



Grupo Posadas provides the following business update in the midst of the rapidly evolving Coronavirus (COVID-19) situation

BUSINESS PERFORMANCE

The situation changes day by day, so it is important to share the measures that we are executing to mitigate the impact of COVID-19.

2020 got off to a solid start. For January and February, RevPAR (revenue per available room) in resort hotels particularly strong, up 7.0 percent.

As the Coronavirus (COVID-19) spreads around the world, our industry is being impacted in unprecedented ways. Demand at our hotels has dropped significantly as a consequence of the binding recommendations that local and foreign governments, as well as the private sector, have established. Estimated air service cuts of between 70% and 90% also strongly impact our industry. Even though, we are working tirelessly to take care of our guests, our owners and our other stakeholders.

Today there are very early signs of improvement in China, as workers return to their jobs and trend lines are pointing in the right direction.

In Mexico, where the crisis is much more recent, the trend lines are still negative but at a slower pace. Occupancy levels below 20 percent over the last few days, compared to around 65 percent a year ago. The company could see further erosion in performance in the weeks ahead and does not expect to see material improvement until there is a sense that the spread of the virus has moderated and the economic activity normalizes. Posadas continues to work with its customers through this crisis. While there have been historically high levels of cancellations for stays through the 2Q20, there have not yet been meaningful group cancellations for 2021 related to COVID-19, and many group customers are at least rebooking for 2021.

MITIGATION PLANS

The company is taking numerous proactive steps to mitigate the negative financial and operational impacts of COVID-19. Business contingency plans have been implemented and will continue to be adjusted in response to the global situation. At the property level, contingency plans include measures such as closing floors or even entire hotels. The estimated average occupancy of the hotels for the months of March, April and May 2020 is 16%. The plan is to suspend operations of 76 managed hotels starting the week of March 23, 2020. 17 hotels the week of March 30, and probably 12 more hotels by April 13. In total 14,955 rooms representing 49% of the managed inventory, deriving the remaining guests from the hotels still open. Franchised hotels may be taking similar steps.

At the corporate level, these steps include making significant cuts and cancelling non-essential travel and spending. Posadas has also taken steps to dramatically reduce costs related to programs and services that hotels reimburse it for, such as marketing costs, to be more in-line with the expected decline in systemwide revenues. The company has also reviewed its investment spending plans and currently



expects to eliminate or defer its 2020 capital expenditure plan, generally proceeding with funding only of remodeling's in progress and human safety.

BALANCE SHEET

In the current environment, a major priority is preserving liquidity. Posadas has \$1.6 billion cash on hand that considers US\$51 million denominated in USD, representing 75% of total cash. The company has not repurchased shares or debt in 2020. Affiliates of the Company have purchased some of its "7.875% Senior Notes due 2022". The company is also working with vendors and other partners in order to preserve working capital or if needed raise additional resources in compliance with its financial covenants.

2020 OUTLOOK

Given the coronavirus impact experienced to date and the uncertainty of the ongoing situation, Posadas withdraws all aspects of its outlook for 2020 provided in its press release and 4Q19 earnings call on February 27, 2020.

CONFERENCE CALL

Posadas will release its 1Q20 earnings results on Thursday, April 27, 2020 and plans to hold a conference call for the investment community at 11:00 am CT (noon ET). Mr. José Carlos Azcárraga, chief executive officer, and Mr. Arturo Martínez del Campo, chief financial officer, will discuss the update.

As of the date of this report, the existing corporate ratings are:

- Moody's: global scale "B2" on review for downgrade.
- S&P: global "B" with negative outlook.
- Fitch: global Issuer Default Rating (IDR) "CCC+" National Scale Long-Term rating to 'B-(mex)' with negative outlook.

Posadas is the leading hotel operator in Mexico that owns, leases, franchises and manages 187 hotels and 30,265 rooms in the most important and visited urban and coastal destinations in Mexico. Urban hotels represent 81% of total rooms and coastal hotels represent 19%. Posadas operates the following brands: Live Aqua Beach Resort, Live Aqua Urban Resort, Live Aqua Boutique Resort, Grand Fiesta Americana, Fiesta Americana, The Explorean, Fiesta Americana Vacation Villas, Live Aqua Residence Club, Fiesta Inn, Fiesta Inn LOFT, Fiesta Inn Express, Gamma and One Hotels.

Posadas trades in the Mexican Stock Exchange since 1992.