

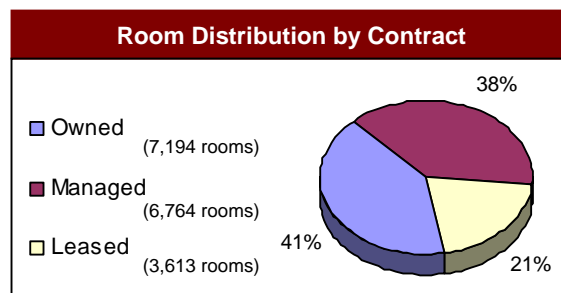
Grupo Posadas, S.A. de C.V. & Subsidiaries
October 27th, 2006
Relevant Figures

| Million pesos as of September 30th 2006 | 3Q06 | % | Real Var. % | 2006 | % | Real Var. % |
|---|-------|-----|-------------|-------|-----|-------------|
| Net Sales | 1,275 | 100 | (9) | 3,970 | 100 | (2) |
| Operating Profit | 205 | 16 | (12) | 714 | 18 | 5 |
| EBITDA | 310 | 24 | (7) | 1,028 | 26 | 3 |
| Majority Net Income | 162 | 13 | 86 | 182 | 5 | (34) |

Grupo Posadas as of September 30th '06

| Brand | México | | Brasil | | USA | | Argentina | | Chile | | Total | |
|------------------|-----------|---------------|-----------|--------------|----------|------------|-----------|------------|----------|------------|-----------|---------------|
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| Fiesta Americana | 22 | 6,216 | | | | | | | | | 22 | 6,216 |
| Fiesta Inn | 52 | 7,735 | | | | | | | | | 52 | 7,735 |
| Caesar Park | | | 3 | 506 | | | 1 | 173 | | | 4 | 679 |
| Caesar Business | | | 7 | 1,393 | | | | | 1 | 142 | 8 | 1,535 |
| FA Vacation Club | 2 | 511 | | | | | | | | | 2 | 511 |
| Otros | 1 | 212 | | | 3 | 683 | | | | | 4 | 895 |
| Total | 77 | 14,674 | 10 | 1,899 | 3 | 683 | 1 | 173 | 1 | 142 | 92 | 17,571 |
| % | | 84% | | 11% | | 4% | | 1% | | 1% | | 100% |

| Country | Urban | | Coastal | |
|--------------|-----------|---------------|-----------|--------------|
| | Hotels | Rooms | Hotels | Rooms |
| Mexico | 63 | 10,786 | 14 | 3,888 |
| USA | 1 | 203 | 2 | 480 |
| Brazil | 10 | 1,899 | | |
| Argentina | 1 | 173 | | |
| Chile | 1 | 142 | | |
| Total | 76 | 13,203 | 16 | 4,368 |
| % | | 75% | | 25% |



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Owned Hotels

Statistics

| Owned Hotels | Total | | Urban | | Coastal | |
|------------------------|-------|-------------|-------|-------------|---------|-------------|
| | | % Real Var. | | % Real Var. | | % Real Var. |
| 3Q06 | | | | | | |
| Average No. of Rooms | 9,688 | (3) | 8,305 | 3 | 1,383 | (29) |
| Average Daily Rate | 956 | 0 | 930 | 5 | 1,150 | (12) |
| Occupancy (Var. In pp) | 62 | (4) | 63 | (4) | 52 | (5) |
| REVPAR | 589 | (6) | 586 | (1) | 603 | (19) |
| Accumulated | | | | | | |
| Average No. of Rooms | 9,648 | (4) | 8,197 | 2 | 1,450 | (26) |
| Average Daily Rate | 1005 | (2) | 938 | 3 | 1,417 | (5) |
| Occupancy (Var. In pp) | 61 | (2) | 62 | (2) | 57 | (4) |
| REVPAR | 616 | (5) | 581 | 0 | 810 | (12) |

Includes owned and leased hotels

In order to explain coastal hotel results for the quarter, it is important to mention that in August 2006 we decided to close to the public the Fiesta Americana (FA) Condesa Acapulco to convert the property to FA Vacation Club units. The first stage of this conversion ended in 2005, and we estimate to conclude this second stage, which includes most of the hotel rooms, by yearend 2006.

This, together with the fact that the FA Grand Aqua remains closed after hurricane Wilma, resulted in a 29% decrease in the average number of available rooms in coastal destinations for the third quarter 2006 (3Q06) compared to the same period of 2005.

The temporary closing of both hotels had also an impact on the average daily rate (ADR) and occupancy statistics. However, excluding these hotels from the mix of coastal hotels, occupancy increased by 2 percentage points (pp) during the quarter and the average daily rate increased 2%, during the same period. Therefore, revenue per available room (REVPAR) increased by 5% during the 3Q06. This "same hotel" growth is due to a good performance of our owned hotels in Cancun during 3Q06.

In urban hotels, occupancy decreased mainly as a result of two factors: (i) a significant decrease in occupancy and revenues at the FA Reforma due to the post-electoral events that occurred in Mexico City during the months of August and September; and (ii) the effect of new openings for the last twelve months ending in September 2006 (FI Ecatepec, FI Santa Fe, FA Santa Fe and CB Santiago Chile).



Management

Statistics

| Management | Total | | Urban | | Coastal | |
|------------------------|--------|-------------|--------|-------------|---------|-------------|
| | | % Real Var. | | % Real Var. | | % Real Var. |
| 3Q06 | | | | | | |
| Average No. of Rooms | 16,238 | (2) | 13,197 | 3 | 3,041 | (18) |
| Average Daily Rate | 987 | 0 | 904 | 3 | 1,370 | (2) |
| Occupancy (Var. In pp) | 63 | (2) | 64 | (2) | 60 | (2) |
| REVPAR | 624 | (3) | 577 | 0 | 827 | (5) |
| Accumulated | | | | | | |
| Average No. of Rooms | 16,161 | (1) | 13,051 | 2 | 3,111 | (14) |
| Average Daily Rate | 1,027 | (2) | 913 | 2 | 1,515 | (4) |
| Occupancy (Var. In pp) | 62 | (1) | 62 | 0 | 61 | (4) |
| REVPAR | 635 | (4) | 567 | 1 | 919 | (10) |

Includes owned, leased and managed hotels

Revenues from the management division decreased by 2.9% versus last year. This is a result of an 18% decrease in the average number of rooms operated in chainwide coastal hotels derived, in turn, from the comments mentioned in the previous section. However, this decrease was partially offset by the growth in number of rooms operated in urban destinations, with the addition of several properties, including the four leased hotels mentioned above and the FI Reynosa under a management contract.

Vacation Club

EBITDA was \$68.8 million for the 3Q06, representing 22% of consolidated EBITDA with a contribution margin of 37.5%, very competitive compared to industry standards and even more when considering the growth phase that this line of business is experiencing.

It is important to mention that membership pre-sales of the third stage of the FA Vacation Club Los Cabos are still not recorded in the P&L as of September 30, 2006. They will be recorded (revenues and its corresponding costs), in the P&L once the units (villas) are built and ready for use.



EBITDA

During the quarter the EBITDA was \$309.5 million pesos, a 7.3% decrease in real terms compared to the same quarter of 2005. For the accumulative figures, EBITDA reached \$1,028.1 millions, a 3% increase in real terms versus same period of 2005.

Comprehensive Financing Cost

| Item | 3Q06 | 3Q05 | 2006 | 2005 |
|--------------------------------|---------------|---------------|----------------|----------------|
| Interest income | (3,870) | (7,930) | (12,520) | (18,891) |
| Interest expense | 98,514 | 101,438 | 289,649 | 300,081 |
| Currency exchange fluctuations | 11,748 | 10,247 | 99,971 | (58,682) |
| Monetary position gain | (41,327) | (33,954) | (70,167) | (59,179) |
| Total Financing Cost | 65,064 | 69,800 | 306,934 | 163,329 |

(thousands of pesos)

The decrease in interest paid is due to lower interest rates in the domestic markets. TIIE 28 days was in average 7.3% during the quarter vs. 9.9% during the same quarter of 2005. The net interest coverage ratio for the quarter was 3.5 times, similar level to that observed in 3Q05.

Financial Position

The net debt at the end of the third quarter of 2006 was US\$ 343 million (including the impact of Bulletin C-12). The net debt to EBITDA (LTM EBITDA is US\$ 120 million) ratio was 2.9 times

At the end of the quarter, short-term debt represented 9% of the total debt, 65% was fixed rate and the average life of our debt was 4.2 years. Only 13% of total debt was secured with hotels.

On July 5, 2006, the company made the last draw down of US\$ 22 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 the maturity of *Certificados Bursatiles POSADAS 02-2* indebtedness for \$250 million pesos. Previously, in February 2006, the company refinanced \$300 million pesos of the *Certificados Bursatiles POSADAS 02* from the first tranche of this facility.



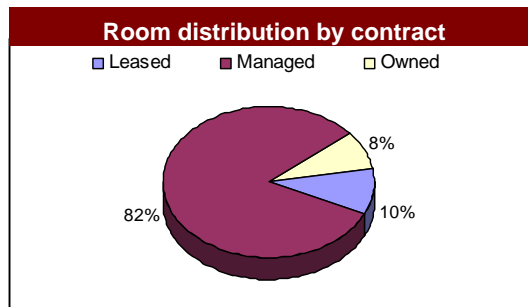
• Capital expenditures

Capital expenditures for the third quarter were US\$ 5.3 million and US\$ 18.3 million for the accumulated 2006 figures, of which 57% was for hotel maintenance, 31% was applied for projects (mostly for the conversion of the hotel rooms of the FA Condesa Acapulco to FA Vacation Club units) and 12% was used for corporate purposes.

• Development

Currently, the Company has more than 30 hotels with more than 5,000 rooms under development, whether under construction or with management agreements already signed, to be opened within the next three years. These figures include four hotels in South America. The majority of these openings will be under management and lease agreements.

| Openings | Mexico | | Southamerica | | Total | | % |
|-------------------------|-----------|--------------|--------------|------------|-----------|--------------|------------|
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | |
| Fiesta Americana | 3 | 531 | | | 3 | 531 | 10 |
| Fiesta Inn | 16 | 2,128 | | | 16 | 2,128 | 41 |
| Caesar Park | | | 3 | 561 | 3 | 561 | 11 |
| Caesar Business | | | 1 | 102 | 1 | 102 | 2 |
| One hotels | 14 | 1,752 | | | 14 | 1,752 | 34 |
| Lat 19° | 1 | 100 | | | 1 | 100 | 2 |
| Total | 34 | 4,511 | 4 | 663 | 38 | 5,174 | 100 |



• **Opening Last 12 Months (as of September 30th '06)**

| Hotel | No. of Rooms | Type |
|-------------------|--------------|---------|
| FI Ecatepec | 143 | Leased |
| FI Santa Fe | 189 | Leased |
| FA Santa Fe | 172 | Leased |
| FI Reynosa | 127 | Managed |
| CB Santiago Chile | 142 | Leased |
| Total | 773 | |



| Income Statement (constant million pesos as of September 30th 2006) | 3Q06 | | 3Q05 | | Var% | 2006 | | 2005 | | Var% |
|---|--------------|-------------|--------------|-------------|---------------|--------------|-------------|--------------|-------------|---------------|
| | \$ | % | \$ | % | | \$ | % | \$ | % | |
| Total Revenues | 1,274.7 | 100.0 | 1,399.0 | 100.0 | (8.9) | 3,970.0 | 100.0 | 4,051.7 | 100.0 | (2.0) |
| Owned Hotels | | | | | | | | | | |
| Revenues | 808.2 | 100.0 | 896.0 | 100.0 | (9.8) | 2,586.9 | 100.0 | 2,741.5 | 100.0 | (5.6) |
| Direct cost | 667.5 | 82.6 | 728.9 | 81.3 | (8.4) | 2,023.2 | 78.2 | 2,188.4 | 79.8 | (7.5) |
| Contribution | 140.7 | 17.4 | 167.1 | 18.7 | (15.8) | 563.6 | 21.8 | 553.1 | 20.2 | 1.9 |
| Management | | | | | | | | | | |
| Revenues | 256.9 | 100.0 | 264.7 | 100.0 | (2.9) | 722.4 | 100.0 | 737.6 | 100.0 | (2.1) |
| Direct cost | 141.4 | 55.0 | 134.4 | 50.8 | 5.2 | 385.1 | 53.3 | 362.6 | 49.2 | 6.2 |
| Contribution | 115.5 | 45.0 | 130.3 | 49.2 | (11.3) | 337.3 | 46.7 | 375.1 | 50.8 | (10.1) |
| FA Vacation | | | | | | | | | | |
| Revenues | 183.7 | 100.0 | 229.0 | 100.0 | (19.8) | 598.6 | 100.0 | 544.3 | 100.0 | 10.0 |
| Direct cost | 114.9 | 62.5 | 173.2 | 75.6 | (33.6) | 414.9 | 69.3 | 405.9 | 74.6 | 2.2 |
| Contribution | 68.8 | 37.5 | 55.8 | 24.4 | 23.4 | 183.8 | 30.7 | 138.4 | 25.4 | 32.8 |
| Other Businesses | | | | | | | | | | |
| Revenues | 25.8 | 100.0 | 9.3 | 100.0 | 178.4 | 62.2 | 100.0 | 28.3 | 100.0 | 119.9 |
| Direct cost | 22.0 | 85.4 | 10.6 | 114.6 | 107.5 | 58.3 | 93.8 | 34.4 | 121.9 | 69.3 |
| Contribution | 3.8 | 14.6 | (1.4) | (14.6) | na | 3.8 | 6.2 | (6.2) | (21.9) | na |
| Corporate expenses | 19.2 | 1.5 | 18.0 | 1.3 | 7.2 | 60.4 | 1.5 | 61.9 | 1.5 | (2.4) |
| Depreciation/amortization | 104.8 | 8.2 | 101.9 | 7.3 | 2.9 | 314.6 | 7.9 | 320.7 | 7.9 | (1.9) |
| Goodwill amortization, net | 0.0 | 0.0 | 0.0 | 0.0 | na | 0.0 | 0.0 | (0.0) | (0.0) | na |
| Operating Profit | 204.7 | 16.1 | 232.0 | 16.6 | (11.8) | 713.5 | 18.0 | 677.7 | 16.7 | 5.3 |
| EBITDA | 309.5 | 24.3 | 333.9 | 23.9 | (7.3) | 1,028.1 | 25.9 | 998.4 | 24.6 | 3.0 |
| Comprehensive financing cost | 65.1 | 5.1 | 69.8 | 5.0 | (6.8) | 306.9 | 7.7 | 163.3 | 4.0 | 87.9 |
| Other expenses (revenue) | 23.0 | 1.8 | 14.5 | 1.0 | 58.5 | 63.6 | 1.6 | 50.4 | 1.2 | 26.2 |
| Profit Before Taxes | 116.7 | 9.2 | 147.7 | 10.6 | (21.0) | 343.0 | 8.6 | 463.9 | 11.5 | (26.1) |
| Income taxes | 34.1 | 2.7 | 31.8 | 2.3 | 7.1 | 132.2 | 3.3 | 99.6 | 2.5 | 32.7 |
| Deferred taxes | 5.2 | 0.4 | 14.4 | 1.0 | (63.6) | (21.6) | (0.5) | 59.3 | 1.5 | na |
| Part. in results of assoc. companies | 94.2 | 7.4 | (3.8) | (0.3) | na | (28.3) | (0.7) | (3.8) | (0.1) | 650.5 |
| Net Income before Minority | 171.6 | 13.5 | 97.8 | 7.0 | 75.5 | 204.1 | 5.1 | 301.3 | 7.4 | (32.3) |
| Minority Interest | 9.1 | 0.7 | 10.6 | 0.8 | (14.0) | 21.8 | 0.5 | 24.8 | 0.6 | (12.1) |
| Net Majority Income | 162.5 | 12.7 | 87.2 | 6.2 | 86.4 | 182.3 | 4.6 | 276.5 | 6.8 | (34.1) |

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 17,500 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 Grand, Fiesta Americana, Lat 19°, 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.



| Consolidated Balance Sheets as of September 30th 2006 & 2005 | | | | | |
|---|-----------------|--------------|-----------------|--------------|-----------------|
| (Constant million pesos as of September 30th 2006) | | | | | |
| | Sep-06 | % | Sep-05 | % | Var. (%) |
| ASSETS | | | | | |
| <u>Current</u> | | | | | |
| Cash & marketable securities | 452.7 | 3.8 | 559.0 | 4.7 | (19.0) |
| Notes & accounts receivable | 1,009.8 | 8.6 | 1,024.9 | 8.6 | (1.5) |
| Inventories | 141.7 | 1.2 | 282.5 | 2.4 | (49.8) |
| Other assets | 51.4 | 0.4 | 76.8 | 0.6 | (33.1) |
| Total current assets | 1,655.6 | 14.0 | 1,943.1 | 16.3 | (14.8) |
| <u>Long-term</u> | | | | | |
| Long-term notes receivable | 537.4 | 4.6 | 355.1 | 3.0 | 51.3 |
| Long-term investments | 607.7 | 5.1 | 165.0 | 1.4 | 268.3 |
| Prop. & Equip., net | 8,437.2 | 71.5 | 8,592.3 | 72.1 | (1.8) |
| Deferred assets | 565.4 | 4.8 | 735.8 | 6.2 | (23.2) |
| Other long-term assets | 3.5 | 0.0 | 131.2 | 1.1 | (97.3) |
| Total Assets | 11,806.8 | 100.0 | 11,922.5 | 100.0 | (1.0) |
| LIABILITIES | | | | | |
| <u>Current</u> | | | | | |
| Suppliers | 302.0 | 2.6 | 379.4 | 3.2 | (20.4) |
| Short-term debt | 187.1 | 1.6 | 257.7 | 2.2 | (27.4) |
| Other current liabilities | 722.3 | 6.1 | 1,194.0 | 10.0 | (39.5) |
| Total current liabilities | 1,211.4 | 10.3 | 1,831.2 | 15.4 | (33.8) |
| <u>Long-term</u> | | | | | |
| Long-term debt | 3,989.3 | 33.8 | 3,110.8 | 26.1 | 28.2 |
| Other loans | 37.2 | 0.3 | 48.8 | 0.4 | (23.8) |
| Other long-term liabilities | 1,582.4 | 13.4 | 1,567.0 | 13.1 | 1.0 |
| Deferred credits | 223.1 | 1.9 | 155.4 | 1.3 | 43.6 |
| Total Liabilities | 7,043.4 | 59.7 | 6,713.1 | 56.3 | 4.9 |
| Majority stockholders' equity | 3,889.8 | 32.9 | 4,037.6 | 33.9 | (3.7) |
| Minority interest | 873.7 | 7.4 | 1,171.9 | 9.8 | (25.4) |
| Total stockholders' equity | 4,763.4 | 40.3 | 5,209.4 | 43.7 | (8.6) |
| Total Liabilities & Stockholders' Equity | 11,806.8 | 100.0 | 11,922.5 | 100.0 | (1.0) |



| Consolidated Statement of Changes in Financial Position (Constant million pesos as of September 30th 2006) | | |
|--|----------------|----------------|
| | 3Q06 | 3Q05 |
| Consolidated Net Income | 204.1 | 301.3 |
| + (-) Items added to income which do not require the use of cash | 268.4 | 295.0 |
| + Deprecitation and amortization | 314.6 | 320.7 |
| + (-) Other items | (46.2) | (25.8) |
| Cash flow form net income for the year | 472.4 | 596.2 |
| Cash generated (used) in operating activities | 45.3 | (129.2) |
| + (-) Decrease (increase) in accounts receivable | 226.6 | (10.4) |
| + (-) Decrease (increase) in inventory | 7.8 | (0.2) |
| + (-) Decrease (increase) in other accounts receivable | (11.6) | (27.6) |
| + (-) Increase (decrease) in supplier accounts | (87.8) | (39.0) |
| + (-) Increase (decrease) in other liabilities | (89.8) | (52.1) |
| Cash generated by (used in) operating activities | 517.7 | 467.1 |
| Cash flow from external financing | 176.8 | 89.9 |
| + Bank financing | 908.1 | 953.6 |
| + Stock exchange financing | | |
| + Dividends received | | |
| + Other financing | | |
| (-) Bank financing amortization | (731.2) | (863.7) |
| (-) Stock exchange amortization | | |
| (-) Other financing amortization | | |
| Cash flow from internal financing | (350.9) | (74.1) |
| + (-) Increase (decrease) in capital stock | | |
| (-) Dividends paid | (112.9) | (63.4) |
| + Premium on sales of shares | | (5.0) |
| + Contribution for future capital increases | (187.4) | (5.7) |
| + (-) Other items | (50.6) | |
| Cash flow generated (used) by financing | (174.1) | 15.8 |
| Cash flow generated (used) in investment activities | (278.6) | (209.5) |
| + (-) Decrease (increase) in stock investments of a permanent nature | | |
| (-) Acquisition of property, plant and equipment | (202.4) | (130.0) |
| (-) Increase in buildings in progress | | (41.3) |
| + Sale of other permanent investments | (231.9) | |
| + Sale of tangible fixed assets | 209.7 | |
| + (-) Other items | (54.0) | (38.2) |
| Net increase (decrease) in cash and short-term investments | 65.0 | 273.4 |
| Cash and short-term investments at the beginning of period | 387.7 | 285.6 |
| Cash and short-term investments at the end of period | 452.7 | 559.0 |

