

Grupo Posadas, S.A. de C.V. & Subsidiaries
May 3rd, 2006

- EBITDA grew 12%
- Vacation Club revenues for the quarter increased by 10.5%
- 34 hotels in the pipeline
- Net debt US\$ 320 million

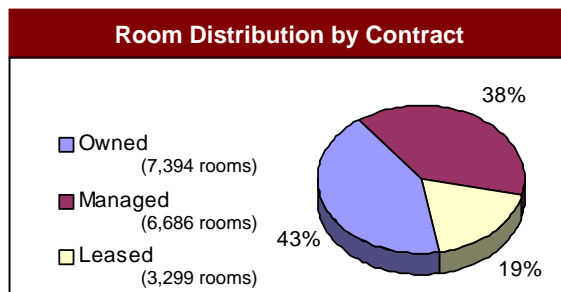
Relevant Figures

Million pesos as of March 31st 2006	1Q06	%	Real Var. %
Net Sales	1,335	100	0
Operating Profit	293	22	19
EBITDA	396	30	12
Majority Net Income	32	2	(57)

Grupo Posadas as of March 31st '06

Country	Fiesta Americana		Fiesta Inn		Caesar Park		Caesar Business		FA Vacation Club		Other		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Mexico	22	6,082	52	7,750					2	430	1	212	77	14,474
USA											4	833	4	833
Brazil					3	506	7	1,393					10	1,899
Argentina					1	173							1	173
Total	22	6,082	52	7,750	4	679	7	1,393	2	430	5	1,045	92	17,379
%		35%		45%		4%		8%		2%		6%		100%

Country	Urban		Coastal	
	Hotels	Rooms	Hotels	Rooms
Mexico	60	10,159	17	4,315
USA	2	353	2	480
Brazil	10	1,899		
Argentina	1	173		
Total	73	12,584	19	4,795
%		72%		28%



For more information please contact: Oliver Iriarte
 Tel.: (5255) 5326-6919
 oiriarte@posadas.com

Gerardo de Prevoisin
 Tel.: (5255) 5326-6757
 gdeprevoisin@posadas.com

Javier Cataño
 Tel.: (5255) 5326-6805
 jcatano@posadas.com

• **Owned Hotels**

Statistics

Owned Hotels	Total		Urban		Coastal	
		% Real Var.		% Real Var.		% Real Var.
1Q06						
Average No. of Rooms	9,604	(4)	8,068	1	1,536	(22)
Average Daily Rate	1037	(6)	940	2	1,623	(6)
Occupancy (Var. In pp)	60	(3)	62	0	54	(16)
REVPAR	626	(10)	579	2	873	(27)

Includes owned and leased hotels

As in last quarter, the decrease in occupancy and REVPAR in coastal hotels during the quarter was due to the impact of hurricane Wilma on our hotels in Cozumel and Cancun. Therefore, statistics are not comparable and it explains the 1.4% decrease in revenues for owned and leased hotels.

The reopening dates for the hotels in Cancun and Cozumel affected by Wilma were:

- Fiesta Americana Coral Beach – January 31st , '06
- Fiesta Americana Cozumel Reef- January 31st, '06
- Fiesta Americana Condesa Cancun – February 16, '06

It is important to mention that after their reconstruction, these hotels reopened in better conditions. The estimated reopening season for the Fiesta Americana Grand Aqua is Fall 2006.

In urban hotels we continue to see results derived from having our products in real time, in every distribution channel, always aiming at achieving rate consistency and revenue optimization. Despite the tough competition in urban hotels, these hotels managed to obtain a 2% increase in average daily rate in real terms, mainly due to higher demand in our hotels in South America and the hotels located in the Central and Southern regions of Mexico. As a result of this, REVPAR increased 2% in real terms during the quarter.



Management

Statistics

Management	Total		Urban		Coastal	
		% Real Var.		% Real Var.		% Real Var.
1Q06						
Average No. of Rooms	16,085	(1)	12,884	2	3,201	(12)
Average Daily Rate	1,031	(9)	908	0	1,579	(13)
Occupancy (Var. In pp)	60	(1)	61	2	55	(14)
REVPAR	616	(11)	553	4	867	(31)

Includes owned, leased and managed hotels

As in owned hotels, the statistical results of managed coastal hotels (of all hotels operated by de Company) were affected during the quarter by the effects of hurricane Wilma mentioned previously, but they were not affected on the revenue side, as they were recovered by insurance policies.

On the other hand, urban hotels observed an increase of 4% in REVPAR and an increase in occupancy of 2pp during the quarter that partially compensated the coastal hotels' results. The figures in the table include 3 openings in the last 12 months under the Fiesta Inn brand.

Vacation Club

Revenues during the quarter increased 10.5% representing 13.6% of total consolidated revenues of the Company. On the other hand, the EBITDA was \$48.6 million for the quarter, 12.3% of consolidated EBITDA.

These good results that we are experiencing are due to the excellent sales efforts at our Los Cabos, Cancun, Acapulco, Monterrey, Guadalajara and Mexico City sales rooms, as well as to the good acceptance that the Fiesta Americana Condesa Acapulco conversion into units that started since 2004 has received by the market. Also, the financial business of the Vacation Club has been growing at the same pace as the number of memberships sold. By the end of March, the accounts receivables are over US\$100 million.

Membership sales from the third stage at Los Cabos reached US\$ 5.7 million during the quarter. However, these revenues and its corresponding costs will appear in the P&L once the units (Villas) are finished and ready for use.



EBITDA

During the quarter tEBITDA was \$396 million pesos (US\$ 36.3 million) that represents a 12.2% increase in pesos (in real terms) compared to the same quarter of 1Q06.

Comprehensive Financing Cost

Item	1Q06	1Q05
Interest income	(3,965)	(6,268)
Interest expense	92,864	100,798
Currency exchange fluctuations	56,447	8,869
Monetary position gain	(39,048)	(27,390)
Total Financing Cost	106,298	76,009

(thousands of pesos)

The decrease in interest paid is due to lower interest rates in the domestic markets and an improvement in the spreads of certain loans at the holding level. TIIE 28 days was in average 8.02% during the quarter vs. 9.4% during the same quarter of last year. The net interest coverage for the quarter was 3.6 times, similar level to the one observed in 1Q05.

The higher foreign exchange loss was mainly due to a 2.4% depreciation of the Mexican peso over the US dollar during the quarter, compared to a 0.3% depreciation in 1Q05. During the quarter the Company maintained on average 78% of its net debt in US dollars.

Financial Position

The net debt at the end of the first quarter of 2006 was US\$ 320 million. The net debt to EBITDA ratio was 2.7 times, vs. 3.2 times in the same quarter of previous year.

At the end of the quarter, the short-term debt represented 5% of the total debt, 64% was fixed rate and the average life of our debt was 4.5 years. Only 14% of total debt was secured with hotels.

On February 15, 2006, the company made a drawdown in pesos of the equivalent of US\$ 20 million plus US\$ 8 million from the Dual Currency Credit Facility for US\$ 50 million with a five year maturity (with a two year grace period) structured last November, in order to refinance a \$300 million pesos maturity of *Certificados Bursátiles*. The remaining proceeds will be used to pay \$250 million pesos of *certificados* maturing in July 2006.



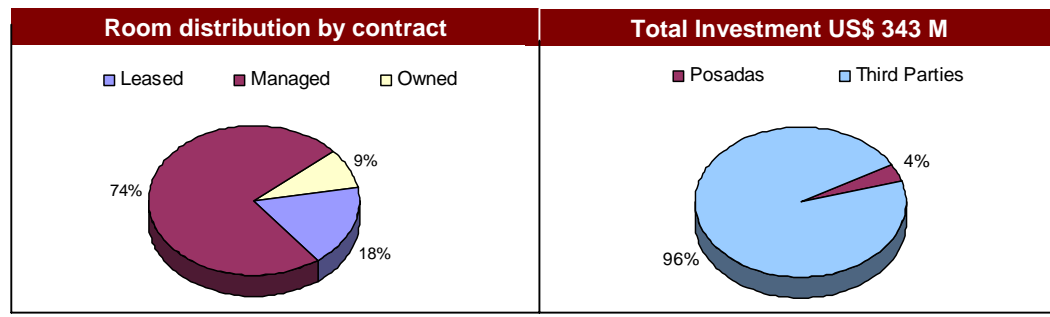
• Capital expenditures

Total capital expenditures for the quarter were US\$ 6.1 million; of which US\$ 3.1 million were for hotel maintenance, US\$ 1.1 million for corporate purposes, and 1.9 million for new projects (mostly the start of the construction of a One Hotel in Mexico City, the last phase of Fiesta Inn and Fiesta Americana Santa Fe, and the conversion of the Fiesta Americana Condesa Acapulco into a Vacation Club facility).

• Development

Currently, the Company has 34 hotels with 4,765 rooms under development, whether under construction or with management agreements already signed, to be opened within the next three years. These figures represent almost one thousand rooms for the new brand One Hotels that was launched in September 2005, the schedule is to open the first *One Hotel* by yearend 2006. We estimate that this development plan will imply a total investment of US\$ 343 million, of which the Company will contribute with 4%, as the majority of these openings will be under management and lease agreements.

Openings		Mexico	SouthAmerica	Total	%
Fiesta Americana	Hotels Rooms	4 908		4 908	19
Fiesta Inn	Hotels Rooms	19 2,443		19 2,443	51
Caesar Park	Hotels Rooms		2 258	2 258	5
Caesar Business	Hotels Rooms		1 162	1 162	3
One hotels	Hotels Rooms	8 994		8 994	21
Total	Hotels Rooms	31 4,345	3 420	34 4,765	100



Income Statement (constant million pesos as of March 31st 2006)	1Q06		1Q05		Var%
	\$	%	\$	%	
Total Revenues	1,334.8	100.0	1,330.5	100.0	0.3
Owned Hotels					
Revenues	920.2	100.0	933.1	100.0	(1.4)
Direct cost	658.4	71.6	717.7	76.9	(8.3)
Contribution	261.8	28.4	215.4	23.1	21.5
Management					
Revenues	216.6	100.0	224.1	100.0	(3.4)
Direct cost	112.7	52.0	112.1	50.0	0.5
Contribution	103.9	48.0	112.0	50.0	(7.3)
FA Vacation					
Revenues	180.9	100.0	163.7	100.0	10.5
Direct cost	132.3	73.1	117.5	71.8	12.6
Contribution	48.6	26.9	46.2	28.2	5.2
Other Businesses					
Revenues	17.1	100.0	9.6	100.0	78.9
Direct cost	13.9	81.1	11.3	118.2	22.7
Contribution	3.2	18.9	(1.7)	(18.2)	na
Corporate expenses	21.5	1.6	19.1	1.4	13.0
Depreciation/amortization	102.8	7.7	106.8	8.0	(3.7)
Goodwill amortization, net	0.0	0.0	(0.0)	(0.0)	(100.0)
Operating Profit	293.2	22.0	246.1	18.5	19.2
EBITDA	396.0	29.7	352.8	26.5	12.2
Comprehensive financing cost	106.3	8.0	76.0	5.7	39.8
Other expenses (revenue)	17.4	1.3	39.7	3.0	(56.1)
Profit Before Taxes	169.5	12.7	130.3	9.8	30.1
Income taxes	51.5	3.9	29.6	2.2	73.9
Deferred taxes	7.1	0.5	12.7	1.0	(44.2)
Part. in results of assoc. companies	(67.3)	(5.0)	(0.1)	(0.0)	(50,515.8)
Net Income before Minority	43.5	3.3	87.8	6.6	(50.4)
Minority Interest	12.0	0.9	14.2	1.1	(15.7)
Net Majority Income	31.5	2.4	73.6	5.5	(57.2)

Grupo Posadas has specialized for more than 30 years in providing high quality hotel services aiming at covering the more specific needs of hotel guests. Currently, the Company operates 92 hotels and approximately 17,300 rooms in the most important and visited urban and coastal destinations in Mexico, the United States and South America. Grupo Posadas operates under the Fiesta Americana, Fiesta Americana Grand, Fiesta Americana Vacation Club, Fiesta Inn, One Hotels, Caesar Park, Caesar Business and The Explorean brands.

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 Sheets as of March 31st. 2006 & 2005					
(Constant million pesos as of March 31st. 2006)					
	Mar-06	%	Mar-05	%	Var. (%)
ASSETS					
<u>Current</u>					
Cash & marketable securities	537.5	4.5	437.4	3.8	22.9
Notes & accounts receivable	1,202.2	10.0	1,005.8	8.7	19.5
Inventories	162.2	1.3	306.7	2.6	(47.1)
Other assets	75.3	0.6	78.9	0.7	(4.6)
Total current assets	1,977.3	16.4	1,828.8	15.7	8.1
<u>Long-term</u>					
Long-term notes receivable	414.7	3.4	283.3	2.4	46.4
Long-term investments	624.0	5.2	158.1	1.4	294.8
Prop. & Equip., net	8,362.7	69.6	8,496.3	73.1	(1.6)
Deferred assets	640.1	5.3	788.5	6.8	(18.8)
Other long-term assets	4.7	0.0	61.2	0.5	(92.3)
Total Assets	12,023.5	100.0	11,616.2	100.0	3.5
LIABILITIES					
<u>Current</u>					
Suppliers	328.9	2.7	459.8	4.0	(28.5)
Short-term debt	185.4	1.5	269.6	2.3	(31.2)
Other current liabilities	787.1	6.5	837.7	7.2	(6.0)
Total current liabilities	1,301.4	10.8	1,567.1	13.5	(17.0)
<u>Long-term</u>					
Long-term debt	3,781.0	31.4	3,501.6	30.1	8.0
Other loans	45.3	0.4	59.6	0.5	(23.9)
Other long-term liabilities	184.8	1.5	173.8	1.5	6.3
Deferred credits	1,579.8	13.1	1,548.0	13.3	2.1
Total Liabilities	6,892.3	57.3	6,850.0	59.0	0.6
Majority stockholders' equity	4,023.6	33.5	3,605.7	31.0	11.6
Minority interest	1,107.6	9.2	1,160.4	10.0	(4.5)
Total stockholders' equity	5,131.2	42.7	4,766.1	41.0	7.7
Total Liabilities & Stockholders' Equity	12,023.5	100.0	11,616.2	100.0	3.5



**Consolidated Statement of Changes in Financial Position as of March 31st. 2006 &
(Constant million pesos as of March 31st. 2006)**

	1Q06	1Q05
Consolidated Net Income	43.5	87.8
+ (-) Items added to income which do not require the use of cash	140.8	111.7
+ Deprecitation and amortization	102.8	106.8
+ (-) Other items	38.0	4.9
Cash flow form net income for the year	184.3	199.5
Cash generated (used) in operating activities	(82.5)	(60.9)
+ (-) Decrease (increase) in accounts receivable	11.0	17.3
+ (-) Decrease (increase) in inventory	3.3	11.5
+ (-) Decrease (increase) in other accounts receivable	(33.0)	(29.5)
+ (-) Increase (decrease) in supplier accounts	(60.9)	39.8
+ (-) Increase (decrease) in other liabilities	(2.9)	(100.0)
Cash generated by (used in) operating activities	101.8	138.7
Cash flow from external financing	(5.6)	108.6
+ Bank financing	302.4	957.1
+ Stock exchange financing	0.0	0.0
+ Dividends received	0.0	0.0
+ Other financing	0.0	0.0
(-) Bank financing amortization	(308.0)	(848.6)
(-) Stock exchange amortization	0.0	0.0
(-) Other financing amortization	0.0	0.0
Cash flow from internal financing	(33.2)	(3.0)
+ (-) Increase (decrease) in capital stock	0.0	0.0
(-) Dividends paid	0.0	0.0
+ Premium on sales of shares	0.0	0.0
+ Contribution for future capital increases	0.0	(2.1)
+ (-) Other items	(33.2)	(0.9)
Cash flow generated (used) by financing	(38.8)	105.6
Cash flow generated (used) in investment activities	86.8	(88.6)
+ (-) Decrease (increase) in stock investments of a permanent nature	0.0	0.0
(-) Acquisition of property, plant and equipment	(65.8)	(12.6)
(-) Increase in buildings in progress	0.0	(16.3)
+ Sale of other permanent investments	55.0	0.0
+ Sale of tangible fixed assets	115.2	0.0
+ (-) Other items	(17.7)	(59.7)
Net increase (decrease) in cash and short-term investments	149.8	155.6
Cash and short-term investments at the beginning of period	387.7	281.8
Cash and short-term investments at the end of period	537.5	437.4

