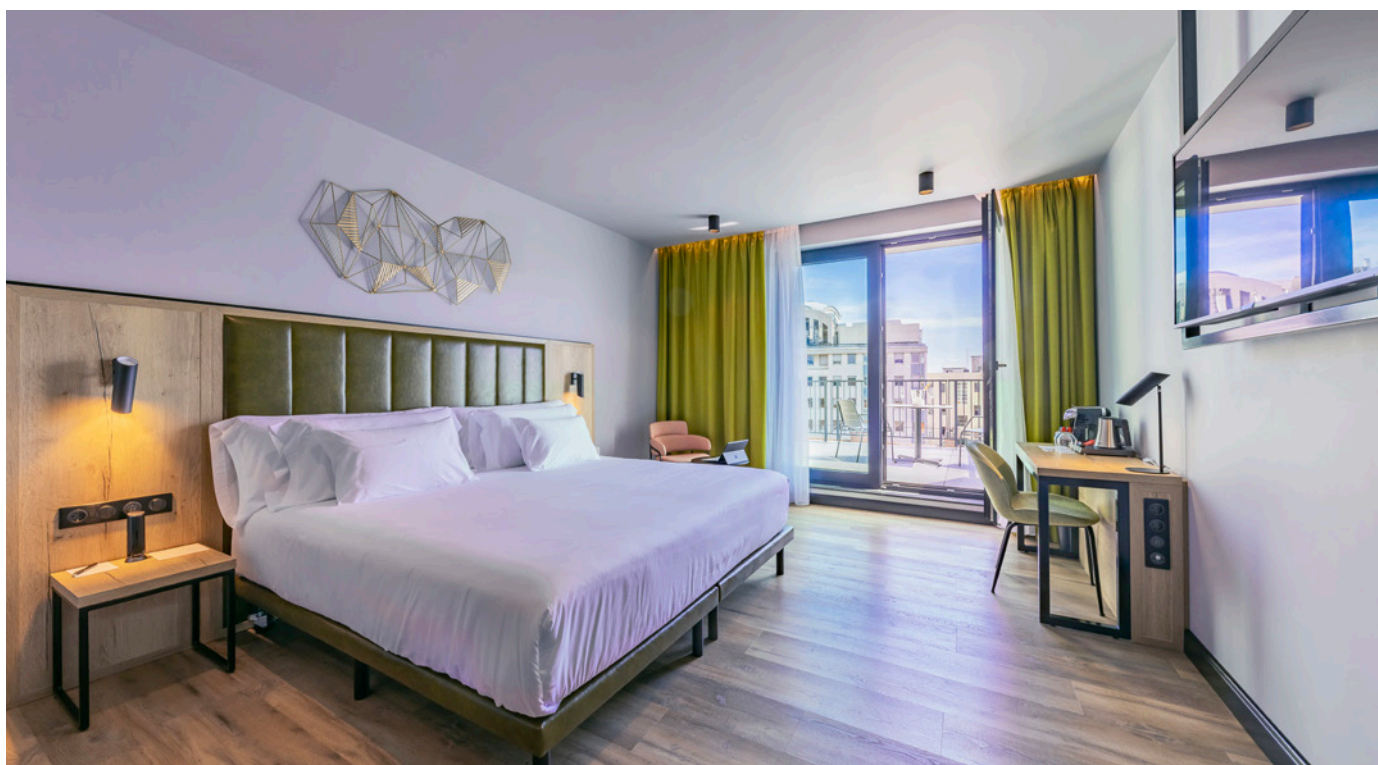
- Definition of specific clauses to ensure that suppliers comply with Barceló Hotel Group's human rights, ethical, environmental and social pledges.

In 2019 the Procurement Department was actively involved in the Responsible Living Hotels (see Section 4.1) by dedicating efforts and resources to the search for sustainable suppliers and products. It also took part in forums and committees to stay abreast of the most innovative initiatives and be able to offer hotels, and therefore our customers, the best alternatives available for enjoying socially responsible stays.

The main supplier-related initiative in the **Travel Division** in 2019 was the creation of a supplier management portal <https://avoristravel.bravosolution.com/>. All suppliers who would like to register must complete an approval process that includes the commitment of suppliers to comply with:

- Applicable employment regulations: right to health and safety, commitment to abolish child labour, respect for working hours.
- Environmental regulations: compliance with legal requirements in all countries in which the company operates.
- Ethical guidelines

To date, 139 suppliers have been approved, which corresponds to 81% of all registered suppliers and 99.3% of all procurements in 2019. A supplier audit process has also been launched. Three suppliers were audited in 2019 and no cases of non-compliance with aspects analysed were identified.



Barceló Budapest

APPENDIX I: IDENTIFICATION RELEVANT SUSTAINABILITY ISSUES

An analysis was made of relevant Group issues, businesses and the different stakeholders before defining the Corporate Reputation Plan included in the Strategic Plan (*refer to section 1.6 herein*). This materiality analysis was used as a reference for defining the information to disclose in this NFIS.

The relevance of the different topics was examined from a double analysis, i.e. external and internal. Externally, the 17 Sustainable Development Goals set by the United Nations General Assembly were employed as the key reference to determine and prioritise key actions. The internal analysis and estimate of the impact of these actions on the Group involved the participation of different departments to establish common priorities for customers, the business, owners, the environment, suppliers and partners, competitors and the local communities in which we operate and, of course, for our employees, the fundamental value and driving force of our Company. The relevant issues identified from the results of this analysis were:

- Employee-related issues: training and skill-building of teams, description of the characteristics of our workforce, diversity and inclusion, employee commitment, talent recruitment and occupational health and safety.
 - Environmental issues: energy and water consumption, generation of emissions, environmental risks and impacts, and waste generation and management.
 - Ethical and social issues: local community development, compliance, business ethics and transparency, corporate governance management, and compliance with human rights.
 - Business-related issues: economic performance, customer satisfaction and service quality, Barceló's presence in the world, investments, and continuous innovation in services and products.
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APPENDIX II: 2018 DATA

The calculation and analysis methodology used to prepare the 2019 report has been more exhaustive than the methodology used in 2018 thanks to the experience acquired.

Section	Indicator	Value 2018	Unites	Updated with respect to 2018 NFIS																																		
1.5	Barceló's presence in the world	Hotel portfolio		No																																		
		<p>HOTEL PORTFOLIO</p> <p>YEAR-END 2018 KEY DATA</p> <table border="1"> <thead> <tr> <th>HOTELS</th> <th>ROOMS</th> <th>CONTRACTS</th> <th>SEGMENTS</th> <th>BRANDS</th> <th>REGIONS</th> <th>PIPELINE (2019-2021)</th> </tr> </thead> <tbody> <tr> <td>246 HOTELS IN 22 COUNTRIES</td> <td>54,692 ROOMS</td> <td>28% FRANCHISE 1% FRANCHISE</td> <td>49% HOTELS 51% OTHERS</td> <td>3% NON-FRANCHISE 40% BARCELÓ 22% OTHER BRANDS 31% OTHER BRANDS 4% OTHERS</td> <td>30% LATAM 39% EMEA 31% AMER</td> <td>22 HOTELS 3 NEW COUNTRIES 5,123 ROOMS</td> </tr> </tbody> </table>	HOTELS	ROOMS	CONTRACTS	SEGMENTS	BRANDS	REGIONS	PIPELINE (2019-2021)	246 HOTELS IN 22 COUNTRIES	54,692 ROOMS	28% FRANCHISE 1% FRANCHISE	49% HOTELS 51% OTHERS	3% NON-FRANCHISE 40% BARCELÓ 22% OTHER BRANDS 31% OTHER BRANDS 4% OTHERS	30% LATAM 39% EMEA 31% AMER	22 HOTELS 3 NEW COUNTRIES 5,123 ROOMS																						
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1.8.1	Respect for human rights	Complaints regarding potential human rights violations	0 Complaints	No																																		
1.8.2	Prevention of corruption, bribery and money laundering	Complaints regarding corruption, bribery or money laundering	0 Complaints	No																																		
1.8.3	Other corporate information	Profit after tax (and before minority interests) by country		Thousands of euros																																		
		<table border="1"> <thead> <tr> <th>COUNTRY</th> <th>AMOUNT (Thousands of euros)</th> </tr> </thead> <tbody> <tr><td>SPAIN</td><td>73,834</td></tr> <tr><td>MEXICO</td><td>60,672</td></tr> <tr><td>DOMINICAN REPUBLIC</td><td>18,619</td></tr> <tr><td>ARUBA</td><td>12,945</td></tr> <tr><td>COSTA RICA</td><td>4,968</td></tr> <tr><td>USA</td><td>4,864</td></tr> <tr><td>PORTUGAL</td><td>4,089</td></tr> <tr><td>CZECH REPUBLIC</td><td>2,131</td></tr> <tr><td>GUATEMALA</td><td>1,640</td></tr> <tr><td>GERMANY</td><td>964</td></tr> <tr><td>OTHERS</td><td>672</td></tr> <tr><td>NICARAGUA</td><td>366</td></tr> <tr><td>EGYPT</td><td>342</td></tr> <tr><td>ITALY</td><td>-858</td></tr> <tr><td>TURKEY</td><td>-3,169</td></tr> <tr><td>TOTAL</td><td>182,079</td></tr> </tbody> </table>	COUNTRY	AMOUNT (Thousands of euros)	SPAIN	73,834	MEXICO	60,672	DOMINICAN REPUBLIC	18,619	ARUBA	12,945	COSTA RICA	4,968	USA	4,864	PORTUGAL	4,089	CZECH REPUBLIC	2,131	GUATEMALA	1,640	GERMANY	964	OTHERS	672	NICARAGUA	366	EGYPT	342	ITALY	-858	TURKEY	-3,169	TOTAL	182,079		
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TURKEY	-3,169																																					
TOTAL	182,079																																					
1.8.3	Other corporate information	Corporate taxes paid	60,529	Thousands of euros	No																																	
1.8.3	Other corporate information	Average remuneration of directors and senior management	601	Thousands of euros	No																																	
1.8.3	Other corporate information	Composition of board of directors and senior management	8 people (all men)		No																																	
1.8.3	Other corporate information	Grants	Information regarding grants can be found in note 20 of the Group's 2018 Consolidated Annual Accounts.		No																																	
3.2	Our customers experience	% Customer complaints:		% CUSTOMER COMPLAINTS RECEIVED	No																																	
		Hotels Division		0.02% (of all stays)																																		
		Travel Division	Airline	1.80% (of all travellers)																																		
			Wholesale	0.36% (of all travellers)																																		
			Retail	0.48% (of all records)																																		

Section	Indicator	Value 2018	Unites	Updated with respect to 2018 NFIS
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2.1 Our team	Distribution of employees by professional category and gender	TOTAL AVERAGE WORKFORCE									No
		TOTAL AVERAGE WORKFORCE	MANAGEMENT TEAM		MIDDLE MANAGEMENT		CORE STAFF		TOTAL		
			MEN	WOMEN	MEN	WOMEN	Men	Women	MEN	WOMEN	
Germany	52	64%	36%	56%	44%	60%	40%	60%	40%		
Aruba	401	71%	29%	47%	53%	48%	52%	48%	52%		
Bulgaria	98	50%	50%	55%	45%	51%	49%	51%	49%		
Costa Rica	928	58%	42%	59%	41%	57%	43%	57%	43%		
Ecuador	117	79%	21%	80%	20%	66%	34%	68%	32%		
USA	5,352	56%	44%	39%	61%	33%	67%	34%	66%		
Egypt	356	92%	8%	98%	2%	94%	6%	95%	5%		
El Salvador	266	57%	43%	58%	42%	70%	30%	69%	31%		
Spain	8,909	75%	25%	50%	50%	37%	63%	40%	60%		
Turkey	47	100%	0%	86%	14%	68%	32%	73%	27%		
UAE	263	87%	13%	65%	35%	86%	14%	85%	15%		
Guatemala	430	17%	83%	48%	52%	61%	39%	59%	41%		
Italy	64	100%	0%	100%	0%	53%	47%	56%	44%		
Morocco	139	67%	33%	65%	35%	60%	40%	61%	39%		
Mexico	9,823	77%	23%	68%	32%	60%	40%	61%	39%		
Nicaragua	277	75%	25%	45%	55%	58%	42%	57%	43%		
Panama	91	33%	67%	73%	27%	42%	58%	46%	54%		
Portugal	37	0%	0%	38%	63%	33%	67%	34%	66%		
Czech Rep	123	59%	41%	22%	78%	52%	48%	50%	50%		
Dominican Republic	5,605	50%	50%	64%	36%	61%	39%	61%	39%		
TOTAL	33,378	66%	34%	56%	44%	51%	49%	52%	48%		

In Spain, the Travel business unit is included

2.1 Our team	Average age of the workforce	AVERAGE AGE BY GENDER			No
		AVERAGE AGE		WOMEN	
		MEN	WOMEN		
TOTAL	35.8	35.2	36.4		

2.1 Our team	Distribution of workforce by contract type	CONTRACT TYPE								No
		PERCENTAGE OF THE TOTAL	MANAGEMENT TEAM		MIDDLE MANAGEMENT	CORE STAFF	UNDER 30	BETWEEN 30 AND 50	OVER 50	
			MEN	WOMEN						
TOTAL	Permanent contract	68%	50%	96%	89%	65%	47%	76%	91%	
	Temporary contract	32%	27%	4%	11%	35%	53%	24%	9%	

2.1 Our team	Workforce on part-time contract	PART TIME								No
		PERCENTAGE OF THE TOTAL	MANAGEMENT TEAM		MIDDLE MANAGEMENT	CORE STAFF	UNDER 30	BETWEEN 30 AND 50	OVER 50	
			MEN	WOMEN						
TOTAL	7%	30%	70%	0%	7%	93%	26%	55%	19%	

In 2018 the percentage of men and women was calculated according to 100% of the part-time data. In 2019 the percentage of men and women on a part-time contract was calculated according to 100% of men and 100% of women.

2.3 We develop our teams	Training hours	DISTRIBUTION OF TRAINING HOURS BY GROUP				No	
		NUMBER OF HOURS		MANAGEMENT TEAM	MIDDLE MANAGEMENT		CORE STAFF
		TOTAL		22,196	45,308		490,662
		TOTAL	558,166				
	FORMATION						
	GENDER						
	DIVISION	MAN	WOMAN				
	TOTAL	52%	48%				

2.5 Diversity and inclusion	Distribution of workforce by gender and age	STAFF BY AGE RANGE AND GENDER IN %								No
		TOTAL AVERAGE WORKFORCE	UNDER 30		BETWEEN 30 AND 50		OVER 50		TOTAL	
			MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	
TOTAL	33,378	51%	49%	51%	49%	57%	43%	52%	48%	

2.5 Diversity and inclusion	Employees with disabilities	272 employees	No
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2.6.3 Absenteeism	Absenteeism	ABSENTEEISM							No	
		PERCENTAGE OF THE TOTAL	MEN	WOMEN	NUMBER OF HOURS	(IT + AC + EF)	MATERNITY	UNJUSTIFIED ABSENCE		OTHER
						61%	18%	12%		9%
TOTAL	1.2%	39%	61%	1,996,662	61%	18%	12%	9%		

TD Temporary Disability, OA Occupational Accident, OI Occupational Illness
Absenteeism rate: Average absenteeism staff / Average total staff
* Absences contemplated are Temporary Disability, Occupational Accident, Occupational Illness, Maternity, Unexcused Absences and other absences.

2.6.3 Absenteeism	Occupational accidents and illnesses	NUMBER OCCUPATIONAL ACCIDENTS		NUMBER OCCUPATIONAL ILLNESS		No
		MEN	WOMEN	MEN	WOMEN	
		TOTAL	1,285	1,225	57	
















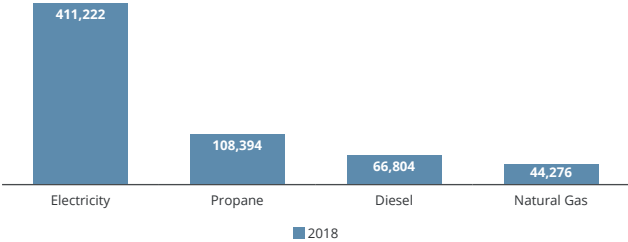
We have improved the criteria for recording occupational illnesses by assigning occupational illnesses to common illnesses more accurately.
The variation in the number of accidents in 2019 compared with 2018 reflects an improvement in the criteria for recording accidents, mainly at international hotels.

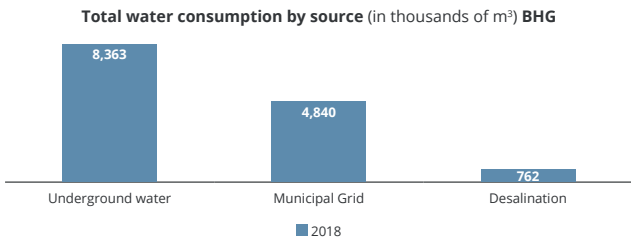
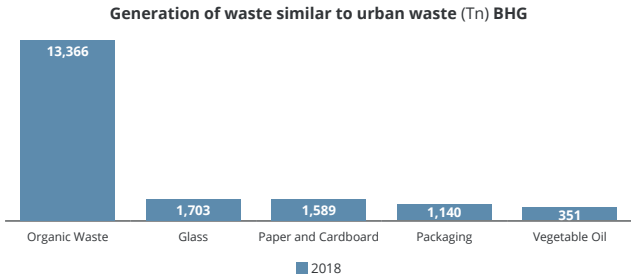
2.6.3 Absenteeism	Accident rates	NUMBER OCCUPATIONAL ACCIDENTS							No		
		Number of Accidents	Frequency of occupational accidents - Men		Frequency of occupational accidents - Women		Rate of occupational accidents - Men	Rate of occupational accidents - Women		Seriousness of occupational accidents - Men	Seriousness of occupational accidents - Women
			31.4	31.6	55.8	56.2	0.78	0.9			
TOTAL	499	31.4	31.6	55.8	56.2	0.78	0.9				

The accident rate calculated in 2018 only include Spain. In 2019 the accident rate do not include Crestline or the Barceló Anfa Casablanca, Barceló Hydra Beach and Complejo Solymar hotels because their information systems do not provide this information.

2.6.6 Employee Turnover	Turnover rate	TURNOVER					No
		TOTAL	MEN	WOMEN	PERMANENT	TEMPORARY	
					55%	45%	
TOTAL	52%	52%	48%	55%	45%		

In 2018 the percentage of men and women was calculated according to 100% of the turnover data. In 2019 the turnover percentage for men and women was calculated according to 100% of men and 100% of women.

Section	Indicator	Value 2018	Unites	Updated with respect to 2018 NFIS																																																																																																												
2.6.6 Employee Turnover	Departures from the Company	<table border="1"> <thead> <tr> <th rowspan="2">TOTAL</th> <th colspan="9">DISMISSALS</th> </tr> <tr> <th>NUMBER</th> <th>MEN</th> <th>WOMEN</th> <th>UNDER 30</th> <th>BETWEEN 30 AND 50</th> <th>OVER 50</th> <th>MANAGEMENT TEAM</th> <th>MIDDLE MANAGEMENT</th> <th>CORE STAFF</th> </tr> </thead> <tbody> <tr> <td></td> <td>1,698</td> <td>70%</td> <td>30%</td> <td>51%</td> <td>43%</td> <td>6%</td> <td>1%</td> <td>9%</td> <td>90%</td> </tr> </tbody> </table>	TOTAL	DISMISSALS									NUMBER	MEN	WOMEN	UNDER 30	BETWEEN 30 AND 50	OVER 50	MANAGEMENT TEAM	MIDDLE MANAGEMENT	CORE STAFF		1,698	70%	30%	51%	43%	6%	1%	9%	90%		No																																																																															
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2.7 Remuneration	Average remuneration and progression by gender, age and professional category. Pay gap	<table border="1"> <thead> <tr> <th rowspan="3">TOTAL</th> <th rowspan="3"></th> <th colspan="8">AVERAGE SALARY PER CATEGORY, AGE RANGE AND GENDER</th> </tr> <tr> <th colspan="2">MANAGEMENT TEAM</th> <th colspan="2">MIDDLE MANAGEMENT</th> <th colspan="2">CORE STAFF</th> <th colspan="2">TOTAL</th> </tr> <tr> <th>MEN</th> <th>WOMEN</th> <th>MEN</th> <th>WOMEN</th> <th>MEN</th> <th>WOMEN</th> <th>MEN</th> <th>WOMEN</th> </tr> </thead> <tbody> <tr> <td>Under 30</td> <td></td> <td>21,888</td> <td>22,120</td> <td>10,674</td> <td>18,276</td> <td>5,449</td> <td>8,429</td> <td>5,691</td> <td>8,912</td> </tr> <tr> <td>Between 30 and 50</td> <td></td> <td>41,741</td> <td>38,479</td> <td>19,323</td> <td>23,808</td> <td>9,457</td> <td>12,777</td> <td>12,142</td> <td>14,706</td> </tr> <tr> <td>Over 50</td> <td></td> <td>74,647</td> <td>58,835</td> <td>32,750</td> <td>35,410</td> <td>16,611</td> <td>17,981</td> <td>23,445</td> <td>21,520</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th rowspan="3">TOTAL</th> <th rowspan="3"></th> <th colspan="4">SALARY BREACH PER CATEGORY AND AGE RANGE</th> </tr> <tr> <th colspan="2">MANAGEMENT TEAM</th> <th colspan="2">MIDDLE MANAGEMENT</th> <th colspan="2">CORE STAFF</th> <th colspan="2">TOTAL</th> </tr> <tr> <th>MEN</th> <th>WOMEN</th> <th>MEN</th> <th>WOMEN</th> <th>MEN</th> <th>WOMEN</th> <th>MEN</th> <th>WOMEN</th> </tr> </thead> <tbody> <tr> <td>Under 30</td> <td></td> <td>-1%</td> <td>-71%</td> <td>-55%</td> <td>-57%</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Between 30 and 50</td> <td></td> <td>8%</td> <td>-23%</td> <td>-35%</td> <td>-21%</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Over 50</td> <td></td> <td>21%</td> <td>-8%</td> <td>-8%</td> <td>8%</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>The improvements introduced in the methodology include integration of the variable component, selection of the most recent contract per employee and full-time projection.</p>	TOTAL		AVERAGE SALARY PER CATEGORY, AGE RANGE AND GENDER								MANAGEMENT TEAM		MIDDLE MANAGEMENT		CORE STAFF		TOTAL		MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	Under 30		21,888	22,120	10,674	18,276	5,449	8,429	5,691	8,912	Between 30 and 50		41,741	38,479	19,323	23,808	9,457	12,777	12,142	14,706	Over 50		74,647	58,835	32,750	35,410	16,611	17,981	23,445	21,520	TOTAL		SALARY BREACH PER CATEGORY AND AGE RANGE				MANAGEMENT TEAM		MIDDLE MANAGEMENT		CORE STAFF		TOTAL		MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	Under 30		-1%	-71%	-55%	-57%					Between 30 and 50		8%	-23%	-35%	-21%					Over 50		21%	-8%	-8%	8%						No
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4.2 Consequences of Barceló's activities on the environment and environmental risk prevention	Resources dedicated to preventing environmental risks		€ 4M	No																																																																																																												
4.3.1 Energy consumption	Hotels with renewable energy installations		39 hotels	No																																																																																																												
4.3.1 Energy consumption	Hotels with charge stations for electric vehicles		16 hotels	No																																																																																																												
4.3.1 Energy consumption	Energy consumption by source at hotels	<p>Total energy consumption (in MWh) BHG</p>  <table border="1"> <thead> <tr> <th>Source</th> <th>Consumption (MWh)</th> </tr> </thead> <tbody> <tr> <td>Electricity</td> <td>411,222</td> </tr> <tr> <td>Propane</td> <td>108,394</td> </tr> <tr> <td>Diesel</td> <td>66,804</td> </tr> <tr> <td>Natural Gas</td> <td>44,276</td> </tr> </tbody> </table>	Source	Consumption (MWh)	Electricity	411,222	Propane	108,394	Diesel	66,804	Natural Gas	44,276		Yes This year we improved the reporting systems to ensure reliable and meaningful comparisons over time and we recalculated the data reported in 2018.																																																																																																		
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4.3.1 Energy consumption	Jet-A1 fuel consumption by Evelop flight operations		63 million litres	No																																																																																																												
4.3.1 Energy consumption	Jet-A1 fuel consumption by Evelop flight operations		604,806 MWh	No																																																																																																												

Section	Indicator	Value 2018	Unites	Updated with respect to 2018 NFIS																			
4.3.2	Water consumption	Water consumption by source at hotels	 <p>Total water consumption by source (in thousands of m³) BHG</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Value (thousands of m³)</th> </tr> </thead> <tbody> <tr> <td>Underground water</td> <td>8,363</td> </tr> <tr> <td>Municipal Grid</td> <td>4,840</td> </tr> <tr> <td>Desalination</td> <td>762</td> </tr> </tbody> </table>	Source	Value (thousands of m³)	Underground water	8,363	Municipal Grid	4,840	Desalination	762	Unites	Yes This year we improved the reporting systems to ensure reliable and meaningful comparisons over time and we recalculated the data reported in 2018.										
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4.4.1	Atmospheric emissions	Hotel carbon footprint	<table border="1"> <thead> <tr> <th></th> <th>2018</th> <th>tCO₂</th> </tr> </thead> <tbody> <tr> <td>Emissions Scope 1</td> <td>48,483</td> <td></td> </tr> <tr> <td>Emissions Scope 2</td> <td>174,050</td> <td></td> </tr> <tr> <td>TOTAL EMISSIONS</td> <td>222,533</td> <td></td> </tr> </tbody> </table>		2018	tCO ₂	Emissions Scope 1	48,483		Emissions Scope 2	174,050		TOTAL EMISSIONS	222,533			Yes This year we improved the reporting systems to ensure reliable and meaningful comparisons over time and we recalculated the data reported in 2018.						
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Emissions (Kg CO2) per stay	2018																						
Scope 1	9.3																						
Scope 2	33.0																						
4.4.1	Atmospheric emissions	Carbon footprint of the Evelop airline	158,762 tCO ₂		Yes Figures reported in 2018 have been reviewed and updated according to the scope 2019.																		
4.4.1	Atmospheric emissions	Evelop airline NO _x emissions	804 t NO _x																				
4.4.1	Atmospheric emissions	Evelop airline SO _x emissions	50 t SO ₂																				
4.5.1	Waste management	Waste generated at hotels	 <p>Generation of waste similar to urban waste (Tn) BHG</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Value (Tn)</th> </tr> </thead> <tbody> <tr> <td>Organic Waste</td> <td>13,366</td> </tr> <tr> <td>Glass</td> <td>1,703</td> </tr> <tr> <td>Paper and Cardboard</td> <td>1,589</td> </tr> <tr> <td>Packaging</td> <td>1,140</td> </tr> <tr> <td>Vegetable Oil</td> <td>351</td> </tr> </tbody> </table>	Category	Value (Tn)	Organic Waste	13,366	Glass	1,703	Paper and Cardboard	1,589	Packaging	1,140	Vegetable Oil	351		Yes This year we improved the reporting systems to ensure reliable and meaningful comparisons over time and we recalculated the data reported in 2018.						
Category	Value (Tn)																						
Organic Waste	13,366																						
Glass	1,703																						
Paper and Cardboard	1,589																						
Packaging	1,140																						
Vegetable Oil	351																						
4.5.1	Waste management	Waste generated (kg) per stay	<table border="1"> <thead> <tr> <th></th> <th>2018</th> <th>Kg/stay</th> </tr> </thead> <tbody> <tr> <td>Organic waste</td> <td>2.6</td> <td></td> </tr> <tr> <td>Glass</td> <td>0.3</td> <td></td> </tr> <tr> <td>Paper and cardboard</td> <td>0.3</td> <td></td> </tr> <tr> <td>Packaging</td> <td>0.2</td> <td></td> </tr> <tr> <td>Vegetable oil</td> <td>0.1</td> <td></td> </tr> </tbody> </table>		2018	Kg/stay	Organic waste	2.6		Glass	0.3		Paper and cardboard	0.3		Packaging	0.2		Vegetable oil	0.1			
	2018	Kg/stay																					
Organic waste	2.6																						
Glass	0.3																						
Paper and cardboard	0.3																						
Packaging	0.2																						
Vegetable oil	0.1																						
5.1	Actions in the local community	Hotels involved in corporate volunteering	29 hotels		No																		
5.1	Actions in the local community	Recruitment from Special Employment Centres	€ 10M		No																		
5.1	Actions in the local community	Contribution to Foundations and Institutions	360,000 €		No																		
5.1	Actions in the local community	Investment in sport sponsorships	€ 1M		No																		

APPENDIX III: LIST OF LEGAL REQUIREMENTS UNDER LAW 11/2018 AND GRI INDICATORS

Content Law 11/2018	GRI	Section	Page
General Description of the Company			
Business model			
Brief description of the Group's business model, including:	102-2	Activities, brands, products and services	1.3 The Barceló business model
1. Business environment	102-7	Scale of the organization	1.4 Organisational structure
2. Organisation and structure	102-3	Location of headquarters	1.5 Barceló's presence in the world
3. Markets in which it operates	102-4	Location of operations	1.6 Strategic Plan
4. Objectives and strategies	102-6	Markets served	
5. The main factors and trends that may affect its future performance			
Reference framework used to report non-financial information	102-54	Claims of reporting in accordance with the GRI Standards	About this report
Policies			
A description of the policies applied by the Group in terms of these matters, including:	103-1	Explanation of the material topic and its Boundary	1.7 Risk management
1. Due diligence procedures applied to identify, assess, prevent and mitigate significant risks and impacts and relating to verification and control, including the measures adopted	103-2	The management approach and its components	1.8 Ethical commitments in business development
2. Key indicators of the outcome of implementing the Policies that make progress monitoring and assessment possible			2.6.5 Organisational policies and work-life balance
Risks			
The main risks relating to the issues associated with the Group's activities, including, when applicable and proportionate, its commercial relationships, products or services that may have negative impacts on these areas, and how the Group manages these risks, explaining the procedures use to detect them and evaluate them in line with the national, European and international frameworks of reference for each issue.	102-15	Key impacts, risks, and opportunities	1.7 Risk management
			1.8.2 Prevention of corruption, bribery and money laundering
			4.2 Consequences of Barceló's activities on the environment and environmental risk prevention
Information on environmental aspects			
Management approach			
Detailed information on the current and foreseeable effects of the company's activities on the environment and, as applicable, health and safety	307-1	Non-compliance with environmental laws and regulations	4.2. Consequences of Barceló's activities on the environment and environmental risk prevention
	308-2	Negative environmental impacts in the supply chain and actions taken	
			4.3 Consumption of natural resources
Environmental assessment or certification procedures			4.2. Consequences of Barceló's activities on the environment and environmental risk prevention
			Heading: Environmental certification programmes
The resources dedicated to preventing environmental risks			4.2. Consequences of Barceló's activities on the environment and environmental risk prevention
Application of the principle of precaution	102-11	Precautionary Principle or approach	
The amount of provisions and guarantees for environmental risks			Heading: Resources dedicated to preventing environmental risks
Pollution			
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment (including noise and light pollution)	305-1	Direct GHG emissions (scope 1)	4.3.1 Energy consumption
	305-2	Energy indirect (Scope 2) GHG emissions	Section: Energy saving and efficient energy consumption measures
	305-3	Other indirect GHG emissions (scope 3)	4.4 Emissions generated
	305-6	Emissions of ozone-depleting substances (ODS)	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	

Content Law 11/2018	GRI	Section	Page		
Circular economy and waste prevention and management					
Prevention measures, recycling, reuse, other forms of recovery and waste elimination	301-2	Recycled input materials used	4.5.1 Waste management	62-63	
	301-3	Reclaimed products and their packaging materials			
	306-1	Water discharge by quality and destination			
	306-2	Waste by type and disposal method			
Actions for combating food waste	306-2	Waste by type and disposal method	4.5.2	Prevention of food waste	64-65
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Water consumption and supply pursuant to local limitations	303-1	Water withdrawal by source	4.3.2	Water consumption	59
	303-3	Water recycled and reused			
Consumption of raw materials Measures adopted to improve efficient use	301-1	Materials used by weight or volume	4.3.3	Paper consumption: Paperless project	60
	302-4	Reduction of energy consumption	4.5.1	Waste management	62-63
	302-5	Reductions in energy requirements of products and services			
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	302-2	Energy consumption outside of the organisation			
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	305-1	Direct GHG emissions (scope 1)			
	305-2	Energy indirect (Scope 2) GHG emissions	4.4.1.	Atmospheric emissions	61-62
	305-3	Other indirect GHG emissions (scope 3)			
	305-4	GHG emissions intensity			
305-5	Reduction of GHG emissions				
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Measures taken to preserve or restore biodiversity	304-3	Habitats protected or restored	4.6.	Preservation of biodiversity	65-66
Impacts caused by activities or operations in protected areas	304-2	Significant impacts of activities, products, and services on biodiversity			

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	405-1	Diversity of governance bodies and employees	2.5 Diversity and inclusion	35
Total number and distribution of employees by age	401-1	New employee hires and employee turnover	2.1 Our team Heading: Distribution of workforce by age and professional category	27
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Annual average permanent contracts by age				
Annual average permanent contracts by professional category				
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Annual average temporary contracts by age				
Annual average temporary contracts by professional category				
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Annual average part-time contracts by professional category				
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Universal accessibility for people with a disability			
Universal accessibility for people with a disability	405-1	Diversity of governance bodies and employees	2.5. Diversity and inclusion 35-36
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Measures to ensure the health and safety of consumers	416-1	Assessment of the health and safety impacts of product and service categories	3.3	Ensuring the health and safety of our customers	44-47
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CONSOLIDATED
ANNUAL ACCOUNTS
AT DECEMBER 31, 2019

2019

Barceló
GRUPO

BARCELÓ CORPORACIÓN
EMPRESARIAL, S.A. AND
SUBSIDIARIES



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AUDIT REPORT ON ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 40)

To the shareholders of BARCELÓ CORPORACIÓN EMPRESARIAL, S.A.:

Opinion

We have audited the consolidated annual accounts of BARCELÓ CORPORACIÓN EMPRESARIAL, S.A. (the Company) and subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the consolidated notes thereto for the year then ended.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and financial position of the Company as at December 31, 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards, adopted by the European Union (IFRS-EU), and other provisions of the applicable regulatory framework for financial information in Spain.

Basis for opinion

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

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

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

Most relevant audit issues

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



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Valuation of Property, Plant and Equipment

Description The Group has Property, Plant & Equipment over 2,078 million euros relating to hotel and other assets, which represent almost 51% of the total consolidated assets. At closing, the Group evaluates whether there is evidence of impairment of said assets, in accordance with the criteria detailed in the Notes to the consolidated accounts. When the carrying amount is higher than the recoverable amount, an impairment loss is recognised. The criteria followed in order to determine and quantify any possible impairment are detailed in Note 2.4 of the Notes to the consolidated Accounts. The significance of the amounts involved and the judgements implied by the identification and quantification of the amount of impairment, have led us to consider this as a key audit matter.

Our response With regard to this area, our audit procedures have included, among others, i) analysing the reasonableness of the criteria adopted by the Group in order to identify any indication of impairment of each CGU to which the hotel assets belong; ii) verifying that, for all assets with indications of impairment, the lack of or presence of impairment has been adequately justified; iii) verifying the methodology, projected financial information, hypotheses and variables applied for the test of impairment calculation of those assets which have been impaired, as well as the professional aptitude and independence of the external experts in the case that the Group has used third-party appraisals. Moreover, we have evaluated the correctness of the information regarding Property, Plant & Equipment disclosed in the Notes to the consolidated annual accounts.

Provisions for tax and legal contingencies

Description The Group undertakes its activities in sectors and countries with varying tax and legal regulations subject to interpretation. The application of interpretative criteria different from those of the tax authorities, implies the existence of administrative or legal procedures underway and appeals filed by the Group to defend its interests. These procedures are detailed in Notes 20 and 26 of the Notes to the consolidated accounts. We consider this area as a key audit matter due to the high level of subjective evaluation and estimation involved.

Our response We have evaluated the directors' position with regard to these tax and legal issues, mainly including, the review of the related documentation, the analysis of the confirmations from the Group's external tax advisors, in order to evaluate their opinions with Management's position on the valuation and presentation of the relevant information for each of the related material contingencies. Our tax specialists have been involved in the process to help us review these material contingencies.



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Adoption of IFRS NIIF 16 - Leases

Description Notes 2.1, 23 and 34 of the Notes to the accompanying 2019 consolidated annual accounts, explain that the Group has adopted the International Financial Reporting Standard (IFRS) 16 - Leases, with the first application date being January 1, 2019. The Group has used the modified retrospective transition method, resulting in an increase of the Group's assets and liabilities at January 1, 2019, of 950 million euros. The adoption of this measure has been a relevant audit issue since the estimate of the effects to be recognised at the transition date and during 2019, means that the Parent Company's directors must apply various relevant judgments and estimates, including, the determination of the lease term of the contracts and the discount rates applied.

Our response Our audit procedures have included, among others, i) understanding the process applied by the Group for the identification, calculation and recognition of the effects corresponding to the adoption of International Financial Reporting Standard (IFRS) 16 - Leases, evaluating compliance of the applicable financial information framework; ii) the performance of substantive procedures, on a selective basis, verifying the appropriate determination of the lease periods and the reasonability of the calculations and estimates made on the contracts; iii) the review of the reasonability of the discount rates used; the involvement of our International Financial Reporting Standards specialists in order to evaluate the reasonability of the methodology used and the main assumptions considered in said methodology; and v) the analysis of the information disclosed in the consolidated annual accounts related to this standard.

Other information: consolidated management report

Other information refers exclusively to the 2019 consolidated management report, the preparation of which is the responsibility of the parent Company's directors and is not an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility for the information contained in the consolidated management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

- a) A specific level applicable to the consolidated non-financial information statement, which solely requires that we verify whether said information has been included in the consolidated management report or, where applicable, that the consolidated management report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, disclose this fact.
- b) A general level applicable to the remaining information included in the consolidated management report, which requires us to evaluate and report on the consistency of said information in the consolidated annual accounts based on knowledge of the Group obtained during the audit of said accounts, excluding information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.



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Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided in the consolidated management report and that the remaining information contained therein is consistent with that provided in the 2019 consolidated annual accounts and their content and presentation are in conformity with applicable regulations.

Responsibilities of the Parent Company's directors for the consolidated annual accounts

The Parent Company's directors are responsible for the preparation of the accompanying consolidated annual accounts, in such a way that they express the Group's consolidated equity, consolidated financial position and consolidated results, in accordance with IFRS-EU and other provisions of the applicable regulatory framework for financial information in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

On preparing the consolidated annual accounts, the Parent Company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts

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

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated annual accounts, 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.



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- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Parent Company.
- ▶ Conclude on the appropriateness of the Parent Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient and adequate evidence with regard to financial information of the companies or business activities included in the Group in order to express an opinion on the consolidated annual accounts. We are responsible for the management, supervision and performance of the Group's audit. We are solely responsible for our audit report.

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

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

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

ERNST & YOUNG, S.L.

Original signed by
Juan Manuel Martín de Vidales Bennásar

May 21, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Euros	31/12/2019	31/12/2018
NON-CURRENT ASSETS	3,233,500,260	2,119,760,171
Goodwill (Note 6)	105,026,024	125,246,277
Right-of use assets (Notes 2,1 and 34)	719,397,219	-
Other intangible assets (Note 6)	140,529,231	126,884,514
Property, plant and equipment (Note 7)	2,078,263,816	1,666,540,984
Investment property (Note 8)	11,879,430	11,447,423
Investments using the equity method (Note 9)	24,481,364	17,080,142
Other non-current financial assets (Note 10)	78,169,160	109,693,350
Deferred taxes (Note 26)	75,754,016	62,867,481
CURRENT ASSETS	829,865,434	758,838,863
Inventories	15,217,100	12,630,124
Trade receivables (Note 11)	218,411,361	204,799,755
Other receivables (Note 12)	105,606,881	92,176,019
Tax assets	44,618,480	35,215,412
Other current financial assets (Note 13)	4,495,068	4,779,671
Cash and cash equivalents (Note 16)	425,962,117	399,771,932
Prepayments (Note 17)	15,554,427	9,465,950
TOTAL ASSETS	4,063,365,694	2,878,599,034
EQUITY (Note 18)	1,541,962,561	1,393,203,325
Equity attributable to the Parent Company	1,511,409,022	1,368,345,411
Share capital	10,464,384	10,464,384
Issue premium	34,096,515	34,096,515
Reserves	1,477,679,962	1,343,464,339
Translation differences	(145,712,179)	(196,208,442)
Value adjustments	230,670	(3,730,245)
Result attributable to the Parent Company	134,649,670	180,258,860
Equity attributable to Minority Interest	30,553,539	24,857,914
NON-CURRENT LIABILITIES	1,627,541,711	768,441,993
Grants (Note 19)	91,479	283,503
Provisions (Note 20)	75,591,455	70,282,464
Bank borrowings (Note 21)	370,914,431	279,205,569
Lease liabilities (Notes 2,1 23 and 34)	644,665,212	-
Other non-current liabilities (Note 22)	189,313,703	145,019,944
Deferred taxes (Note 26)	205,007,428	171,883,070
Accruals (Note 3.18(g))	141,958,003	101,767,443
CURRENT LIABILITIES	893,861,422	716,953,716
Bank borrowings (Note 21)	252,473,550	170,848,829
Lease liabilities (Notes 2,1 and 34)	82,881,781	-
Trade creditors	420,903,327	422,323,016
Other current liabilities (Note 28)	107,326,163	85,091,115
Tax liabilities	21,048,618	34,668,013
Provisions (Note 20)	2,822,447	1,232,144
Accruals	6,405,536	2,790,599
TOTAL LIABILITIES	4,063,365,694	2,878,599,034

The accompanying notes form an integral part of the Consolidated Annual Accounts.

CONSOLIDATED INCOME STATEMENT

Euros	31/12/2019	31/12/2018
Operating income (Note 29.1)	2,619,666,830	2,348,454,794
Other operating income (Note 29.2)	230,610,501	211,073,745
Supplies	(1,164,430,014)	(977,113,812)
Personnel expenses (Note 31)	(649,526,758)	(589,204,449)
Other expenses (Note 32)	(562,300,981)	(645,208,063)
EBITDA	474,019,578	348,002,215
Amortisation and impairment (Notes 6, 7 and 8)	(252,768,297)	(99,659,330)
EBIT	221,251,281	248,342,885
Finance result (Note 30)	(25,227,753)	(8,218,976)
Net result exchange rate differences	(10,597,616)	3,627,442
Participation in results of associates	(890,108)	(173,389)
CONSOLIDATED RESULT BEFORE TAX	184,535,804	243,577,962
Income tax (Note 26)	(47,641,809)	(61,499,082)
CONSOLIDATED RESULT FOR THE YEAR ARISING FROM CONTINUING OPERATIONS	136,893,995	182,078,880
RESULT FROM DISCONTINUED OPERATIONS	-	-
CONSOLIDATED RESULT FOR THE YEAR	136,893,995	182,078,880
Result Attributable to: Minority interest	2,244,325	1,820,020
RESULT ATTRIBUTABLE TO THE PARENT COMPANY	134,649,670	180,258,860

The accompanying notes form an integral part of the Consolidated Annual Accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

2019

Euros	31/12/2019	31/12/2018
Consolidated result for the year	136,893,995	182,078,880
Other comprehensive result:		
Items to be reclassified to results		
For cash flow hedge derivatives (Notes 15 and 24)	6,369,496	7,839,151
Tax effect of cash flow hedges (Note 26)	(1,592,374)	(1,961,303)
Conversion differences	52,166,091	46,020,027
Long-term employee benefit liabilities (Note 20)	(816,207)	767,344
Tax effect of long-term employee benefit liabilities (Note 26)	-	(60,196)
Total comprehensive result:	193,021,001	234,683,903
Attributable to the Parent Company	189,106,848	231,790,749
Attributable to minority interest	3,914,153	2,893,154
Total comprehensive result:	193,021,001	234,683,903
Attributable to continuing activities	193,021,001	234,683,903
Attributable to discontinued activities	-	-

The accompanying notes form an integral part of the Consolidated Annual Accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Euros	Issued capital	Share premium	Legal reserve Parent Company	Reserves in fully integrated companies and associates	Other global results		Profit and loss attributable to the Parent Company	Total	Minority interest	Total Equity
					Translation differences	Value adjustments				
Balance at January 1, 2018	10,464,384	34,096,515	2,002,464	1,122,295,988	(249,960,970)	(10,315,241)	243,252,023	1,151,835,163	21,962,430	1,173,797,592
Total recognised income and expenses	-	-	-	-	44,946,891	6,584,996	180,258,860	231,790,749	2,893,154	234,683,903
Application of 2017 results	-	-	-	243,252,023	-	-	(243,252,023)	-	-	-
Dividends (Note 18.4)	-	-	-	(15,200,000)	-	-	-	(15,200,000)	-	(15,200,000)
Acquisition of minority interest	-	-	-	-	-	-	-	(80,500)	-	-
Others	-	-	-	(8,886,137)	8,805,637	-	-	-	2,330	(78,170)
Balance at January 1, 2019	10,464,384	34,096,515	2,002,464	1,341,461,875	(196,208,442)	(3,730,245)	180,258,860	1,368,345,411	24,857,914	1,393,203,325
Total recognised income and expenses	-	-	-	-	50,496,263	3,960,915	134,649,670	189,106,848	3,914,153	193,021,001
Application of 2018 results	-	-	-	180,258,860	-	-	(180,258,860)	-	-	-
Dividends (Note 18.4)	-	-	-	(46,000,000)	-	-	-	(46,000,000)	-	(46,000,000)
Business combination	-	-	-	-	-	-	-	-	1,750,202	1,750,202
Others	-	-	-	(43,237)	-	-	-	(43,237)	31,270	(11,967)
Balance at December 31, 2019	10,464,384	34,096,515	2,002,464	1,475,677,498	(145,712,179)	230,670	134,649,670	1,511,409,022	30,553,539	1,541,962,561

The accompanying notes form an integral part of the Consolidated Annual Accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

2019 and 2018

Euros	2019	2018
OPERATING ACTIVITIES		
PROFIT BEFORE TAX AND MINORITY INTERESTS	184,535,804	243,577,962
Adjustments for:		
- Amortisation and impairment (Notes 6, 7 and 8)	252,768,297	99,659,330
- Finance result	25,227,753	7,638,976
- Participation in results of Associates (Note 9)	890,108	173,389
- Results from investing activities	-	(1,138,237)
- Provisions (Note 20)	2,953,767	5,365,186
- Other effects on results without cash flow generation	(8,711,534)	(13,659,488)
- Changes in debtors, creditors and other current accounts receivable	(105,383,991)	(62,988,754)
- Changes in other non-current liabilities	54,614,732	27,723,844
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	406,894,936	306,352,208
INVESTING ACTIVITIES		
- Acquisition intangible assets (Note 6)	(16,989,476)	(23,447,459)
- Acquisition Property, Plant & Equipment (Note 7)	(233,828,190)	(79,014,688)
- Acquisition investments in Associates (Note 9)	(13,079,286)	(10,540,009)
- Acquisition other non-current financial assets (Note 10)	(12,586,104)	(10,914,453)
- Acquisition subsidiaries (Note 5.1)	(124,823,683)	(14,123,340)
- Proceeds from sale of Property, Plant & Equipment, Intangible Assets and Investment Property	-	19,089,324
- Proceeds from sales of Financial assets (Note 9 and 12)	-	100,620,007
- Income from interest	11,172,204	7,094,012
- Disposals/Proceeds from other current financial assets (Note 13)	(366,069)	2,354,355
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(390,500,604)	(8,882,251)
FINANCING ACTIVITIES		
- Payment of dividends (Note 18.4)	(46,000,000)	(15,200,000)
- New financing with credit entities (Note 21)	486,968,364	247,673,739
- Amortisation and repayment of bank debt (Note 21)	(319,377,751)	(404,594,809)
- Interest paid	(7,742,781)	(12,059,793)
- Other non-current liabilities (Note 22)	13,117,276	7,994,181
- Lease payments (IFRS-16) (Note 34)	(129,925,666)	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	(2,960,558)	(176,186,682)
Cash and cash equivalents - exchange rate variations	12,756,411	436,088
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	26,190,185	121,719,363
CASH AND CASH EQUIVALENTS AT JANUARY 1	399,771,932	278,052,569
CASH AND CASH EQUIVALENTS AT DECEMBER 31	425,962,117	399,771,932

The accompanying notes form an integral part of the Consolidated Annual Accounts.

1. CORPORATE INFORMATION

Barceló Corporación Empresarial, S.A (hereinafter the “Parent Company”) was incorporated on December 22, 1962, for an indefinite period of time with limited liability in Spain, under the name of Hotel Hamilton, S.A. On June 23, 2000, the Company modified its official name to the current name.

Barceló Corporación Empresarial, S.A. and its subsidiaries, which are detailed in Appendix 1 (part of Note 1) comprise the Barceló Group (hereinafter the Group). The Group’s activities are basically the management and operation of hotels under an ownership, leasing or management basis, the operation of retail travel agencies, tour operators and airlines. The Group also promotes projects broadly related to the tourist and hotel industries, owning shares in other companies. In 2019 the Group has mainly carried out its activities in Spain, the Dominican Republic, Costa Rica, Nicaragua, the United States, Mexico, Guatemala, the Czech Republic, Turkey, Switzerland, Morocco, Portugal, Cuba, Egypt, Italy, Germany, Aruba and El Salvador.

The Group’s registered address and head offices are located in C/ José Rover Motta, 27, in Palma de Mallorca (Spain).

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

2.1. BASIS OF PRESENTATION

These consolidated annual accounts have been prepared from the internal accounting records of the Parent Company, Barceló Corporación Empresarial, S.A. and from the accounting records of each of the consolidated subsidiaries, duly adjusted according to the accounting principles established in the EU-IFRS, to give a true and fair view of the consolidated equity and consolidated financial position of Barceló Corporación Empresarial, S.A. and subsidiaries at December 31, 2019, and consolidated results of operations, consolidated cash flows and changes in consolidated equity for the year then ended.

The accompanying consolidated annual accounts for 2019 also include, for each individual caption of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes thereto, comparative figures for the previous period.

The presentation of the consolidated income statement in 2019 has been adapted to include the financial indicators, “EBITDA” and “EBIT”. The 2018 comparative figures have been modified with regard to those included in the previous year’s consolidated annual accounts in order to adapt them to this new presentation.

The definition of these financial indicators is as follows:

EBITDA: Earnings before interest, taxes, depreciation and amortisation.

EBIT: Earnings before interest and taxes.

The Group adopted IFRS-EU on 1 January 2007 and applied IFRS 1 “First-time Adoption of International Financial Reporting Standards”.

The accompanying consolidated annual accounts are expressed in euros, unless otherwise indicated.

These consolidated annual accounts are authorised for issue by the Board of Directors, and subsequently submitted for approval by the shareholders at their Annual General Meeting and are expected to be approved with no changes.

GOING CONCERN PRINCIPLE

As mentioned in Note 39 (Post-balance sheet events), the global public health emergency caused by the coronavirus outbreak (COVID-19) has had an extremely negative effect on demand for the Group's services since the middle of March. Although there is still uncertainty at the time of preparing these consolidated annual accounts and it is not currently viable to reliably perform an estimated quantification of the potential impact on the Group, given the Group's strong financial situation before the outbreak of the pandemic and the measures taken to protect its liquidity, the directors consider that the application of the going concern principle is not jeopardised.

STANDARDS AND INTERPRETATIONS APPROVED FOR THE FIRST TIME THIS YEAR

With the exception of IFRS 16, the accounting policies used in the preparation of these consolidated annual accounts are the same as those applied in the 2018 consolidated annual accounts.

The accounting policies used for the first time in the preparation of these consolidated annual accounts are the following:

IFRS 16 – LEASES

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases - Incentives and SIC-27 Evaluating the Substance of Transactions in the Legal Form of a Lease. This standard establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires the lessees to account for all leases under a sole balance sheet model. However, this standard does not substantially modify the lessor's accounts in comparison with IAS 17. Therefore, IFRS 16 has not had a significant impact on the leases for which the Group is lessor.

The Group has adopted IFRS 16 with an initial application date of January 1, 2019, using the modified retroactive method. In accordance with this method, the comparative figures from the previous year have not been restated.

For the purpose of the transition, on the initial application date, the Group has decided to use the practical solution of solely applying IFRS 16 to the already identified leases, in accordance with the previous standards (IAS 17 and IFRIC 4). The effect of adopting IFRS 16 is the following:

Effect on the financial situation statement at January 1, 2019:

Thousands of euros

Assets	
Right-of-use assets	949,742
Total	949,742
Liabilities	
Lease liabilities	949,742
Total	949,742

NATURE OF THE EFFECT OF IFRS 16

The Group is mainly a lessee of hotels, aircraft and offices. Before adopting IFRS 16, at the beginning of the contracts, the Group evaluated whether they were operating leases or finance leases. Leases are classified as finance leases if the risks and benefits inherent to the ownership of the asset are substantially transferred. If not, they are classified as operating leases.

Finance leases are recognised as a fixed asset at the fair value of the asset, or if less, the current value of the minimum contract payments. The financial liability is subsequently recognised at amortised cost.

Rather than recognising an asset in the balance sheet, operating leases were recognised on a straight-line basis in the income statement during the lease period. Any prepayment or accrued rent was recognised as a payment in advance or an account payable, respectively.

In turn, with the adoption of IFRS 16, the Group applies a sole recognition and valuation model for all those leases in which it is a lessee, with the exception of low value assets and current leases.

This standard provides certain practical solutions and requirements in the transition that have been applied by the Group:

- Leases previously classified as finance leases

At December 31, 2018, the Group had no recognised rights-of-use in the PP&E related to leases previously classified as finance leases.

- Leases previously classified as operating leases

The Group has recognised rights-of-use and liabilities for those leases that were previously classified as operating leases, with the exception of current leases and those related to low value assets.

Lease liabilities have been calculated at the current value of the pending payments, using the incremental interest rate at the initial application date. For the majority of the leases, the rights-of-use have been calculated as if the standard had always been in force, using the incremental interest rate at the initial application date. For the remaining leases, the rights-of-use have been calculated for the same amount as the lease liabilities.

The Group has also applied the following available practical solutions:

- Apply the same discount rate for a portfolio of contracts with similar characteristics.
- Use the evaluation of onerous contracts, as mentioned in IAS 37, rather than performing the impairment testing on the initial application date.
- Consider as current leases those ending in 12 months or earlier following the initial application date.
- Use current information.
- Not including the direct incremental costs in the right-of-use valuation.
- Variable rents are recognised as a lease expense for the year according to their accrual.

Rights-of-use and lease liabilities have been presented separately from other assets and liabilities in the Statement of Financial Position.

The reconciliation of lease liabilities that have been recognised in the transition to IFRS 16 on January 1, 2019, with the commitments of operating leases disclosed in the annual accounts at December 31, 2018, is as follows:

	Hotels	Aircraft	Offices	TOTAL
Operating lease commitments at December 31, 2018	1,237,777,206	438,108,533	6,854,452	1,682,740,191
Weighted average of the discount rate at January 1, 2019	1.81%	1.99%	3.25%	1.87%
Operating lease commitments discounted at January 1, 2019	989,210,824	385,876,018	5,680,089	1,380,766,931
Reasonably true change in maturity	(135,164,213)	-	109,214	(135,054,999)
Current lease commitments	-	(16,589,256)	-	(16,589,256)
Lease contracts signed before 31.12.18, but started in 2019	-	(155,420,336)	-	(155,420,336)
Lease contracts signed before 31.12.18 that will start in 2020	(7,272,000)	(108,123,085)	-	(115,395,085)
Variable income withdrawals or novations	(15,928,377)	-	-	(15,928,377)
Contracts not considered in 2018 disclosure			7,362,858	7,362,858
Lease liabilities at January 1, 2019	830,846,234	105,743,341	13,152,161	949,741,736

The table below shows the effect of IFRS 16 on the 2019 income statement:

	31/12/2019	Adjustment IFRS-16	31/12/2019 Without IFRS-16
Operating income (Note 29.1)	2,619,666,830	-	2,619,666,830
Other operating income (Note 29.2)	230,610,501	(2,989,947)	227,620,554
Supplies	(1,164,430,014)	-	(1,164,430,014)
Personnel expenses (Note 31)	(649,526,758)	-	(649,526,758)
Other expenses (Note 32)	(562,300,981)	(128,478,638)	(690,779,619)
EBITDA	474,019,578	(131,468,585)	342,550,993
Amortisation and impairment (Notes 6, 7 and 8)	(252,768,297)	117,205,059	(135,563,238)
EBIT	221,251,281	(14,263,526)	206,987,755
Finance result (Note 30)	(25,227,753)	21,961,276	(3,266,478)
Net result of exchange differences	(10,597,616)	1,921,499	(8,676,116)
Participation in results of associates	(890,108)	-	(890,108)
CONSOLIDATED RESULT BEFORE TAXES	184,535,804	9,619,249	194,155,053
Income Tax (Note 26)	(47,641,809)	(2,285,829)	(49,927,638)
CONSOLIDATED RESULT FOR THE YEAR ARISING FROM CONTINUING OPERATIONS	136,893,995	7,333,420	144,227,415
RESULT DISCONTINUED OPERATIONS	-	-	-
CONSOLIDATED RESULT FOR THE YEAR	136,893,995	7,333,420	144,227,415
Result attributable to:			
Minority interest	2,244,325	-	2,244,325
PARENT COMPANY SHARE HOLDERS	134,649,670	7,333,420	141,983,090

IFRIC 23 – UNCERTAINTY OVER INCOME TAX TREATMENT

The interpretation addresses the recognition of income tax when the tax treatment implies uncertainty affecting the application of IAS 12. This interpretation is not applied to taxes or liens outside the scope of IAS 12 and does not include the treatment of any related interest or sanctions that could arise. The Interpretation specifically addresses the following aspects:

- Whether a company has to consider the tax uncertainties separately.
- The hypothesis that a company should perform on whether the tax treatment will be reviewed by the tax authorities.
- How a company should determine the tax result, tax bases, losses pending compensation, tax deductions and tax rates.
- How a company should consider changes in events and circumstances.

A company should determine whether it should consider each tax uncertainty separately or together with one or more other tax uncertainties. The approach most likely to resolve the uncertainty should be followed.

This interpretation has not had a significant effect on the Group's consolidated accounts.

STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB, BUT NOT APPLICABLE THIS YEAR

The Group intends to adopt the standards, interpretations and modifications to the standards issued by the IASB, that are not compulsory in the European Union, when they come into force, if applicable. Although the Group is currently analysing their impact, depending on the analysis performed to date, the group estimates that their initial application will not have a significant impact on the consolidated annual accounts.

2.2. CONSOLIDATION PRINCIPLES

The accompanying consolidated annual accounts of the Group include the accounts of Barceló Corporación Empresarial, S.A. and subsidiaries.

The consolidation methods applied are the following:

SUBSIDIARIES

These companies are directly or indirectly controlled by the Parent company and are fully consolidated from the date said control is obtained until it is terminated. This method consists in aggregating the items which represent assets and liabilities, income and expenses and equity items generated after the control is effective. All intergroup transactions and balances are eliminated in the consolidation process.

ASSOCIATES

These are companies over which the Parent holds significant influence, owning between 20% and 50% of share capital, but does not have direct or indirect control.

These companies are consolidated by the equity method.

Appendix I includes information regarding the subsidiaries, associates and companies integrated by the joint operation method.

NON-CONTROLLING INTERESTS

Non-controlling interests in subsidiaries are recognised at the proportional part of the equity of the subsidiaries at the date of first consolidation.

Profit and loss and each component of other comprehensive income are allocated to equity attributable to shareholders of the Parent and to non-controlling interests in proportion to their investment, even if this results in a balance receivable from non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

The increase and reduction of non-controlling interests in a subsidiary in which control is retained is recognised as an equity instrument transaction. Consequently, no new acquisition cost arises in increases nor is a gain recorded on reductions, rather, the difference between the consideration transferred or received and the carrying amount of the non-controlling interests is recognised in the reserves of the investor, without prejudice to reclassifying consolidation reserves and reallocating other comprehensive income between the Group and the non-controlling interests.

2.3. TRANSLATION OF FOREIGN COMPANIES' FINANCIAL STATEMENTS

Financial statements with a functional currency that is not the euro (the Parent Company's functional currency) are translated based on the following criteria:

- Assets and liabilities are translated at the exchange rate prevailing at closing.
- Income statement items have been translated using a weighted average exchange rate for the year.
- Equity is translated at the historical exchange rate.
- Differences generated by the application of the abovementioned criteria are included under equity in the consolidated balance sheet as "Translation differences". The translation differences accumulated at the transition date (January 1, 2007) were reclassified to full integration reserves or associates according to IFRS 1.D13. Therefore, the translation differences included in the consolidated balance sheet relate to those generated since said date.

None of the subsidiaries operates in a hyperinflationary economy.

2.4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the consolidated annual accounts requires management to make judgements, estimates and assumptions that affect the amounts of assets, liabilities and contingencies disclosures. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated annual accounts, is as follows:

IMPAIRMENT OF GOODWILL

Impairment testing of goodwill is based on calculations of the value in use applied in the discounted cash flow model. Cash flows are based on the projected results for the next five years. The pre-tax discount rate used has been between 11.25% and 12.17% and the perpetual growth rate was 1%. The recoverable amount of goodwill is sensitive to the discount rate, the achievement of the projected cash flows, the assumptions applied and projected growth rates.

IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND LEASE RIGHTS

The Group recognises asset impairment losses when the recoverable amount of the assets is less than their carrying amount.

The recoverable amount is the higher of fair value less costs to sell and value in use. With very few exceptions, each hotel is considered as an independent cash generating unit. The Group mainly uses EBITDA multipliers to identify the existence of impairment in the hotels it owns. For those hotels that show signs of impairment, the cash flow discount model is used in order to determine possible impairment, based on estimated projected results for the next 5 years plus a residual value. The post-tax discount rate applied has been 8.45% for hotels in Spain and 9.93% for hotels in Latin America and the perpetual growth rate has been between 1% and 2%. For certain hotels in Spain, valuations performed by independent experts have been taken into account.

The cash flow discount rate method has also been used to estimate the impairment of transfer rights, based on the results projected for a minimum lease period.

To evaluate the impairment of land with no buildings, the Group has used both internal valuations and the valuations performed by independent experts based on real estate indicators.

The recoverable amount is very sensitive to the discount rate used in the cash flow discount rate model, the expected cash inflows and the growth rate used.

LEASES

As mentioned in Note 2.1 above, the Group has entered into non-current lease agreements for hotels, aircraft and offices as a lessee. Based on the terms and conditions of each of the contracts and leased assets, Management has determined the most probable lease term. Said estimated period may vary in the future, according to changes in the evolution of the asset's results and the conditions permitted by the contract.

DEFERRED TAX ASSETS

The Group recognises assets corresponding to all the tax loss carryforwards and deductible temporary differences it expects to offset against future taxable income. Management bases this criterion on judgements and estimates with regards to future estimated results, the years in which profits are expected to be obtained and tax credits will cease to be available for offset and future tax planning strategies.

Note 26 shows details of capitalised and uncapitalised tax losses.

LONG-TERM EMPLOYEE BENEFIT LIABILITIES

The amount of defined benefit employment liabilities at the reporting date is determined based on actuarial calculations. The actuarial calculations are based on a number of judgements and assumptions detailed in Note 20.

PROVISIONS

The amount of the provisions recognised under liabilities of the balance sheet is based on judgements made by Group management and in accordance with the estimates made by their lawyers and external advisors relating to their probability. The amount of these provisions may vary due to new evidence obtained in the future.

IMPAIRMENT OF FINANCIAL ASSETS

The value adjustment for client insolvencies and credit granted to third parties implies a high degree of judgment by Management and the review of individual balances based on the credit quality of the clients and debtors, current market trends, historical analysis of the insolvencies at aggregate level and the value of the underlying guarantees related to the credit.

3. ACCOUNTING PRINCIPLES

3.1. BUSINESS COMBINATIONS AND GOODWILL

Business combinations are recognised applying the acquisition method. The acquisition date is the date on which the Group obtains control of the acquiree.

The acquisition cost is the consideration transferred, which is valued at fair value on the acquisition date. Acquisition costs are recognised as an expense when incurred.

At the acquisition date the Group recognises the assets acquired and liabilities assumed (and any non-controlling interest) at fair value. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. Non-controlling interests in the acquiree are recognised at the proportionate interest in the fair value of the net assets acquired.

Goodwill is initially measured at cost, which reflects the excess of the cost of the combination over the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.2. INVESTMENTS IN ASSOCIATES

Group investments in associates are accounted for using the equity method. An associate is an entity over which the Group does not have control but over which it does have significant influence. Significant influence is the power to participate in the financial and operating decisions of an entity but does not constitute control or joint control over the entity. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Equity-accounted investments in associates are recorded in the statement of financial position at cost, with any changes in the net assets of the associate following acquisition of the interest. The excess of the cost of the investment over the Group's share of the fair values of the identifiable net assets is recognised as goodwill, which is included in the carrying amount of the investment. Any shortfall, once the cost of the investment and the identification and measurement of the associate's net assets have been evaluated, is recognised as income when determining the investor's share of the profit or loss of the associate for the year in which it was acquired.

The financial statements of the associate are prepared for the same accounting period as for the Parent. If necessary, adjustments are made to harmonise the accounting policies with those of the Group.

The income statement reflects the share of results of operations in the associate. This is the profit attributable to the holders of the share in the associate and therefore, it is profit after tax and minority interest in the subsidiaries of the associates. When there is a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised losses and gains arising from transactions between the Group and the associate are eliminated in proportion to the share.

Losses of an associate attributable to the Group are limited to the extent of its net investment, except where the Group has legal or constructive obligations or when payments have been made on behalf of the associate.

On each reporting date, the Group determines whether there is objective evidence of impairment of the investment in the associate. Impairment is calculated by comparing the carrying amount in the associate with its recoverable value.

The recoverable amount is the higher of value in use and fair value less costs to sell. Accordingly, value in use is calculated to the extent of the Group's interest in the present value of estimated cash flows from ordinary operations and the income generated on final disposal of the associate.

3.3. JOINT ARRANGEMENTS

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions about the relevant activities require the unanimous consent of the Group and the remaining venturers or operators. The existence of joint control is assessed considering the definition of control over subsidiaries.

JOINT VENTURES

Investments in joint ventures are accounted for using the equity method described previously.

JOINT OPERATIONS

For joint operations, the Group recognises the following in the consolidated annual accounts:

- Assets and liabilities, including its share of any assets held jointly and liabilities which have been jointly incurred with the other operators.
- Income and expenses arising from the joint operation.

In sales or contributions by the Group to the joint operation, it recognises the resulting gains and losses only to the extent of the other parties' interests in the joint operation. When such transactions provide evidence of a reduction in net realisable value or an impairment loss of the assets transferred, such losses are recognised in full.

In purchases by the Group from a joint operation, it only recognises the resulting gains and losses when it resells the acquired assets to a third party. However, when such transactions provide evidence of a reduction in net realisable value or an impairment loss of the assets, the Group recognises its entire share of such losses.

The Group's acquisition of an initial and subsequent share in a joint operation is recognised following the same criteria used for business combinations, at the percentage of ownership of each individual asset and liability. However, in subsequent acquisitions of additional shares in a joint operation, the previous share in each asset and liability is not subject to revaluation.

3.4. CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset or liability is current when it is:

- Expected to be realised or settled within 12 months after the reporting period.
- Expected to be realised, sold, used or settled in the normal operating cycle.
- A cash or cash equivalent unless restricted for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

3.5. INTANGIBLE ASSETS

Intangible assets are measured at acquisition or production cost.

- Intangible assets with finite useful life are amortised over the useful economic life. The amortisation expense is included under the “Amortisation and impairment” heading of the consolidated income statement.
- Intangible assets with indefinite life are not amortised but are tested for impairment annually either individually or at the cash-generating unit level.

Other intangible assets mainly comprise:

- Industrial property, licenses and similar items, measured at costs incurred and amortised on a straight-line basis over a period of between 3 and 10 years.
- Computer software is measured at acquisition cost and amortised on a straight-line basis over a period of three to five years. Computer software maintenance costs are charged as expenses when incurred.
- Leaseholds: Leaseholds primarily comprise measurement of a lease contract for the Barceló Sants Hotel acquired through a business combination prior to the transition to IFRS. The contract is amortised on a straight-line basis over the duration of the lease, ending in 2035.

3.6. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment is stated at cost, plus the financial and acquisition expenses related to the debt which finances the purchase of assets until they are put into use.

At transition date, the plots of land on which certain hotels are located were revalued, taking into account their fair value as an attributable cost as of the transition date as permitted in IFRS 1. The valuations of assets in Latin America were performed by American Appraisal at December 31, 2008. The valuations were performed by means of the discounted cash flow method using a discount rate ranging between 8% and 10% and taking into account the investment risk and the profitability required for comparable investments. The valuations of assets in Spain were performed by Eurovaloraciones, S.A. at December 31, 2008. The valuations were performed by calculating the net present value and the residual value. Annual discount rates ranging between 7% and 10% were used.

The increase in the deemed cost at the transition date (January 1, 2007) of the land, based on the revaluations performed is 254 million euros. At December 31, 2019, the balance of these revaluations amounts to 131.7 million euros (132.1 million euros at December 31, 2018).

For those assets in leased properties, amortisation is calculated on a straight-line basis over the estimated useful life of the assets or over the, remaining period of the lease contract, whichever is lower, as follows:

	Estimated years of useful life
Buildings	33 - 35
Technical installations, machinery, furniture and other items	2.5 - 18

Repairs and maintenance are charged to expenses when they are incurred.

3.7. INVESTMENT PROPERTIES

Investment properties are accounted for at the carrying value of the real estate assets maintained in order to obtain rental income or property sale gains. These assets are measured at cost and are amortised on a straight-line basis following the same criteria used for property, plant and equipment.

3.8. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group evaluates annually whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount. In the case of hotel assets PP&E, to which almost all of this balance relates, the Group mainly uses EBITDA multiple indicators in order to identify the existence of impairment.

The Group tests goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet ready to enter service for potential impairment at least annually.

The recoverable amount of the assets is the higher of their fair value less costs of disposal and their value in use.

An asset's value in use is measured based on the future cash flows the Company expects to derive from use of the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows the Group expects to derive from the asset. For those assets which do not generate cash inflows that are largely independent, the recoverable amount is determined for the cash generating units to which the assets belong.

In the case of certain hotel assets which due to their individual characteristics include a significant proportion of real estate, market indicators for real estate have been applied to measure their recoverable amount by the Group's internal departments.

In assessing value in use of the hotel assets, the Group performs internal valuations using market-based discount rates. To determine the net selling price, independent experts perform valuations.

Impairment losses are recognised for all assets, and where applicable for the cash generating units containing them, when their carrying amount exceeds their corresponding recoverable amount. Impairment losses are recognised in the consolidated income statement.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset. However, the increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the original carrying amount net of depreciation or amortisation.

3.9. LEASES

IFRS 16 establishes the principles for the recognition, valuation, presentation and information to be disclosed regarding leases.

Apart from a number of exceptions mentioned at the end of this point, all leases are recognised under a sole balance sheet model, similar to the recognition of finance leases in accordance with IAS 17.

As a general rule, on the date a lease begins, the lessee will recognise a liability for the lease payments to be made (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

The lessees must separately recognise the expense for interest corresponding to the lease liability and the expense for the amortisation of the right of use.

The standard includes two exclusions to the recognition of leases by the lessees, leases for low value assets (for example, personal computers) and current leases (i.e. lease contracts with a term of 12 months or less). These leases are accounted for as operating leases and are recognised as an expense in the income statement according to the accrual principle during the lease period.

Moreover, under IFRS 16, variable income is not taken into account in the valuation of the lease contracts and are recognised as a lease expense in the income statement according to its accrual.

3.10. FINANCIAL INSTRUMENTS

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument set out in IFRS 9.

FINANCIAL INSTRUMENTS CLASSIFIED AS ASSETS

On initial recognition financial instruments are classified as assets based on two criteria:

- Group Business Model to manage financial instruments.
- Characteristics of financial assets from the point of view of the contractual cash flows. Financial instruments classified as assets are classified in four categories:
 - Financial assets at amortised cost (debt instruments)
 - Financial assets at fair value through other comprehensive income with recycling in results (debt instruments)
 - Financial assets at fair value through profit or loss

All the financial assets are initially recognised at fair value including the directly attributable transaction costs.

Trade debtors that do not possess a significant financial component are recognised at the transaction value determined under IFRS 15.

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

This heading includes all those assets that fulfil the following two criteria:

- Business Model: The assets are included in the Group's business model in order to pay or collect the contractual cash flows.
- Characteristics of the cash flows: the cash flows solely relate to principal and interest.

Financial assets at amortised cost are subsequently valued using the effective interest method and are subject to impairment. Profit and loss are recognised in results when withdrawn, modified or impaired.

Accrued interest from loans is recognised in the income statement in accordance with the effective rate.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (DEBT INSTRUMENTS)

This heading includes all those assets that fulfil the following two criteria:

- Business Model: The asset is included in the Group's business model in order to pay or collect the contractual cash flows or for its sale.
- Characteristics of the cash flows: the cash flows solely relate to principal and interest.

Following initial recognition, financial assets classified under this heading are valued at fair value, recognising the profit or loss under Equity.

When this type of financial asset is partially or totally disposed of, or the profit or loss recognised under Equity is impaired, they are carried to results for the year.

In the same way as financial assets at amortised cost, interest, exchange rate adjustments and impairment are recognised in the income statement.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following assets are included under this heading:

- Available-for-sale financial assets
- Non-hedge derivatives
- Equity instruments not valued at fair value through other comprehensive income.

IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period the Group assesses whether there is any objective evidence of impairment regarding its financial assets not valued at fair value through profit or loss.

The Group recognises impairment for expected losses, i.e. for the difference between the cash flows according to the contract and those which the Group expects to receive.

There are two policies for the recognition of expected losses:

- Credit losses expected within 12 months: losses arising from possible events of default within 12 months. This policy can be applied to financial instruments with a low credit risk. For the hotel business clients, the Group applies impairment criteria mainly based on the age of the outstanding balance, impairing 25%, 50% and 100% of outstanding credits of more than 180, 270 and 365 days.
- Credit losses expected over the instrument's life term: losses that arise from possible events of default over the instrument's life term. Applicable to finance instruments with a high credit risk or a risk that has increased since initial recognition.

FINANCIAL INSTRUMENTS CLASSIFIED AS LIABILITIES

Financial instruments are classified as liabilities in four categories:

- Financial liabilities at fair value through profit and loss
- Loans and credits
- Hedge derivatives

Financial liabilities are initially recognised at fair value and for loans, credits and accounts payable, the directly attributable transaction costs are netted.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

This heading only includes cash flow derivatives (SWAPs) contracted by the Group, which do not fulfil the requirements to be considered as hedging instruments and the fair value of which does not favour the Group. As indicated in the heading's title, the financial liabilities are measured at closing for their fair value through profit or loss.

LOANS, BORROWINGS AND ACCOUNTS PAYABLE

Loans, borrowings and accounts payable relate to payment obligations of a determinable amount and date. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The accrued interest from the loans is recognised in the income statement in accordance with the effective rate.

HEDGING DERIVATIVES

The Group contracts derivatives to hedge exchange rates and jet fuel prices for its airline and travel business.

These derivative financial instruments are initially measured at fair value. Derivatives are recognised as financial assets if their value is positive and as financial liabilities if their value is negative.

The Group initially formally designates and documents the hedging relationship. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years.

The Group recognises the portion of the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in equity. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised with a debit or credit to finance costs or finance income.

Hedge accounting criteria ceases to be applied when the hedging instrument expires or is sold, cancelled or settled, or when the hedging relationship no longer complies with the criteria to be accounted for as such, or the instrument is no longer designated as a hedging instrument. In these cases, the cumulative gains or losses on the hedging instrument that have been recognised in equity are not taken to profit or loss until the forecast transaction or transaction to which the Group has committed affects results. However, if the transaction is no longer considered probable, the accumulated gains or losses recognised in equity are immediately transferred to the consolidated income statement.

FINANCIAL INSTRUMENTS AT FAIR VALUE

The Group classifies measurements at fair value using a hierarchy which reflects the significance of the inputs used in measurement, in accordance with the following levels:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Variables 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).
- **Level 3:** Variables for the asset or liability that are not based on observable market data (unobservable inputs).

The techniques used to measure interest rate, exchange rate and fuel hedges include future price models, using actual value calculations. The models include various data such as spot and forward exchange rates, yield curves and differentials between the various currencies, interest rate curves and future exchange rate curves for fuel.

The fair value of all current financial assets and liabilities is considered to be the same as the amortised cost, as the maturity date of the assets and liabilities is close to year end.

3.11. NON-CURRENT ASSETS HELD FOR SALE

The Group classifies assets as non-current assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and when the following requirements are met:

- They are available for immediate sale in their current condition.
- Their sale is highly probable.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. These assets are not depreciated, and if necessary, the required impairment is recognised so that the carrying amount does not exceed the fair value less costs to sell.

A non-current asset that ceases to be classified as held for sale is valued at the lower of the carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and its recoverable amount at the date of reclassification. Any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held-for-sale is included in profit or loss from continuing operations.

3.12. DISCONTINUED OPERATIONS

In accordance with IFRS 5, the activity or asset held for sale is considered to be a discontinued operation if it:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

The revenues and expenses deriving from this activity are included as a single amount under profit/(loss) from discontinued operations, net of income tax, after deducting the tax effect. This item also includes the profit after tax recognised for the measurement at fair value less costs to sell of the assets or disposal groups of items constituting the discontinued operation.

If the Group ceases to classify a component as a discontinued operation, the results previously disclosed as discontinued operations are reclassified to continuing operations for all years presented.

3.13. INVENTORIES

These are the assets which are consumed or sold during the hotels' ordinary activities (food and beverages, gift shops, maintenance) or which are related to gift items or the sales of the Travel division or replacement parts for the airline business. Inventories are measured at the lower of the average weighted price or realisable value.

3.14. CASH AND CASH EQUIVALENTS

All those investments with an original maturity of three months or less and which do not have any risk of change in value are considered by the Group to be cash equivalents.

3.15. CAPITAL GRANTS

Monetary grants are measured at the fair value of the amount awarded. They are taken to the income statement in accordance with the estimated useful life of the asset for which the grant is received.

3.16. PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event; it is probable that an outflow of Group resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

PROVISIONS FOR ONEROUS CONTRACTS

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract.

Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

If the Group has a contract that is onerous, the present obligation under the contract are recognised and measured as a provision.

Note 20 shows details of the main contingencies provided for in the balance sheet.

3.17. REMUNERATION AND OTHER LONG-TERM EMPLOYMENT LIABILITIES

DEFINED BENEFIT PLANS

Defined benefit liabilities reflect the present value of defined benefit obligations at the reporting date, less the fair value at that date of plan assets.

In Spain, these defined benefit plans correspond to long-service benefits and retirement benefits related to a number of collective labour agreements in the hospitality sector and the national collective labour agreement for travel agencies.

These commitments are defined benefits and are quantified based on actuarial calculations. Income or expense related to defined benefit plans is recognised as employee benefits expense and is the sum of the net current service cost and the net interest cost of the net defined benefit asset or liability.

The remeasurement of the net defined benefit liability or asset is recognised in equity and comprises actuarial gains and losses, the net return on plan assets and any change in the effect of the asset ceiling, excluding any amounts included in net interest on the net defined benefit liability or asset.

TERMINATION BENEFIT

Termination benefits are recognised when the Group can no longer withdraw the offer and when the cost of restructuring result in the payment of termination benefits.

For termination benefits payable as a result of an employee's decision to accept an offer, the Group cannot withdraw the offer as of the moment it is accepted by the employees.

In the case of involuntary termination benefits, the Group can no longer withdraw the offer when it has communicated the plan to the affected employees or trade union representatives.

3.18. REVENUE RECOGNITION

The Group's revenue recognition policies for each revenue area are as follows:

- a) **Revenues from rendering of services relating to the activity of operating owned and leased hotels:** These revenues are recognised on an accrual basis. The Group recognises sales and operating expenses from its owned hotels and from hotels leased from third parties in profit or loss and assumes the rights and obligations inherent to the hotel business in its own name.
- b) **Revenues from rendering services in the hotel management activity:** These revenues from management fees charged are recognised on an accrual basis.
- c) **Revenues from rendering services in the activity of operating casinos:** These revenues are recognised as the difference between the amount played and the player's winnings, on an accrual basis.
- d) **Revenues from the travel agency activity:** The Travel division primarily carries out an intermediation activity in the sale of travel-related products. Revenue is presented as the margin between the selling price and the cost to sell and is recognised on the date travel documents are handed over, at which point the risks and rewards are transferred to the customer, irrespective of the date of travel or the date from which the contracted services will be rendered.
- e) **Revenues from the tour operator activity:** Sales and costs of supplies are recognised on the initial date of travel.
- f) **Revenues from the airline activity:** Revenues from air transport services rendered are recognised when the flight takes place.
- g) **Revenue from the sale of rights of use (Time Share):** From January 1, 2018 (date of entry into force of IFRS 15), the sale of Time Share rights is recognised as revenue throughout the average estimated life of the contract. The amount of the sale is recognised as deferred income under "Long-term prepayments and accruals" on the liabilities side of the consolidated statements of financial position, in the year in which it is contracted, and is carried to results on a straight-line basis over the contract's average term. The incremental expenses incurred to obtain a contract and the other expenses necessary in order to begin the contracted service are capitalised as intangible assets and are carried to results through amortisation, also over the contract's average life. Contracts which have been signed and cancelled in the same year are recognised as revenue for the year for the amount collected in cash. Moreover, only those contracts which have been signed but not cancelled in the same year are recognised as deferred income.

3.19. INCOME TAX

The income tax expense and tax income for the year comprises current tax and deferred tax.

Current tax reflects the income tax amounts payable in the year.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted at the reporting date.

In general, deferred tax liabilities are recognised due to taxable temporary differences, which are differences that will give rise to larger amounts of tax payable or smaller amounts of tax recoverable in future years. A deferred tax asset is recognised when there are deductible temporary differences, tax loss carryforwards or available tax deductions that the Company expects to be able to offset against future taxable profit. For this purpose, a temporary difference is understood to be the difference between the carrying amount of the assets and liabilities and their amount for tax purposes, giving rise to smaller amounts of tax payable or larger amounts recoverable in future years.

Deferred liabilities arising from taxable temporary differences are recognised in all cases, except when:

- They arise from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.
- They are associated with investments in subsidiaries for which the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the temporary difference will reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences to the extent that:

- It is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income;
- The temporary differences are associated with investments in subsidiaries that will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when they are reversed, based on prevailing legislation and tax rates that have been enacted or substantively enacted and reflecting the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities.

Current and deferred income tax expense and tax income is recognised in profit or loss. However, if the expense or income is related to items recognised directly in equity, it is also recognised in equity and not in the income statement.

3.20. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are translated to the functional currency using the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies, other than each company's functional currency, have been translated into the corresponding functional currency at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group is exposed to credit risk, interest rate risk, currency risk and liquidity risk in the normal course of business. The main financial risks to which the Group is exposed are interest rate risk and currency risk. Group management reviews and authorises the risk management policies, as explained below:

CREDIT RISK

Most of the financial instruments exposed to credit risk are trade receivables. Such receivables are generated by the sale of services to customers. The Group's policies aim to mitigate this risk by setting a credit limit based on the customer's volume and creditworthiness. The approval of the managers of each hotel and each travel agency is required in order to increase the initially established credit limit. Each hotel regularly reviews the ageing of trade receivables and balances which could be doubtful. The Group provides for potential losses based on an assessment by management of the customer's financial position, payment history and debt ageing, in accordance with the loss expected due to bad debt. Historically, losses deriving from this risk are within the range expected by management, which is immaterial.

Moreover, in order to minimise a possible negative influence from the payment behaviour of our debtors, the Group has entered into credit insurance policies which render prevention services. In order to grant such insurance, the insurance company performs a solvency study of the customers and if the cover is accepted, it guarantees the collection of the insured credit in the event of non-payment. The insurance company manages collection and if the process is unsuccessful it will pay the indemnity within a predetermined period.

Currently, there are no unusually high-risk concentrations. The Group's maximum exposure to risk is the carrying amount, as detailed by heading in Notes 10, 11, 12 and 13. Note 11 includes information regarding clients by age of balance.

Credit risk deriving from other financial assets, which include cash balances and current deposits, arises from the failure of a counterparty (financial institutions) to respond to these balances, with a maximum risk equivalent to the carrying amount of these instruments included in "Cash and cash equivalents" and "Other current financial assets".

The Group has granted loans to third parties which are included under the heading "Other non-current financial assets". The possible impairment of these loans is being assessed taking into account the credit situation of each debtor individually and, where applicable, of the value of the underlying guarantee related to the credit.

MARKET RISK

INTEREST RATE RISK

The risk of changes in market interest rates mainly has an effect on variable interest rate debt. All debt is remunerated at a variable interest rate, with the exception of a bank debt amounting to 258.9 million euros and other liabilities amounting to 180.7.

At December 31, 2019, if the interest rates during the period had been 50 basis points lower, with all other variables held constant, consolidated profit before taxes for the year would have been increased by 1,823 thousand euros. On the contrary, if the variable interest rate had been 50 basis points above the existing rates, with all other variables held constant, consolidated profit before taxes would have been decreased by 1,823 thousand euros.

At December 31, 2018, if the interest rates during the period had been 50 basis points lower, with all other variables held constant, consolidated profit before taxes for the year would have been increased by 1,245 thousand euros. On the contrary, if the variable interest rate had been 50 basis points above the existing rates, with all other variables held constant, consolidated profit before taxes would have been decreased by 1,245 thousand euros.

The Group has not signed interest rate hedge contracts at year end.

CURRENCY RISK – HOTELS DIVISION

As the Group has a large volume of investments in hotels located abroad, its consolidated results could be affected by fluctuations in exchange rates. Indebtedness is denominated in a currency which is similar to that generated by the cash flows of the hotel operations, in such way that it is considered a hedge.

The income statements of the hotels located in countries where the local currency is not the euro are affected by the US dollar and euro exchange rates. The sensitivity analysis of the income statement for 2019 and 2018 is based on the profit/loss before taxes in the local currency of the most relevant countries by turnover, calculating the net effect of variations of 5% and 10% (both above and below) in each currency.

The sensitivity analysis for 2019 is as follows:

Variation %	USA and Latin America	Others
10%	16,566,922	227,112
5%	7,847,489	107,579
(5%)	(7,100,110)	(97,334)
(10%)	(13,554,755)	(185,819)

The sensitivity analysis for 2018 is as follows:

Variation %	USA and Latin America	Others
10%	15,446,758	(127,433)
5%	7,316,885	(60,363)
(5%)	(6,620,039)	54,614
(10%)	(12,638,256)	104,264

EXCHANGE RISK AND FUEL TRAVEL DIVISION

In the travel division hedges are contracted for the purchase and sale of currencies. The airlines also contract financial fuel hedging instruments. The contracting of said hedges is performed based on the estimated future transactions. The Group ensures the efficiency of the aforementioned financial instruments establishing a coverage of total requirements of between 75 and 85%. Notes 16, 25 and 26 include detailed information on this matter.

LIQUIDITY RISK

The Group manages its exposure to liquidity risk by ensuring the availability of sufficient cash to meet its payment obligations in the normal course of business, without incurring unacceptable losses which could impair the Group's reputation.

The Group reviews its liquidity requirements according to cash budgets, taking into account the maturity dates of payables and receivables and projected cash flows. In general, the Group has sufficient liquidity to cover the operating expenses deriving from the customers' hotel stays, including debt servicing. At December 31, 2019, the Group's consolidated balance sheet presents negative working capital amounting to 64.0 million euros (41.9 positive at December 31, 2018). The negative variation in working capital between 2018 and 2019, is mainly due to the accounting criteria arising from the implementation of IFRS 16. Although the Group presents negative working capital, the Parent Company's directors estimate that the cash flows generated by the business and the funding lines available allow the Group to meet its current liabilities.

CAPITAL MANAGEMENT

The Group manages its capital to maintain an adequate debt ratio which ensures financial stability, looking for investments with optimal rates of return with the aim of generating a greater stability and profitability for the Group.

As can be observed in the statement of financial position, most of the debt is non-current. These ratios show that capital management follows prudent criteria since the cash flows expected for the coming years and the Group's equity position will cover the debt service.

5. CHANGES IN THE CONSOLIDATION PERIMETER

CHANGES IN THE CONSOLIDATED GROUP IN 2019

In 2019 the following companies have been constituted:

- Barceló Punta Umbría, S.L.
- Ávoris Italia, S.R.L.
- Ávoris Congress Colombia, S.A.S.

During 2019 the following companies have been acquired:

- Palmeraie Maroc Emirats, S.A.
- Wahate Aguedal, S.A.
- Punta Umbría Turística, S.A.
- Condomínio do Mar-Gestao Imobiliaria, S.A.

In 2019, 51% of the company Emeraldtown-Empreendimentos Imobiliários e Turísticos, Lda. has been acquired.

CHANGES IN THE CONSOLIDATED GROUP IN 2018

In 2018 the following companies were constituted:

- Barceló Grupo Empresarial, S.L.
- Barceló Hotel G Gulf DMCC
- Barceló Portugal Gestão Hotelera, Unipessoal LDA
- Barhermo Inversiones, S.L.
- Colors Destination Finland Oy

During 2018 the following companies were acquired:

- Nortravel Ag. Viagens e Turismo, S.A

5.1. BUSINESS COMBINATION

PUNTA UMBRÍA TURÍSTICA, S.L

On May 23, 2019, all the shares of the company Punta Umbría Turística, S.L. were acquired. The company owns a hotel complex of 1,193 rooms, located in Punta Umbría-Huelva. The acquisition cost of 85% of the company amounted to 95.9 million, although the Group already owned 15% of the company's shares and a credit was granted to this company, which had a recoverable value, at acquisition date, of 38.2 million (nominal value 77.4 million euros). Therefore, the cost of the business combination amounts to 134.1 million euros. The 95.9 million euros consists of a cash payment of 42.6 million euros and 60 promissory notes of one million euros payable each in the months of September, October, November and December of each year between 2019 and 2033, both inclusive. Since said deferred payment is not remunerated at an explicit interest rate, it has been valued at amortised cost applying an annual discount interest rate of 1.631%. The current resulting value amounts to 53.3 million euros. No profit has been recognised in the income statement arising from the previous participation in the acquired company. The assets and liabilities acquired in the business combination (provisional), at fair value for the purchase of this company were the following:

Thousands of euros	
Non-current assets	150,603
Current assets	6,340
Total Assets	156,943
Non-current liabilities	14,869
Current liabilities	14,560
Total Liabilities	29,429
Combination cost	134,066
Goodwill	6,552

The integrated result as of the date of the business combination has been as follows:

Thousands of euros	
Operating income	26,317
Personnel expenses	(7,511)
Other operating expenses	(14,186)
Finance result	(3,389)
Result before tax	1,231
Taxes	(268)
Result after tax	963

If the business combination has occurred at the beginning of the accounting period, the ordinary income and result would have been of 32,246 and 295 thousand euros, respectively.

PALMERAIE MAROC EMIRATS, S.A.

On January 14, 2019, all of the shares of the company Palmeraie Maroc Emirats, S.A. were acquired. The cost of the business combination has been of 16.7 million euros, paid in cash. The assets and liabilities acquired in the (provisional) business combination, at fair value, for the purchase of this company were the following:

Thousands of euros	
Non-current assets	31,537
Current assets	3,109
Total Assets	34,646
Non-current liabilities	13,210
Current liabilities	4,696
Total Liabilities	17,906
Combination cost	16,740

The integrated result as of the date of the business combination has been as follows:

Thousands of euros	
Operating income	7,688
Personnel expenses	(2,169)
Other operating expenses	(5,994)
Finance result	(277)
Result before tax	(752)
Taxes	181
Result after tax	(571)

WAHATE AGUEDAL, S.A.

In January 2019, all of the shares of the company Wahate Aguedal, S.A. were acquired. The acquisition cost has been of 3.4 million euros. The acquisition of the company is not a business combination, since it is an inactive company owns land in Morocco. The assets and liabilities acquired through the purchase of this company were as follows:

Thousands of euros	
Non-current assets (land)	3,192
Current assets	435
Total Assets	3,627
Current liabilities	191
Total Liabilities	191
Acquisition cost	3,436

The integrated result as of the date of the business combination has been as follows:

Thousands of euros	
Other operating expenses	(131)
Result before tax	(131)
Taxes	17
Result after tax	(114)

CONDOMINIO DO MAR-GESTAO IMOBILIARIA, S.A.

In May 2019, all of the shares of the company Condominio do Mar-Gestao Imobiliaria, S.A. were acquired. The acquisition cost was 10 million euros. The acquisition of the company is not a business combination, since it is an inactive company that owns land in Cape Verde.

Thousands of euros	
Non-current assets (land)	10,000
Total Assets	10,000
Non-current liabilities	-
Total Liabilities	-
Acquisition cost	10,000

The company has not generated any result since acquisition.

EMERALDTOWN - EMPREENDIMENTOS IMOBILIÁRIOS E TURISTICOS, LDA

In May 2019, 51% of the shares in the company Emeraldtown - Empreendimentos Imobiliários e Turísticos, Lda. has been acquired. The acquisition cost has been 2.1 million euros. Acquisition of the control of the company is not a business combination since the company is inactive and owns a property to be renovated in Madeira. The fair value of the assets and liabilities acquired were the following:

Thousands of euros	
Non-current assets	10,794
Current assets	688
Total Assets	11,482
Non-current liabilities	7,314
Current liabilities	86
Total Liabilities	7,400
Combination cost	2,082

At the acquisition date, the amount of minority interest in the acquired company, amounts to 1,750 thousand euros.

The integrated result as of the date of the business combination has been as follows:

Thousands of euros	
Other operating expenses	(167)
Finance result	(13)
Result before tax	(180)
Taxes	-
Result after tax	(180)

NORTRAVEL

In 2018, all of the shares of the company Nortravel Ag. Viagens were acquired, generating goodwill in the consolidated annual accounts for an amount of 6.4 million euros. The definitive business combination cost has amounted to 7.2 million euros. Since the provisional business combination cost was 7.3 million euros, goodwill has been reduced by 0.1 million euros, with regard to the provisional amount recognised at closing in the previous year. The definitive assets and liabilities acquired in the business combination, at fair value, for the purchase of this company were as follows:

Thousands of euros	
Non-current assets	9
Current assets	2,504
Total Assets	2,513
Non-current liabilities	-
Current liabilities	1,708
Total Liabilities	1,708
Combination cost	7,203
Goodwill	6,398

The integrated result as of the date of the business combination has been as follows:

Thousands of euros	
Operating income	3,510
Amortisation	(3)
Personnel expenses	(1,217)
Other operating expenses	(957)
Finance result	(1)
Result before tax	1,332
Taxes	(256)
Result after tax	1,076

SERHS

In 2018, the Group acquired a bed bank business. The acquisition cost corresponds with a percentage of the EBITDA generated by the business in the next 8 years. The definitive combination cost has been 2.5 million euros. Since the provisional business combination cost was 8.2 million euros, goodwill has been reduced by 5.7 million euros with regard to the provisional amount recognised at closing in the previous year. The acquired assets mainly relate to software and furniture and fittings, generating definitive goodwill of 1.7 million euros.

6. INTANGIBLE ASSETS

6.1 GOODWILL

Details of movement in goodwill in 2019 are as follows:

	Balance at 31/12/2018	Additions	Withdrawals	Translation differences	Impairment	Balance at 31/12/2019
Goodwill	125,246,277	6,552,149	(5,782,380)	102,300	(21,092,322)	105,026,024
Total	125,246,277	6,552,149	(5,782,380)	102,300	(21,092,322)	105,026,024

Additions mainly relate to the business combination of Punta Umbría Turística, S.L.

Withdrawals mainly relate to the definitive adjustment of the goodwill related to the SEHRS bed bank.

Impairment relates to the goodwill of Mayorista de Viajes and Halcón Viagens and is included under Amortisation and Impairment in the 2019 consolidated income statement (zero in 2018). At December 31, 2018, no accumulated impairment amount was recognised.

The balance at December 31, 2019, mainly relates to Viajes Catai (46.0 million euros), Mayorista de Viajes (27.5 million euros), Punta Umbría Turística (6.6 million euros), Nortravel (6.4 million euros) y Halcón Viagens (2.4 million euros).

The breakdown of goodwill in 2018 is as follows:

	Balance at 31/12/2017	Additions	Translation differences	Balance at 31/12/2018
Goodwill	110,795,347	14,210,049	240,881	125,246,277
Total	110,795,347	14,210,049	240,881	125,246,277

Additions mainly relate to the business combinations of Nortravel for an amount of 6.5 million euros and to the acquisition of SERHS for 7.4 million euros.

At December 31, 2018 the balance mainly corresponds to Catai and Mayorista de Viajes for amounts of 46.0 and 45.3 million euros, respectively.

Over the course of its history in the hotel and travel agency sectors, the Group has developed a Barceló management model and a set of "Best Practices". This know-how is a significant accumulation of confidential knowledge, technical information, expertise, skills and procedures which enable the Group to improve the operating processes of its hotels, their information systems, resource management and quality and environmental systems, thus optimising their results.

RECOVERABLE VALUE OF THE CGUS

In order to calculate the recoverable value of the CGUs, the degree of economic development in the economy in which they operate is taken into account, together with other variables such as the market quota, in those markets in which the CGUs are present, etc.

Discount rate variables (ke) and the perpetual growth rate (g) are also taken into account and are normally defined as follows:

Discount rate (ke) = the country's risk-free rate + (β * Equity risk premium).

Perpetual growth rate (g): taking into account the long-term IMF inflation forecast.

The cash flow projections for the first five years take into account growth rates based on historical experience, while in the subsequent years the residual value is calculated establishing a perpetual income based on the cash flows of the estimates' last period, with a growth rate based on the inflation rate forecast for the geographical area in which each cash-generating unit operates. Projections are calculated in the currency in which they are generated.

The discount rate is based on the risk-free rate which, in general, relates to the effective profitability of the 10-year Spanish Government Bonds, on the country risk premium, on the sector's risk premium, calculated using the Beta coefficient of comparable entities and the market risk premium.

The cost of the debt is based on the debt's real cost at the date of the impairment test equivalent to the interest rates of the credits that the cash-generating unit is obliged to return.

The resulting pre-tax discount rate applied was between 11.25% and 12.17% and the perpetual growth rate was 1%.

SENSITIVITY ANALYSIS

Moreover, at least annually, the company evaluates the hypotheses used in the estimate of the future cash flows and updates them according to the actual results and past experience.

If there are fair variations in any of the key hypotheses, the carrying value will not exceed the recoverable value of the CGUs.

Specifically, the studies performed for the main CGUs analysed show that, in the case of Catai, with an increase of 1 p.p. in the discount rate or a reduction of 0.25 p.p. in the perpetual growth rate applicable to the CGU, in no case does this factor fall below the attributed carrying value of said CGU.

In the case of Mayorista de Viajes and Halcón Viagens, with an increase of 1 p.p. in the discount rate or a reduction of 0.25 p.p. in the perpetual growth rate applicable to these CGUs, further impairment of 2.9 million euros would be added to that already recognised in the period.

6.2. OTHER INTANGIBLE ASSETS

Details of movement in intangible assets during 2019 are as follows:

	Balance at 31/12/2018	New incorporations	Additions	Disposals	Translation differences	Transfers	Balance at 31/12/2019
Acquisition cost							
Patents, licences and similar rights	3,513,421	22,030	31,685	-	7,004	-	3,574,140
Leaseholds	32,057,056	-	-	-	-	-	32,057,056
Computer software	101,728,191	174,436	14,475,787	(71,328)	143,794	2,987,125	119,438,005
Time Share contracts	53,340,191	-	12,137,989	-	2,505,920	-	67,984,100
Other intangible assets	42,217,052	64,033	2,303,650	(268,012)	654,094	(112,858)	44,857,959
	232,855,911	260,499	28,949,111	(339,340)	3,310,812	2,874,267	267,911,260
Accumulated Amortisation							
Patents, licences and similar rights	(2,708,250)	-	(324,478)	-	(1,696)	-	(3,034,424)
Leaseholds	(12,935,402)	-	(1,213,929)	-	-	-	(14,149,331)
Computer software	(77,073,813)	(64,033)	(13,104,409)	71,328	(110,106)	-	(90,281,033)
Time Share contracts	(3,238,696)	-	(4,071,785)	-	(191,232)	-	(7,501,713)
Other intangible assets	(10,015,236)	-	(2,249,091)	21,527	(172,728)	-	(12,415,528)
	(105,971,397)	(64,033)	(20,963,692)	92,855	(475,762)	-	(127,382,029)
Carrying value	126,884,514	196,466	7,985,419	(246,485)	2,835,050	2,874,267	140,529,231

Details of movement in intangible assets during 2018 are as follows:

	Balance at 31/12/2017	Additions	Disposals	Translation differences	Transfers	Balance at 31/12/2018
Acquisition cost						
Patents, licences and similar rights	3,728,072	111,349	(172,681)	3,014	(156,333)	3,513,421
Leaseholds	31,887,071	65,000	-	-	104,985	32,057,056
Computer software	91,705,902	9,813,413	-	152,561	56,315	101,728,191
Time Share contracts	-	53,340,191	-	-	-	53,340,191
Other intangible assets	37,257,795	2,259,384	3,643	1,380,254	1,315,976	42,217,052
	164,578,840	65,589,337	(169,038)	1,535,829	1,320,943	232,855,911
Accumulated Amortisation						
Patents, licences and similar rights	(2,668,042)	(352,328)	156,542	(755)	156,333	(2,708,250)
Leaseholds	(11,606,012)	(1,224,405)	-	-	(104,985)	(12,935,402)
Computer software	(66,938,289)	(9,972,910)	-	(111,266)	(51,348)	(77,073,813)
Time Share contracts	-	(3,205,127)	-	(33,569)	-	(3,238,696)
Other intangible assets	(7,738,517)	(2,516,681)	-	239,962	-	(10,015,236)
	(88,950,860)	(17,271,451)	156,542	94,372	-	(105,971,397)
Valor Neto	75,627,980	48,317,886	(12,496)	1,630,201	1,320,943	126,884,514

The main additions relate to incremental costs incurred to obtain time-share contracts and they have been capitalised due to the entry into force of IFRS 15 on January 1, 2018 (See Note 3.19.g).

At December 31, 2019, the Group has totally amortised intangible assets amounting to 70.1 million euros (57.7 million euros at December 31, 2018).

7. PROPERTY, PLANT & EQUIPMENT

Details of movement in property, plant and equipment in 2019 are as follows:

	Balance at 31/12/2018	New incorporations	Additions	Disposals	Translation differences	Transfers	Balance at 31/12/2019
Acquisition cost							
Land and natural resources	501,531,686	67,166,716	7,683,001	(975,470)	11,894,798	38,795	587,339,526
Buildings	1,214,542,999	137,063,422	36,341,235	(672,655)	27,864,815	104,166,344	1,519,306,160
Technical installations	198,817,271	8,026,127	9,626,423	(276,609)	2,619,493	20,077,551	238,890,256
Machinery	73,968,269	(20,210)	7,142,091	(343,216)	696,413	21,445,884	102,889,231
Tools	2,409,620	121,932	643,707	-	(9,103)	-	3,166,156
Other installations	61,142,139	431,261	6,407,000	(470,708)	901,981	6,338,151	74,749,824
Furniture	216,850,206	6,789,491	15,440,360	(3,361,043)	2,985,595	15,554,356	254,258,965
IT equipment	23,552,064	(3,893,504)	2,008,129	(26,565)	226,058	737,679	22,603,861
Vehicles	20,717,014	8,876	257,728	(24,341)	1,211,471	1,015,746	23,186,494
Other property, plant & equipment	46,491,853	(186,662)	6,758,774	(153,018)	356,323	3,630,519	56,897,789
Property, plant & equipment under construction	44,428,978	10,806,203	144,867,939	(184,875)	2,291,499	(178,355,173)	23,854,571
	2,404,452,099	226,313,652	237,176,387	(6,488,500)	51,039,343	(5,350,148)	2,907,142,833
Accumulated depreciation							
Buildings	(261,837,028)	-	(46,064,726)	206,825	(5,500,663)	2,563,769	(310,631,823)
Technical installations and machinery	(171,275,166)	-	(18,511,915)	338,533	(496,590)	(3,143,833)	(193,088,971)
Other assets	(228,990,841)	-	(27,591,331)	3,243,965	(2,748,827)	78,564	(256,008,470)
	(662,103,035)	-	(92,167,972)	3,789,323	(8,746,080)	(501,500)	(759,729,264)
Impairment of property, plant & equipment	(75,808,080)	-	4,382,339	-	(701,393)	2,977,381	(69,149,753)
Carrying value	1,666,540,984	226,313,652	149,390,754	(2,699,177)	41,591,870	(2,874,267)	2,078,263,816

New incorporations mainly relate to the acquisition of the hotels Barceló Punta Umbría Beach Resort, Punta Umbría Mar and Barceló Palmeraie.

The main additions relate to the building work for stage IV of the Maya complex and the renovation of the Hotel Royal Hideaway Santa Catalina.

The Amortisation and impairment heading of the 2019 consolidated income statement includes an amount of 4,382 thousand euros (4,440 thousand euros in 2018) for impairment reversal, related to two hotels in Spain that have exceeded their expected results.

Details of movement in property, plant and equipment in 2018 are as follows:

	Balance at 31/12/2017	Additions	Disposals	Translation differences	Transfers	Balance at 31/12/2018
Acquisition cost						
Land and natural resources	490,707,978	-	(134,077)	10,852,509	105,276	501,531,686
Buildings	1,173,201,276	10,156,198	(931,884)	30,979,741	1,137,668	1,214,542,999
Technical installations	189,710,226	4,358,824	(26,459)	3,741,318	1,033,362	198,817,271
Machinery	65,875,479	6,033,492	(17,118)	1,110,375	966,041	73,968,269
Tools	2,138,509	265,210	-	241	5,660	2,409,620
Other installations	53,315,441	4,167,190	(388,079)	556,022	3,491,565	61,142,139
Furniture	203,756,134	10,696,955	(326,503)	3,220,145	(496,525)	216,850,206
IT equipment	21,626,286	1,627,382	(37,570)	150,458	185,508	23,552,064
Vehicles	19,761,005	1,199,382	-	(271,972)	28,599	20,717,014
Other property, plant & equipment	42,163,467	3,862,949	(140,092)	477,214	128,315	46,491,853
Property, plant & equipment under construction	15,276,234	36,883,434	-	175,722	(7,906,412)	44,428,978
	2,277,532,035	79,251,016	(2,001,782)	50,991,773	(1,320,943)	2,404,452,099
Accumulated depreciation						
Buildings	(217,191,688)	(39,786,541)	393,621	(5,312,539)	60,119	(261,837,028)
Technical installations and machinery	(151,351,026)	(17,623,096)	20,601	(2,321,645)	-	(171,275,166)
Other assets	(202,899,920)	(27,190,408)	614,320	485,167	-	(228,990,841)
	(571,442,634)	(84,600,045)	1,028,542	(7,149,017)	60,119	(662,103,035)
Impairment of property, plant & equipment	(79,741,910)	4,440,000	-	(446,051)	(60,119)	(75,808,080)
Carrying value	1,626,347,491	(909,029)	(973,240)	43,396,705	(1,320,943)	1,666,540,984

The main additions in 2018 relate to the beginning of the building work for stage IV of the Maya complex and renovations in various hotels.

No finance expenses have been capitalised in 2019 (0.3 million euros in 2018), corresponding to loans directly attributable to the acquisition of assets.

At December 31, 2019, the Group has fully depreciated property, plant and equipment amounting to 350.9 million euros (296.4 million euros at December 31, 2018).

The Group has granted a purchase option on 100% of the shares of a company that owns a hotel asset with a carrying value of 57 million euros at December 31, 2019. This option is exercisable in December 2020 and, if it is not exercised, the group will receive an indemnity of 10 million euros.

8. INVESTMENT PROPERTY

Investment property reflects the carrying amount of the assets held to generate rental income or capital gains. Details of investment property held by the Group are as follows:

2019:

	Balance at 31/12/2018	Translation differences	Depreciation	Balance at 31/12/2019
Shopping centres and retail premises in Spain	6,024,511	-	(76,168)	5,948,343
Land in Costa Rica	5,422,912	508,175	-	5,931,087
Total	11,447,423	508,175	(76,168)	11,879,430

2018:

	Balance at 31/12/2017	Withdrawals	Translation differences	Depreciation	Balance at 31/12/2018
Shopping centres and retail premises in Spain	6,205,956	(81,383)	-	(77,045)	6,047,528
Land in Costa Rica	5,588,528	-	(188,633)	-	5,399,895
Total	11,794,484	(81,383)	(188,633)	(77,045)	11,447,423

The fair value of these assets does not differ significantly from their carrying amount. The value of these assets has been adjusted for impairment for an amount of 12,115 thousand euros (11,348 thousand euros at December 31, 2018). No impairment has been charged in either the 2019 or the 2018 income statement.

9. EQUITY-ACCOUNTED INVESTEEES

Movement in investments in associates in 2019 is as follows:

	Balance at 31/12/2018	Profit/(Loss)	Additions	Impairment	Balance at 31/12/2019
Santa Lucía, S.A.	1,241,115	-	-	-	1,241,115
Hotel Rívoli SA	5,347,408	(920,262)	360,811	(4,787,957)	-
Contuijo, S.L.	125,000	-	-	-	125,000
Caravel, S.A.	-	-	12,718,476	-	12,718,476
Société Financière d'Africa Palace, SA	10,366,619	30,154	-	-	10,396,773
Total	17,080,142	(890,108)	13,079,287	(4,787,957)	24,481,364

On October 29, 2019, 20% of the share capital of the company Caravel, S.A. was acquired. This is a Tunisian company that owns a hotel and holds interest in other hotel owner companies in Tunisia.

Movement in investments in associates in 2018 is as follows:

	Balances at 31/12/2017	Profit/(Loss)	Additions	Balances at 31/12/2018
Santa Lucía, S.A.	1,241,115	-	-	1,241,115
Hotel Rívoli SA	5,347,408	-	-	5,347,408
Contuijo, S.L.	125,000	-	-	125,000
Société Financière d'Africa Palace, SA	-	(173,389)	10,540,008	10,366,619
Total	6,713,523	(173,389)	10,540,008	17,080,142

In 2018, 47.6% of the company Société Financière d'Africa Palace, S.A. has been acquired for an amount of 10.5 million euros.

The key indicators from the balance sheets and income statements of associates in 2019 are as follows:

Thousands of euros		Non-current asset	Current asset	Equity	Non-current liability	Current liability	Total revenue	Net profit/(loss)	Net profit/(loss) attributable to the Group
Santa Lucía, S.A.	50%	7,568	2,638	6,557	3,643	5	-	-	-
Hotel Rívoli, S.A.	20%	27,094	3,285	(3,399)	26,988	6,789	5,390	(3,916)	(920)
Contuijo, S.L.	33%	3	709	262	-	450	2,099	16	-
Société Financière d'Africa Palace, S.A.	48%	7,348	5,169	5,442	3,182	3,893	7,446	64	30
Caravel, S.A.	27%	3,809	313	2,203	1,109	811	356	118	-

The key indicators from the balance sheets and income statements of associates in 2018 are as follows:

Thousands of euros		Non-current asset	Current asset	Equity	Non-current liability	Current liability	Total revenue	Net profit/ (loss)	Net profit/ (loss) attributable to the Group
Santa Lucía ,S.A.	50%	7,425	2,594	6,441	3,575	3	-	-	-
Hotel Rívoli SA	20%	13,650	4,314	(743)	13,821	4,886	-	-	-
Contuijo, S.L.	33%	4	1,479	546	-	937	1,797	61	-
Société Financière d' Africa Palace, SA	48%	6,686	3,037	5,266	1,731	2,726	5,570	(601)	(173)

The difference between the % of participation from the equity value of the investee and the value of the participation method, mainly relates to homogeneity value adjustments applicable to the Group.

10. OTHER NON-CURRENT FINANCIAL ASSETS

At December 31, 2019 and 2018, the breakdown of "Other no-current financial assets" is as follows:

	Balances at 31/12/2019	Balances at 31/12/2018
Credits to associates	2,683,238	1,186,100
Non-current deposits and guarantees	20,377,329	19,607,151
Equity instruments	70,950	70,950
Derivatives	453,220	934,660
Assets related to labour liabilities (Note 21.1)	4,034,799	3,452,198
Loans to third parties	10,792,809	41,264,113
Balance receivable for Time Share contracts	30,280,455	30,969,090
Prepayments for non-current assets	5,391,206	8,243,136
Other non-current loans	4,085,154	3,965,952
Total	78,169,160	109,693,350

NON-CURRENT DEPOSITS AND GUARANTEES

This balance primarily comprises security deposits related to lease contracts for hotels and aircraft.

LOANS TO THIRD PARTIES

The Loans to third parties balance mainly relates to loans granted to the owners of hotels that the Group operates under lease or management agreements.

In 2018, this heading included a credit line with the company, Punta Umbría Turística, S.A., in order to cover treasury shortfalls for a drawn down amount of 36 million euros. In 2019, 100% of the company was acquired (See Note 5), so this is no longer considered to a third-party loan.

BALANCES RECEIVABLE FOR THE SALE OF RIGHTS TO USE ROOMS (TIME SHARE)

The Group extends financing to customers who purchase rights to use rooms, mainly for a term between three and five years.

11. TRADE DEBT

The breakdown is as follows:

	Balance at 31/12/2019	Balance at 31/12/2018
Trade debt	218,411,361	204,799,755
Total	218.411.361	204.799.755

The balance of the bad debt provision at December 31, 2019, amounts to 13.6 million euros. At December 31, 2018, the balance amounted to 14.0 million euros. Impairment for receivables recognised in 2019 amounts to 3.5 million euros (2.3 million euros in 2018).

The ageing of past-due receivables at year end in thousands of euros is as follows:

	2019	2018
Less than 90 days	67,830	60,728
More than 90 days and less than 180	9,403	9,426
More than 180 days and less than 360	3,824	2,458
More than 360 days	9,407	8,357
	90,464	80,969

12. OTHER RECEIVABLES

Details are as follows:

	Balance at 31/12/2019	Balance at 31/12/2018
Receivables	37,801,042	34,849,725
Advances to creditors	16,229,291	21,055,783
Tax receivables - others	27,379,928	17,776,935
Tax authorities - VAT recoverable	13,985,322	8,139,852
Withholdings and payments on account	10,211,298	10,353,724
Total	105,606,881	92,176,019

13. OTHER CURRENT FINANCIAL ASSETS

Details are as follows:

	Balance at 31/12/2019	Balance at 31/12/2018
Deposits, Guarantees and Others	1,682,751	1,552,039
Interest receivable	235,358	219,239
Derivatives	2,576,959	3,008,393
Total	4,495,068	4,779,671

14. FINANCIAL INSTRUMENTS

The breakdown of financial instruments, by category, is as follows:

Financial assets	Equity instruments		Loans, derivatives and others		Total	
	2019	2018	2019	2018	2019	2018
Non-current financial assets						
Fair value through other comprehensive income	70,950	70,950	-	-	70,950	70,950
Hedging derivatives	-	-	453,220	934,660	453,220	934,660
Assets at amortised cost	-	-	77,644,990	108,687,740	77,644,990	108,687,740
	70,950	70,950	78,098,210	109,622,400	78,169,160	109,693,350
Current financial assets						
Assets at amortised cost	-	-	274,359,803	262,476,543	274,359,803	262,476,543
Hedging derivatives	-	-	2,576,959	3,008,393	2,576,959	3,008,393
	-	-	276,936,762	265,484,936	276,936,762	265,484,936
TOTAL	70,950	70,950	355,034,972	375,107,336	355,105,922	375,178,286

Current financial assets at amortised cost include "trade receivables", "other receivables" and "other current financial assets", less the amounts receivable from public entities.

15. ASSETS AT FAIR VALUE

Details of the assets and liabilities measured at fair value and the hierarchy in which they are classified are as follows:

Derivatives - Assets	Level 2	
	2019	2018
Non-current		
Exchange rate	-	934,660
Fuel	453,220	-
Current		
Exchange rate	1,789,961	3,007,880
Fuel	786,998	514
Interest rates	-	-
Total Assets	3,030,179	3,943,054

There have been no transfers between levels 1, 2 and 3 during 2019 or 2018. The measurement technique has not been modified with regard to 2018.

16. CASH AND CASH EQUIVALENTS

At December 31, 2019, this balance amounts to 426.0 million euros, of which 265.1 million euros (225.8 million euros in 2018) relate to bank accounts and 160.8 million euros (174.0 million euros in 2018) relate to bank deposits maturing in less than 3 months, which are not pledged as collateral for loans.

As established in articles 42.bis, 42 ter and 52 bis of the General Regulations on Tax Management and Inspection Actions and Procedures, the Parent has the required entries in its accounts to comply with the obligation to declare its assets and rights located abroad, in accordance with the Eighteenth Additional Provision of the General Tax Law 58/2003 of December 17 2003, the General Regulations on Tax Management and Inspection Actions and Procedures, and the development of the Shared Regulations for Procedures for Applying Taxes, approved by Royal Decree 1065/2007 of July 27, 2007.

The accounting balances of the bank accounts belonging to foreign subsidiaries of Barceló Corporación Empresarial, S.A. controlled by individuals with powers of attorney who are resident in Spain for tax purposes are duly recognised and identified in their respective individual accounts and are included in the preparation of the accompanying consolidated annual accounts.

17. PREPAYMENTS

This heading includes payments of amounts which have not yet been accrued.

18. EQUITY

18.1. SHARE CAPITAL

At December 31, 2019 and 2018, share capital is represented by 10,464,384 registered shares of 1 euro par value each, subscribed and fully paid. All shares are of the same type, have the same rights and are not quoted on the stock exchange.

The companies SILUMAR FAMILY HOLDING SL, SIAN PARTNERS SL and SAN JOSE TAMBOR SL, hold 34.61%, 21.27% and 13.87%, respectively, of the Parent's share capital.

18.2. SHARE PREMIUM

The share premium is freely distributable.

18.3. RESERVES

LEGAL RESERVE

Spanish companies are obliged to transfer a minimum of 10% of the profits for the year to a legal reserve until this reserve reaches an amount equal to at least 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available. Under certain conditions it may be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of the nominal value of the total share capital after the increase.

OTHER NON-DISTRIBUTABLE RESERVES – CAPITALISATION RESERVE

The capitalisation reserve. Income Tax Law 27/2014 introduced as of 2015, article 25 regulating the capitalisation reserve. This article stipulates the possibility of reducing taxable income to 10% of the increase in an entity's capital and reserves, provided that a number of requirements, including the following, are met:

- That the amount of the increase in the entity's capital and reserves is maintained for a period of five years from the closing of the tax period to which this reduction pertains, unless the entity has incurred accounting losses.
- That a reserve be allocated, equivalent to the amount of the decrease, which should be reflected on the balance sheet as a separate heading and will be non-distributable during the period forecast in the preceding point.

The Group has a restricted reserve of 34 million for said concept (15 million euros from 2018, 7 million euros from 2015 and 12 million euros from 2016). Moreover, in 2020, an additional restricted reserve will be established with 3 million euros for the 2019 capitalisation reserve.

VOLUNTARY RESERVES (OTHER RESERVES)

The voluntary reserve is freely distributable.

RESERVES IN FULLY CONSOLIDATED COMPANIES AND ASSOCIATES

This heading includes the contribution to consolidated equity of the profits generated by Group companies since their incorporation. As indicated in Note 2.3, accumulated translation differences to the date of the transition to IFRS have also been classified under this heading.

18.4. DISTRIBUTION OF DIVIDENDS

Given the situation caused by the COVID19 crisis, the Board of Directors will propose to the General Shareholders' Meeting that no dividends be distributed with a charge against 2019, in order to maintain liquidity and limit cash outflows.

At their General Meeting the shareholders approved the distribution of dividends for 2018 amounting to 46.0 million euros (4.39 euros per share), and they were paid in July 2019.

18.5. NON-CONTROLLING INTERESTS

The most significant non-controlling interests are mainly held by Desarrollo Flamenco Riviera SA de CV and Emeraldtown - Empreendimentos Imobiliários e Turísticos, Lda. Appendix I details the information relating to these companies.

At December 31, 2019, details of non-controlling interests are as follows:

Thousands of euros	
Non-current assets	48,239
Current assets	8,496
Total Assets	56,735
Equity	30,554
Non-current liabilities	22,427
Current liabilities	3,754
Total liabilities	56,735
Income	13,356
Profit/(loss) for the year	2,244

18.6. TRANSLATION DIFFERENCES

This balance includes the effects of the translation to euros of the balance sheets of those companies whose functional currency is different to the euro, in accordance with the criteria detailed in Note 2.3. In 2019, the company Cranberry Dominicana has been dissolved without generating a significant impact on the income statement. In 2018, no foreign company was dissolved. In 2019, a transfer has been performed from this heading to the exchange differences heading of the consolidated income statement for a loss of 5.2 million euros, due to the liquidation performed and foreseen of a contribution to a foreign subsidiary that was previously considered as equity.

19. GRANTS

Capital grants were primarily extended to acquire or build hotel assets, recognising the profit or loss according to the useful life of the subsidised asset.

Movement in 2019 is as follows:

	Balances at 31/12/2018	Taken to income statement	Balances at 31/12/2019
Grants	283,503	(192,024)	91,479
Total	283,503	(192,024)	91,479

Movement in 2018 is as follows:

	Balances at 31/12/2017	Taken to income statement	Balances at 31/12/2018
Grants	315,724	(32,221)	283,503
Total	315,724	(32,221)	283,503

20. PROVISIONS

20.1. NON-CURRENT PROVISIONS

Movement in provisions in 2019 is as follows:

	Balances at 31/12/2018	New incorporations	Additions	Withdrawals	Financial effect	Translation differences	Balances at 31/12/2019
Provisions for long-service benefits	18,098,724	670,686	3,547,574	(296,776)	-	297,878	22,318,086
Provisions for liabilities	50,564,307	-	3,098,674	(2,300,755)	-	(4,814)	51,357,412
Provisions for overhauls	1,408,084	-	486,313	-	-	-	1,894,397
Non-current provisions for onerous contracts	211,349	-	-	(224,886)	35,096	1	21,560
Non-current provisions	70,282,464	670,686	7,132,561	(2,822,417)	35,096	293,065	75,591,455
Current provisions for onerous contracts	362,927	-	-	(299,474)	-	890	64,343
Other current provisions	869,217	-	1,888,887	-	-	-	2,758,104
Current provisions	1,232,144	-	1,888,887	(299,474)	-	890	2,822,447
Total provisions	71,514,608	670,686	9,021,448	(3,121,891)	35,096	293,955	78,413,902

Movement in provisions in 2018 is as follows:

	Balances at 31/12/2017	Additions	Withdrawals	Financial effect	Translation differences	Balances at 31/12/2018
Provisions for long-service benefits	17,932,360	932,499	(1,228,771)	-	462,636	18,098,724
Provisions for liabilities	43,495,481	8,260,602	(1,147,924)	-	(43,852)	50,564,307
Provisions for non-current assets	1,831,554	-	(423,470)	-	-	1,408,084
Non-current provisions for onerous contracts	1,634,092	-	(1,546,671)	70,308	53,620	211,349
Non-current provisions	64,893,487	9,193,101	(4,346,836)	70,308	472,404	70,282,464
Current provisions for onerous contracts	559,982	-	(210,460)	-	13,405	362,927
Other current provisions	907,180	-	(37,963)	-	-	869,217
Current provisions	1,467,162	-	(248,423)	-	13,405	1,232,144
Total provisions	66,360,649	9,193,101	(4,595,259)	70,308	485,809	71,514,608

COMMITMENTS WITH EMPLOYEES

The provision for long-service benefits covers the accrued liability of commitments established in a number of collective labour agreements in the Spanish hospitality sector and the national collective labour agreement for travel agencies. It also includes commitments with employees in accordance with Mexican and Aruban labour legislation, as well as the pension plan of certain employees of the US company Crestline Hotels & Resorts, LLC.

The expense included in the 2019 consolidated income statement for this concept amounted to 3,547 thousand euros. The amount of the expense directly recognised in equity (Value adjustment) is of 816 thousand euros.

LONG-SERVICE BENEFITS IN SPAIN:

Under prevailing employment legislation in Spain for hospitality companies, Group companies in Spain with this activity are obliged to pay employees who have completed a specific length of service, an amount equivalent to a number of monthly salary instalments in cash, in accordance with the worker's length of service and age at the end of their employment relationship. These long-service benefits are calculated based on the basic salary and the worker's personal supplements. The collective labour agreement for travel agents in Spain also regulates retirement benefits, subject to an agreement between the worker and the company. In 2019 and 2018, the required provisions have been recognised for this purpose, based on the terms of the corresponding collective labour agreements. The liabilities relating to defined benefit obligations are measured based on actuarial calculations. The method used for this calculation in 2019 and 2018 was the projected unit credit method using the PERMF2000P applying an interest rate of 1.75% and an employee turnover assumption of 9.25%. The provision for this commitment amounts to 9.5 million euros at closing 2019 (8.5 million in 2018).

LONG-TERM REMUNERATIONS IN MEXICO AND ARUBA:

The prevailing labour legislation in Mexico also includes a number of commitments from companies to their employees. At closing, the liability recognised for said commitments amounts to 6.5 million euros (4.6 million euros in 2018), which has been calculated using the projected unit credit method. The actuarial hypotheses used for the calculation of the related liability are a discount rate of 7.50%, a salary increase rate of 5.04% and long-term inflation of 4%.

Finally, Aruban labour law obliges the company to pay a minimum pension to its employees in the case that the pension contributions made by the workers do not reach the minimum legal limit. The Group has recognised a provision to cover this liability amounting to 1.9 million euros (1.7 million euros in 2018). The main hypotheses used in the calculation have been retirement at 65 years old, a discount rate of 4.6%, and a salary increase of 2% and a staff rotation hypothesis of 9.50%.

PENSION PLAN EMPLOYEES UNITED STATES (CRESTLINE HOTELS & RESORT, LLC):

The Company has an executive plan awarding additional retirement benefits to a select group of Management employees, allowing them to totally or partially defer their remuneration. The amounts contributed in these plans by both the company and the employees, together with the profit and loss attributed to these amounts are transferred to a Trust Fund. The Trust Fund is exclusively owned by the company, subject to the demand of Crestline's creditors, until the payment is made to the participating employee or their beneficiary. At December 31, 2019, the plan's assets amount to 4.5 million USD and consists of cash and cash equivalents, shares and bonds. At December 31, 2019, the non-current liability for this concept amounts to 4.2 million USD and the current liability amounts to 1.2 million USD. The difference between the assets and liabilities is due to the temporary differences arising from the participants' contributions which are still pending payment to the plan.

PROVISIONS FOR LIABILITIES

Provisions for liabilities cover miscellaneous risks and contingencies arising from the Group's operations and litigations.

ONEROUS CONTRACTS

Provisions for onerous contracts are those derived from lease contracts. These provisions have been calculated by discounting the cash flows estimated by the Group at a post-tax rate of 8.45% and evaluating the lowest possible cost of the various alternative outflows relating to each of the contracts.

PROVISIONS FOR OVERHAULS

This provision includes the estimated cost for the overhauls to be undertaken in the forthcoming years, taking into account the regulatory commitments relating to maintenance of the aircraft operating under operating lease contracts.

20.2. CURRENT PROVISIONS

Of the other current provisions balance at December 31, 2019, 1.7 million corresponds to the provision for overhauls related to aircraft maintenance.

21. BANK BORROWINGS

At December 31, 2019, bank borrowings by nature and maturity are as follows:

	2019	
	Non-current maturities	Current maturities
Personal loans	132,029,528	37,019,828
Credit facilities	238,884,903	15,200,032
Promissory notes issued in MARF	-	200,000,000
Interest	-	253,690
Total bank debt	370,914,431	252,473,550

At December 31, 2018, bank borrowings by nature and maturity are as follows:

	2018	
	Non-current maturities	Current maturities
Personal loans	141,691,766	75,271,492
Mortgage loans	137,513,803	-
Credit facilities	-	95,100,000
Interest	-	477,337
Total bank debt	279,205,569	170,848,829

Bank borrowings which accrue interest at a floating rate, are pegged to Euribor with a market-rate spread.

At December 31, 2019, the amount of the credit facilities with annual maturity that have been drawn down is of 15.2 million euros. They are regularly renewed, accruing interest at a floating rate of Euribor plus a market-rate spread. All of these are denominated in euros. The limit of these credit facilities amounts to 57 million euros.

The amount of the policies with non-current maturities drawn down at December 31, 2019, is of 238.9 million euros, accruing variable interest, with the exception of an amount of 8.9 million euros that accrue interest at a fixed rate. Of said amount, 163 million euros relate to policies that mature annually and are included under non-current liabilities, because they have the commitment of the financial entities to renew following maturity. All of them are denominated in euros. The limit on non-current credit facilities with annual maturity at December 31, 2019, amounts to 295.1 million euros.

All the loans are pegged to a floating market rate, except for an amount of 49.6 million euros at a fixed rate (95.9 million at December 31, 2018). Their fair value is similar to their carrying amount.

At December 31, 2019, the Group has no loans contracted in foreign currency (16.4 million USD at December 31, 2018).

The issues undertaken and expired in 2018 have been as follows:

- 100 million euros, issued on January 19, 2018, maturing on April 19, 2018, at 0.25%.
- 100 million euros, issued on April 19, 2018, maturing on October 19, 2018, at 0.23%.
- 100 million euros, issued on October 19, 2018, maturing on December 27, 2018, at 0.22%.

The issues undertaken and expired in 2019 have been as follows:

- 95.1 million euros, issued on December 27, 2018, maturing on March 5, 2019, at 0.23%.
- 100 million euros, issued on March 5, 2019, maturing on June 5, 2019, at 0.26%.
- 40 million euros, issued on April 2, 2019, maturing on July 2, 2019, at 0.26%.
- 29.2 million euros, issued on April 30, 2019, maturing on July 30, 2019, at 0.26%.
- 10 million euros, issued on May 3, 2019, maturing on July 30, 2019, at 0.26%.
- 5.4 million euros, issued on May 23, 2019, maturing on August 23, 2019, at 0.26%.
- 100 million euros, issued on June 5, maturing on September 10, 2019, at 0.26%.
- 2.5 million euros, issued on July 1, 2019, maturing on August 23, 2019, at 0.24%.
- 40 million euros, issued on July 2, 2019, maturing on October 1, 2019, at 0.26%.
- 10.8 million euros, issued on July 22, 2019, maturing on August 23, 2019, at 0.24%.
- 40 million euros, issued on July 30, 2019, maturing on October 30, 2019, at 0.26%.
- 20 million euros, issued on August 23, 2019, maturing on November 22, 2019, at 0.24%.
- 100 million euros, issued on September 10, 2019, maturing on December 10, 2019, at 0.24%.
- 40 million euros, issued on October 1, 2019, maturing on December 16, 2019, at 0.24%.

On October 1, 2019, a new promissory note issue programme was signed for up to a limit of 40 million euros, remunerated at 0.24% and maturing on January 16, 2020. On October 30, 2019, a promissory note issue was signed up to a limit of 40 million euros, remunerated at 0.24% and maturing on January 31, 2020. On November 22, 2019, a programme was signed for several promissory notes with a limit of 20 million euros remunerated at an interest rate of 0.24%, maturing on February 21, 2020. Finally, on December 10, 2019, a promissory note issue was signed for a limit of 100 million, remunerated at 0.23% and maturing on March 10, 2020. The total amount issued at December 31, 2019 was 200 million euros.

These promissory note issue programmes are registered in the Alternative Fixed Income Market (MARF) in Spain).

22. OTHER NON-CURRENT LIABILITIES

Details are as follows:

	2019	2018
Guarantees and deposits	1,882,866	1,900,400
Non-current loans	104,340,536	86,983,069
Other non-current liabilities	83,082,964	52,885,053
Derivatives	-	3,238,191
Other	7,337	13,231
Total Other non-current financial liabilities	189,313,703	145,019,944

At December 31, 2019, the balance of non-current loans includes loans of 13.0 million euros extended by Fundación Barceló (12.6 million euros at December 31, 2018), remunerated at market interest rates, and loans extended by various members of the Barceló family and management for an amount of 91.3 million euros (74.4 million euros at December 31, 2018) remunerated at a market interest rate. This balance includes a foreign currency loan for an amount of 1.5 million dollars (2 million dollars at December 31, 2018).

The fair value of these loans, valued at amortised cost, is similar to their carrying amount. These loans are renewed annually and are presented as non-current due to the lenders' express acceptance of their extension.

The "Other non-current liabilities" balance includes the non-current deferred payment for the purchase of the shares of Mayorista de Viajes, S.A., Viajes Catai, S.A. and Punta Umbría Turística, S.L., for amounts of 10.6, 16.8 and 46.6 million euros, respectively, measured at amortised cost (See Note 5).

Derivatives correspond to the non-current portion of the cash flow derivatives measured at fair value (See Notes 24 and 25).

23. MATURITIES OF FINANCIAL LIABILITIES

Details by maturity of non-current financial liabilities at December 31, 2019, are as follows:

	2021	2022	2023	2024	2025 and subsequent years
Personal loans	57,594,723	32,857,899	14,735,644	13,124,273	13,716,990
Credit facilities	238,884,903	-	-	-	-
Total bank debt	296,479,626	32,857,899	14,735,644	13,124,273	13,716,990
Guarantees and deposits	-	-	-	-	1,882,866
Other non-current loans	104,340,536	-	-	-	-
Other non-current liabilities	18,770,648	8,102,533	8,170,665	8,238,086	39,801,032
Other financial liabilities	7,337	-	-	-	-
Total other non-current liabilities	123,118,521	8,102,533	8,170,665	8,238,086	41,683,898

Details by maturity of non-current financial liabilities at December 31, 2018 are as follows:

	2020	2021	2022	2023	2024 and subsequent years
Personal loans	53,864,312	61,431,654	20,229,140	6,166,660	-
Mortgage loans	-	-	-	-	-
Credit facilities	137,513,803	-	-	-	-
Total bank debt	191,378,115	61,431,654	20,229,140	6,166,660	-
Guarantees and deposits	-	-	-	-	1,900,400
Other non-current loans	86,983,069	-	-	-	-
Other non-current liabilities	13,286,765	15,582,974	5,170,709	5,210,495	13,634,109
Derivatives	3,238,191	-	-	-	-
Other financial liabilities	13,232	-	-	-	-
Total other non-current liabilities	103,521,257	15,582,974	5,170,709	5,210,495	15,534,509

Movement in 2019 is as follows:

	Balance at 31/12/2018	Incorporations	Cash flows	Current transfers	Value adjustments	Exchange rate	Translation difference	Balance at 31/12/2019
Bank borrowings	279,205,569	5,900,000	100,696,243	(14,531,134)	-	(1,036,769)	680,522	370,914,431
Bank borrowings	279,205,569	5,900,000	100,696,243	(14,531,134)	-	(1,036,769)	680,522	370,914,431
Guarantees and deposits	1,900,400	-	(12,490)	-	-	-	(5,044)	1,882,866
Non-current loans	86,983,068	-	17,319,407	-	-	38,061	-	104,340,536
Non-current liabilities	52,885,053	49,828,011	(14,375,936)	(5,292,273)	-	-	38,109	83,082,964
Derivatives	3,238,191	-	-	-	(3,238,191)	-	-	-
Others	13,232	-	(5,895)	-	-	-	-	7,337
Other non-current liabilities	145,019,944	49,828,011	2,925,086	(5,292,273)	(3,238,191)	38,061	33,065	189,313,703

Movement in 2018 is as follows:

	Balance at 31/12/2017	Cash flows	Current transfers	Value adjustments	Exchange rate	Translation difference	Balance at 31/12/2018
Bank borrowings	491,086,612	(196,074,978)	(12,513,101)	-	(6,440,383)	3,147,419	279,205,569
Bank borrowings	491,086,612	(196,074,978)	(12,513,101)	-	(6,440,383)	3,147,419	279,205,569
Guarantees and deposits	1,857,324	13,630	-	-	-	29,446	1,900,400
Non-current loans	77,894,295	9,000,166	-	-	88,607	-	86,983,068
Non-current liabilities	52,308,767	(2,004,579)	2,547,003	-	-	33,862	52,885,053
Derivatives	7,333,819	-	-	(4,095,628)	-	-	3,238,191
Others	23,566	(10,537)	-	-	-	203	13,232
Other non-current liabilities	139,417,771	6,998,680	2,547,003	(4,095,628)	88,607	63,511	145,019,944

At December 31, 2019, the breakdown for non-current lease liabilities by years of maturity is as follows:

	2021	2022	2023	2024	2025 and subsequent years	TOTAL
Hotels	45,098,623	43,648,140	40,026,137	28,234,728	295,438,419	452,446,046
Aircraft	24,805,990	24,220,397	21,919,186	21,761,132	91,857,078	184,563,783
Offices	2,638,081	2,643,358	1,844,138	216,495	313,310	7,655,383
Non-current lease liabilities	72,542,694	70,511,894	63,789,461	50,212,356	387,608,807	644,665,212

24. FINANCIAL INSTRUMENTS - LIABILITIES

The breakdown of financial instruments for liabilities is as follows:

Financial liabilities	Total	
	2019	2018
Non-current financial liabilities		
Hedging derivatives	-	3,238,191
Financial liabilities at amortised cost		
Loans and payables	560,228,134	420,987,324
Lease liabilities	644,665,212	-
	1,204,893,346	424,225,515
Current financial liabilities		
Hedging derivatives	4,786,734	7,347,225
Financial liabilities at amortised cost		
Loans and payables	727,937,587	631,258,514
Lease liabilities	82,881,781	-
	815,606,102	638,605,739
TOTAL	2,020,499,448	1,062,831,254

The Group has contracted exchange rate and fuel hedge derivatives. At December 31, 2019, the net fair value of these derivatives amounts to 1,757 thousand euros (6,642 thousand euros at December 31, 2018).

The exchange rate derivatives relate to insurance hedges for the purchase or sale of the following currencies in 2020:

The total finance expense included in the consolidated income statement relates to financial instruments at amortised cost.

Nominal in foreign currency	Underlying	Insurance type
1,370,469	AUD	Purchase
376,041	CAD	Purchase
1,127,970	CNY	Purchase
913,829	GBP	Purchase
143,169,430	JPY	Purchase
742,819	NOK	Purchase
624,121	NZD	Purchase
3,814,240	USD	Purchase
2,847,309	ZAR	Purchase
68,250,000	USD	Sale

Fuel hedges consist of futures for the purchase of fuel by tonnes, amounts and years as detailed in the table below:

Expiry date	Tonnes of fuel	US dollars
2020	50,400	33,860,640
2021	29,999	18,108,902

Since the conditions for the application of hedge accounting are fulfilled, the Group has recognised hedging derivatives at fair value through changes in equity. The amount recognised in equity for variations in the fair value of hedge derivatives has amounted to 6,369,496 euros.

25. LIABILITIES AT FAIR VALUE

Details of liabilities measured at fair value and the hierarchy in which they are classified are as follows:

	Level 2	
	2019	2018
Non-current		
Exchange rate	-	(621,523)
Fuel	-	(2,616,667)
Current		
Exchange rate	(2,709,516)	(1,697,517)
Fuel	(2,077,218)	(5,649,709)
Total Liabilities	(4,786,734)	(10,585,416)

There have been no transfers between Levels 1, 2 and 3 in 2019 or 2018. The valuation technique has not varied from the previous year. The amount carried to the income statement for derivatives valued at fair value has amounted to 3,183 euros.

The fair value of exchange rate and fuel derivatives is based on the valuation techniques and models normally used in the market, such as future cash flow discounts, using the interest and exchange rate curves available in the markets.

26. TAXES

Companies file annual income tax returns. The profits of Spanish companies, determined in accordance with tax legislation, are subject to a tax rate of 25% in 2019. Other Group companies are subject to nominal income tax rates of 15% to 35%. Certain deductions may be made from the resulting tax amount.

The majority of the Group's Spanish companies have filed consolidated income tax returns. Under this tax regime, the taxable income of Group companies is not determined by the Group's consolidated accounting profit, but by the taxable income of the Group companies, determined as for individual tax returns, eliminating those results that form part of the individual taxable income of each Group company originating from intragroup transactions and including results which were eliminated in prior periods which are understood to have been realised by the Group in the tax period.

The Spanish Group companies have tax loss carryforwards available for offset against future taxable income in an amount of 221.4 million euros. Due to the tax reform which entered into force on January 1, 2015, these tax loss carryforwards will be available for offset for an indefinite period. At December 31, 2019, of the aforementioned amount, tax losses amounting to 74.3 million euros (73 million euros in 2018) resulting in a deferred tax asset of 18.6 million euros (18.3 million euros in 2018). In the case of the remaining tax losses, the accounting criteria necessary for their capitalisation are not fulfilled.

Furthermore, Spanish Group companies have various unused deductions, generated in prior years and in the current year, for an amount of 2.8 million euros, corresponding to the deduction for technological innovation and the deduction of new fixed assets in the Canary Islands, of which the last limitation period is 2037 and 2034, respectively.

At December 31, 2019, of the total unused deductions, deferred tax assets have been recognised for an amount of 2.8 million euros (1.4 million euros in 2018).

Details of the main characteristics of Corporate Tax in other countries which are significant for the Group are detailed below.

In the Dominican Republic, Group companies are subject to the higher of one of the following two taxes: (i) Asset Tax, at 1% of total assets less investments in shares, prepaid tax and rural properties, or (ii) Income Tax on taxable income based on accounting profit with various tax and accounting adjustments, at a rate of 27%, with a minimum, in certain cases, of 2.4% of the period's revenue. It should be noted that the companies located in said country have a total of 5.8 million euros of tax losses. Two companies domiciled in this country have taken advantage of the tax benefits regulated by Confotur for investments made in hotels they own and that imply the exemption from these taxes for 15 years as of, and including, 2018.

Group companies resident in Mexico in 2019, are subject to Income Tax on accounting profit adjusted for fiscal inflationary effects on monetary assets and liabilities and amortisation, at a rate of 30%. It should be noted that the companies located in said country have a total of 14 million euros.

In accordance with prevailing Spanish legislation, taxes cannot be considered definitive until they have been inspected and agreed by the tax authorities or before the inspection period of four years has elapsed. At December 31, 2019, the Spanish Group companies are open to inspection by the tax authorities for the last four years for all the applicable taxes.

Before the preparation of the 2018 accounts, the general Corporate Tax inspection for the financial years between 2011 and 2014 and VAT from June 2012 until 2014 was completed. The result was included in the income statement and balance sheet of the consolidated annual accounts, with the exception of a small portion related to the VAT inspection, for which the assessment has been contested.

In 2019, a VAT inspection began for the company Alisios Tours, S.L., for the period comprised between July 2015 and December 2016.

Moreover, the Group is involved in judicial review proceedings for the following Spanish companies:

COMPANY	YEAR	TAX	STATUS OF CLAIM
Viajes Barceló, S.L.	2004-2006	Income tax	Spanish National High Court
Inmuebles de Baleares, S.L.	2006	Income tax	Spanish National High Court
Alisios Tours, S.L.	2013-2014	VAT	TEAR (Regional Economic Administrative Court)
Barceló Corporación Empresarial, S.A.	2012-2014	VAT	TEAC (Central Economic Administrative Court)
Viajes Catai, S.A.	2008-2009	Corporate Tax	Spanish National High Court

On March 18, 2019, the Spanish National High Court (Audiencia Nacional) passed a sentence cancelling the tax settlement related to the 2006 Corporate Tax dispute of Barceló Corporación Empresarial, S.A.

At the preparation date of the accounts, the TEAC has declared judgment cancelling the tax penalty related to the economic administrative complaint regarding the Capital Gains withholdings of Viajes Catai, S.A. between 2008-2009.

The proceedings related to the Corporate Tax of Viajes Catai, S.A. are still underway, pending the setting of a date for the voting and decision. However, the instalment, as well as the penalty and interest have already been paid to the tax authorities.

The proceedings related to the Corporate Tax of Viajes Barceló in the Spanish National High Court, are still pending resolution. However, the instalment, as well as the penalty and interest have already been paid to the tax authorities.

The relationship between the pre-tax result of the Parent and the Corporate tax expense is as follows:

	2019	2018
PROFIT FROM CONTINUING OPERATIONS	184,535,804	243,577,962
PROFIT BEFORE INCOME TAX	184,535,804	243,577,962
Profit of equity-accounted investees	890,108	173,389
Profit of fully consolidated companies	185,425,912	243,751,351
Parent tax rate	25%	25%
Tax expense at rate applicable to Parent	46,356,478	60,937,838
At other tax rates	5,598,824	5,528,770
Permanent differences (non-deductible expenses and non-taxable income)	7,442,938	3,436,385
Deductions generated in the year capitalised or applied	(14,447,670)	(6,729,932)
Tax losses from prior years, capitalised during the year	(3,674,748)	(3,850,139)
Uncapitalised tax losses from previous years, applied during the year	(1,005,254)	(6,047,187)
Tax expense from prior years	3,732,013	11,855,794
Consolidation adjustments and others	3,639,228	(3,632,445)
Accounting expense	47,641,809	61,499,082

DEFERRED TAX ASSETS AND LIABILITIES

The breakdown and movement of deferred tax assets and liabilities during 2019 are as follows:

	Balances at 31/12/2018	New incorporations	Profit/ (Loss)	Translation differences	Withdrawals	Value adjustments	Balances at 31/12/2019
Tax deductions	1,379,578	-	1,427,898	-	-	-	2,807,476
Tax losses	18,721,452	1,111,754	(490,311)	17,038	-	-	19,359,933
Property, plant & equipment and intangible assets	14,862,193	381,713	(7,247,801)	426,638	-	-	8,422,743
Hedging derivatives	1,660,590	-	-	-	-	(1,592,374)	68,216
Provisions, impairment and other	5,012,032	7,085	1,782,038	272,692	-	-	7,073,847
Advances from customers	589,711	-	1,945,787	38,050	-	-	2,573,548
Time Share	-	-	12,608,772	-	-	-	12,608,772
Loyalty premium	1,997,308	-	97,016	-	-	-	2,094,324
Lease assets and liabilities - IFRS-16	-	-	2,285,829	(5,200)	-	-	2,280,629
Finance expenses	-	5,071,019	-	-	-	-	5,071,019
Others	18,644,617	-	(6,543,508)	929,680	362,720	-	13,393,509
Total deferred tax assets	62,867,481	6,571,571	5,865,720	1,678,898	362,720	(1,592,374)	75,754,016
Intangible assets	(3,793,702)	-	1,056,696	-	-	-	(2,737,006)
Property, plant & equipment	(166,051,174)	(19,961,412)	4,733,310	(5,578,074)	-	-	(186,857,350)
Impairment equity instruments	(250,882)	-	169,042	-	-	-	(81,842)
Time Share	-	-	(4,572,090)	-	-	-	(4,572,090)
Others	(1,787,312)	(1,116,066)	(7,698,704)	(157,060)	-	-	(10,759,142)
Total deferred tax liabilities	(171,883,070)	(21,077,478)	(6,311,746)	(5,735,134)	-	-	(205,007,428)
TOTAL	(109,015,589)	(14,505,907)	(446,026)	(4,056,236)	362,720	(1,592,374)	(129,253,412)

The breakdown and movement of deferred tax assets and liabilities during 2018 are as follows:

	Balances at 31/12/2017	Profit/(loss)	Translation differences	Value adjustments	Balances at 31/12/2018
Tax deductions	999,781	379,797	-	-	1,379,578
Tax losses	18,616,791	106,444	(1,783)	-	18,721,452
Property, plant & equipment and intangible assets	8,080,509	6,720,219	61,465	-	14,862,193
Hedging derivatives	3,621,893	-	-	(1,961,303)	1,660,590
Provisions, impairment and other	-	4,698,084	313,948	-	5,012,032
Advances from customers	5,915,089	(5,622,461)	297,083	-	589,711
Loyalty premium	1,766,666	290,838	-	(60,196)	1,997,308
Others	13,905,215	4,606,501	132,901	-	18,644,617
Total deferred assets	52,905,944	11,179,422	803,614	(2,021,499)	62,867,481
Intangible assets	(4,022,238)	228,536	-	-	(3,793,702)
Property, plant & equipment	(163,487,174)	678,469	(3,242,469)	-	(166,051,174)
Impairment of equity instruments	(850,401)	599,519	-	-	(250,882)
Hedging derivatives	-	-	-	-	-
Others	(47,795)	(1,765,432)	25,915	-	(1,787,312)
Total deferred liabilities	(168,407,608)	(258,908)	(3,216,554)	-	(171,883,070)
TOTAL	(115,501,664)	10,920,514	(2,412,940)	(2,021,499)	(109,015,589)

Deferred tax liabilities for property, plant and equipment mainly reflect the recognition at fair value of property, plant and equipment acquired through business combinations and at the deemed cost of land owned by the Group at the transition date to IFRS.

The deferred tax asset recognised in 2019 for tax bases generated in previous years amounts to 3.7 million euros.

INCOME TAX EXPENSE

	2019	2018
Current tax expense	47,195,783	72,419,596
Deferred tax expense	446,026	(10,920,514)
Total Income Tax expense	47,641,809	61,499,082

The tax expense includes an amount of 3.7 million euros, related to the final income tax of the previous year.

The deferred tax expense directly allocated to equity (Value adjustments) amounts to 1,592 thousand euros (2,021 thousand euros in 2018).

27. LATE PAYMENTS TO THIRD PARTIES

In accordance with the second final provision two of Law 31/2014, which amends Law 15/2010 of 5 July 2010, details of the average hotel supplier payment period in Spain for 2019 and 2018 are as follows:

	2019	2018
Average payment period for suppliers (Days)	46.23	51.21
Transactions paid ratio	46.63	52.20
Transactions payable ratio	40.46	41.09
Total payments made	2,518,422,757	2,157,496,124
Total payments outstanding	104,641,345	127,245,919

28. OTHER CURRENT LIABILITIES

The breakdown is as follows:

	Balance at 31/12/2019	Balance at 31/12/2018
Spanish tax authorities	39,462,346	31,703,038
Social Security	8,516,373	7,954,184
Salaries payable	28,062,321	23,153,604
Other payables	26,257,709	14,695,987
Guarantees and deposits received	240,680	237,077
Hedging derivatives (Note 25)	4,786,734	7,347,225
Total	107,326,163	85,091,115

29. OPERATING INCOME AND OTHER OPERATING INCOME

29.1. OPERATING INCOME

This balance reflects the revenue from hotel services and management, the Travel division's travel intermediation and tour operator travel sales and the airline activity. The amounts corresponding to the Travel Division (intermediation, tour operator and airline) for 2019 and 2018 are 1,305.9 and 1,101.2 million euros, respectively. The amounts corresponding to hospitality in 2019 and 2018 are 1,313.8 and 1,247.3 million euros, respectively.

In 2019, operating income by geographical market is as follows: 1,849.8 million in Spain, 539.0 million in Latin America and 230.9 million in the remaining areas. In 2018, operating income was as follows: 1,664.3 million in Spain, 505.7 million euros in Latin America and 178.5 million euros in the remaining areas.

29.2. OTHER OPERATING INCOME

Income recognised under this heading in 2019 and 2018 mainly relate to income from hotel management fees and from other revenue complementary to the normal operations.

30. FINANCE RESULT

The finance result recognised under this heading relates to finance expenses amounting to 36.4 million euros (16.0 million in 2018) and finance revenue amounting to 11.1 million euros (7.8 million in 2018).

31. PERSONNEL EXPENSES

The breakdown of personnel expenses at December 31, 2019 and 2018 as follows:

	2019	2018
Salaries and wages	527,768,211	476,574,056
Termination benefits	9,389,296	9,211,546
Social security	87,253,195	80,913,143
Other employee benefits expenses	25,116,056	22,505,704
Total	649,526,758	589,204,449

The average number of employees in the Group, by category, is as follows:

	2019	2018
Engineers, graduates and managers	5,076	4,925
Skilled workers	15,564	15,518
Assistants	9,636	9,604
Total	30,276	30,047

At December 31, 2019 and 2018, the distribution of employees by gender is as follows:

	2019	2018
Male	17,380	15,672
Female	14,981	14,004
Total	32,361	29,676

The Company's Board of Directors is made up of three legal representatives and one individual.

In the Spanish companies, the Group has contracted 96 employees with a registered disability of over 33%.

32. OTHER EXPENSES

Details of other operating expenses are as follows:

	2019	2018
Leases and royalties	58,414,767	172,417,007
Repairs and maintenance	47,128,500	44,494,372
Independent professional services	31,927,890	25,251,405
Insurance premiums	14,027,009	11,851,419
Advertising and publicity	80,670,732	72,860,614
Utilities	74,423,990	70,328,771
Others	255,708,093	248,004,475
Total	562,300,981	645,208,063

33. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The main transactions undertaken by the Parent or subsidiaries with related companies are as follows:

	2019		2018	
	Associates	Joint ventures	Associates	Joint ventures
Income	1,049,666	255,006	341,596	266,236
Total	1,049,666	255,006	341,596	266,236

All transactions with related parties are carried out at arm's length.

At December 31, 2019 and 2018, there are no balances with related parties.

Balances with Fundación Barceló and the members of the Barceló family are detailed in Note 22. The finance cost related to these liabilities amounts to 2.8 million euros in 2019 and 2.6 million euros in 2018.

34. LEASES

The Group has lease contracts mainly relating to hotel properties, aircraft and offices used during the course of operations. The hotel assets mature between 2020 and 2057, the aircraft between 2020 and 2031 and the offices between 2020 and 2026. In general, Barceló has restricted rights regarding the subleasing of said assets.

The movement of right-of-use assets in 2019 is as follows:

	Hotels	Aircraft	Offices	TOTAL
January 1, 2019	830,846,234	105,743,341	13,152,161	949,741,736
Additions	87,145,128	141,143,456	-	228,288,584
Withdrawals	(341,469,933)	-	-	(341,469,933)
Amortisation	(80,974,562)	(33,287,586)	(2,942,911)	(117,205,059)
Translation differences	42,614	-	(723)	41,891
December 31, 2019	495,589,481	213,599,211	10,208,527	719,397,219

Withdrawals mainly relate to contracts that, at December 31, 2019, have changed their rental conditions to 100% variable, based on the operating result of the hotels.

The movement of right-of-use liabilities in 2019 is as follows:

	Hotels	Aircraft	Offices	TOTAL
January 1, 2019	830,846,234	105,743,341	13,152,161	949,741,736
Additions	87,145,128	141,143,456	-	228,288,584
Withdrawals	(344,459,880)	-	-	(344,459,880)
Interest	16,070,399	5,664,903	225,974	21,961,276
Payments	(90,863,483)	(36,148,093)	(2,914,090)	(129,925,666)
Translation difference	20,090	-	(646)	19,444
Exchange difference	-	1,921,499	-	1,921,499
Current transfer	(46,312,442)	(33,761,324)	(2,808,015)	(82,881,781)
December 31, 2019	452,446,046	184,563,782	7,655,384	644,665,212
Current				82,881,781
Non-current				644,665,212

The effect on the income statement for the year is as follows:

	2019
Amortisation rights of use	117,205,059
Interest lease liabilities	21,961,276
Variable, low value and current rents	58,414,767
Result for withdrawal of contracts	(2,989,947)
Exchange differences	1,921,499
RESULT BEFORE TAXES	196,512,654

Lease payments in 2019 have been as follows:

Thousands of euros	2019
Payments variable rent	58,415
Payments fixed rent	129,926
TOTAL Rent	188,341

The Group has various lease contracts that have not come into force in 2019. These are two hotel lease contracts signed by the Group and not yet started at December 31, 2019, with annual rent of 787 thousand and 1,498 thousand euros and a term of 15 and 21 years, respectively. With regard to aircraft, the Group has signed, but not yet started three lease contracts, with annual rent of 11,100 thousand, 9,078 thousand and 5,520 thousand US dollars, for a term of 12, 12 and 8 years, respectively.

The Group has contracted hotel lease contracts containing variable rents, the majority based on the operating result and the remainder on the sales figure. The table below details the information regarding rent, separating fixed and variable:

	2019	
	Fixed rent	Variable rent
Fixed rent	59,414,757	-
Variable rent with minimum guaranteed	70,510,909	35,347,543
Solely variable rent	-	23,067,224
TOTAL Rent	129,925,666	58,414,767

The Group has various contracts that include clauses with options for early cancellation or deadline extensions. These options are negotiated by Management in order to allow flexibility when managing the lease contracts portfolio, adapting them to the business' evolution. The Group exercises significant judgments in order to determine if it is reasonable to exercise the early termination or extension options.

The table below shows the possible payments of future rental payments that have not been discounted, related to periods following the exercise date of the options for early termination that are expected to be exercised and of extension options that are not expected to be exercised and that are, therefore, included in the lease term considered for the valuation of the lease contracts in accordance with IFRS 16:

Thousands of euros	Up to 5 years	More than 5 years	TOTAL
Contract extension options not expected to be exercised	156,230	200,688	356,918
Contract termination options expected to be exercised	125,497	103,906	229,403
Total	281,727	304,594	586,321

35. GUARANTEES WITH THIRD PARTIES AND CONTINGENT ASSETS AND LIABILITIES

On November 25, 2019, the Barceló Group and the Globalia Group signed a Partnership Agreement contributing their travel businesses to a newly constituted business (Newco). According to the share exchange ratio agreed between the parties, Barceló will receive 50.55% of the shares in Newco and Globalia will receive the remaining 49.45%. The contribution will be official once two conditions precedent have been fulfilled. Although the signed Partnership Agreement grants the Barceló Group the majority of the shares and the voting rights in the Board of Directors of the Newco, certain decisions made by the Shareholders and the Board of Directors require enhanced majorities. The Barceló Group has the power to name the CEO and the CFO of the Newco.

According to said agreement, during the first three years dividends of the Newco will not be distributed and the partners will waive their right of exclusion. As of the fourth year, the distribution of 25% of profits will be proposed. Subject to a number of conditions, Globalia has a purchase option for a number of Newco shares, in such a way that the participations would be equal at 50% for each partner. The price will be the same as that determined in the investment agreement plus 2% for each year that has passed.

Royal Mediterránea, S.A., in which the Group holds a non-controlling interest, has bank loans on which the Group has extended a guarantee of 59 million euros. The counter-guarantees extended by Royal Mediterránea, S.A. in favour of the Group will cover potential repayments to be made by the Barceló Group should Royal Mediterránea be unable to meet its financial commitments.

Moreover, the Group has several litigations underway from which no loss or liability is expected to arise.

36. ENVIRONMENTAL ISSUES

The Parent's directors consider that the environmental risks deriving from the Group's activity are minimal and adequately covered and that no additional liabilities will arise therefrom. The Group has not incurred any expenses or received any environment-related grants during 2019 and 2018.

37. INFORMATION ON DIRECTORS AND MANAGEMENT

In 2019, remuneration paid to the members of the Board of Directors of the Parent, as individuals or legal representatives, and the Group's senior management, in allowances, salaries and wages, amounted to a total of 0.8 and 4.1 million euros, respectively. In 2018, remuneration paid to the members of the Board of directors of the Parent and the Group's senior management, amounted to 0.8 and 4.0 million euros, respectively. In 2019 and 2018, the members of the Board of Directors extended loans to the Group amounting to 32.9 and 26.3 million euros, remunerated at a fixed market interest rate (See Note 22). At December 31, 2019 and 2018, the Company has no pension or similar obligations with the members of the Parent's Board of Directors or with senior management personnel. The amount of the civil liability insurance premium related to the Board members in 2019 amounted to 28 thousand euros (the same amount as in 2018).

At December 31, 2019, and 2018, no prepayments or credits were given to top management personnel or to members of the Parent's Board of Directors nor has it extended any guarantees on their behalf. A company controlled by a member of top management has granted a credit to the Parent for an amount of 1.0 million euros at December 31, 2019, maturing in the long-term and remunerated at a market interest rate.

The Directors of the Parent and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

38. OTHER INFORMATION

At December 31, 2019, the fees accrued by the Parent's auditor for professional audit services have amounted to 803 thousand euros (844 thousand euros in 2018) and 99 thousand euros for other accounting review services (105 thousand euros in 2018). Fees accrued for audit services for the years ending December 31, 2019 and 2018, by other audit firms have amounted to 164 and 90 thousand euros, respectively.

These amounts comprise the total fees for the 2019 and 2018 audits, irrespective of the invoice date.

Furthermore, in 2019 and 2018, fees for other services related to 2019 and 2018 for companies associated with the audit firms invoiced 790 thousand euros (737 thousand euros for companies associated with Ernst & Young and 53 thousand euros for other companies associated with other audit firms) and 1,144 thousand euros (1,087 thousand euros for companies associated with Ernst & Young and 57 thousand for other companies associated with other audit firms), respectively.

39. POST-BALANCE SHEET EVENTS

On March 11, 2020, the World Health Organisation declared the coronavirus (COVID-19) outbreak to be an international pandemic. The swift development of the situation, on both a national and international scale, has resulted in an unprecedented health crisis, which will have an impact on the macroeconomic environment and businesses. In order to confront this situation, among other measures, the Spanish Government declared a state of alarm, through the publication of Royal Decree 463/2020, dated March 14, and approved a number of urgent and extraordinary measures in order to deal with the economic and social impact of COVID-19, through Royal Decree Law 8/2020, dated March 17. In the other countries where the Group operates, similar legal measures have been taken in order to confine the population to their homes.

Although the Group considers that these events do not make an adjustment necessary in the consolidated annual accounts for the year ended December 31, 2019, they do recognise that operations and, in turn, the Group's results and future cash flows, could be significantly affected.

As a result of this health crisis, at the preparation date of these consolidated annual accounts, there has been a significant decrease in demand and, following the official restrictions on the movement of people, the Group has temporarily suspended all of the travel division activity, as well as closing all the Group's hotels, with the exception of a total of 14 hotels in Spain, Mexico, the Dominican Republic, Egypt, Tunisia, Dubai, Guatemala, El Salvador and Nicaragua. Although the Group has a solid financial position and has significant funding lines that have not been drawn down at December 31, 2019, as mentioned in Note 21, subsequent to closing new bank financing has been obtained for an amount of 759.1 million euros in order to strengthen the Group's liquidity situation in these uncertain times. Moreover, none of the Group's mortgaged assets have been used to guarantee the repayment of the bank debt. The Group has implemented further measures in order to mitigate the impact of said crisis on the Group's liquidity, including i) negotiations with the hotel and aircraft lessors and with other suppliers, in order to, not only reduce lease expenses and the cost of supplies and services, but also to obtain better payment conditions, ii) the reduction of all non-priority expenses (marketing, training, travel suspensions, ...) and iii) the presentation of Temporary Redundancy Plans (ERTEs) in Spain and similar legal mechanisms in the other countries where the Group operates, in order to adapt the workforce to the Group's reduced activity.

Given the complexity of this rapidly changing situation, it is not currently possible to reliably estimate the potential economic impact on the Group. If necessary, said impact will be prospectively recognised in the 2020 consolidated annual accounts. In any case, given the Group's strong financial position before the pandemic and the abovementioned measures to protect liquidity, the directors consider that the potential impact of this extraordinary situation does not jeopardise the application of the going concern principle.

On April 2, 2020, the Group has signed an Addendum to the Investment Agreement signed with the Globalia Group on November 25, 2019 (Note 35), modifying certain clauses related to enhanced majorities and the possibility of the voluntary unilateral termination of the Agreement by either party, in a term of 10 days following the approval of the operation by the Spanish Competition authority (CNMC). On May 8, 2020, the CNMC approved the merger between the Barceló Group and the Globalia Group, pending the approval of the transaction by both parties.

40. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These annual accounts are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

APPENDIX I

CONSOLIDATED GROUP AT DECEMBER 31, 2019

Company	Registered office	Activity	Percentage of direct ownership	Percentage of indirect ownership	Consolidation method	Holding company
2 Dsp S.R.O.	Czech Rep.	Hotel business		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Aerosens, S.L.	Spain	Air ticket broker		100.00	Fully consolidated	Ávoris Retail Division S.L.
Alisios Tours, S.L.	Spain	Tour operator		100.00	Fully consolidated	Travelsens, S.L.
Allegro Club de Vacaciones, SRL	Dom. Republic	Time sharing		100.00	Fully consolidated	Occidental Hoteles Management, S.L.
Allegro Palm Beach, V.B.A.	Aruba	Hotel business		100.00	Fully consolidated	Holding Administrative Hotelier Limited and others
Allegro Resorts Marketing Corporation	USA	Marketing		100.00	Fully consolidated	Occidental Hoteles Management, S.L.
Allegro Vacation Club Aruba, NV	Aruba	Time sharing		100.00	Fully consolidated	Occidental Hoteles Management, S.L.
Altagracia Incoming Services, SRL	Dom. Republic	Travel Agency		100.00	Fully consolidated	Travelsens, S.L. and others
Asesoría y Servicios Cozumel, SA de CV	Mexico	Personnel services		100.00	Fully consolidated	Occidental Ampersand Holding, SARL and others
Asesoría y Servicios Playa, SA de CV	Mexico	Personnel services		100.00	Fully consolidated	Occidental Ampersand Holding, SARL and others
Asesoría y Servicios Riviera, SA de CV	Mexico	Personnel services		74.00	Fully consolidated	Occidental Ampersand Holding, SARL
Asesoría y Servicios Royal, SA de CV	Mexico	Personnel services		100.00	Fully consolidated	Hotel Royal Playacar, SA de CV and others
Asociados Corp San José S.A.	Costa Rica	Dormant		100.00	Fully consolidated	Hotel Trading Internacional, Inc
Ávoris Business, S.A.	Spain	Holding company		100.00	Fully consolidated	Ávoris Retail Division S.L.
Ávoris Congress Colombia S.A.S	Colombia	Travel Agency		100.00	Fully consolidated	BCO Congress, S.L.U.
Ávoris División Central	Spain	Management services		100.00	Fully consolidated	Ávoris Retail Division S.L.
Ávoris Experience, S.L.	Spain	Travel Agency		100.00	Fully consolidated	Ávoris Retail Division S.L.
Ávoris Italia S.R.L.	Italy	Tour operator		100.00	Fully consolidated	Ávoris Retail Division S.L.
Ávoris Retail Division S.L.	Spain	Travel Agency		100.00	Fully consolidated	Barceló Trips and Travel, S.L.
Barceló Trips and Travel, S.L.	Spain	Holding company	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A
B by BCD Travel Partner, S.L.	Spain	Travel Agency		80.00	Fully consolidated	Ávoris Retail Division S.L.
B Travel Turismo Accesible S.A.	Spain	Travel Agency		100.00	Fully consolidated	Ávoris Retail Division S.L.
Barceló Arrendamientos Hoteleros, S.L.	Spain	Hotel business		100.00	Fully consolidated	Grupo Turístico Barceló, S.L.
Barceló Arrendamientos Península, S.L.	Spain	Hotel business		100.00	Fully consolidated	Barceló Hotels Mediterráneo, S.L.
Barceló Arrendamientos Turísticos, S.L.	Spain	Hotel business		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
B the Travel Brand, S.L.	Spain	Travel Agency		100.00	Fully consolidated	Ávoris Retail Division S.L.
Barceló Cabo Verde Gestao Hotéis, SA	Cape Verde	Hotel business		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Cologne GMBH	Germany	Hotel business		100.00	Fully consolidated	Grundstrückgesellschaft Hamburg GmbH
Barceló Condal Hoteles, S.A.	Spain	Hotel business	56.60	43.40	Fully consolidated	Barceló Corporación Empresarial, S.A and others
Barceló Crestline Corporation	USA	Holding company		100.00	Fully consolidated	BCE BCC LLC
Barceló Egypt LLC	Egypt	Hotel business		100.00	Fully consolidated	Barceló Arrendamientos Hoteleros, S.L.
Barceló Eventos Empresariales, S.L.	Spain	Dormant	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Expansión Global, S.L.	Spain	Holding company		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Barceló Explotaciones Hoteleras Canarias, S.L.	Spain	Hotel business		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Barceló Explotaciones Hoteleras Mediterráneo, S.L.	Spain	Hotel business		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Barceló Explotaciones Insulares, S.L.	Spain	Hotel business		100.00	Fully consolidated	Barceló Hotels Mediterráneo, S.L.
Barceló Gestión Global, S.L.	Spain	Management company		100.00	Fully consolidated	Inversiones Turística Global, S.L.
Barceló Gestion Hotelera Grecia, LTD	Greece	Management company		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Gestión Hotelera Maroc SARL	Morocco	Management company		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Gestión Hotelera, S.A.	Guatemala	Hotel business	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Gestión Hotelera, S.L.	Spain	Management company	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Gestión Hoteles Italia, SRL	Italy	Hotel business		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Gestión Hoteles Roma S.R.L.	Italy	Hotel business		100.00	Fully consolidated	Barceló Gestión Hoteles Italia, SRL
Barceló Gestión Tunisie SARL	Tunisia	Dormant		99.00	Fully consolidated	Barceló Gestión Hotelera, S.L.

Company	Registered office	Activity	Percentage of direct ownership	Percentage of indirect ownership	Consolidation method	Holding company
Barcelo Grundstrück Berlin GMBH&CO KG	Germany	Dormant	5.00	95.00	Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Grubarges Hotels, S.L	Spain	Holding company		100.00	Fully consolidated	Barceló Portfolio Holding, S.L.
Barceló Grupo Empresarial, S.L.	Spain	Dormant	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Hospitality USA INC	USA	Dormant		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Hotel Group Gulf DMCC	Dubai	Management company		50.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Hotels Mediterráneo, S.L.	Spain	Hotel business		100.00	Fully consolidated	Barceló Hotels Spain, S.L.
Barceló Hotels Spain, S.L.	Spain	Holding company		100.00	Fully consolidated	Grupo Turístico Barceló, S.L.
Barceló Huatulco Hotels, S.L.	Spain	Holding company		100.00	Fully consolidated	Barceló Portfolio Holding, S.L.
Barceló Hungary KFT	Hungary	Hotel business		100.00	Fully consolidated	Barceló Arrendamientos Hoteleros. S.L.
Barceló (Mauritius) Holding, LTD	Mauritius	Hotel business		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Karmina Hotels, S.L.	Spain	Holding company		100.00	Fully consolidated	Barceló Portfolio Holding, S.L.
Barceló Kukulcán Hoteles, S.L.	Spain	Holding company		100.00	Fully consolidated	Barceló Portfolio Holding, S.L.
Barceló Lucía, S.L.	Spain	Holding company		100.00	Fully consolidated	Barceló Portfolio Holding, S.L.
Barceló Portfolio Holding, S.L.	Spain	Holding company		100.00	Fully consolidated	Barceló Resorts, S.L.
Barceló Portugal Gestão Hotelera, Unipessoal LDA	Portugal	Hotel business		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Punta Umbría, S.L.	Spain	Hotel business		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Barceló Raval, S.L.	Spain	Hotel business		100.00	Fully consolidated	Grupo Turístico Barceló, S.L.
Barceló Resorts, S.L.	Spain	Holding company	22.75	77.25	Fully consolidated	Grubarges Inversión Hotelera, S.L. and others
Barceló Santiago Tenerife, S.L.	Spain	Hotel business		100.00	Fully consolidated	Barceló Hoteles Spain, S.L. and others
Barceló Servicios Turísticos, SA	Guatemala	Hotel Services	98.00	2.00	Fully consolidated	Barceló Corporación Empresarial, S.A and others
Barceló Switzerland, S.A.	Switzerland	Holding company	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Títulos y Valores, S.L.	Spain	Hotel business	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Tucancún Hotels, S.L.	Spain	Holding company		100.00	Fully consolidated	Barceló Portfolio Holding, S.L.
Barceló Turizm Otelcilik Limited	Turkey	Hotel business		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Vallarta Hotels, S.L.	Spain	Holding company		100.00	Fully consolidated	Barceló Portfolio Holding, S.L.
Barceló Verwaltungs Gbhm	Germany	Holding company	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Barhermo Inversiones S.L.	Spain	Holding company		100.00	Fully consolidated	Barceló Hotels Mediterráneo, S.L.
Bávaro Holding Limited	United Kingdom	Holding company		100.00	Fully consolidated	Turavia Holding Limited
BCE BCC LLC	USA	Holding company	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
BCLO Brisa Punta Cana, S.L.	Spain	Hotel business		100.00	Fully consolidated	Barceló Resorts, S.L.
BCLO Flamenco, BV	Netherlands	Holding company		100.00	Fully consolidated	BCLO Puerto Playa Holding, BV
BCLO Puerto Plata Holding, BV	Netherlands	Holding company		100.00	Fully consolidated	Barceló Resorts, S.L.
BCO Congress, S.L.U.	Spain	Travel Agency		100.00	Fully consolidated	Ávoris Retail Division S.L.
BCO Huatulco, SRL de CV	Mexico	Hotel business		100.00	Fully consolidated	Barceló Huatulco Hotels, S.L.
BCO Kukulcán, SRL de CV	Mexico	Hotel business		100.00	Fully consolidated	Barceló Kukulcán Hoteles, S.L.
BCO Lucía, SRL de CV	Mexico	Dormant		100.00	Fully consolidated	Barceló Lucía, S.L.
BCO Mismaloya, SRL de CV	Mexico	Hotel business		100.00	Fully consolidated	Barceló Vallarta Hotels, S.L.
BCO Resorts Manzanillo, SRL de CV	Mexico	Hotel business		100.00	Fully consolidated	Barceló Karmina Hotels, S.L.
BCO Tucancún, SRL de CV	Mexico	Hotel business		100.00	Fully consolidated	Barceló Tucancún Hotels, S.L.
Caribbean Hotels Agency, S.A.	Switzerland	Dormant		100.00	Fully consolidated	Grubarges Inversión Hotelera, S.L.
Catai India Private LTD	India	Travel Agency		100.00	Fully consolidated	Viajes Catai, S.A,
CHRS International Tour Promotion Limited	Malta	Dormant		100.00	Fully consolidated	Holding Administrative Hotelier Limited
CHRS Pacific Limited	Malta	Dormant		100.00	Fully consolidated	Holding Administrative Hotelier Limited
Colors Destination Finland O.Y.	Helsinki	Travel Agency		100.00	Fully consolidated	Travelsens, S.L.
Condominio DO Mar, Gestao Imobiliaria SA	Cape Verde	Dormant		100.00	Fully consolidated	Barceló Hotels Mediterráneo, S.L.
Control Hotel Reservation System Promoções Hoteleiras LDA LTD	Malta	Dormant		100.00	Fully consolidated	Holding Administrative Hotelier Limited
Corporación Algard, S.A.	Costa Rica	Hotel business		100.00	Fully consolidated	Grupo Turístico Barceló, S.L. and others
Corporación Vonderball, S.A.	Costa Rica	Management company		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Cozumel Villages, SA de CV	Mexico	Hotel business		100.00	Fully consolidated	Occidental Ampersand Holding, SARL and others

Company	Registered office	Activity	Percentage of direct ownership	Percentage of indirect ownership	Consolidation method	Holding company
Crestline Hotels & Resorts, LLC	USA	Management company		100.00	Fully consolidated	Barceló Crestline Corporation and Subsidiaries
Desarrollo Flamenco Riviera, SA de CV	Mexico	Hotel business		73.96	Fully consolidated	Occidental Ampersand Holding, SARL
Diamonds Hotels Cozumel, SA de CV	Mexico	Hotel business		100.00	Fully consolidated	Occidental Ampersand Holding, SARL and others
Diamonds Hotels Nuevo Vallarta, SA de CV	Mexico	Hotel business		100.00	Fully consolidated	Village Resorts México, S de CV and others
Diamonds Hotels Playacar, SA de CV	Mexico	Hotel business		100.00	Fully consolidated	Occidental Ampersand Holding, SARL and others
Dondear Viajes, S.L.	Spain	Travel Agency		100.00	Fully consolidated	Ávoris Retail Division S.L.
Emeraldtown - Empreendimentos Imobiliários e Turísticos, Lda	Portugal	Hotel business		51.00	Fully consolidated	Barceló Portugal Gestão Hotelera, Unipessoal LDA
Escalatur Viagens, Lda.	Portugal	Travel Agency		100.00	Fully consolidated	Ávoris Business, S.A.
Evelop Airlines, S.L.	Spain	Airline		100.00	Fully consolidated	Ávoris Retail Division S.L.
Expansión Inversora Global, S.L.	Spain	Holding company		100.00	Fully consolidated	Barceló Expansión Global, S.L.
Expansión Turística Barceló, S.L.	Spain	Holding company	0.09	99.91	Fully consolidated	Unión Hotelera Barceló, S.L., and others
Flamenco Tenerife Inmobiliaria y Obras, S.L.	Spain	Dormant		100.00	Fully consolidated	Occidental Hoteles Management, S.L.
Flamingo Bávaro, S.L.	Spain	Holding company		100.00	Fully consolidated	Flamingo Cartera S.L.
Flamingo Cartera S.L.	Spain	Holding company	99.08	0.92	Fully consolidated	Barceló Corporación Empresarial, S.L. and others
Formentor Urbanizadora, S.A.	Spain	Holding company	43.26	56.74	Fully consolidated	Barcelo Corporación Empresarial, S.A. and others
Gregal Viagens, Ltda.	Portugal	Travel Agency		100.00	Fully consolidated	Escalatur Viagens, Lda. and others
Grubar Hoteles, S.L.	Spain	Holding company		100.00	Fully consolidated	Expansión Turística Barceló, S.L.
Grubarges Gestión Hotelera Integral, S.A.	Spain	Holding company		100.00	Fully consolidated	Grubar Hoteles, S.L., and others
Grubarges Gestión Hotelera Mexicana, S.A. de C.V.	Mexico	Management company		100.00	Fully consolidated	Grubarges Gestión Hotelera Integral, S.A.
Grubarges Inversiones Hoteleras Mexicanas SRL de CV	Mexico	Hotel business		100.00	Fully consolidated	Barceló Grubarges Hotels, S.L.
Grubarges Inversión Hotelera Canarias, S.L.	Spain	Dormant		100.00	Fully consolidated	Grubarges Inversión Hotelera, S.L.
Grubarges Inversión Hotelera, S.L.	Spain	Trading Company		100.00	Fully consolidated	Grubar Hoteles, S.L., and others
Grundstrücker GmbH Hamburg GmbH	Germany	Hotel business	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Grupo Turístico Barceló, S.L.	Spain	Finance Company	0.30	99.70	Fully consolidated	Unión Hotelera Barceló, S.L., and others
Halcón Viagens e Turismo	Portugal	Travel Agency		100.00	Fully consolidated	Escalatur Viagens, Lda.
Holding Administrative Hotelier Limited	Malta	Holding company		100.00	Fully consolidated	Occidental Ampersand Holding, SARL
Hotel Assets Holding Limited	Malta	Time sharing		100.00	Fully consolidated	Holding Administrative Hotelier Limited
Hotel Campos de Guadalmina S.L.	Spain	Hotel business		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Hotel El Toyo, S.L.	Spain	Hotel business		100.00	Fully consolidated	Barceló Hotels Mediterráneo, S.L.
Hotel Isla Cristina. S.L.	Spain	Hotel business		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Hotel Montelimar, S.A.	Nicaragua	Hotel business	1.00	98.00	Fully consolidated	Bávaro Holding Limited
Hotel Royal Playacar, SA de CV	Mexico	Hotel business		100.00	Fully consolidated	Occidental Royal Holding, SARL and others
Hotel Trading Internacional Inc	Panama	Dormant		100.00	Fully consolidated	Barceló Switzerland, S.A.
Hotelera Bávaro S.A.	Dom. Republic	Hotel business		100.00	Fully consolidated	Grupo Turístico Barceló, S.L., and others
Hoteles e Inversiones, SA de CV	El Salvador	Hotel business	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Inmobiliaria Formentor, S.A.	Spain	Hotel business	36.89	63.11	Fully consolidated	Barceló Corporación Empresarial, S.A. and others
Inmuebles de Baleares S.L.	Spain	Real Estate	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Inmuebles en Desarrollo y Proyección, S.A.	Spain	Holding company		100.00	Fully consolidated	Inmuebles de Baleares, S.L.
Inversiones Turísticas Globales, S.L.	Spain	Dormant		100.00	Fully consolidated	Barceló Expansión Global, S.L.
Inversora Internacional Hotelera, SRL	Dom. Republic	Hotel business		100.00	Fully consolidated	Occidental Ampersand Holding, SARL
Jack Tar Villages Resorts de México, SA de CV	Mexico	Time sharing		100.00	Fully consolidated	Occidental Hoteles Management, S.L. and others
Jade Travel do Oriente, Viagens e Turismo LDA	Portugal	Travel Agency		90.00	Fully consolidated	Nortravel Ag.Viagens e Turismo, SA
JTV RMX Limited	Malta	Dormant		100.00	Fully consolidated	Occidental Hoteles Management, S.L. and others
Las Glorias del Golfo de Cortés, SA de CV	Mexico	Personnel services		100.00	Fully consolidated	Village Resorts México, S de CV and others
Las Glorias del Pacífico, SA de CV	Mexico	Personnel services		100.00	Fully consolidated	Village Resorts México, S de CV and others
Laplansens Tours, S.L.	Spain	Tour operator		100.00	Fully consolidated	Travelsens, S.L.

Company	Registered office	Activity	Percentage of direct ownership	Percentage of indirect ownership	Consolidation method	Holding company
Maguey Incoming Services, S.L de C.V.	Mexico	Travel Agency		100.00	Fully consolidated	Travelsens, S.L and others
Marina Punta Piedra Amarilla, S.A.	Costa Rica	Hotel business		100.00	Fully consolidated	Grupo Turístico Barceló, S.L., and others
Mayorista de Viajes, S.A.	Spain	Tour operator		100.00	Fully consolidated	Ávoris Retail Division S.L.
Městský dvur, sro	Czech Rep.	Hotel business		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Monitoreo Maya, SA de CV	Mexico	Hotel Services		100.00	Fully consolidated	Promotora QVB, SA de CV and others
Montecastillo Sport Catering, S.L.	Spain	Hotel business		100.00	Fully consolidated	Inmuebles de Baleares, S.L.
Naugolequi, S.L.	Spain	Dormant		100.00	Fully consolidated	Inmobiliaria Formentor, S.A.
Naviara Tambor, S.A.	Costa Rica	Shipping company		100.00	Fully consolidated	Marina Punta Piedra Amarilla, S.A.
Nortravel Ag.Viagens e Turismo, SA	Portugal	Tour operator		100.00	Fully consolidated	Escalatur Viagens, Lda.
Occidental Ampersand Holding, SARL	Luxembourg	Holding company		100.00	Fully consolidated	Occidental Hoteles Management, S.L.
Occidental Hoteles Costa Rica, SA	Costa Rica	Dormant		100.00	Fully consolidated	Occidental Hoteles Management, S.L.
Occidental Hoteles Management, S.L.	Spain	Holding company	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Occidental Royal Holding, SARL	Luxembourg	Holding company		100.00	Fully consolidated	Occidental Hoteles Management, S.L.
Occidental Smeralda, SA	Costa Rica	Hotel business		100.00	Fully consolidated	Occidental Ampersand Holding, SARL
Occidental Vacation Club Costa Rica, SA	Costa Rica	Time sharing		100.00	Fully consolidated	Occidental Hoteles Management, S.L.
Occifitur Dominicana, SRL	Dom. Republic	Hotel business		100.00	Fully consolidated	Occidental Hoteles Management, S.L.
Operadora de Servicios Varios. S.A.	Guatemala	Personnel services		100.00	Fully consolidated	Corporación Vonderball. S.A. and others
Orbest. SA	Portugal	Airline		100.00	Fully consolidated	Avoris Retail División. S.L. and others
OWM Overseas World Marketing Limited	Malta	Dormant		100.00	Fully consolidated	Holding Administrative Hotelier Limited
Palmeriae Maroc Emirats. S.A.	Morocco	Hotel business		100.00	Fully consolidated	Barceló Hotels Mediterráneo. S.L.
Planeta Tierra Viajes. S.A.U.	Spain	Travel Agency		100.00	Fully consolidated	Viajes Catai. S.A.
Poblados de Bávaro S.L.	Spain	Holding company	0.11	99.89	Fully consolidated	Grupo Turístico Barceló. S.L. and others
Promotora QVB. SA de CV	Mexico	Holding company		100.00	Fully consolidated	Grubarges Inversión Hotelera. S.L.
Punta Umbría Turística. S.A.	Spain	Hotel business	80.00	20.00	Fully consolidated	Barceló Corporación Empresarial. S.A.
Quiroocan. SA de CV	Mexico	Hotel business		100.00	Fully consolidated	Promotora QVB. SA de CV and others
Restaurante Lina S.A.	Dominican Republic	Hotel business		100.00	Fully consolidated	Bávaro Holding Limited
Servicios de Personal de Hotelería SRL de CV	Mexico	Personnel services		100.00	Fully consolidated	BCO Tucancún. SRL de CV
Servicios de Construcciones Maya. SRL de CV	Mexico	Personnel services		100.00	Fully consolidated	Quiroocan. SA de CV
Servicios Hoteleros de Manzanillo SRL de CV	Mexico	Personnel services		100.00	Fully consolidated	BCO Resorts Manzanillo. SRL de CV
Servicios Hoteleros de Huatulco SRL de CV	Mexico	Personnel services		100.00	Fully consolidated	BCO Huatulco. SRL de CV
Servicios Hoteleros de Ixtapa SRL de CV	Mexico	Personnel services		100.00	Fully consolidated	Grubarges Inv. Hoteleras Mexicanas SRL de CV
Servicios Hoteleros de Vallarta SRL de CV	Mexico	Personnel services		100.00	Fully consolidated	BCO Mismaloya. SRL de CV
Servicios Hoteleros Kukulcan SRL de CV	Mexico	Personnel services		100.00	Fully consolidated	BCO Kukulcán. SRL de CV
Servicios. Asesoría y Sistemas. D.H. S.A. de CV	Mexico	Personnel services		100.00	Fully consolidated	Occidental Ampersand Holding. SARL and others
Sextante Viajes. S.L.	Spain	Travel Agency		100.00	Fully consolidated	Ávoris Retail Division S.L.
Sibba Neumo. S.L.	Spain	Dormant		100.00	Fully consolidated	Barceló Turismos y Congresos
Standard Global Intercom Limited	Malta	Dormant		100.00	Fully consolidated	Holding Administrative Hotelier Limited
Standard Reservation Limited	Malta	Holding company		100.00	Fully consolidated	Occidental Royal Holding. SARL
Sunsea Place Ltd	Malta	Dormant		100.00	Fully consolidated	Holding Administrative Hotelier Limited
Tagredo Investments SRL	Dominican Republic	Dormant		100.00	Fully consolidated	Occidental Ampersand Holding. SARL
Tenedora Inmobiliaria El Salado. SRL	Dominican Republic	Real Estate		99.00	Fully consolidated	Restaurante Lina. CxA
Títulos Bávaro. S.L.	Spain	Holding company		100.00	Fully consolidated	Poblados de Bávaro S.L.
Trapezio S.A.	Dominican Republic	Holding company		100.00	Fully consolidated	Grupo Turístico Barceló. S.L. and others
Travelsens. S.L.	Spain	Tour operator		100.00	Fully consolidated	Ávoris Retail Division S.L.
Travelsens USA	USA	Tour operator		100.00	Fully consolidated	Travelsens. S.L
Turavia Holding Limited	United Kingdom	Holding company		100.00	Fully consolidated	Turavia International Holidays. S.L.
Turavia International Holidays. LTD	United Kingdom	Holding company		100.00	Fully consolidated	Unión Hotelera Barceló. S.L.
Turiempresa. S.A.	Dominican Republic	Dormant		98.80	Fully consolidated	Trapezio S.A.
Unión Hotelera Barceló. S.L.	Spain	Holding company	100.00		Fully consolidated	Barceló Corporación Empresarial. S.A.

Company	Registered office	Activity	Percentage of direct ownership	Percentage of indirect ownership	Consolidation method	Holding company
Unión Inversora Global. S.L.	Spain	Dormant		100.00	Fully consolidated	Barceló Expansión Global. S.L.
Vacaciones Barceló México. S.A.	Mexico	Travel Agency		100.00	Fully consolidated	Vacaciones Barceló. S.A... and others
Vacaciones Barceló. SA	Dominican Republic	Travel Agency		100.00	Fully consolidated	Grubarges Inversión Hotelera. S.L.
Viagens Catai. SU LDA	Portugal	Tour operator		100.00	Fully consolidated	Viajes Catai. S.A.
Viajes Catai. S.A.	Spain	Tour operator		100.00	Fully consolidated	Ávoris Retail Division S.L.
Viajes Interopa. S.A.	Spain	Travel Agency		100.00	Fully consolidated	Ávoris Retail Division S.L.
Village Resorts México. S de CV	Mexico	Holding company		100.00	Fully consolidated	Occidental Ampersand Holding. SARL and others
Vinyes de Formentor. S.L.	Spain	Hotel business		100.00	Fully consolidated	Inmobiliaria Formentor. S.A.
Wahate Aguedal. S.A.	Morocco	Dormant		100.00	Fully consolidated	Barceló Hotels Mediterráneo. S.L.

ASSOCIATES

Company	Registered office	Activity	Percentage of direct ownership	Percentage of indirect ownership	Consolidation method	Holding company
Santa Lucía, S.A.	Cuba	Dormant		50.00	Equity accounted	Unión Hotelera Barceló, S.L.
Hotel Rívoli SA	Spain	Hotel business		20.00	Equity accounted	Barceló Hotels Mediterráneo, S.L.
Contuijo, S.L.	Spain	Travel Agency		33.00	Equity accounted	Viajes Catai, S.A.
Société Financière d'África Palace, SA	Morocco	Hotel business		48.00	Equity accounted	Barceló Hotels Mediterráneo, S.L.

JOINT VENTURES

Company	Registered office	Activity	Percentage of direct ownership	Percentage of indirect ownership	Consolidation method	Holding company
Mundo Social AIE	Spain	Travel Agency		50.00	Proportionate consolidation	Ávoris Retail Division S.L.
UTE Mundo Senior	Spain	Travel Agency		50.00	Proportionate consolidation	Ávoris Retail Division S.L.
UTE Mundo Senior V	Spain	Travel Agency		50.00	Proportionate consolidation	Ávoris Retail Division S.L.
UTE Mundosenior Plus	Spain	Travel Agency		50.00	Proportionate consolidation	Ávoris Retail Division S.L.
Ocio y Turismo Novotours AIE	Spain	Travel Agency		50.00	Proportionate consolidation	Ávoris Retail Division S.L.

The financial information of the joint ventures and economic interest groupings included in the consolidated Group at 31 December 2019 and 2018 are detailed below:

	2019	2018
Non-current assets	160,118	199,726
Current assets	32,179,127	38,988,085
Total Assets	32,339,245	39,187,811
Equity	2,796,154	1,543,017
Current liabilities	29,543,090	37,644,794
Total liabilities	32,339,245	39,187,811

CONSOLIDATED MANAGEMENT REPORT

In 2019, Barceló Group obtained a **consolidated net profit** amounting to **134.6 million euros**.

All commitments with financial institutions regarding the payment of interest and repayment of the principal were duly met in 2019. Additionally, the closing balance sheet has a positive cash position of 426.0 million euros (cash and cash equivalents).

Based on this **balance sheet position**, we are confident of continuing to meet our financial commitments. The net financial debt ratio (net balances with financial entities) has improved in comparison with the previous year and is less than once the EBITDA (consolidated result before taxes, excluding amortisation, impairment, finance expenses, finance income and exchange rate adjustments).

1. MILESTONES FOR 2019

1.1. HOTEL ACTIVITY

Barceló Hotel Group is the hotel division of the Barceló Group. The Group's brand architecture is made up of four main brands: Royal Hideaway Luxury Hotels & Resorts, Barceló Hotels & Resorts, Occidental Hotels & Resorts and Allegro Hotels. It is the second largest hotel chain in Spain and the thirty-first in the world.

The **Group has closed the year with a total of 57,980 rooms** in 250 hotel establishments located in Latin America, Europe, the United States, Africa, the Middle East and China.

Of this total number **17,626 rooms are Group-owned**, 14,959 are leased and 25,395 rooms are managed or under franchise.

During the year new establishments have been incorporated in the United States, Morocco, Dubai, Tunisia, Mexico, Spain, Hungary and China.

During the year, the **Barceló Group has continued renovating hotels in order to raise our standards of quality** and adapt the hotels to the standards of the new brands, thus offering our clients modern, comfortable and environmentally friendly establishments.

In **Spain, Europe, the Middle East and North Africa** occupancy was 73.5% compared to 73.3% in the previous year and the total Revpar total (total revenue per available room) was 102.0 euros compared to 101.7 euros in the previous year.

Occupancy in **Latin America** has been 76.62% in comparison to 76.17% in the previous year and the total Revpar was 148.1 dollars in comparison to 152.6 dollars in the previous year.

In the **United States** occupancy has been 76.76% in comparison to 76.62% in the previous year and the total Revpar has been 132.4 dollars in comparison to 129.5 dollars in the previous year.

1.2. TRAVEL ACTIVITY

Ávoris is a global tour operator, with a Latin style when it comes to designing the travel experience, consolidated and providing added value to our clients. We have evolved towards vertical integration with specialised brands that offer a unique experience adapted to each client. A new structure intended to lead changes in the tourism market in five main areas of business: distribution, product, airline, incoming services and travel experiences.

The tour operators organise holiday packages (transport, accommodation, activities, etc.) for their sale through travel agencies and also through their own Group network, B the travel brand. The Group aims to offer the traveller values such as knowledge, security, style, flexibility, experience and a capacity for response, in all their products.

The air division is made up of the air broker ByPlane and the airline Evelop.

ByPlane, offers intermediary services between tourist agencies and airlines all over the world. ByPlane manages the contracting of private flights in state-of-the-art aircraft, as well as the rental of aircraft for all types of groups, business groups, sports teams or incentive trips.

Evelop, which is the airline of B the travel brand, gives autonomy to the company's tour operators. With a modern fleet of 6 aircraft for long-distance (four A330-300, one A330-200 and one A350-900) and an A-320 aircraft for medium-haul flights.

The airline offers services to both the Barceló Group's tour operators and to other European tour operators, especially from the Scandinavian and British markets.

2. THE GROUP'S CONSOLIDATED RESULTS

In 2019, **Net Consolidated Profit** for an amount of **134.6 million euros** has been obtained in comparison to 180.3 million euros in the previous year.

In 2019, **Gross Revenue** has amounted to 4,779 million euros in comparison with 4,383 million in the previous year. Gross revenue is made up of the consolidated income from the owned and leased hotels, hotels under management contracts, and gross income without intercompany eliminations from the Travel Division.

Highlights of 2019 include an **investment and improvements** made to our **hotels, in excess of 350 million euros**.

The robustness of the consolidated balance sheet is reflected in the **net cash position of 426.0 million euros** which will allow the Group to meet its commitments without any difficulties in 2019 and reduce its net financial debt.

3. OUTLOOK FOR 2020

For 2020, the Group had set an objective of reaching an EBITDA over 400 million euros (without the effect of IFRS 16) and net profit of more than 200 million euros.

However, as explained in Note 39 of the Consolidated Annual Accounts on Post-balance sheet events, the appearance of the COVID-19 pandemic has generated an unprecedented health crisis that is affecting the macroeconomic environment and business evolution.

Although the Group has a solid financial position and has significant funding lines that have not been drawn down at December 31, 2019, subsequent to closing new bank financing has been obtained in order to strengthen the Group's liquidity situation in these uncertain times.

4. OTHER INFORMATION

The Group's risk management policies are established to identify and analyse the risks faced by the Group, define appropriate risk limits and controls and to control risks and comply with limits. Risk management policies and procedures are reviewed regularly so that they reflect changes in market conditions and the Group's activities.

The Group's Audit Committee supervises how management controls compliance with the Group's risk management procedures and policies and reviews whether the risk management policy is suitable considering the risks to which the Group is exposed.

The Group's financial risk management policies and objectives are explained in Note 4 of the Consolidated Annual Accounts.

Note 28 of the Consolidated Annual Accounts includes the information regarding late payments to suppliers in Spain and their average payment period.

Neither the Parent nor the subsidiaries hold any own shares or Parent shares, nor did they carry out any research and development activities during 2019.

Note 39 of the Notes to the consolidated annual accounts includes information on post-balance sheet events.

Although the non-financial information report for the year 2019 has been prepared in a separate document, it forms part of this Management Report

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