



**Operational and Financial Results:**  
Second Quarter 2008



## Grupo Posadas, S.A.B. de C.V. & Subsidiaries

### Mexico City, July 28, 2008

With respect to the same quarter of last year:

- Total revenues increased 23%
- EBITDA increased 15%
- Three new hotels and 10 openings in LTM

### > Financial Highlights

Million pesos as of June 30, 2008	2Q08	%	Real Var. %	Accumulated 2008	%	Real Var. %
Net Sales	1,762	100	22.7	3,424	100	14.6
Operating Profit	268	15	22.4	548	16	10.0
EBITDA	373	21	15.0	764	22	6.7
Majority Net Income	7	0	(92.7)	58	2	(74.6)

This quarter, more available rooms and improved RevPAR (Revenue Per Available Room) as well as our services businesses are the main drivers supporting our strong financial performance.

Revenues for the second quarter of 2008 increased 23% versus same quarter of previous year. With respect to same period of last year revenues by segment increased 8%, 25% and 71% for Owned & Leased Hotels, Management and Vacation Club, respectively. EBITDA grew with respect to second quarter of previous year 15%.

Standard & Poor's rating services affirmed its "BB" long-term corporate credit and senior unsecured debt ratings and the "mxA" long-term national scale corporate credit rating. The outlook is stable.

The Stockholders' Ordinary General Meeting of April 30, 2008 resolved to declare dividends of MXN 31 cents per share, which were paid on June 2, 2008.

### > Development

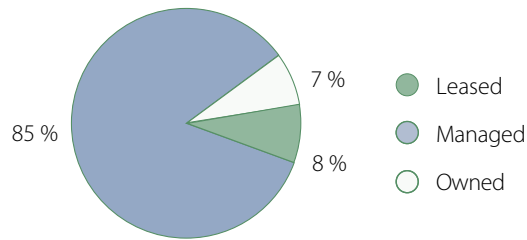
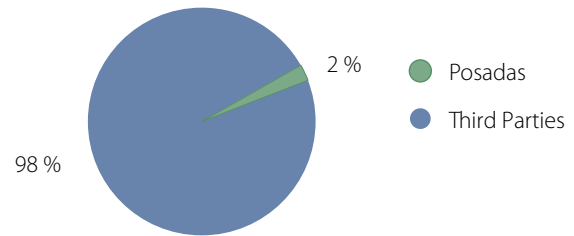
Our development plan has 53 hotels with 7,162 rooms to be opened within the next three years. These hotels are either under construction or with executed operative agreements. According to the development strategy of the Company, most of these hotels will be under management agreements.

Brands	Mexico		Southamerica		Total		%
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	
Fiesta Americana	1	348			1	348	5
Fiesta Inn	20	2,729			20	2,729	38
Caesar Park			1	148	1	148	2
Caesar Business			1	102	1	102	1
One hotels	26	3,237			26	3,237	45
Lat 19°	1	100			1	100	1
Aqua	3	498			3	498	7
<b>TOTAL</b>	<b>51</b>	<b>6,912</b>	<b>2</b>	<b>250</b>	<b>53</b>	<b>7,162</b>	<b>100</b>

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**Room distribution by contract**

**Total investment US \$383 M**


During this quarter the Company opened the following three hotels: One Queretaro Plaza Galerías with 126 rooms, as an owned property, One Aguascalientes Ciudad Industrial with 126 rooms, under a management agreement and the Caesar Park Silver Buenos Aires Obelisco with 74 rooms, under a leasing agreement.

Openings LTM	No. of Rooms	Type
FAG Guadalajara Country Club	208	Managed
One Coatzacoalcos Forum	126	Owned
One Patriotismo Ciudad de México	132	Managed
FI Uruapan	107	Managed
One Toluca Aeropuerto	126	Managed
One Acapulco Costera	126	Managed
FI Durango	138	Managed
One Aguascalientes Ciudad Industrial	126	Managed
CP Silver Buenos Aires Obelisco	74	Leased
One Queretaro Plaza Galerías	126	Owned
<b>Total</b>	<b>1,289</b>	

### > Owned & Leased Hotels

Owned & Leased Hotels	Total		Urban		Coastal	
		% Real Var.		% Real Var.		% Real Var.
<b>2Q08</b>						
Average No. of Rooms	9,577	4.6	8,230	1.1	1,347	32.6
Average Daily Rate	1,062	2.6	1,003	2.4	1,486	1.1
Occupancy (Var. In pp)	64%	(0.3)	65%	1.3	55%	(10.6)
REVPAR	676	2.1	653	4.5	820	(15.1)
<b>Accumulated</b>						
Average No. of Rooms	9,653	5.2	8,298	1.7	1,354	33.2
Average Daily Rate	1,103	0.9	1,016	0.8	1,714	(3.2)
Occupancy (Var. In pp)	62%	(0.2)	63%	1.0	55%	(7.9)
REVPAR	685	0.6	643	2.5	947	(15.3)

Revenues for owned and leased hotels increased 8% for the 2Q08 when compared to the same period last year.

Owned and leased hotels improved its performance versus same period last year. Available average number of rooms increased by 4.6% mainly due to the re-opening of the

Aqua Cancun hotel and the opening of the CP Silver Buenos Aires Obelisco and two more One hotels. Occupancy reached 64% while RevPAR increased 2.1% mainly due to the strong operational performance of urban hotels.

Occupancy and RevPAR for urban hotels increased mainly as a result of our hotels in South America and the central and northern regions of Mexico, specifically Mexico City and Monterrey.

## > Management

Management	Total		Urban		Coastal	
		% Real Var.		% Real Var.		% Real Var.
<b>2Q08</b>						
Average No. of Rooms	17,951	7.8	14,819	8.3	3,131	5.3
Average Daily Rate	1,051	(0.6)	978	2.3	1,439	(6.6)
Occupancy (Var. In pp)	64%	0.2	65%	1.0	58%	(3.7)
REVPAR	668	(0.3)	633	3.9	833	(12.3)
<b>Accumulated</b>						
Average No. of Rooms	17,982	8.3	14,835	8.9	3,147	5.8
Average Daily Rate	1,098	(0.5)	982	1.2	1,682	(3.9)
Occupancy (Var. In pp)	62%	0.5	62%	0.6	58%	0.1
REVPAR	675	0.3	611	2.2	979	(3.8)

*Includes owned, leased and managed hotels.*

Revenues for our Management business continue showing high growth rates: revenues increased 25% this quarter with respect to the same quarter last year. Growth this quarter is mainly due to the following: (i) Fiesta Rewards (loyalty program) revenues increased by 19%, (ii) revenues of our Contact (call) Center (Konexo) increased more than six times, and (iii) an 8.3% increase in the average number of operated rooms in urban hotels paired with a relevant increase in RevPar. During the last 12 months we opened 10 hotels.

Operating profit (contribution) for this business grew 10% when compared to the 2Q07, as a consequence, the contribution margin for this business segment was 38%.

## > Vacacional Club

Vacation Club revenues increased 71% with a 23% margin for the quarter. As of December 31, 2007 the club had 25,024 members, 23% more than previous year. By the end of June, 98% of the master memberships of the Explorean Kohunlich Hotel recently converted into a vacation club facility had been sold.

## > EBITDA

Our 2Q08 EBITDA was \$373.4 million pesos which represents a 15% and 25% increase versus same period of previous year in pesos and US dollars, respectively. Last twelve months EBITDA reached US\$ 142 million.

## > Capital Expenses

Capital expenditures for the quarter were US\$ 7 million and US\$ 17 million for first half of 2008: 16% of them were used for hotel maintenance; 25% for several projects as the One Queretaro hotel; 25% for the Vacation Club mainly in their facility in Los Cabos and 34% were used for corporate purposes, mainly infrastructure and technology.

## > Comprehensive Financing Cost

Item	2T08	2T07	2008	2007
Interest income	(5,657)	(5,694)	(9,485)	(12,207)
Interest expense	92,069	99,011	191,804	194,142
Currency exchange fluctuations	(29,072)	(57,233)	(60,091)	(12,367)
Derivatives	(81,133)	0	(81,133)	0
Monetary position gain	0	23,533	0	(20,279)
<b>Total Financing Cost</b>	<b>(23,793)</b>	<b>59,617</b>	<b>41,095</b>	<b>149,288</b>

(Thousands of pesos)

The decrease in interest expenses is due to the liability management financing that was put in place last April with a more comfortable debt maturity profile.

For this quarter, exchange gains were lower than 2Q07 reflecting a smaller US dollar debt base. However, in connection to the recent issuance of a peso note we realized several derivative transactions (Cross Currency SWAP) that as of June 30, 2008 delivered an important mark to market valuation in favour of the Company.

In accordance with Mexican GAAP, we are not required to compute Monetary Position.

Net interest coverage was 4.0 times at the end of the quarter, 0.4 times better than the ratio observed at the end of 2Q07.

## > EBIT and Net Majority Income

Due to the above mentioned factors, EBIT increased 22% versus same period of previous year. The 2Q08 reduced profit in comparison with 2Q07 was caused in part by the new tax "IETU" (Impuesto Empresarial a Tasa Única) and mainly from the recognition under Mexican GAAP of an impairment of our investment in our affiliate Grupo Mexicana.

## > Financial Position

Net debt at the end of the quarter was US\$355 million. Net debt to EBITDA at the end of the quarter was 2.5 times, a 0.2 times improvement over the 2.7 times observed in 2Q07.

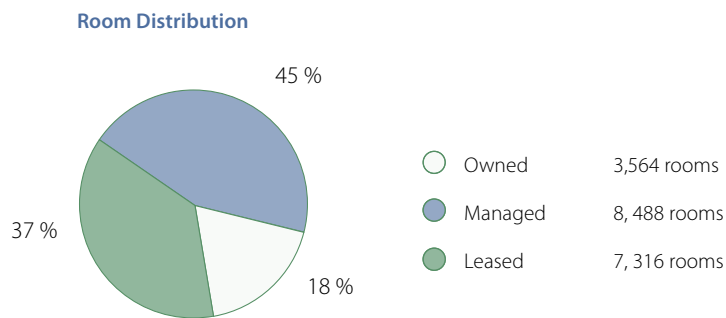
Total debt mix was: 15% short term, 80% USD denominated and 65% fixed rate. The average life of the debt was 3.6 years and 11% was secured with hotel assets.

### Subsequent event

As part of a liability management program to reduce interest expenses and to increase the average life of its debt, on July 10, 2008, Grupo Posadas reopened MXN 750 million of its peso note issued last April to refinance a line of credit and 1H09 maturities. Terms and conditions remained the same at a rate of TIE+180bps maturing in April 2013. For this issue Standard & Poor's granted an "mxA" rating and Fitch Ratings an "A+" rating.

> *Grupo Posadas as of June 30, 2008*

Currently, the Company operates 107 hotels and 19,368 rooms in the most important and visited urban and coastal destinations in Mexico (85% of total rooms), Brazil(10%), the United States(4%), Argentina(1%) and Chile(1%). Approximately 78% of rooms are in urban destinations and 22% in coastal. Grupo Posadas operates under the following brands: Aqua, Fiesta Americana Grand, Fiesta Americana, Fiesta Americana Vacation Club, Fiesta Inn, One Hotels in Mexico and Caesar Park, Caesar Business in Brazil, Argentina and Chile.



Brand	Mexico		Brazil		USA		Argentina		Chile		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Aqua	1	371									1	371
Fiesta Americana	21	5,487									21	5,487
Fiesta Inn	58	8,503									58	8,503
Caesar Park			3	506			2	247			5	753
Caesar Business			7	1,393					1	142	8	1,535
FA Vacation Club	3	939									3	939
One Hotels	7	888									7	888
Others	1	213			3	679					4	892
<b>Total</b>	<b>91</b>	<b>16,401</b>	<b>10</b>	<b>1,899</b>	<b>3</b>	<b>679</b>	<b>2</b>	<b>247</b>	<b>1</b>	<b>142</b>	<b>107</b>	<b>19,368</b>
<b>%</b>		<b>85%</b>		<b>10%</b>		<b>4%</b>		<b>1%</b>		<b>1%</b>		<b>100%</b>

## > Income Statement

Income Statement <i>(million pesos; 2008 nominal, 2007 constant as of Dec. 2007)</i>	2T08		2T07		Var%	2008		2007		Var%
	\$	%	\$	%		\$	%	\$	%	
	<b>Total Revenues</b>	<b>1,762.2</b>	<b>100.0</b>	<b>1,436.7</b>	<b>100.0</b>	<b>22.7</b>	<b>3,423.6</b>	<b>100.0</b>	<b>2,987.8</b>	<b>100.0</b>
<b>Owned &amp; Leased Hotels</b>										
Revenues	948.6	100.0	876.2	100.0	8.3	1,875.2	100.0	1,787.0	100.0	4.9
Direct cost	804.9	84.8	721.9	82.4	11.5	1,567.4	83.6	1,443.2	80.8	8.6
Contribution	143.8	15.2	154.3	17.6	(6.8)	307.7	16.4	343.8	19.2	(10.5)
<b>Management</b>										
Revenues	364.4	100.0	291.1	100.0	25.2	719.8	100.0	563.0	100.0	27.9
Direct cost	225.0	61.7	164.5	56.5	36.8	419.6	58.3	302.7	53.8	38.6
Contribution	139.5	38.3	126.6	43.5	10.1	300.2	41.7	260.3	46.2	15.3
<b>FA Vacation</b>										
Revenues	401.4	100.0	234.8	100.0	70.9	766.2	100.0	568.7	100.0	34.7
Direct cost	310.2	77.3	177.5	75.6	74.7	584.7	76.3	433.6	76.2	34.9
Contribution	91.2	22.7	57.3	24.4	59.1	181.5	23.7	135.1	23.8	34.3
<b>Other Businesses</b>										
Revenues	47.7	100.0	34.6	100.0	38.1	62.5	100.0	69.1	100.0	(9.6)
Direct cost	23.4	49.0	25.3	73.1	(7.5)	37.8	60.5	50.4	73.0	(25.0)
Contribution	24.3	51.0	9.3	26.9	162.0	24.7	39.5	18.7	27.0	32.1
Corporate expenses	25.3	1.4	23.0	1.6	10.4	49.8	1.5	41.4	1.4	20.4
Depreciation / amortization	105.3	6.0	105.5	7.3	(0.2)	216.0	6.3	218.1	7.3	(1.0)
Goodwill amortization, net	0.0	0.0	0.0	0.0	na	0.0	0.0	0.0	0.0	na
<b>Operating Profit</b>	<b>268.1</b>	<b>15.2</b>	<b>219.1</b>	<b>15.2</b>	<b>22.4</b>	<b>548.3</b>	<b>16.0</b>	<b>498.4</b>	<b>16.7</b>	<b>10.0</b>
<b>EBITDA</b>										
<b>EBITDA</b>	<b>373.4</b>	<b>21.2</b>	<b>324.6</b>	<b>22.6</b>	<b>15.0</b>	<b>764.3</b>	<b>22.3</b>	<b>716.5</b>	<b>24.0</b>	<b>6.7</b>
Comprehensive financing cost	(23.8)	(1.4)	59.6	4.1	na	41.1	1.2	149.3	5.0	(72.5)
Other expenses (revenue)	167.6	9.5	8.2	0.6	1,934.0	181.4	5.3	24.3	0.8	646.7
Profit Before Taxes	124.3	7.1	151.2	10.5	(17.8)	325.8	9.5	324.8	10.9	0.3
Income taxes	51.5	2.9	39.8	2.8	29.2	129.6	3.8	74.8	2.5	73.2
Deferred taxes	(2.5)	(0.1)	17.6	1.2	na	(5.9)	(0.2)	16.4	0.5	na
Discontinued operations	0.0	0.0	0.0	0.0	na	0.0	0.0	0.0	0.0	na
Part. in results of assoc. companies	(65.9)	(3.7)	(0.0)	(0.0)	na	(134.1)	(3.9)	0.0	0.0	na
<b>Net Income before Minority</b>	<b>9.4</b>	<b>0.5</b>	<b>93.8</b>	<b>6.5</b>	<b>(90.0)</b>	<b>68.0</b>	<b>2.0</b>	<b>233.6</b>	<b>7.8</b>	<b>(70.9)</b>
Minority Interest	2.1	0.1	(6.0)	(0.4)	na	10.2	0.3	6.7	0.2	52.1
<b>Net Majority Income</b>	<b>7.3</b>	<b>0.4</b>	<b>99.8</b>	<b>6.9</b>	<b>(92.7)</b>	<b>57.7</b>	<b>1.7</b>	<b>226.9</b>	<b>7.6</b>	<b>(74.6)</b>

Grupo Posadas shares are quoted and traded on the Mexican Stock Exchange since 1992 under the ticker names POSADASA & POSADASL; in addition, series A & L are quoted and traded in the U.S. in the PORTAL system under the ticker names GRPALP y GRPYP, respectively.

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## > Consolidated Balance Sheet as of June 30, 2008 & 2007

(million pesos; 2008 nominal, 2007 constant as of Dec. 2007)

ACTIVO	Jun-08	%	Jun-07	%	Var. (%)
Current					
Cash & marketable securities	445.1	3.4	426.9	3.3	4.3
Notes & accounts receivable	1,404.9	10.8	1,047.8	8.2	34.1
Inventories	249.2	1.9	331.8	2.6	(24.9)
Other assets	74.5	0.6	43.2	0.3	72.4
<b>Total current assets</b>	<b>2,173.6</b>	<b>16.7</b>	<b>1,849.6</b>	<b>14.5</b>	<b>17.5</b>
Long Term					
Long-term notes receivable	614.9	4.7	589.4	4.6	4.3
Investments in shares of subsidiaries and associated companies	287.7	2.2	123.4	1.0	133.2
Property & equipment, net	9,326.4	71.7	9,077.9	71.2	2.7
Intangible and deferred assets	521.6	4.0	1,104.3	8.7	(52.8)
Other long-term assets	75.8	0.6	1.5	0.0	4,791.3
<b>Total Assets</b>	<b>12,999.9</b>	<b>100.0</b>	<b>12,746.3</b>	<b>100.0</b>	<b>2.0</b>
LIABILITIES					
Current					
Suppliers	377.3	2.9	339.7	2.7	11.1
Short-term debt	639.5	4.9	288.8	2.3	121.4
Other current liabilities	1,142.7	8.8	680.2	5.3	68.0
<b>Total current liabilities</b>	<b>2,159.5</b>	<b>16.6</b>	<b>1,308.7</b>	<b>10.3</b>	<b>65.0</b>
Long Term					
Long-term debt	3,504.5	27.0	3,983.9	31.3	(12.0)
Other loans	26.0	0.2	38.6	0.3	(32.6)
Other long-term liabilities	1,782.1	13.7	1,699.0	13.3	4.9
Deferred credits	385.0	3.0	317.0	2.5	21.5
<b>Total Liabilities</b>	<b>7,857.1</b>	<b>60.4</b>	<b>7,347.2</b>	<b>57.6</b>	<b>6.9</b>
STOCKHOLDERS' EQUITY					
Majority stockholders' equity	4,193.4	32.3	4,462.4	35.0	(6.0)
Minority interest	949.4	7.3	936.6	7.3	1.4
<b>Total</b>	<b>5,142.8</b>	<b>39.6</b>	<b>5,399.0</b>	<b>42.4</b>	<b>(4.7)</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>12,999.9</b>	<b>100.0</b>	<b>12,746.3</b>	<b>100.0</b>	<b>2.0</b>

## > Consolidated Cash Flow Statement

(million nominal pesos as of June 30, 2008)

Consolidated Cash Flow Statement	
<b>Consolidated Net Income</b>	<b>68.0</b>
+ (-) Items that do not require the use of cash	(76.0)
+ (-) Other items	(76.0)
<b>+ (-) Entries related to Investments</b>	<b>340.6</b>
+ Depreciation and amortization for the year	216.0
+ (-) Participation in associated and joint business	134.1
(-) Interests in favour	(9.5)
<b>+ (-) Entries related with external financing</b>	<b>191.8</b>
+ Accrued interests	191.8
+ (-) Other items	
<b>Cash generated (used) in operating activities</b>	<b>267.7</b>
+ (-) Decrease (increase) in accounts receivable	519.9
+ (-) Decrease (increase) in inventory	(0.9)
+ (-) Decrease (increase) in other accounts receivables and other assets	(35.9)
+ (-) Increase (decrease) in supplier accounts	(51.5)
+ (-) Increase (decrease) in other liabilities	(35.5)
+ (-) Profit taxes paid or returned	(128.5)
<b>Net cash from investment activities</b>	<b>(361.6)</b>
(-) Stock investments of permanent nature	
(-) Investment in property, plant and equipment	(176.8)
(-) Collected interests	9.5
+ (-) Other items	(194.3)
<b>Net cash from financing activities</b>	<b>(367.1)</b>
+ Bank financings	2,707.2
+ Stock exchange financings	
+ Others financings	30.7
(-) Bank financing amortization	(2,622.0)
(-) Dividends paid	(166.8)
+ Premium on sales of shares	(6.6)
+ Contribution for future capital increases	(10.6)
(-) Paid interest	(298.6)
(-) Repurchase of shares	(0.4)
+ (-) Other items	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>63.4</b>
<b>Cash and equivalents at the beginning of period</b>	<b>381.7</b>
<b>Cash and equivalents at the end of period</b>	<b>445.1</b>