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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

Grupo Posadas S.A.B. de C.V., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 21- 11831 (SHL)

Joint Administration Pending

**DECLARATION OF FRANCISCO JAVIER BARRERA SEGURA  
IN SUPPORT OF FIRST DAY MOTIONS AND APPLICATIONS  
IN COMPLIANCE WITH LOCAL RULE 1007-2**

I, Francisco Javier Barrera Segura, hereby declare under penalty of perjury, pursuant to section 1746 of title 28 of the United States Code, as follows:

1. I am the Vice President of Strategy, Alliances and Human Resources of Grupo Posadas S.A.B. de C.V. ("Posadas" and, together with its debtor and non-debtor subsidiaries and affiliates, the "Company"), a corporation organized under the laws of Mexico. In my current role, I serve as the Debtors' chief executive in charge of strategy and planning. I have held my current title since 2020, have been a member of senior management at Posadas for

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<sup>1</sup> The Debtors, together with each of the Debtor's tax identification number, as applicable, are: Grupo Posadas S.A.B. de C.V. (GPO920120440), and Operadora del Golfo de Mexico, S.A. de C.V. (OGM8712127Z2). The location of the corporate headquarters and the service address for Grupo Posadas S.A.B. de C.V. is: Prolongación Paseo de la Reforma No. 1015 Torre A, Piso 9 Colonia Santa Fe, Alcaldía Cuajimalpa de Morelos, C.P. 05348, Mexico City, Mexico.

more than 11 years and have more than 30 years of experience in the hospitality industry. I am generally familiar with the day-to-day operations and affairs, books and records of Posadas and Operadora del Golfo de Mexico, S.A. de C.V., an affiliate of Posadas that has, together with Posadas, filed a voluntary petition for relief under chapter 11, title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Court”). Posadas and Operadora del Golfo de Mexico, S.A. de C.V. are collectively referred to herein as the “Debtors.” Concurrently herewith, the Debtors have filed a motion seeking joint administration of their chapter 11 cases (the “Chapter 11 Cases”) pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedures (the “Bankruptcy Rules”).

2. Originally founded in 1967, the Company has become one of the leading hotel operators in Mexico. Attached as **Schedule 1** is a chart summarizing the Debtors’ corporate structure.

3. On October 26, 2021 (the “Petition Date”), the Debtors commenced the Chapter 11 Cases to restructure a balance sheet burdened by approximately \$468,848,630<sup>2</sup> in total outstanding debt pursuant to the *Debtors’ Joint Prepackaged Chapter 11 Plan* (the “Plan”) filed concurrently herewith. A restructuring of the Debtors’ balance sheet is necessary in order for the Debtors to be able to meet their financial obligations in the long term, which the Plan would effectuate by refinancing the Existing Notes (as defined *infra* Section II.A). Critically, because the principal objective of the Plan, and of the Chapter 11 Cases generally, is to refinance the Existing Notes, only claims in respect of the Existing Notes are impaired under the Plan. **All other**

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<sup>2</sup> All amounts contained herein are listed in U.S. dollars unless otherwise indicated. Certain amounts have been converted from Mexican pesos to U.S. dollars using the approximate average currency exchange rate of 20.0 Mexican pesos per U.S. dollar in the 30-day period ending September 30, 2021.

**claims and interests, including all general unsecured claims and existing equity interests, are unimpaired under the Plan.**

4. Although the Debtors believe the fundamentals of their business remain strong, and that the Company is poised to continue its success as a leading hotel operator, these Chapter 11 Cases are necessary to protect the Debtors' assets and to administer and manage the Debtors' existing obligations.

5. To minimize the adverse effects of filing for bankruptcy protection on their businesses, guests and employees, the Debtors have filed motions requesting various types of "first day" relief (collectively, the "First Day Motions").<sup>3</sup> The First Day Motions seek relief intended to allow the Debtors to perform and meet the obligations necessary to continue to operate their businesses and fulfill their duties as debtors-in-possession. I am familiar with the contents of each First Day Motion (including the exhibits thereto) and, based on my knowledge and experience, believe that each First Day Motion: (i) is necessary to enable the Debtors to operate in chapter 11 with minimum disruption or loss of productivity or value; (ii) constitutes a critical element in ultimately achieving a successful reorganization of the Debtors; and (iii) best serves the Debtors' estates and creditors' interests. In addition, the Debtors also intend to file certain motions that will be heard at a subsequent hearing date to be established by the Court (the "Second Day Motions"). Among other things, these Second Day Motions will address the retention of the Debtors' professionals. While further details will be provided in the Second Day Motions themselves, certain supporting facts are set forth herein.

6. I submit this declaration (this "First Day Declaration") in support of the First Day Motions and pursuant to 28 U.S.C. § 1746, as well as Rule 1007 of the Bankruptcy Rules

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<sup>3</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in each of the First Day Motions.

and Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”). Except as otherwise indicated herein, all facts set forth in this First Day Declaration are based upon my personal knowledge of the Debtors’ operations and finances, information learned from my review of relevant documents, information supplied to me by members of the Debtors’ management, other personnel and professional advisors or my opinion based on my experience, knowledge and information concerning the Debtors’ operations and financial condition and the hotel industry as a whole. To the extent that the Debtors learn that any information provided herein is materially inaccurate, the Debtors will act promptly to notify the Court and other parties; however, I believe all information herein to be true to the best of my knowledge, information and belief. I am authorized to submit this First Day Declaration on behalf of the Debtors and, if called upon to testify, I could and would testify competently to the facts set forth herein.

7. Section I describes the Debtors’ corporate structure, business and current operations. Section II provides an overview of the Debtors’ prepetition capital structure and indebtedness. Section III describes the events leading to the filing of these Chapter 11 Cases. Section IV summarizes the relief requested in each First Day Motion and the facts supporting those requests.

## **I. DEBTORS’ CORPORATE BACKGROUND AND BUSINESS OPERATIONS**

### **A. Corporate History and Organizational Structure**

8. Posadas is a publicly traded company (*sociedad anónima busátil de capital variable* or stock corporation) organized under the laws of Mexico. Originally founded in 1967 as Promotora Mexicana de Hoteles, S.A. de C.V., in 1992, the Company changed its name to Grupo Posadas when it was listed on the Mexican Stock Exchange. Based on information available to the Company as of September 9, 2021, Posadas’ major shareholders are a group consisting of members of the Azcárraga Andrade family, who collectively own 32.32% of the common stock of

Posadas, and BLK Acciones Mexico-DISC II, S.A. de C.V., JPMorgan Chase Bank N.A. (JPM Chase Bank Treaty A/C), Banco Nacional de México, S.A. (as trustee of trust 14473-6) and CBNY Global Custody-Secore BR910, who own 12.83%, 11.89%, 8.64% and 8.21%, respectively. All of Posadas's direct and indirect subsidiaries, except for Inmobiliaria del Sudeste S.A. de C.V. (for which decision-making authority is shared among Posadas and the other partners), are controlled by Posadas. One of Posadas's subsidiaries, Operadora del Golfo de México, S.A. de C.V. is a Debtor in these proceedings.

9. The Debtors' workforce consists of approximately 7,768 wage earners as of September 30, 2021 (the "Employees"),<sup>4</sup> including executives, officers, managers, professionals, hotel staff, sales staff, administrative support staff and other personnel working in business administration, hotel management, sales and marketing, finance, accounting, human resources and other key functions. The overwhelming majority (approximately 99.6%) of the Employees are based in Mexico and the remaining Employees are located in the United States and the Dominican Republic.

10. Posadas's board of directors (the "Board") consists of ten (10) members who are elected annually at the general ordinary shareholders meeting: Pablo Azcárraga Andrade, Enrique Juan Azcárraga Andrade, Fernando Chico Pardo, José Carlos Azcárraga Andrade, Juan Servitje Curzio, Guillermo García-Naranjo Álvarez, Silvia Sisset de Guadalupe Harp Calderoni, Carlos Felipe Levy Covarrubias, Luis Alfonso Nicolau Gutiérrez and Benjamín Clariond Reyes Retana. The Board also has two (2) alternative directors: Christian Francisco Harp Calderoni and Alfredo Loera Fernández. The Company's senior management team includes Pablo Azcárraga Andrade (Chairman of the Board of Directors), José Carlos Azcárraga

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<sup>4</sup> Additional staff are employed by the Debtors' affiliates that have not sought relief under chapter 11.

Andrade (CEO), Francisco Javier Barrera Segura (Vice-President Strategy, Alliances and Human Resources), Jorge Carvallo Couttolenc (Vice-President Development), Arturo Martínez del Campo (Vice-President Management and Finance), Enrique Calderón Fernández (Vice-President Upscale and Luxury), Gerardo Rioseco Orihuela (Vice-President Loyalty Programs), Alejandro Recamier Flores (Products and Loyalty Programs Director), Adrián Correa Pérez (Midscale & Economy Director), José Jaime Lorenzo Doria (Revenue Management, Distribution & Technology Director), Mauricio Elizondo Martínez de la Vega (Development Director) and Patricio Servitje Azcárraga (Planning Director).<sup>5</sup>

11. Certain Posadas affiliates, including certain operating entities, have not filed petitions for relief and are not a part of these Chapter 11 Cases (collectively, the “Non-Debtor Affiliates”). The Non-Debtor Affiliates include, without limitation, Kohunlich Adventures, S.A. de C.V., Inmobiliaria del Sudeste S.A. de C.V., Promoción y Publicidad Fiesta, S.A. de C.V., Dirección Corporativa Posadas S.A. de C.V., Posadas USA Inc., Dirección Estratégica Posadas, S.C., PSDS Operadora del Caribe, S.R.L., Soluciones de Lealtad, S.A. de C.V., Desarrollo Arcano, S.A. de C.V., Administradora Profesional de Hoteles, S.A. de C.V., Inmobiliaria Administradora del Bajío S.A. de C.V., Operadora Posadas America del Sur, C.A., Inversiones Las Posadas 4500, Inversiones Las Posadas 4501 and Fundación Posadas, A.C. Importantly, and regardless of whether or not an operating entity has been included in the Chapter 11 Cases, the Company is actively working to ensure that all necessary steps are taken to continue its global operations in the ordinary course, including through the relief to be sought in these Chapter 11 Cases.

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<sup>5</sup> Pursuant to Local Rule 1007-2(a)(4), **Schedule 11** lists out additional information regarding Posadas’s senior management, including the tenure of each of the existing senior management and a brief summary of their relevant responsibilities and experience.

**B. Debtors' Business Operations**

12. For operational purposes, the Company has divided its business into two main categories: (i) the hotel management business, which mainly consists of the operation, management and franchising of hotels, and (ii) the vacation club business, which consists of the sale of vacation club products and plans, such as timeshares and membership programs.

**i. Hotel Management Business**

13. The Company's hotel management business operates under four main segments: (i) owned and leased hotels operated commercially for the benefit of Posadas; (ii) third-party hotels managed by Posadas for the benefit of such third parties; (iii) hotels leased by Posadas to third parties and managed by Posadas for the benefit of the lessees; and (iv) franchised hotels.

14. Historically, the Company has generated most of its revenue by developing, owning and managing its hotels and resort properties. Beginning in 2012, the Company has shifted its focus to ownership of strategic assets—selling several hotels and other non-strategic assets—and growing its hotel management business by leveraging its experience as a hotel operator, its brands and trademarks, its proprietary reservation system and technological investments and its loyalty rewards and vacation club programs. This approach has allowed the Company to continue to expand while minimizing its capital costs.

15. In 2020, due to the COVID-19 pandemic, the operation, management and franchising of hotels collectively generated approximately 40% of the Company's consolidated revenues. In prior years, these services have generated about 60% of the Company's consolidated revenues.

**a. Brands, Trademarks and Licensing Agreements**

16. A component of the Company's hotel management and operation business consists of revenues generated in respect of the Company's brands and trademarks, which the

Company has focused on cultivating in order to expand its management and franchising opportunities. In recent years, the Company has focused on entering into management agreements with local partners to develop new properties and converting already existing properties to the Company's brands. The Company has begun to market franchising services in respect of some of its brands, such as Gamma, One Hotels, Curamoria, Fiesta Inn and Explorea. In addition, the Company has entered into agreements for the use of its brands, from which it receives royalty income.

17. The Company has signed management contracts to operate hotels owned by third parties, which gives the Company varying degrees of control over the properties' operation. In some cases, the Company also signs lease agreements for the properties that it operates. As consideration for the technical and operational assistance received from the Company and the use of industrial property rights and copyrights in Mexico and the Dominican Republic, the managed hotels pay royalties to the Company, which are calculated as a percentage of the total sales of each hotel or other services marketed under its trademarks. The Company owns several industrial and intellectual property rights that it has created and developed over the years. These trademarks are protected in different jurisdictions, subject to the terms and conditions set forth in each jurisdiction.

**b. Loyalty Program**

18. Since 1989, the Company has operated a customer loyalty program for its guests, Fiesta Rewards. The Company has entered into strategic partnerships with companies such as American Airlines, AAdvantage, Avis, Accor Le Club and American Express to diversify its offerings under the program. Fiesta Rewards has 283,000 active members who comprise about 31% of the occupancy of all of the Company's hotels. Fiesta Rewards also has a co-branded credit card arrangement with Santander, the Santander-Fiesta Rewards Card, which has more than

173,000 cardholders in Mexico. Fiesta Rewards contributes significantly to the Company having a valuable and stable client base.

**c. Service Businesses**

19. The Company also operates management services and technology platforms, which provide critical logistical, administrative, information technology and data analytical support to its operating affiliates as well as to other third-party customers. These service businesses include the Company's call center (Konexo) and a shared services center for accounting processing for the Company's owned, leased and third-party hotels (Conectum). In 2020, these businesses generated less than 10% of the Company's total revenue.

**ii. Vacation Club Business**

20. The Company is a leader in the vacation ownership industry and generates a significant portion of its total revenues from it. The Company's portfolio includes nine (9) brands in the hotel market and four (4) in the vacation ownership market, with 24 points of sale in Mexico where the Company offers its products in the vacation club market. These products include Fiesta Americana Vacation Club, a 40-year points-based membership program that entitles members to use points over the course of the membership to stay in any vacation resorts or hotel properties owned and operated by the Company around Mexico as well as other affiliated properties worldwide. The Company operates a similar member program aimed at the upscale luxury hotel market, Live Aqua Residence Club. The Company also operates Kívac, a prepaid lodging program, and Fiesta Americana Access, a discount membership program.

**II. THE DEBTORS' PREPETITION CAPITAL STRUCTURE**

**A. 7.875% Senior Notes due 2022 or Existing Notes**

21. On June 30, 2015, Posadas issued \$350,000,000 aggregate principal amount of its 7.875% Senior Notes due 2022 (the "Existing Notes") pursuant to an indenture among

Posadas, as issuer, the guarantors party thereto, The Bank of New York Mellon, as Trustee, Registrar, Paying Agent and New York Transfer Agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Listing Agent, Luxembourg Paying Agent and Luxembourg Transfer Agent (as amended and supplemented and in effect from time to time, the “Existing Notes Indenture”).<sup>6</sup> On May 16, 2016, Posadas completed an additional issuance of Existing Notes in the aggregate principal amount of \$50,000,000. Under the terms of the Existing Notes Indenture, Posadas is required to pay fixed interest at a rate of 7.875% per annum, payable semi-annually in arrears, on June 30 and December 30 of each year. The 7.875% Senior Notes due 2022 mature on June 30, 2022.

22. The Existing Notes are guaranteed by Operadora del Golfo de México, S.A. de C.V. and are unsecured. The Existing Notes are listed on the Luxembourg Stock Exchange.

23. As of December 31, 2020, the aggregate outstanding principal amount of the Existing Notes was \$392,605,000, which does not include unliquidated amounts including interest, fees, expenses, charges and other obligations, if applicable.

24. If the Plan is not confirmed, Posadas would not only be obligated to make an approximately \$15.5 million scheduled interest payment on December 30, 2021 but also, on June 30, 2022, would be obligated to pay the full principal and interest owed under the Existing Notes.

## **B. Bank Loans, Facilities and Other Programs**

25. In addition to the Existing Notes described above, Posadas has entered into various loans with banks or other financial institutions, which are mainly for working capital

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<sup>6</sup> The current trustee under the Existing Notes Indenture is Citibank, N.A., which assumed such responsibilities pursuant to that certain Agreement of Resignation, Appointment and Acceptance, dated as of July 20, 2017, by and between Grupo Posadas, S.A.B. de C.V., the Bank of New York Mellon, the Bank of New York Mellon SA/NV, Luxembourg Branch and Banque Internationale à Luxembourg S.A.

purposes and are typically secured by liens on real estate. As of September 30, 2021, the Debtors had approximately \$13 million outstanding in bank loans and loans with other financial institutions.

**i. Supply Chain Programs**

26. The Company has a line of credit with Banca Mifel, S.A., Institución de Banca Múltiple, Grupo Financiero Mifel, for up to approximately \$5 million, which is secured by collateral worth 1.0x the amount outstanding on the line of credit. The purpose of this line of credit is to carry out financial factoring transactions with suppliers with a maximum payment term of ninety (90) days. As of the Petition Date, this line of credit is fully utilized.

**ii. 2017 Subsidiary Loan**

27. On June 22, 2017, Inmobiliaria del Sudeste, S.A. de C.V., a subsidiary of Posadas and the owner of the Fiesta Americana Mérida hotel, as borrower, and Posadas, as guarantor, entered into a \$11.6 million seven-year trust guaranteed loan (the “2017 Subsidiary Loan Facility”) with Banco Nacional de México, S.A., integrante del Grupo Financiero Banamex (“Citibanamex”), with the goal of using the proceeds for corporate purposes including the remodeling of public areas of the hotel. As of December 31, 2020, the remaining balance under the 2017 Subsidiary Loan Facility amounted to \$8 million. On August 26, 2020, the second amendment to the loan agreement for the 2017 Subsidiary Loan Facility was signed, under which Citibanamex granted a waiver permitting the Company to defer the payment of principal and interest for twelve months beginning in April 2020. On April 23, 2021, the Company obtained an extension of this waiver period for another twelve months, with the deferred principal amount to be paid on the last principal payment date on June 23, 2024. As of the Petition Date, Inmobiliaria del Sudeste, S.A. de C.V. has made a payment of approximately \$1,486,000 of deferred interest.

**iii. 2021 Liquidity Facility**

28. On March 24, 2021, the Company obtained a \$21.9 million loan from Grupo Bursátil Mexicano, S.A. de C.V., Casa de Bolsa, acting as trustee under investment fund F/000161 (the “Fund”), secured by its Fiesta Americana Reforma and Fiesta Americana Guadalajara hotels and guaranteed by Operadora del Golfo (the “2021 Liquidity Facility”). The 2021 Liquidity Facility was contracted on market terms and was essential to maintain the Company’s ordinary operations and the liquidity necessary to meet the challenges posed to the lodging and tourism sector by the COVID-19 pandemic. Most of the proceeds from the 2021 Liquidity Facility were used for the payment of settlement amounts due to the Mexican Tax Administration Service (*Servicio de Administración Tributaria*) (the “SAT”) in respect of tax obligations from 2017 that became due in March 2021. The 2021 Liquidity Facility was paid in full prior to the Petition Date with proceeds from the sale of Tulkal (as defined *infra* Section III.A.ii).

**C. Equity**

29. Posadas has a single class of common stock consisting of 512,737,588 fully subscribed and paid shares. As of the Petition Date, 495,881,988 shares of common stock were outstanding, of which Posadas held 16,855,600 shares.

30. As of December 31, 2020, the total stockholders’ equity of Posadas was \$45,600,000, composed of \$24,900,000 in total capital issued and \$24,300,000 in total retained earnings and other items.

**III. CIRCUMSTANCES LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASES**

**A. Events Leading to the Chapter 11 Filing**

31. The Debtors have commenced the Chapter 11 Cases to restructure a balance sheet burdened by approximately \$405,605,000 on account of the obligations under the

Existing Notes and the bank loans, facilities and other programs described in Section II. A restructuring of the Debtors' balance sheet is necessary in order for the Debtors to be able to meet their financial obligations over the long-term. Since the issuance of the Existing Notes, the Debtors' revenues have not grown to a level necessary to support the Debtors' existing capital structure. The Debtors have struggled financially due to a number of factors, including the COVID-19 pandemic and macroeconomic conditions, which have resulted in decreased consumer confidence in the markets in which the Debtors operate. As a result of these factors, revenue is substantially lower than expected at the time of the issuance of the Existing Notes. The Debtors do not have the capacity to execute on their business strategy or continue paying their debt without the implementation and consummation of the Plan.

**i. Impact of COVID-19 on Operations**

32. The effects of the global COVID-19 pandemic have had a significant impact on the Company's operations and results and is predicted to continue to have negative impacts on the Company and the hotel industry in general for the foreseeable future. In 2020, government-mandated lockdowns forced the Company to close its hotels and, following such lockdowns, hotels were required to operate with reduced capacity or amenities. These limitations increased the Company's operating costs and threatened its ability to develop consumer confidence. Moreover, all of the Company's brand licensing and hotel franchising agreements contain variable fee structures tied to revenue and gross operating profit, which has resulted in a decrease in fees payable to the Company during the pandemic.

33. While the Company is continuing to assess its effects, COVID-19 has put a significant strain on the Company's liquidity. The Company suspended almost all of its operations from March to June 2020. Subsequently, in accordance with the applicable law, all of the Company's hotels have been operating at a limited capacity. To date, no Mexican state has allowed

the hotels and their different consumption centers to operate at one hundred percent capacity. Year-end revenues for 2020 were 42% less compared to 2019 and the Company reported negative EBITDA of \$47 million. The consolidated result for 2020 was a loss of \$106.2 million and, as of June 30, 2021, the Company had a cash balance of \$46.7 million, of which \$5.7 million was restricted cash.

**ii. Investment and Divestment Strategy and Related Asset Sales**

34. In an effort to improve its liquidity, the Company has sold various less efficient or unproductive assets. On January 31, 2020, the Company received \$5.8 million from the sale of the Fiesta Americana Hermosillo hotel. On February 24, 2020, the Company completed the sale of land in Nuevo Vallarta, Nayarit for \$12.8 million. In March 2021, the Company executed the sale agreement of the Fiesta Americana Hacienda Galindo hotel, receiving \$7.6 million in proceeds.

35. In October 2021, the Company closed a transaction evidenced by a purchase agreement for the sale of its 12.5% ownership in a trust controlling the construction and development of two hotels in the Mayan Riviera (together, “Tulkal”), receiving \$57.7 million in proceeds. The Company used the proceeds of the Tulkal sale to pay down the 2021 Liquidity Facility. In addition, the Company has used or intends to use such proceeds to make settlement payments to the SAT in respect of taxes due in years 2006 and 2017 and/or to make prepayments for taxes coming due in the future.

**iii. Termination of Leasing and Operating Contracts**

36. In an effort to maximize liquidity and financial flexibility and allow the Company to focus its operations on properties that will generate stronger short-term value, in the years leading up to the Petition Date, the Company instituted a strategy to focus on its strengths in brand recognition and hotel management and divest from real estate developments. The Company

has also terminated several of its leases and management contracts that were burdensome given the financial strain imposed on the Company during the pandemic.

37. In 2020, seven (7) hotels under the Company's brands ceased operating. An additional four (4) hotels have ceased operations in 2021. As a result, the Company's contracts with the owners of such hotels, which hotels represented a total of 2,859 rooms in the aggregate, were terminated.

38. In May 2020, the Company terminated management contracts with two (2) hotels in Cuba operated under their own brand, which are still in the process of being handed over to subsequent ownership due to pandemic-related restrictions. The amount of termination costs the Debtors will incur for the termination of those management agreements has not yet been determined.

39. In August 2021, the Company terminated its lease of the Grand Fiesta Americana resort located in Puerto Vallarta and terminated the operating contract for a project under development in the Riviera Maya. As a part of the termination of the Riviera Maya operating contract, the Company sold its ownership in the corporation that will operate the hotel property and expects to assign its rights in a trust that exists to develop the project.

#### **iv. The Debtors' Debt Service Obligations**

40. The Debtors' current debt service obligations place significant strain on the Debtors' available cash flows. As of the date hereof, the Debtors have approximately \$400.6 million in total debt outstanding, of which approximately \$392.6 million will become due between the Petition Date and December 31, 2022. At the same time, the Debtors are facing approximately \$83 million in scheduled interest payments over the same period, putting severe pressure on the Debtors' ability to generate sufficient cash to service such debt obligations.

41. On February 20, 2019, the Company announced an offer to purchase for cash up to \$26,750,000 of the Existing Notes. The terms of the cash tender offer expired on March 20, 2019 and the offer was settled on March 22, 2019, resulting in a payment of \$7.4 million, representing the sum of the consideration paid to the participating noteholders plus accrued interest. Following the cash tender offer, the outstanding balance of the Existing Notes was reduced to \$392,605,000. On June 30 and December 30, 2020 and on June 30, 2021, the Company defaulted on its obligation to remit semi-annual interest payments due under the Existing Notes. As of the Petition Date, the holders of the Existing Notes have not called a default, accelerated the Existing Notes obligations or enforced any other remedies against the Debtors.

42. Absent the refinancing of the Existing Notes contemplated by the Plan, the Debtors will not be able to continue to service their debt or conduct their business in the ordinary course.

**B. The Restructuring Support Agreement**

43. As a result of the Debtors' financial difficulties, and after having considered various alternatives, the Company engaged in extensive negotiations with certain holders of the Existing Notes who hold \$131,258,000 in principal amount, or approximately 33.4%, of the outstanding Existing Notes (such holders, the "Ad Hoc Group") to garner support for a restructuring transaction that would refinance the Existing Notes. On August 17, 2021, following months of intensive, arms-length negotiations, the Debtors entered into a restructuring support agreement (the "RSA") with the Ad Hoc Group, under which the Ad Hoc Group agreed to support the restructuring transactions subject to the terms and conditions of the RSA. Subsequently, and prior to the Petition Date, additional holders of \$54,366,000 in principal amount, or approximately 13.8%, of the outstanding Existing Notes executed joinder agreements to the RSA (such holders, the "Joining Consenting Noteholders") and, together with the Ad Hoc Group, the "Consenting

Noteholders”). In addition, on August 17, 2021, the Debtors executed a Letter Agreement (the “RLA”) with an additional group of holders of Existing Notes (the “Additional Noteholders”) pursuant to which the Additional Noteholders expressed their support for the restructuring transactions. Together, the Consenting Noteholders and the Additional Noteholders hold approximately 66.66% of the outstanding Existing Notes.

44. The RSA provides that the New Notes (as defined in the Plan) will be secured by first-priority security interests over (i) substantially all unencumbered real property owned by the Reorganized Debtors and the Restricted Subsidiaries (as defined in the RSA) (subject to carve-outs specified in the RSA), (ii) accounts receivable of the Company’s Vacation Club products in existence from time to time and related cash collateral accounts where proceeds of the receivables are deposited from time to time, (iii) various cash collateral accounts to be established by the Reorganized Company (the “Collateral Accounts”) to deposit proceeds from any sale of Collateral and (iv) certain investments in real property, securities or joint venture arrangements constituting Permitted Investments (as defined in the RSA) of Posadas or any Restricted Subsidiary from time to time, and other Future Property (as defined in the RSA). The New Notes will be guaranteed on a joint and several basis by all current subsidiaries of Posadas set forth on Exhibit F to the Disclosure Statement, other than Fundación Posadas, A.C. and Inmobiliaria del Sudeste S.A. de C.V. (FA Mérida), and the terms of the New Notes will provide for certain Subsequent Guarantors (as defined in Exhibit B to the RSA) to guarantee the New Notes on a joint and several basis.

45. The RSA also requires the Debtors to meet certain case milestones, including:

- no later than fifteen (15) business days after the Petition Date, the Debtors shall have filed (A) the Plan Solicitation Materials, (B) the RSA

Assumption Motion and (C) the Solicitation Motion (each as defined in the RSA);

- no later than twenty (20) business days after the Petition Date, the Debtors shall have obtained entry of an order approving the RSA Assumption Motion;
- no later than sixty (60) days after the Petition Date, the Debtors shall have obtained entry of the Confirmation Order, which shall have become a Final Order within fifteen (15) days after entry thereof; provided that the Debtors may extend the deadline for obtaining a Confirmation Order by an additional sixty (60) days if the Debtors believe in good faith that they can achieve the confirmation of the Plan within such time period; and
- no later than seventy-five (75) days after the Petition Date, the Plan Effective Date shall have occurred; provided that if the Debtors have extended the deadline for the entry of the Confirmation Order to one hundred twenty (120) days, then this deadline shall be extended to one hundred and thirty-five (135) days.

### **C. Prepetition Solicitation and Plan Acceptance**

46. Following the execution of the RSA, the Debtors commenced a prepetition solicitation of the Plan on September 22, 2021. The Debtors, through their balloting agent, Prime Clerk LLC (“Prime Clerk” or the “Balloting Agent”), delivered a copy of the Plan, the related disclosure statement (the “Disclosure Statement”) and all exhibits thereto, including the RSA, and the appropriate ballots to holders of the Existing Notes Claims, the only impaired class of creditors entitled to vote on the Plan. No other votes were solicited because all other holders of claims or interests belong to classes that are deemed to accept the Plan.

47. The Debtors established October 22, 2021 at 5:00 p.m. (prevailing Eastern Time) as the deadline for the receipt of votes from the holders of Existing Notes Claims to accept or reject the Plan. As detailed in the *Declaration of Craig E. Johnson of Prime Clerk LLC Regarding Solicitation of Votes and Tabulation of Ballots Cast on the Debtors’ Joint Prepackaged Chapter 11 Plan* filed contemporaneously herewith, the holders of Existing Notes Claims entitled

to vote unanimously approved the Plan, with 100% in amount and 100% in number of holders of Existing Notes Claims that cast ballots voting in favor of the Plan.

48. The Debtors believe that the restructuring provided for under the RSA and the Plan represents the best prospect to refinance the Existing Notes and allow the Debtors to successfully operate their businesses going forward. Accordingly, the Debtors have filed these prepackaged Chapter 11 Cases to effectuate the proposed restructuring on an expedited basis and to allow the Debtors to emerge with a sustainable capital structure and as a competitive business. In light of these circumstances, confirmation of the Plan is in the best interests of the Debtors' estates and stakeholders.

**D. Summary of the Proposed Plan<sup>7</sup>**

49. The RSA and the Plan contemplate a prompt emergence from bankruptcy with the following key terms:

a. Existing Notes Claims. As of the Plan Effective Date, the Existing Notes Claims shall be Allowed in (i) an aggregate principal amount of \$392,605,000 *plus* (ii) the aggregate amount of any accrued and unpaid interest on the respective series of notes through the Petition Date. Each Holder of an Allowed Existing Notes Claim shall, subject to Section 6.4 of the Plan, be entitled to receive, for (i) each \$1,000 in principal amount and (ii) the discharge in full of all accrued and unpaid interest prior to the Petition Date in respect of such Holder's Allowed Existing Notes Claim: New Notes in the aggregate principal amount equal to (a) \$1,000 *plus* (b) an amount (the "Additional Initial Principal Amount") equal to the sum of (x) four percent (4%) of a \$1,000 principal amount

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<sup>7</sup> Capitalized terms used in this Section III.C of the First Day Declaration and not defined herein shall have the meanings ascribed to them in the Plan. To the extent this First Day Declaration is inconsistent with any provision of the Plan, the Plan shall govern.

(computed on the basis of daily compounding) multiplied by (y) a fraction equal to (A) the number of days that has elapsed from (and including) August 1, 2021 to (and including) the Plan Effective Date divided by (B) three hundred and sixty (360) days; provided that, if the Plan Effective Date shall occur on or after January 1, 2022, then (1) the amount calculated above for the period from August 1, 2021 to December 31, 2021 shall be paid in the form of Additional Initial Principal Amount to each Holder of an Allowed Existing Notes Claim on the Plan Effective Date and (2) the amount calculated above for the period from January 1, 2022 through the Plan Effective Date shall be paid in Cash on the Plan Effective Date. The New Notes shall be secured and shall be governed by an indenture containing the Specified Indenture Terms (as set forth in greater detail in the RSA). *See* Section III.B *supra*.

b. Other Recoveries Under the Plan. Holders of Allowed Administrative Claims, Allowed Professional Claims, Allowed Priority Tax Claims, Allowed Secured Claims, Allowed Other Priority Claims, Allowed General Unsecured Claims will be paid in full in Cash, or receive other treatment, as provided under the Plan, that renders such Allowed Claim Unimpaired. Holders of Allowed Intercompany Claims shall have their claims Reinstated. Executory contracts and unexpired leases will be assumed by the Reorganized Debtors unless listed on the Rejection Schedule, if any, or rejected pursuant to an order of the Bankruptcy Court.

c. Interests. Holders of Allowed Interests shall have their Interests Reinstated.

#### **IV. FIRST DAY PLEADINGS**

50. To minimize the adverse effects on their businesses of seeking protection under chapter 11, and to ensure continued ordinary course operations post-petition, the Debtors

have requested various types of customary relief in the following First Day Motions, all of which are being filed concurrently with this declaration. For the reasons discussed below, I believe that the relief requested in each of the First Day Motions is necessary and appropriate and is in the best interest of the Debtors' estates, creditors and other parties-in-interest.

**A. Procedural Motions**

*Debtors' Motion for Entry of an Order Directing Joint Administration of Their Chapter 11 Cases (the "Joint Administration Motion")*

51. As described above, the Debtors include Posadas and one of its direct subsidiaries. Accordingly, the Debtors have sought entry of an order directing the joint administration of the Chapter 11 Cases.

52. Joint administration will eliminate the need for duplicative notices, applications, motions, hearings and orders, which will permit the Debtors to avoid the time and expense that would otherwise be necessary to administer individual cases separately. Because this Joint Administration Motion requests only administrative, and not substantive, consolidation of the Debtors' cases, creditors' rights will not be adversely affected. In fact, all creditors will benefit from the reduced burdens and expenses that will result from the joint administration of these cases. Finally, joint administration will simplify supervision of the administrative aspects of these Chapter 11 Cases by this Court and the Office of the United States Trustee for the Southern District of New York (the "U.S. Trustee").

*Debtors' Motion for Entry of an Order Extending The Time, and, Upon the Effective Date of the Plan, Waiving the Requirement to File Schedules, Statements of Financial Affairs and Financial Reports for Non-Debtor Subsidiaries (the "Schedules Extension/Waiver Motion")*

53. By the Schedules Extension/Waiver Motion, the Debtors seek entry of an Order (a) extending the time within which the Debtors must file their schedules and statements required by Bankruptcy Rule 1007(a)(3) through and including sixty (60) days after the date

required under Bankruptcy Rule 1007(c) (the “Deadline”) and (b) waiving the requirement that the Debtors file their schedules and statements required by Bankruptcy Rule 1007(a)(3) (the “Schedules and Statements”) upon the effective date of the Plan if the effective date occurs on or before the Deadline.

54. I believe that “cause” exists to extend the Debtors’ time to file their Schedules and Statements. The Debtors operate a large, complex business and there is a significant amount of information that must be collected, reviewed and analyzed to prepare the Schedules and Statements and ensure their accuracy. There also are two separate Debtor entities and the Debtors must prepare and review the detailed information for each of them.

55. After the commencement of these Chapter 11 Cases, the Debtors will spend a significant amount of time and resources making administrative and business decisions related to employees, customers and vendors that are essential to stabilizing their operations and affairs in the wake of their bankruptcy petitions to assure the continued vitality of the Debtors’ business operations. The Debtors have made progress in identifying and assembling the data necessary for the Schedules and Statements; however, I am concerned that the Debtors will not be able to complete this undertaking prior to the original deadline, particularly given the complexity of their operations and the pressing needs of the Debtors’ reorganization during this critical time.

56. At present, the Debtors estimate that an extension of an additional sixty (60) days to file their Schedules and Statements should provide sufficient time to compile and analyze information and prepare the Schedules and Statements, without prejudice to the Debtors’ right to seek further extensions if necessary, and allow the Debtors to be in a position to file their Schedules and Statements at approximately the same time that the Debtors expect to emerge from bankruptcy. By the Schedules Extension/Waiver Motion, the Debtors seek entry of an order extending the time

within which the Debtors must file their Schedules and Statements and waiving the requirement to file their Schedules and Statements upon the effective date of the Plan if the effective date occurs on or before the Deadline.

*Debtors' Motion for an Order (I) Waiving the Requirement That Each Debtor File a List of Creditors and Equity Security Holders and Authorizing Preparation of a Consolidated List of Creditors in Lieu of Submitting a Formatted Mailing Matrix and (II) Authorizing the Debtors to File a Consolidated List of the Debtors' Thirty (30) Largest Unsecured Creditors (the "Consolidated Creditors List Motion")*

57. By the Consolidated Creditors List Motion, the Debtors seek entry of an order (i) waiving the requirement that each of the Debtors file a list of creditors and equity security holders and authorizing the Debtors to file a consolidated list of creditors in lieu of submitting a formatted matrix and (ii) authorizing the Debtors to file a single, consolidated list of the Debtors' thirty (30) largest unsecured creditors.

58. The Debtors presently maintain various computerized lists of the names and addresses of their respective creditors. I believe that such information will be utilized more efficiently if it is taken as maintained in the various computer files and then consolidated. In addition, filing the lists in the format or formats currently maintained in their ordinary course of business will be sufficient to permit the claims and noticing agent to notice promptly all applicable parties.

59. Furthermore, I believe that filing a consolidated list of the thirty (30) largest unsecured creditors will be both efficient for the Debtors and sufficient to reflect the body of unsecured creditors that have the greatest stake in these cases. Indeed, the consolidated top thirty list captures creditors with outstanding amounts as low as approximately \$111,000.

60. Finally, I believe that allowing the Debtors or their claims and noticing agent to complete the mailings to creditors and equity holders in lieu of effecting service through

the Office of the Clerk of this Court will save both the Debtors and this Court's staff and personnel significant time, cost and expense.

*Debtors' Motion for Entry of (I) an Order (A) Scheduling a Combined Hearing to Consider the Adequacy of the Disclosure Statement and Confirmation of the Plan, (B) Establishing Deadlines and Procedures to File Objections to the Disclosure Statement and Plan, (C) Approving the Solicitation Procedures, (D) Approving the Form and Manner of Notice of the Combined Hearing, (E) Establishing Procedures for any Proposed Assumption and Cure of Executory Contracts and Unexpired Leases Pursuant to the Plan, (F) Directing That a Meeting of Creditors Not Be Convened and (G) Granting Related Relief; and (II) An Order (A) Approving the Adequacy of the Disclosure Statement and (B) Confirming the Plan (the "Scheduling and Solicitation Procedures Motion")*

61. By the Scheduling and Solicitation Procedures Motion, the Debtors seek an order (a) scheduling a combined hearing (the "Confirmation Hearing") to consider the adequacy of the *Disclosure Statement for the Joint Prepackaged Plan of Reorganization of Grupo Posadas S.A.B. de C.V. and Its Debtor Affiliate Pursuant to Chapter 11 of the Bankruptcy Code* (the "Disclosure Statement") and confirmation of the Plan, (b) establishing a deadline for objections to the adequacy of the Disclosure Statement and confirmation of the Plan (the "Objection Deadline") and approving related procedures, (c) approving the solicitation procedures (the "Solicitation Procedures") used in connection with the Debtors' solicitation of the Plan described below and further discussed in the Disclosure Statement, (d) approving the form and manner of notice of the Confirmation Hearing and the commencement of the Chapter 11 Cases (the "Notice Procedures"), (e) directing that the U.S. Trustee not convene a meeting of creditors (the "Creditors' Meeting") under section 341 of the Bankruptcy Code if the Plan Effective Date occurs within seventy-five (75) days after the Petition Date and (f) granting the Debtors such other and further relief as the Court deems just and proper; and (II) entry of an order (the "Confirmation Order") (a) approving the adequacy of the Disclosure Statement and (b) confirming the Plan.

**B. Professional Related Motions**

*Debtors' Application for an Order Authorizing Employment and Retention of Cleary Gottlieb Steen & Hamilton LLP, as Counsel for the Debtors and Debtors-in-Possession, Nunc Pro Tunc to the Petition Date (the "Cleary Gottlieb Retention Application")*

62. The Debtors have determined that it is necessary to engage counsel with knowledge and experience in the areas of bankruptcy, reorganization, tax, corporate governance and other matters. Such counsel will enable the Debtors to carry out their duties in these Chapter 11 Cases and to assist in the reorganization of their estates. The Debtors, therefore, seek to retain and employ Cleary Gottlieb Steen & Hamilton LLP ("Cleary Gottlieb") as their restructuring attorneys in all phases of these Chapter 11 Cases.

63. I understand that Cleary Gottlieb is a law firm, which employs approximately 1,100 attorneys and maintains offices for the practice of law at One Liberty Plaza, New York, New York, as well as offices in Washington, D.C.; Paris, France; Brussels, Belgium; London, United Kingdom; Moscow, Russia; Frankfurt, Germany; Cologne, Germany; Rome, Italy; Milan, Italy; Hong Kong; Beijing, China; Buenos Aires, Argentina; São Paulo, Brazil; Abu Dhabi, United Arab Emirates; and Seoul, South Korea. I also have been informed that Richard J. Cooper and Jane VanLare of Cleary Gottlieb, the lead partners who will be engaged in these Chapter 11 Cases, are members in good standing of, among others, the Bar of the State of New York and the United States District Court for the Southern District of New York.

64. Over the course of its representation of the Debtors, Cleary Gottlieb has become familiar with the Debtors' business and affairs, including the transactions contemplated by the RSA and the Plan, as well as the legal issues that may arise in these proceedings. Cleary Gottlieb's present representation of the Debtors regarding the restructuring contemplated in these Chapter 11 Cases began on or around May 1, 2021. I have been informed that Cleary Gottlieb

does not hold or represent any interest adverse to the Debtors or their estates, and that Cleary Gottlieb is a “disinterested person” as that phrase is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code.

65. The Debtors believe, and I agree, that Cleary Gottlieb is both well-qualified and uniquely able to represent the Debtors in the Chapter 11 Cases in an efficient and timely manner. Accordingly, I respectfully submit that the Cleary Gottlieb Retention Application should be approved.

*Debtors’ Application for an Order Authorizing the Employment and Retention of DD3 Capital Partners, S.A. de C.V., as Investment Banker to the Debtors and Debtors-in-Possession, Effective Nunc Pro Tunc to the Petition Date (the “DD3 Retention Application”)*

66. By the DD3 Retention Application, the Debtors seek to (a) retain DD3 Capital Partners, S.A. de C.V. (“DD3”) as their investment bankers *nunc pro tunc* to the Petition Date; (b) modify the time-keeping requirements under Rule 2016(a) of the Bankruptcy Rules and Rule 2016-1(a) of the Local Bankruptcy Rules in connection with DD3’s proposed engagement by the Debtors; and (c) grant further relief as the Court deems just and proper.

67. DD3 has worked closely with the Debtors to analyze the Debtors’ operations and financial positions and has been assisting the Debtors in preparing for these Chapter 11 Cases since July 20, 2020. As such, DD3 has become familiar with the Debtors’ financial affairs, business operations, assets, contractual arrangements, capital structure, key stakeholders and other related material information. I understand that DD3 has experience in providing high-quality investment banking services in complex restructurings and reorganizations. Accordingly, DD3 has the necessary background to deal effectively and efficiently with many financial issues and problems that may arise in the context of the Debtors’ Chapter 11 Cases.

68. In addition, the Debtors request that certain timekeeping requirements be tailored to the nature of DD3's engagement and its compensation structure. DD3 has requested payment of its fees on a fixed-rate and contingency basis, and the payment of fees described in the DD3 Retention Application is customary in the investment banking industry. Additionally, it is not the general practice of investment banking firms, including DD3, to keep detailed time records similar to those customarily kept by attorneys. As such, DD3 requests that its personnel working on these Chapter 11 Cases be required to keep reasonably detailed time records in one-half (.5) hour increments and submit, with any joint interim or final fee application, together with the time records, a narrative summary, by project category, of services rendered that identifies each professional rendering services, the category of services rendered and the amount of compensation requested. DD3 will also maintain detailed records of any actual and necessary costs and expenses incurred in connection with the aforementioned services. Accordingly, I respectfully submit that the DD3 Retention Application should be approved.

*Debtors' Application for an Order Authorizing Employment and Retention of Ritch, Mueller Nicolau, S.C., as Special Mexican Counsel for the Debtors and Debtors-in-Possession, Effective Nunc Pro Tunc to the Petition Date (the "Ritch Mueller Retention Application")*

69. The Debtors have determined it is necessary to engage special Mexican counsel pursuant to Bankruptcy Code Section 327(e) with knowledge and experience in Mexican law. Given that the Debtors' principle headquarters and the majority of their operations are in Mexico, such special counsel allows the Debtors to carry out their duties in the Chapter 11 Cases and to assist in the reorganization of their estates by providing necessary advice as to the legal implications of the restructuring in Mexico. The Debtors, therefore, seek to retain and employ Ritch, Mueller y Nicolau, S.C. ("Ritch Mueller") as special Mexican counsel in all phases of the Chapter 11 Cases.

70. I understand that Ritch Mueller is a law firm, which employs more than 108 attorneys, maintains an office for the practice of law at Pedregal 24-Piso 10, Lomas-Verreyes, Molino del Rey, Miguel Hidalgo, 11040, Ciudad de México and represents and counsels clients in diverse industries on matters of insolvency, mergers and acquisitions, securities regulation, banking and finance, tax, corporate, antitrust, labor and litigation.

71. Over the course of its representations of the Debtors, Ritch Mueller has become intimately familiar with the Debtors' business and affairs, including the transactions contemplated by the RSA and the Plan, as well as the legal issues that may arise in these proceedings. Ritch Mueller's present representation of the Debtors regarding the restructuring contemplated in these Chapter 11 Cases began in April 2020. I have been informed that Ritch Mueller does not hold or represent any interest adverse to the Debtors or their estates.

72. The Debtors believe, and I agree, that Ritch Mueller is both well-qualified and uniquely able to serve the Debtors as special Mexican counsel in these Chapter 11 Cases in an efficient and timely manner. Accordingly, I respectfully submit that the Ritch Mueller Retention Application be approved.

*Debtors' Application for an Order Authorizing Employment and Retention of Creel, Garcia-Cuéllar, Alza Y Enriquez, S.C., as Special Mexican Restructuring Counsel for the Debtors and Debtors-in-Possession, Effective Nunc Pro Tunc to the Petition Date (the "Creel Retention Application")*

73. The Debtors have determined it is necessary to engage special Mexican restructuring counsel pursuant to Bankruptcy Code Section 327(e) with knowledge and experience in Mexican law. Given that the Debtors' principle headquarters and the majority of their operations are in Mexico, such special restructuring counsel allows the Debtors to carry out their duties in the Chapter 11 Cases and to assist in the reorganization of their estates by providing necessary advice as to the legal implications of the restructuring in Mexico. The

Debtors, therefore, seek to retain and employ Creel, Garcia-Cuéllar, Alza Y Enríquez, S.C. (“Creel”) as special Mexican restructuring counsel in all phases of the Chapter 11 Cases.

74. I understand that Creel is a law firm, which employs more than 100 attorneys, maintains an office for the practice of law at Torre Virreyes Pedregal No. 24, Piso 24, Col. Molino del Rey, 11040, Ciudad de México and represents and counsels clients in diverse industries on matters of insolvency, mergers and acquisitions, securities regulation, banking and finance, tax, corporate, antitrust, labor and litigation.

75. Over the course of its representations of the Debtors, Creel has become intimately familiar with the Debtors’ business and affairs, including the transactions contemplated by the RSA and the Plan, as well as the legal issues that may arise in these proceedings. Creel’s present representation of the Debtors regarding the restructuring contemplated in these Chapter 11 Cases began in January 2021. I have been informed that Creel does not hold or represent any interest adverse to the Debtors or their estates.

76. The Debtors believe, and I agree, that Creel is both well-qualified and uniquely able to serve the Debtors as special Mexican restructuring counsel in these Chapter 11 Cases in an efficient and timely manner. Accordingly, I respectfully submit that the Creel Retention Application be approved.

*Debtors’ Motion for Authority to Employ Professionals Used in the Ordinary Course of Business Nunc Pro Tunc to the Petition Date (the “Ordinary Course Professionals Motion”)*

77. The Debtors seek entry of an order authorizing them to retain certain professionals used in the ordinary course of the Debtors’ businesses (each an “Ordinary Course Professional” and collectively, the “Ordinary Course Professionals”), on a postpetition basis, without formal retention applications. Such order would authorize the Debtors to compensate and

reimburse such professionals without individual fee applications, and allow the Ordinary Course Professionals to continue providing services to the Debtors as they did prior to the Petition Date.

78. The Debtors desire to continue to employ the Ordinary Course Professionals to render a variety of professional services to their estates in the same manner and for the same purposes as the Ordinary Course Professionals did prior to the Petition Date. In the past, these professionals have rendered a range of services related to legal and other matters, and have advised the Debtors in the day-to-day operations of their businesses. It is essential that the employment of these Ordinary Course Professionals, many of whom are already familiar with the Debtors' business and financial affairs, be continued so as to avoid disruption of the Debtors' normal business operations.

79. The proposed employment of the Ordinary Course Professionals and the payment of monthly compensation on the basis set forth below are in the best interest of the Debtors' estates. The relief requested will save the estates the substantial expenses that would be associated with applying separately for the employment of each Ordinary Course Professional. Further, the relief requested will avoid the incurrence of additional fees relating to the preparation and prosecution of interim fee applications.

80. In light of the additional costs associated with the preparation of employment applications for professionals who will receive relatively small amounts of fees in comparison to the size of these Chapter 11 Cases, it is impractical and economically inefficient for the Debtors to submit individual applications and proposed retention orders for each Ordinary Course Professional as required by the Bankruptcy Code and the Bankruptcy Rules. Accordingly, the Debtors request that the court dispense with the requirement of individual employment applications and retention orders with respect to each Ordinary Course Professional.

81. Accordingly, the Debtors believe, and I agree, that implementation of the procedures for retention and payment of Ordinary Course Professionals is in the best interest of the Debtors and their estates.

*Debtors' Application for Appointment of Prime Clerk LLC as Claims and Noticing Agent (the "Prime Clerk Claims and Noticing Agent Application")*

82. I have been informed that the numerous creditors and other parties in interest involved in these Chapter 11 Cases may impose heavy administrative and other burdens on the Court and the Clerk's Office. Therefore, the Debtors seek to appoint Prime Clerk LLC ("Prime Clerk") as their notice, claims and balloting agent. Among other things, Prime Clerk will (i) prepare and serve required notices in these Chapter 11 Cases; (ii) maintain copies of all proofs of claims filed in these Chapter 11 Cases; and (iii) act as a balloting agent. The Debtors selected Prime Clerk because it is one of the nation's leading bankruptcy administrators and has extensive experience performing these tasks before this Court in cases of this size. I believe that Prime Clerk is well-qualified to perform the services contemplated in its retention application.

*Debtors' Application for an Order Authorizing Employment and Retention of Prime Clerk LLC as Administrative Advisor Nunc Pro Tunc to the Petition Date (the "Prime Clerk Administrative Advisor Retention Application")*

83. The Debtors seek entry of an order approving the Debtors' retention of Prime Clerk as Administrative Advisor for the Debtors in these Chapter 11 Cases pursuant to the Engagement Agreement dated September 1, 2021, effective *nunc pro tunc* to the Petition Date. The Debtors anticipate that the administration of the Chapter 11 Cases will require Prime Clerk to perform duties outside the scope of the duties of the Claims and Noticing Agent contemplated by 28 U.S.C. § 156(c), including balloting services, tabulation services, management of distributions pursuant to a confirmed plan of reorganization and other services set forth in the Engagement Agreement. The Debtors selected Prime Clerk because of its competence in administering chapter

11 cases and soliciting, balloting and facilitating other administrative aspects of chapter 11 cases. Accordingly, I believe that the retention of Prime Clerk under the terms described herein is in the best interests of the Debtors' and their estates.

**C. Motions Related to the Debtors' Operations in Chapter 11**

*Debtors' Motion for an Order Authorizing Debtors to Operate Their Businesses in the Ordinary Course and Ordering Implementation of the Automatic Stay (the "Automatic Stay Motion")*

84. By the Automatic Stay Motion, the Debtors seek a clarifying order from this Court enforcing the automatic stay existent pursuant to section 362 of the Bankruptcy Code and the *ipso facto* and anti-discrimination provisions of the Bankruptcy Code (the "Automatic Stay") and confirming the Debtors' authority to continue to operate their businesses post-petition, pursuant to sections 363, 1107 and 1108 of the Bankruptcy Code.

85. This order is necessary to inform affected parties of the existence of the Automatic Stay, especially as to the protections that it provides to the Debtors, particularly with respect to foreign creditors who may be unfamiliar with the impact of the Automatic Stay. It is also necessary to inform affected parties of the Debtors' right to continue business operations under the Bankruptcy Code as well as the authority of Non-Debtor Affiliates to continue business operations outside of the jurisdiction of this Court.

86. The very nature of the Debtors' operations means that the Debtors and their valuable property are subject to dealings with foreign counterparties on a daily basis. To continue to serve their customers, it is critical that vendors, customers and other counterparties understand the nature of the Debtors' reorganization proceedings, their scope and the protections that are afforded to the Debtors under the Bankruptcy Code. If the Debtors' operations are disrupted, or foreign creditors fail to understand the Debtors' authority to continue their operations, the Debtors' business operations will experience significant negative impacts. In turn, customers will be

dissatisfied with the Debtors' performance, decreasing the Debtors' revenues and the prospects of a successful reorganization.

87. This danger is especially acute because many of the Debtors' creditors and counterparties may be unfamiliar with the United States legal system and, particularly, the protections that the Automatic Stay provides the Debtors by virtue of filing voluntary petitions. If a foreign creditor takes action against one of the Debtors' assets in violation of the Automatic Stay, or refuses to perform its existing contractual obligations, the negative impact on the Debtors will be significant and the risk of damage to their overall business enormous.

88. Accordingly, the Debtors request that this Court enter an order that will, in simple terms and without the need for extensive explanation, apprise all parties in interest of the rights and obligations of section 362 of the Bankruptcy Code and, particularly, the Debtors' rights under the Automatic Stay. Without such relief, the Debtors will be exposed to the possibility of significant hardship in the form of (i) unintentional violations of the Automatic Stay that could hamper their ability to successfully reorganize or (ii) at minimum, numerous and burdensome discussions to educate foreign creditors on the relevant Bankruptcy Code provisions under which the petitions themselves constitute an order for relief.

89. I am also concerned that the Debtors' foreign creditors and counterparties may be unaware that the Bankruptcy Code allows the Debtors to continue operating their business operations under current management in the ordinary course after the commencement of these Chapter 11 Cases. Many of the Debtors' foreign creditors and counterparties are only familiar with liquidation proceedings in Latin America and elsewhere, which would require that the Debtors wind down their business operations after the commencement of proceedings under the control of a receiver or administrator.

90. Accordingly, the Debtors request an order memorializing the relevant provisions of the Bankruptcy Code to, *inter alia*, inform the Debtors' foreign creditors and counterparties that the Debtors now qualify as debtors-in-possession and are allowed to operate their business in the ordinary course, including, but not limited to, negotiating and entering into ordinary course business transactions, performing obligations, incurring liabilities and paying amounts in respect of such transactions on and after the Petition Date as they become due and payable.

*Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to Continue to Operate the Existing Cash Management System, Including Existing Bank Accounts, Honor Certain Prepetition Obligations Related Thereto, and Maintain Existing Business Forms; (II) Permitting Continued Intercompany Transactions and Granting Certain Administrative Claims; (III) Waiving the Requirements of Section 345 of the Bankruptcy Code; and (IV) Granting Related Relief (the "Cash Management Motion")*

91. In the ordinary course of their business, the Debtors utilize an integrated, centralized cash management system (the "Cash Management System"), which includes all activities necessary and pertinent to the collection, disbursing and investing of the Debtors' cash assets. The Cash Management System allows the Debtors to efficiently identify the Debtors' cash requirements and transfer cash as needed to respond to these requirements in a cost-effective, efficient manner. The Cash Management System involves approximately 150 bank accounts at several different banks (the "Bank Accounts") in Mexico and in the United States. All of these banks are established institutions, and the complexity of the Debtors' Cash Management System is similar to that of other multinational enterprises. Through their Cash Management System, the Debtors are able to centrally facilitate, monitor and control the collection and disbursement of funds, enable efficient cash forecasting and reporting on a daily basis, ensure cash availability and liquidity, invest excess cash, and reduce administrative expenses by facilitating the movement of funds and enhancing the development of accurate account balances. Any disruption of the Cash

Management System would be extremely detrimental to the Debtors' operations, as their business requires prompt access to cash to operate.

92. So as to minimize disruption to the Cash Management System, which would be costly to the Debtors' operations and divert precious time and resources from the Debtors' focus on its restructuring efforts, the Debtors have sought entry of an order authorizing the Debtors to continue the use of the Cash Management System. Absent such an order, the Debtors' ability to pay taxes to government entities, pay vendors and employees and successfully administer the Chapter 11 Cases will be severely compromised. The resulting delays from establishing a new system of accounts and cash management would create delays and unnecessary pressure on the Debtors and their employees while they work to stabilize their businesses and meet the obligations imposed by chapter 11 of the Bankruptcy Code, among other expected significant and detrimental effects.

93. Relatedly, the Debtors also seek through the Cash Management Motion the entry of an order authorizing the Debtors to continue certain intercompany transactions, grant administrative priority status to post-petition intercompany claims, authorize an extension of time to comply with the investment and deposit restrictions imposed by section 345 of the Bankruptcy Code, authorize the Debtors to continue using prepetition bank accounts, payment methods and existing Business Forms (as defined in the Cash Management Motion) and schedule a final hearing. These requested reliefs are intended and necessary to ensure that the Debtors can best serve the interests of not only the Debtors but also all parties in interest during the Chapter 11 Cases.

*Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Certain Employee Wages and Other Compensation and Related Obligations and (B) Maintain and Continue Employee Benefits and Programs in the Ordinary Course, and (II) Authorizing and Directing Applicable Banks to*

*Honor All Checks and Transfers Related to Such Obligations (the “Employee Wage Motion”)*

94. Pursuant to the Employee Wages Motion, the Debtors request the entry of an order pursuant to sections 105(a), 363, 507 and 541 of the Bankruptcy Code authorizing, but not directing, the Debtors to pay and honor certain prepetition employment-related claims, including (i) wages, salaries and other variable compensation, (ii) foreign income tax and social security taxes and other amounts withheld (including, union fees, employees’ individual loan obligations, and home insurance contributions), (iii) reimbursable expenses, (iv) health benefits, retirement and pension benefits, and insurance benefits, (v) savings plans, (vi) select time, time-off, and other leave, and (vii) all other benefits that the Debtors have historically provided to Employees in the ordinary course of business (collectively, and together with attendant costs and expenses, the “Wages and Benefits”). In addition, the Debtors intend to continue to exercise their rights to modify or discontinue any of the Wages and Benefits, or to implement new Wages and Benefits in the ordinary course of business, during the Chapter 11 Cases without the need for further Court approval.

95. The Debtors’ workforce consists of approximately 7768 employees as of September 30, 2021 (the “Employees”),<sup>8</sup> including executives, officers, managers, professionals, hotel staff, sales staff, technicians, administrative support staff, and other personnel working in business administration, hotel management, sales and marketing, maintenance, finance, accounting, human resources and other key functions. All of the Employees are based in Mexico. To supplement their workforce, the Debtors also utilize the services of approximately seven (7) independent contractors (the “Independent Contractors”) based in Mexico, who perform a variety of services for numerous departments.

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<sup>8</sup> Additional staff are employed by the Debtors’ affiliates that have not sought relief under chapter 11.

96. The Employees and Independent Contractors perform a variety of critical functions for the Debtors' business as the Employees' skills, their specialized knowledge of the Debtors' business model, industry and operations, as well as their relationships with vendors, customers and other third parties, are essential to the value of the Debtors' assets and businesses. Without the support and dedication of the Employees to ensure the continued operation of their businesses, the Debtors would be unable to effectively reorganize.

97. I believe the Employees and Independent Contractors provide the Debtors with services necessary to conduct the Debtors' business, and absent the payment of the compensation and benefits owed to the Employees and Independent Contractors, the Debtors may experience workforce turnover and instability at this critical time in these Chapter 11 Cases. Without these payments, the Debtors' workforce may become demoralized and unproductive because of the potential significant financial strain and other hardships the Employees and Independent Contractors may face. Such individuals may then elect to seek alternative employment opportunities.

98. Additionally, a significant portion of the value of the Debtors' business is tied to their workforce, which cannot be replaced without significant efforts—which efforts may not be successful given the overhang of these Chapter 11 Cases. Enterprise value may be materially impaired to the detriment of all stakeholders in such a scenario. Payment of the prepetition obligations with respect to the Employee Compensation and Benefits is a necessary and critical element of the Debtors' efforts to preserve value and will give the Debtors the greatest likelihood of retention of their workforce as the Debtors seek to operate their business in these Chapter 11 Cases. Accordingly, the relief requested in the Employee Wages Motion should be approved by the Bankruptcy Court.

*Debtors' Motion for Entry of Interim and Final Orders Authorizing the Debtors to Continue Prepetition Business Operations, Policies and Practices and Pay Related Claims in the Ordinary Course of Business on a Postpetition Basis (the "General Unsecured Claims Motion")*

99. Pursuant to the General Unsecured Claims Motion, the Debtors seek entry of an order pursuant to Sections 105(a), 363(b) and 503(b)(9) of the Bankruptcy Code (i) authorizing the Debtors to (a) continue prepetition business operations, policies and programs and (b) pay allowed prepetition claims of general unsecured creditors (the "Operating Creditors") in the ordinary course of business on a post-petition basis and (ii) granting the Debtors such other and further relief as the Court deems just and proper.

100. Operating Creditors provide the Debtors with goods and services in the ordinary course of business including, among other things, maintenance, transportation and other basic business necessities for the operation of the Debtors' business. Likewise, the Debtors incur obligations for room nights booked on a monthly basis to third party hotel owners pursuant to certain contractual arrangements. Correspondingly, the Debtors incur numerous fixed, liquidated, and undisputed payment obligations to Operating Creditors in the ordinary course of business.

101. The Debtors have filed these Chapter 11 Cases seeking to exit bankruptcy as quickly as possible, thereby mitigating any reputational or other risk to their business that may be associated with bankruptcy. Any instability in the Debtors' business would exacerbate, rather than mitigate, such risk, and would therefore be highly detrimental to the goals of the prepackaged restructuring. The relief sought in this Motion is vital to providing certainty to the Debtors' stakeholders, particularly the general unsecured creditors under the Plan that are to receive payment in full, that the restructuring will succeed expeditiously and business will continue as usual. Indeed, payment of the claims in the ordinary course is critical to avoiding instability in the Debtors' business.

102. Additionally, many of the Debtors' Operating Creditors are located in foreign jurisdictions, primarily in Mexico. These Operating Creditors may not be willing to do business with a "Chapter 11 Debtor" absent payment of prepetition claims. Additionally, despite the extraterritorial effect of the automatic stay, it is possible (if not likely) that certain Operating Creditors could seek to withhold goods or services, or otherwise interfere with the Debtors' businesses. Such actions would have an immediate negative impact on the Debtors' ability to operate, and would threaten critical long-term relationships with their vendors, threatening the Debtors' continued successful business operations into the future.

103. No parties in interest will be prejudiced by the relief requested in this motion because all claims are unimpaired and will be paid in full in the ordinary course and pursuant to the Plan, subject to provisions of the Bankruptcy Code with respect to allowance of such claims. The relief sought in this motion seeks only to alter the timing—not the amount—of payments. Delaying or payments to the Operating Creditors could greatly harm the Debtors' business, resulting in injury to the Debtors' estates and all their stakeholders. Material disruption to the Debtors' business that may result from nonpayment of the claims could jeopardize the prepackaged restructuring of the Debtors' business. It is prudent that the Debtors take any and all reasonable steps necessary to avoid imperiling their restructuring, including advancing funds, subject to the creditors performing their obligations in accordance with the Customary Terms.

*Debtors' Motion for Entry of an Interim and Final Orders Authorizing the Payment of Certain Taxes and Fees* (the "Taxes and Fees Motion")

104. The Debtors request authority to pay any taxes, fees or charges, as well as related penalties, interest or similar charges (collectively, the "Taxes and Fees"), that accrued and were due and owing prior to the Petition Date or become due and owing during the pendency of these Chapter 11 Cases.

105. The Debtors incur, collect and pay various Taxes and Fees that they remit to various federal, state, municipal and local, as well as foreign, taxing, licensing, regulatory and other governmental authorities in the ordinary course of business and in accordance with all applicable laws and regulations. The Taxes and Fees include, without limitation, (i) occupancy taxes collected by the Debtors from hotel guests, (ii) certain withholding taxes collected by the Debtors from their employees for social security, payroll and other purposes, (iii) value-added taxes that the Debtors collect when they make sales, (iv) certain property taxes, (v) income taxes, (vi) transfer taxes associated with changing the ownership of certain real property and (vii) other fees that the Debtors owe to Mexican government entities in connection with operating hotel and resort properties. Although the Debtors are generally up to date with their tax obligations, the Debtors anticipate that certain prepetition Taxes and Fees have been accrued, withheld or incurred prior to the Petition Date and have not yet been paid or remitted to the relevant Authorities. The timely payment of Taxes and Fees is vital and necessary to the Debtors' operations.

106. As described above, the Debtors have proposed a Plan that does not impair the Taxes and Fees. I understand that no parties-in-interest will be prejudiced by the relief requested herein because all Taxes and Fees are unimpaired and will be paid in full in the ordinary course and pursuant to the proposed Plan, subject to provisions of the Bankruptcy Code with respect to allowance of such claims. The relief sought in the motion seeks only to alter the timing—not the amount—of payments. Delaying payments of Taxes and Fees could harm the Debtors' business, which could result in injury to the Debtors' estates and all their stakeholders.

*Debtors' Motion for Entry of Interim and Final Orders Authorizing the Debtors to (I) Continue Prepetition Insurance Policies and Surety Bond Coverage in the Ordinary Course of Business and (II) Pay All Obligations in Respect Thereof (the "Insurance Motion")*

107. The Debtors request authority pursuant to sections 105(a) and 363(b) of the Bankruptcy Code to (i) continue performing their obligations under their insurance policies, including the authority to pay any amounts potentially owed in connection with any premiums and/or deductibles whether such obligations relate to the prepetition or post-petition period and (ii) enter into any new policies as needed without further Court approval.

108. In connection with their business operations, the Debtors maintain numerous insurance policies (each as may be supplemented, amended, extended, renewed and/or replaced, an “Insurance Policy” and, collectively, the “Insurance Policies”) from third-party insurance carriers providing coverage for claims relating to, without limitation, general liability, property, equipment, fire, directors and officers, health, automobile liability and terrorism. The Insurance Policies vary in amounts and types of coverage in accordance with prudent business practices, state and local laws governing the jurisdictions in which the Debtors operate and various contractual obligations.

109. The total annual premiums owed by the Debtors under the insurance policies (the “Insurance Premiums”) are approximately \$1.5 million. The Debtors pay Insurance Premiums over the course of the year, in monthly, quarterly or annual installments as required under the applicable Insurance Policy. There are approximately 4 installment premium payments due within thirty (30) days of the Petition Date, in the total approximate amount of \$375,000.

110. Pursuant to certain of the Insurance Policies, the Debtors are required to pay various deductibles (the “Deductibles”) depending upon the type of claim and insurance policy involved. Under the Insurance Policies, if a claim from a third-party is less than the deductible amount, the Debtors pay the claim directly to the claimant. If a claim from a third-party exceeds the Debtors’ Deductible, the relevant Insurance Company solicits payment of the deductible from

the Debtors and then, after receiving the Deductible payment, the Insurance Company pays the claim directly.

111. The Debtors maintain a surety bond program for third parties that require the Debtors to provide financial assurance of payment, including as required under Mexican law in connection with certain pending lawsuits (each, a “Surety Bond” and, collectively, the “Surety Bonds”). The Debtors’ third-party surety bond providers are Chubb Seguros México, S.A. and Aseguradora Aserta, S.A. de C.V., Grupo Financiero Aserta (together, the “Surety Bond Providers”). The total annual premiums under the Surety Bonds are approximately \$32,000 and the Debtors estimate that approximately \$5,600 of annual premiums under the Surety Bonds will come due within thirty (30) days of the Petition Date.

112. Additionally, two (2) of the Surety Bonds, with policy numbers 2136759 and 2126214, require the Debtors to post collateral to secure the obligation of the applicable Surety Bond Provider (the “Collateral Requirements”). As of the Petition Date, the Debtors had approximately \$1,800,000 in outstanding Collateral Requirements in the form of cash deposits. Although the Debtors do not expect the Collateral Requirements to be modified during the pendency of the Chapter 11 Cases, out of an abundance of caution, the Debtors seek authority to comply with any necessary modifications to the Collateral Requirements and to continue paying fees associated therewith in the ordinary course of business.

113. The Debtors also employ Interprotección Agente de Seguros, S.A. de C.V., MASA Agente de Seguros, S.A. de C.V., Sáas Consultores Agente de Seguros y de Fianzas S.A. de C.V. and Willis Agente de Seguros y de Fianzas, S.A. de C.V. as their insurance brokers (the “Brokers”) to assist them with the procurement and negotiation of their Insurance Policies. In exchange for their services, the Brokers receive certain fees from the Debtors (the

“Brokers’ Fees”, and collectively with the Insurance Premiums and the Deductibles, the “Insurance Policy Obligations”). On an annual basis, the Debtors directly pay the Brokers approximately \$417,000.

114. Ensuring continuation of the Insurance Programs and entry into new insurance policies in the ordinary course of business is crucial to preserving the value of the Debtors’ estates. Indeed, in certain circumstances, failure to maintain adequate insurance coverage may necessitate serious disruption of the Debtors’ operations. Moreover, in many cases, coverage provided by the Insurance Programs is required by regulations, laws and contracts governing the Debtors’ commercial activities.

*Debtors’ Motion for Entry of Interim and Final Orders Authorizing the Debtors to Continue Their Supplier Financing Program in the Ordinary Course and Pay Related Prepetition Claims on a Post-Petition Basis (the “Supplier Financing Motion”)*

115. The Debtors seek to maintain, continue and renew, in their sole discretion, their Supplier Financing Program (as defined below) on an uninterrupted basis and in accordance with the same practices and procedures as were in effect before the Petition Date. This authority would include permitting the Debtors (a) to pay all pre-petition and post-petition amounts arising under the Supply Chain Financing Program (the “Obligations”) and (b) to continue such Supplier Financing Program on a post-petition basis in the ordinary course of business. If the requested relief is not granted and the Supplier Financing Program are interrupted, lapse or terminate, the Debtors’ operations would be immediately and irreparably harmed, thereby endangering the Debtors’ successful reorganization and substantially harming all creditors.

116. In the ordinary course of their businesses, the Debtors have an arrangement with Nacional Financiera, S.N.C. (“NAFINSA”), a national development bank owned by the Mexican government, in the form of a financing platform that facilitates supplier credit lines (the

“Supplier Financing Program”) to help manage the Debtors’ payment or performance of certain obligations with respect to the purchase of supplies, inventory and services for the Debtors’ businesses. The Debtors generally purchase their inventory and pay for services on 90 day payment terms. The supplier can then factor their receivables generated from the sale of goods and services to the Debtors (the “Receivables”) through the Banca Mifel Credit Line (as described below) or NAFINSA directly under the Supplier Financing Program..

117. In order to be able to give the financial assurances the Debtors will be required to provide in order to continue their business operations during the reorganization process, the Debtors must maintain the existing Supplier Financing Program and may need additional capacity not currently provided by the Supplier Financing Program.

118. Accordingly, to operate their businesses, which require the Supplier Financing Program, the Debtors will have to either renew or replace their existing lines of credit and enter into new lines of credit. The nature of the Debtors’ business and the extent of their operations make it essential for the Debtors to maintain their Supplier Financing Program on an ongoing and uninterrupted basis. The success of the Debtors’ business as a hotel operator depends on the trust and confidence of a vast network of third parties, who themselves rely on the Debtors’ services to operate their own businesses.

119. The nonpayment of any Obligations arising under the Supplier Financing Program could result in the applicable financial institution terminating or declining to renew their respective credit arrangements or refusing to enter into new agreements with the Debtors in the future, which could, among other things, limit the Debtors’ ability to purchase supplies that are necessary for their operations and severely disrupt the Debtors’ ability to continue core operations to the detriment of all parties in interest.

*Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Honor Prepetition Obligations to Customers and Otherwise Continue Customer Practices and (II) Granting Related Relief (the "Customer Programs Motion")*

120. The Debtors request authority pursuant to sections 105(a), 363, 1107(a) and 1108 of the Bankruptcy Code (a) to honor certain prepetition obligations to customers (collectively, the "Customer Obligations") and to otherwise continue marketing and sales practices to maintain their current customer and attract new customers (the "Customer Programs") in the ordinary course of business and (b) to continue, renew, replace, modify and/or terminate any of the Customer Programs in the ordinary course of business without the need for further court order.

121. The Customer Programs are an essential component of the Debtors' competitive pricing structure and incentivize the Debtors' customers to continue returning to the Debtors' hotels and resorts by ensuring customer satisfaction, resulting in repeat business and stable income. The Debtors believe that continuing the Customer Programs and honoring the obligations outstanding thereunder is necessary to retain their customer base and ensure a smooth transition into chapter 11, as the Debtors' goodwill and ongoing business relationships may erode if their customers perceive that the Debtors are unable or unwilling to fulfill the prepetition promises they have made through the Customer Programs. The same would be true if customers perceived that the Debtors will no longer be offering the types of services or quality of services they have come to expect and upon which they likely relied when purchasing the Debtors' services.

122. The Debtors believe that the benefit of continued client loyalty and satisfaction during the pendency of these Chapter 11 Cases resulting from the Debtors obtaining Court approval to maintain the Customer Programs and honor the Customer Obligations will far exceed any associated cost. The Customer Programs have generated valuable goodwill and repeat business that have contributed to the Debtors' overall revenue. Moreover, if the Debtors fail to

honor the Customer Obligations, the Debtors risk antagonizing their client base at a critical time for the Debtors, which could jeopardize the prepackaged restructuring of the Debtors' business.

*Debtors' Motion for Entry of an Order Authorizing the Debtors' (I) Assumption of Restructuring Support Agreement, (II) Payment of Related Fees and Expenses and (III) Granting Related Relief (the "RSA Assumption Motion")*

123. The Debtors seek authority pursuant to sections 105(a) and 365(a) of the Bankruptcy Code to assume the RSA and pay and reimburse the Restructuring Expenses in accordance with the terms of the RSA.

124. Several months before the Petition Date, and after having considered various alternatives, the Debtors engaged in extensive negotiations with the Ad Hoc Group to garner support for a restructuring transaction that would refinance the Existing Notes. On August 17, 2021 (the "RSA Effective Date"), following months of good faith and arm's-length negotiations, the Debtors and the Ad Hoc Group entered into the RSA. The RSA provides for the implementation of the Debtors' proposed restructuring through an expedited chapter 11 process and commits the Debtors and the Consenting Noteholders to support the Plan under the terms and conditions of the RSA.

125. The Debtors have determined, in the exercise of their sound business judgment, assumption of the RSA is in the best interests of the Debtors, their estates and their creditors. The RSA is the result of extensive, arm's-length negotiations between the Debtors and the Ad Hoc Group and is critical to the success of the Restructuring contemplated by the Plan. The agreement will (i) permit the Debtors to improve their financial position and (ii) enable the Debtors to maximize their enterprise value on a going-forward basis. Additionally, the consensual Restructuring facilitated by the RSA affords the Debtors the opportunity to restructure their capital structure and provide a meaningful recovery to all of the Debtors' stakeholders, including payment

in full to the Debtors' trade creditors, in a manner that does not contravene the Debtors' fiduciary duties.

126. The Debtors also believe that expeditious confirmation of the Plan, as contemplated by the RSA, and emergence from the Chapter 11 Cases with the support of the Consenting Noteholders is essential to preserve the value of the estates and avoid unnecessary administrative expenses that would result from a prolonged restructuring process. Without the support of the Consenting Noteholders, the Debtors would be facing a more complicated, protracted and expensive restructuring process, which would harm the Debtors' businesses and reduce recoveries to stakeholders. The Consenting Noteholders' support for the Restructuring contemplated under the Plan, as exemplified by their execution of the RSA and agreement to its terms prior to the Petition Date, provided the Debtors a basis to commence the Chapter 11 Cases in order to consummate the Plan. By commencing this consensual chapter 11 proceeding and restructuring, the Debtors are able to seamlessly continue the operation of their businesses during the Chapter 11 Cases and ensure that the value of the Debtors' estates is preserved during an expedited chapter 11 process.

127. The ongoing commitments of the Ad Hoc Group under the RSA have been, and will be, of direct benefit to the Debtors, their estates and the future success of these Chapter 11 Cases. The Ad Hoc Group has been integrally involved in the negotiation and formulation of the proposed Plan and its key terms and, absent their support, it would be difficult (if not impossible) for the Debtors to successfully reorganize in such a timely and efficient manner. These reimbursement provisions in the RSA were bargained for at arm's length between the Debtors, the Ad Hoc Group and their respective professional advisors, are an integral part of the transactions embodied in the RSA and are designed to compensate the Ad Hoc Group for the

substantial time, effort and costs it incurred in working with the Debtors to negotiate and document the various agreements and arrangements set forth in the Plan, along with the financial risk they are undertaking to aid the Debtors in their restructuring efforts.

**V. INFORMATION REQUIRED BY LOCAL RULE 1007-2**

128. Local Rule 1007-2 requires certain additional information related to the Debtors, which is set forth below and in the schedules attached hereto.

129. Pursuant to Local Rule 1007-2(a)(3), **Schedule 2** provides that, to the best of the Debtors' knowledge, there were, prior to the Petition Date, no committees formed to participate in the Debtors' ongoing restructuring efforts.

130. Pursuant to Local Rule 1007-2(a)(4), **Schedule 3** lists, for each of the holders of the thirty (30) largest unsecured claims on a consolidated basis, the name, the address, the telephone number, e-mail address, the name(s) of person(s) familiar with the Debtors' account, the amount of the claim and an indication of whether the claim is contingent, unliquidated, disputed or partially secured.

131. Pursuant to Local Rule 1007-2(a)(5), **Schedule 4** lists, for each of the holders of the five largest secured claims on a consolidated basis, the name, the address, the telephone number, e-mail address, the name(s) of person(s) familiar with the Debtors' account, the amount of the claim, a brief description and an estimate of the value of the collateral securing the claim and whether the claim or lien is disputed.

132. Pursuant to Local Rule 1007-2(a)(6), **Schedule 5** provides a summary of the consolidated assets and liabilities for the Debtors and their Non-Debtor Affiliates.

133. Pursuant to Local Rule 1007-2(a)(5), **Schedule 6** provides the following information: the number and classes of shares of stock, debentures and other securities of the Debtors that are publicly held and the number of record holders thereof; and the number and classes

of shares of stock, debentures and other securities of the Debtors that are held by the Debtors' directors and officers, and the amounts so held.

134. Pursuant to Local Rule 1007-2(a)(8), **Schedule 7** lists all of the Debtors' property in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents or secured creditor, or agent for any such entity, giving the name, address and telephone number of each such entity and the court in which any proceeding relating thereto is pending.

135. Pursuant to Local Rule 1007-2(a)(9), **Schedule 8** lists all of the premises owned, leased or held under other arrangement from which the Debtors' operate their business.

136. Pursuant to Local Rule 1007-2(a)(10), **Schedule 9** provides the location of the Debtors' substantial assets, the location of its books and records and the nature, location and value of any assets held by the Debtors outside the territorial limits of the United States.

137. Pursuant to Local Rule 1007-2(a)(11), **Schedule 10** provides the nature and present status of each action or proceeding, pending or threatened, against the Debtors or their property where a judgment against the Debtors or a seizure of their property may be imminent.

138. Pursuant to Local Rule 1007-2(a)(12), **Schedule 11** provides the names of the individuals who comprise the Debtors' existing senior management, their tenure with the Debtors and a brief summary of their relevant responsibilities and experience.

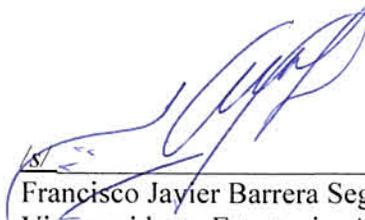
139. Pursuant to Local Rule 1007-2(b)(1)-(2)(A), **Schedule 12** provides (i) the estimated amount of the weekly payroll to employees (exclusive of officers, directors, stockholders and partners) for the thirty (30) day period following the filing of the Chapter 11 Cases; (ii) the amount paid and proposed to be paid for services for the thirty (30) day period following the filing

of the Chapter 11 Cases (A) to officers, stockholders and directors; and (B) to the Debtors' financial or business consultants.

140. Pursuant to Local Rule 1007-2(b)(3), **Schedule 13** provides, for the thirty (30) day period following the filing of the Chapter 11 Cases, estimated cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain unpaid, other than professional fees, and any other information relevant to an understanding of the foregoing.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of  
the United States of America that the foregoing is true and correct.

Dated: October 26, 2021  
Mexico City, Mexico



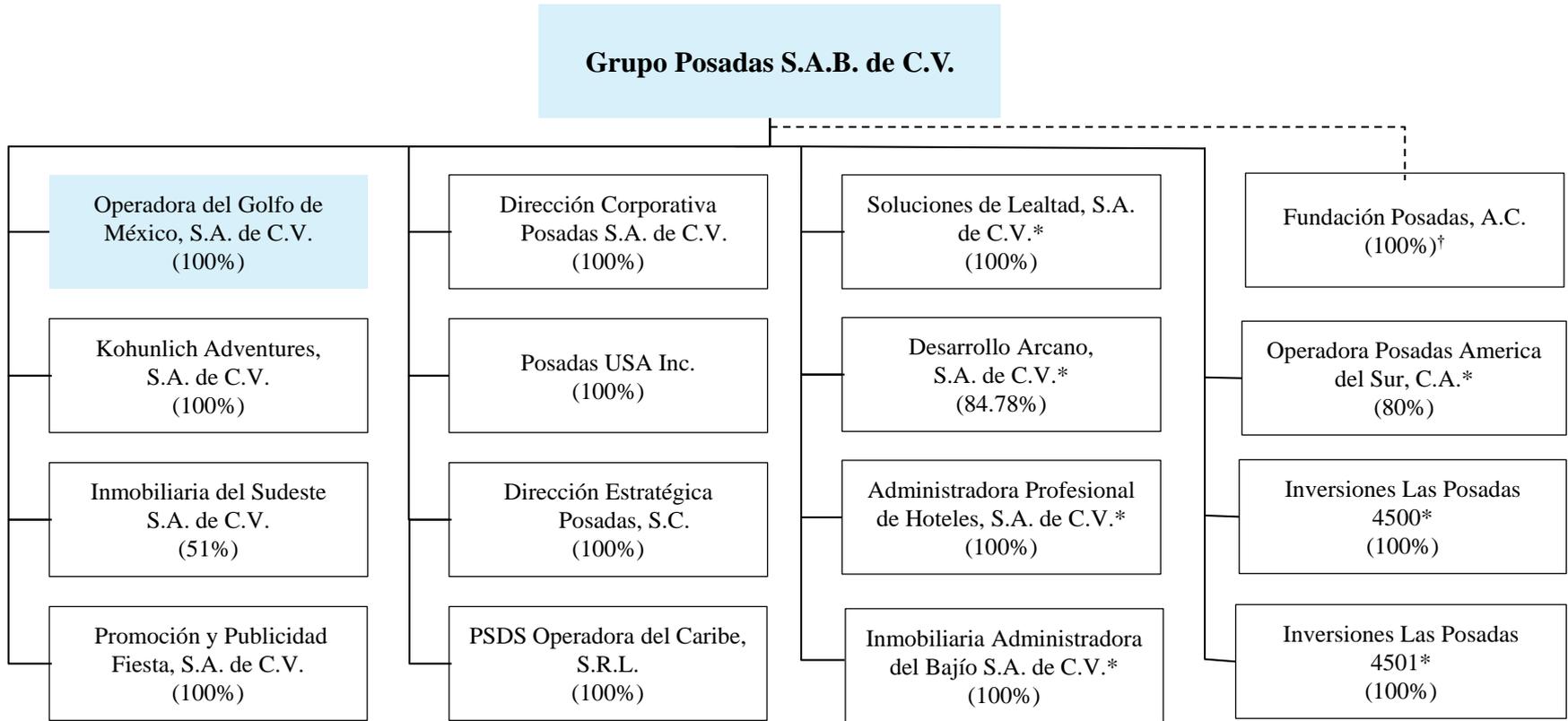
Francisco Javier Barrera Segura  
Vicepresidente Estrategia, Alianzas y Capital  
Humano  
Grupo Posadas S.A.B. de C.V.

**SCHEDULES**

**Schedule 1**

**Organizational Chart**

# Posadas Organizational Chart



Debtor
  Non Debtors

\* Non-Operative Entities

† Does not consolidate with in Grupo Posadas, S.A.B. de C.V. because it is an *Asociación Civil* authorized to receive tax-deductible donations

Source: Posadas

**Schedule 2**

**Committees Organized Prepetition**

Pursuant to Local Bankruptcy Rule 1007-2(a)(3), to the best of the Debtors' knowledge, the following committees have been formed prior to the Petition Date.

<b>Committee Members</b>	<b>Counsel for Committee</b>
Ad hoc group of holders of the Existing Notes	Shearman & Sterling LLP

**Schedule 3**

**Thirty Largest Unsecured Creditors**

Fill in this information to identify the case:

Debtor name: Grupo Posadas S.A.B. de C.V.  
United States Bankruptcy Court for the Southern District of New York  
Case number (If known): \_\_\_\_\_

Check if this is an amended filing

Official Form 204

Chapter 11 or Chapter 9 Cases: Consolidated List of Creditors Who Have the 30 Largest Unsecured Claims and Are Not Insiders

12/15

A list of creditors holding the 30 largest unsecured claims must be filed in a Chapter 11 or Chapter 9 case. Include claims which the debtor disputes. Do not include claims by any person or entity who is an insider, as defined in 11 U.S.C. § 101(31). Also, do not include claims by secured creditors (whether secured by assets of the Debtors or otherwise), unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 30 largest unsecured claims.

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim	Indicate if claim is contingent, unliquidated, disputed	Amount of unsecured claim		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
1	7.875% Senior Notes due 2022 Danny Lee, Vice President Citibank, N.A.   Agency & Trust 388 Greenwich Street, New York, NY 10013	Danny Lee, Vice President Citibank, N.A.   Agency & Trust 388 Greenwich Street, New York, NY 10013 (P) 212.816.4936   (F) 347.632.8640 danny1.lee@citi.com	Unsecured Debt	Restructured Support Agreement			\$392,605,000.00
2	Servicio de Administración Tributaria (Internal Revenue Services) Bahía de Santa Bárbara No. 23. Col Verónica Anzures Alcaldía Miguel Hidalgo, C.P. 11300 CDMX		Unsecured Debt (Tax Credits) March 2022 installment				\$17,715,671.64
3	Servicio de Administración Tributaria (Internal Revenue Services) Bahía de Santa Bárbara No. 23. Col Verónica Anzures Alcaldía Miguel Hidalgo, C.P. 11301 CDMX		Unsecured Debt (Tax Credits) March 2023 installment				\$17,715,671.64
4	SIGMA FOODSERVICE COMERCIAL S DE RL DE CV Acueducto 610 Industrial El Lechugal Santa Catarina Santa Catarina Nuevo Leon, Cp 66378 Mexico		Unsecured				\$1,185,532.24
5	PROMOTORA TORCAZ SA DE CV Monte Elbruz 124-201 Polanco Miguel Hidalgo Mexico Distrito Federal, Cp 11560 Mexico		Unsecured				\$1,023,012.74
6	ACCENTURE SC Blvd Manuel A Camacho 138 Piso 7 Lomas De Chapultepec Miguel Hidalgo Mexico Distrito Federal, Cp 11000 Mexico		Unsecured				\$678,661.88
7	TRAVELCLICK INC 300 N Martingale Suite 500 Schaumburg IL 60173 US		Unsecured				\$598,479.77
8	BOOKING COM BV Bp Amsterdam 1000 Amsterdam Amsterdam, NY CP 1639 Amsterdam		Unsecured				\$507,010.80
9	ORACLE DE MEXICO SA DE CV Montes Urales 470 P B Lomas De Chapultepec Miguel Hidalgo Mexico Distrito Federal, Cp 11000 Mexico		Unsecured				\$381,661.50
10	TELEFONOS DE MEXICO SAB DE CV Parque Via 198 Sta Maria La Ribera Cuauhtemoc Mexico Distrito Federal, Cp 6500 Mexico		Unsecured				\$371,149.10
11	GRUPO POSADAS SAB DE CV-FACCG Blvd Kokulkan Km 16.5 Lote 44 Zona Hotelera Sur Cancun Quintana Roo, Cp Mexico		Unsecured				\$367,539.79

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim	Indicate if claim is contingent, unliquidated, disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
12	ACCENTURE SC Blvd Manuel A Camacho 138 Piso 7 Lomas De Chapultepec, Miguel Hidalgo Mexico, Distrito Federal, Cp 11000		Unsecured				\$246,870.13
13	NEKOTEC TECNOLOGIA SA DE CV Av De La Palma 8 6 Piso San Fernando La Herradura Miguel Hidalgo Mexico Distrito Federal, Cp 52787 Mexico		Unsecured				\$244,375.74
14	GALAZ YAMAZAKI RUIZ URQUIZA SC Paseo De La Reforma 489 Piso 6 Cuauhtemoc Cuauhtemoc Mexico Distrito Federal, Cp 6500 Mexico		Unsecured				\$235,488.63
15	TCA SOFTWARE SOLUTIONS SA DE CV Canada 415 Vista Hermosa Monterrey Monterrey Nuevo Leon, Cp 64620 Mexico		Unsecured				\$233,580.01
16	FIVEPALS INC 866 6th Avenue, 9th Floor New York NY 10001 US		Unsecured				\$231,813.22
17	SABRE GBLB INC Sabre Drive 3150 Md 8510 Southlake TX 76092 US		Unsecured				\$217,490.96
18	EL MAHARAJA DE LA RIVIERA SA DE CV Av Juarez Lote 9 Y 10 Ejido Solidaridad Playa Del Carmen Quintana Roo, Cp 77712 Mexico		Unsecured				\$214,715.61
19	AXA SEGUROS SA DE CV Periferico Sur 3325 Piso 11 San Jeronimo Aculco La Magdalena Contreras Mexico Distrito Federal, Cp 10400 Mexico		Unsecured				\$162,958.63
20	HERNANDEZ SOLIS ADRIANA Jaca 6 Int 502 Santa Cruz Atoyac Benito Juarez Mexico Distrito Federal, Cp 3310 Mexico		Unsecured				\$161,468.64
21	GRUPO POSADAS SAB DE CV-AQCUG Blvd Kukulkan Km 13 Lote 258 B Zona Hotelera Cancun Quintana Roo, Cp 77500 Mexico		Unsecured				\$157,972.94
22	PLAYA MARINA FIESTA AMERICANA PUNTA VARADERO-CFAVA Punta Hicacos Final S/N Matanzas Varadero Matanzas, Cp 42200 Mexico		Unsecured				\$156,947.24
23	FRUTAS Y VERDURAS ZIRACUA SA DE CV Boulevard Flor De Pitahaya Mzn 21 Lt 8 Sn Brisas Del Pacifico Los Cabos Baja California Sur, Cp 23473 Mexico		Unsecured				\$142,219.35
24	GRUPO POSADAS SAB DE CV-FACAG Av Costera Miguel Aleman 97 Club Deportivo Acapulco Guerrero, Cp 39690 Mexico		Unsecured				\$141,597.98
25	GRUPO POSADAS SAB DE CV-FALCG Carr Transpeninsular Km 10.3 Cabo Del Sol, Cabo San Lucas, Baja California Sur, Cp 23410		Unsecured				\$138,091.21

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim	Indicate if claim is contingent, unliquidated, disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
26	JIANLU SA DE CV Av Eje 6 Nave 1 Local A23 Ejidos Del Moral, Iztapalapa Mexico, Distrito Federal, Cp 9040		Unsecured				\$136,496.83
27	PLM PREMIER SAPI DE CV Av. Paseo De La Reforma 445 Piso 9 Cuauhtemoc Cuauhtemoc Mexico Distrito Federal, Cp 6500 Mexico		Unsecured				\$134,998.02
28	DATAVISION DIGITAL SA DE CV Avenida Patriotismo 48 Piso 6 Escandon Miguel Hidalgo Ciudad De Mexico Distrito Federal, Cp 11800 Mexico		Unsecured				\$113,193.91
29	ECODELI COMERCIAL SA DE CV Av Restauradores Ote 1001 Int 2 Fracc Los Arcos Leon Leon Guanajuato, Cp 37490 Mexico		Unsecured				\$111,562.11
30	IBS SOFTWARE AMERICAS INC Circle 75 Parkway 900, Suite 550 Atlanta GA 30339 US		Unsecured				\$110,691.31

**Schedule 4**

**Five Largest Secured Claims**

Consistent with Local Rule 1007-2(a)(5), the following is a list of creditors holding the five largest secured claims against the Debtors, on a consolidated basis, excluding claims of insiders as defined in 11 U.S.C. § 101(31).

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. Any amounts listed herein are estimated, on a preliminary basis, and subject to verification. The Debtors reserve any and all rights to assert that any debt or claim included herein is a disputed claim or debt, and to challenge the priority, nature, amount or status of any such claim or debt. The descriptions of the collateral securing the underlying obligations are intended only as brief summaries. In the event of any inconsistencies between the summaries set forth below and the respective corporate and legal documents relating to such obligations, the descriptions in the corporate and legal documents shall control.

	<b>Name of Creditor and Complete Mailing Address</b>	<b>Claim Amount</b>	<b>Collateral Description</b>	<b>Estimated Value of Collateral</b>
1.	<b>Servicio de Administración Tributaria</b> Bahía de Santa Bárbara No. 23. Col Verónica Anzures, Alcaldía Miguel Hidalgo, C.P. 11300 CDMX, Mexico	\$11,212,121.21	Real estate	\$8,800,000
2.	<b>Banca Mifel, S.A., Institución de Banca Múltiple, Grupo Financiero Mifel</b> Presidente Masaryk 214, Piso 2, Colonia Polanco Chapultepec, C.P. 11560 CDMX, Mexico	\$4,900,000	Cash deposits	\$4,900,000
3.	<b>Aseguradora Aserta, S.A. de C.V., Grupo Financiero Aserta</b> Bahía de Santa Bárbara No. 23. Col Verónica Anzures, Alcaldía Miguel Hidalgo, C.P. 11300 CDMX, Mexico	\$1,748,000	Cash deposit	\$1,748,000
4.	<b>Restel, S.A.</b> Calle Xaudaro 24, C.P. 28034 Madrid, Spain	\$50,000	Cash deposit	\$60,000
5.	<b>Chubb Fianzas Monterrey Aseguradora de Caución, S.A.</b> Av. Paseo de la Reforma No. 250 Torre Niza, Piso 7, Colonia Juárez, Cuauhtémoc, C.P. 06600 CDMX, Mexico	\$43,000	Cash deposit	\$43,000

**Schedule 5**

**Summary of Assets and Liabilities of the Debtor as of September 30, 2021**

Pursuant to Local Bankruptcy Rule 1007-2(a)(6), the following are estimates of the Debtors' total assets and liabilities on a consolidated basis. The following financial data is the latest available information and reflects the Debtors' financial condition, as consolidated among affiliated Debtors as of the Petition Date.

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim included herein is a disputed claim or debt, and to challenge the priority, nature, amount or status of any such claim or debt.

On a consolidated basis, the total value of the Debtors' assets is approximately \$945,785,000 and the total amount of the Debtors' liabilities is approximately \$920,880,000, in each case as consolidated among affiliated Debtors and non-Debtors.

**Schedule 6**

**Publicly Held Securities**

Pursuant to Local Rule 1007-2(a)(7), the following describes the Debtors' publicly held classes of shares of stock, debentures and other securities.

***Common Stock of Grupo Posadas***

Posadas has a single class of common stock consisting of 512,737,588 fully subscribed and paid shares. As of the Petition Date, 495,881,988 shares of common stock were outstanding. Shares of Posadas common stock are listed on the Mexican Stock Exchange.

***Existing Notes issued by Grupo Posadas***

On June 30, 2015, Posadas issued the Existing Notes under Rule 144A of the Securities Act of 1933 of the United States of America and outside that country under Regulation S of the Securities Act, at a fixed rate of 7.875% per annum, for an aggregate principal amount of \$350,000,000 and with maturity in June 2022. On May 16, 2016, Posadas completed an additional issuance of Existing Notes in the aggregate principal amount of \$50,000,000. As of the Petition Date, there were outstanding Existing Notes in the aggregate principal amount of \$392,605,000. The Existing Notes are listed on the Official List of the Luxembourg Stock Exchange.

**Schedule 7**

**Debtors' Property Not in the Debtors' Possession**

Pursuant to Local Bankruptcy Rule 1007-2(a)(8), the following lists the Debtors' property, as of the Petition Date, that is in the possession or custody of any custodian, public officer, mortgagee, pledge, assignee of rents, secured creditor or agent for any such entity.

Certain property of the Debtors is likely to be in the possession of various other persons, including maintenance providers, shippers, common carriers, materialmen, custodians, public officers, mortgagees, pledges, assignees of rents, joint venturers, secured creditors or agents. Through these arrangements, the Debtors' ownership interest is not affected. In light of the movement of this property, providing a comprehensive list of the persons or entities in possession of the property, their addresses and telephone numbers, and the location of any court proceeding affecting such property would be impractical.

**Schedule 8**

**Premises from Which Debtors Operate Their Business**

Pursuant to Local Bankruptcy Rule 1007-2(a)(9), the following lists the location of real property owned or leased from which the Debtors operate their businesses as of the Petition Date.

<b>Property Address</b>	<b>State</b>	<b>Country</b>	<b>Owned or Leased</b>
Blvd.Kukulcán km 16.5 Zona Hotelera, C.P. 77500	Quintana Roo	Mexico	Leased
Mariano Escobedo 756 Col. Anzures, C.P. 11590	Ciudad de Mexico	Mexico	Leased
Av. Aurelio Aceves No. 225 Glorieta Minerva, C.P. 44110	Jalisco	Mexico	Owned
Carretera Transpeninsular, km 10.3 Col. Cabo del Sol, C.P. 23410	Baja California Sur	Mexico	Owned
Av. Paseo de la Reforma 80 Col. Juarez, C.P. 06600	Ciudad de Mexico	Mexico	Owned
Boulevard Manuel Avila Camacho 5, Fracc. Lomas de Sotelo, C.P. 53390	Ciudad de Mexico	Mexico	Leased
Carretera a Chankanaab km 7.5 Zona Hotelera Sur, C.P. 77600	Quintana Roo	Mexico	Owned
Carretera Chetumal Escarcega Km. 5.6, C.P. 77981	Quintana Roo	Mexico	Owned
Blvd. Kukulcan Km 8.5 Lote 3 Z.H., C.P. 77500	Quintana Roo	Mexico	Owned
Av. Costera Miguel Alemán 97 Fracc. Club Deportivo, C.P. 39690	Guerrero	Mexico	Owned
Blvd. Puerto Aéreo 502, Col. Moctezuma 2a. Secc, C.P. 15530	Ciudad de Mexico	Mexico	Leased
Av. Bonampak Lote 1, Manzana 1, Súper Manzana 6, C.P. 77500	Quintana Roo	Mexico	Leased
Av. Juárez 76 Col. Centro, C.P. 06010	Ciudad de Mexico	Mexico	Leased
Calle Alejandra Junta Auxiliar Santiago Momoxpan, Municipio de San Pedro Cholula, C.P. 72760	Puebla	Mexico	Leased
Carretera Guadalajara-Chapala 6502, Las Pintas, C.P. 45010	Jalisco	Mexico	Leased
Mercaderes No. 20 Col. San José Insurgentes, C.P. 03900	Ciudad de Mexico	Mexico	Leased
Av. Insurgentes Sur 553, Col. Escandón, C.P. 11800	Ciudad de Mexico	Mexico	Leased

Calzada Ignacio Zaragoza, Número 410, Corredor Industrial La Ciénega, C.P. 72220	Puebla	Mexico	Leased
39 Poniente No.3515, Col. Las Animas, C.P. 72400	Puebla	Mexico	Leased
Rampa Aeropuerto 16000, Col. La Pechuga, C.P. 22000	Baja California	Mexico	Leased
Carretera México Pachuca km. 85.5, Venta Prieta, C.P. 42080	Hidalgo	Mexico	Leased
Blvd. Kukulcan Km. 12.5, Zona Hotelera, C.P. 77500	Quintana Roo	Mexico	Leased
Carretera Transpeninsular Km. 10.3, Lote A-1, Cabos del Sol, C.P. 23400	Baja California Sur	Mexico	Owned
Prolongación Paseo de la Reforma 1015 Torre A pisos 8, 9 y 10 Colonia. Santa Fe Cuajimalpa, Alcaldía Cuajimalpa C.P. 05348, CDMX	Ciudad de México	Mexico	Leased
Las Cañadas 140 Cd. Tres Marías Morelia, Michoacán C.P. 58200	Morelia	Michoacán	Owned
José Rentería Luviano 790, Col. Nueva Chapultepec, C.P. 58280, Morelia, Michoacán	Morelia	Michoacán	Leased
Av. Costera Miguel Aleman 97, Colonia Club Deportivo, C.P. 39690 Acapulco, Guerrero	Guerrero	Mexico	Owned
Carretera Transpeninsular Km. 10.3 Cabo del Sol, Cabo San Lucas BCS Cp 23410	Baja California Sur	Mexico	Owned
Blvd. Kukulcan K. 8.5 Lote 3, Col. Zona Hotelera, C.P. 77500 Cancun, Quintana Roo	Quintana Roo	Mexico	Owned
Av. Paseo de la Reforma 80, Juárez, Cuauhtémoc, 06600 Ciudad de México, CDMX	Ciudad de México	Mexico	Owned
Blvd. Manuel Ávila Camacho S/N, Col. Fracc. Costa de Oro 1ra Sección, C.P. 94299 Boca del Río, Veracruz	Veracruz	Mexico	Leased
Avenida Francisco Medina Ascencio Km. 2.5 Colonia Zona Hotelera Norte, C.P 48333 Puerto Vallarta, Jalisco	Jalisco	Mexico	Leased

Calle 39 Poniente No. 3515, Col. Las Animas, C.P. 72400 Puebla, Puebla	Puebla	Mexico	Leased
Carr Costera A Chankanaab Km. 7.5 Zona Hotelera Sur Y Hotel Fiesta Americana Coz Z.H. Sur Cozumel, Quintana Roo	Quintana Roo	Mexico	Owned
Ruinas Kohunlich Km. 5.65 Gonzalez Ortega Pob, C.P. 77000 Chetumal, Quintana Roo	Quintana Roo	Mexico	Owned
Bldv. Kukulcan K. 16.5 S/N, Col. Zona Hotelera Cp.77500 Cancun, Quintana Roo	Quintana Roo	Mexico	Leased
Bldv. Kukulcan K. 12.5 Col. Zona Hotelera, C.P.77500 Cancun, Quintana Roo	Quintana Roo	Mexico	Leased
Bldv. Kukulcan K. 9.5 Punta Cancun, Col. Zona Hotelera Cp.77500 Cancun, Quintana Roo	Quintana Roo	Mexico	Leased
Aurelio Aceves 225 Colonia Vallarta Poniente Fiesta Americana Minerva, C.P. 44110 Guadalajara, Jalisco	Jalisco	Mexico	Owned
Avenida Lazaro Cardenas #2424, Zona Loma Larga Oriente, C.P. 66260 San Pedro Garza García, Nuevo Leon	Nuevo Leon	Mexico	Leased
Carretera Costera a Barra de Navidad Km. 4.5 Zona Hotelera Sur, C.P. 48390 Puerto Vallarta, Jalisco	Jalisco	Mexico	Leased
Av. 10 Esq. con Calle 26. Col, C.P. 77710 Playa del Carmen, Quintana Roo	Quintana Roo	Mexico	Leased
Calz. De La Presa No. 85, Zona Centro, C.P. 37700 San Miguel de Allende, Guanajuato	Guanajuato	Mexico	Leased
Carretera México - Acapulco Km. 88 S/N, Delicias, C.P. 62330 Cuernavaca, Morelos	Morelos	Mexico	Leased
Bldv. Bernardo Quintana 7001, Local 215 Fiesta Americana, C.P. 76090 Santiago de Querétaro, Querétaro	Querétaro	Mexico	Leased

7 8 Av Cupules y Colon Centro Colon X Reform F., C.P. 97000 Merida, Yucatan	Yucatan	Mexico	Leased
Av. Pino Suarez 702 Col. Centro CP 68000, Oaxaca, Oaxaca	Oaxaca	Mexico	Leased
Av Paseo del Palmar Mz 1, C.P. 40880 Zihuatanejo, Guerrero	Guerrero	Mexico	Leased
Calle Tabachines 2 y 3 Colonia Club Deportivo, C.P. 39690 Acapulco, Guerrero	Guerrero	Mexico	Leased

## **Schedule 9**

### **Location of the Debtors' Substantial Assets, Books, Records and Nature and Location of Debtors' Assets, Books, Records and Nature and Local of Debtors' Assets Outside the United States**

Pursuant to Local Bankruptcy Rule 1007-2(a)(10), the following provides the location of the Debtors' substantial assets, books and records, and the nature, location and value of any assets held by the Debtors outside the territorial limits of the United States as of the Petition Date.

#### **Location of Debtors' Substantial Assets**

A substantial portion of the Debtors' assets are located outside of the United States. Within the United States, the Debtors have assets valued at approximately \$350,000 located in New York.

#### **Books and Records**

The Debtors' corporate books and records are primarily located at Prolongación Paseo de la Reforma No. 1015 Torre A, Piso 9 Colonia Santa Fe, Alcaldía Cuajimalpa de Morelos, C.P. 05348, Mexico City, Mexico. The Debtors' accounting books and records are primarily located at José Rentería Luviano No. 790, Col. Nueva Chapultepec, C.P. 58280, Morelia Michoacan (Conectum), Las Canadas No. 140 Col. Tres Marias, C.P. 58254, Morelia, Michoacán.

#### **Debtors' Assets Outside the United States**

The Debtors have significant assets worldwide of more than \$950 million, chiefly in the form of real estate, investments in non-debtor subsidiaries and joint ventures, accounts receivables and intellectual property, including significant assets held in Mexico.

**Schedule 10<sup>1</sup>**

**Nature and Status of Actions or Proceedings Against the Debtors Where a Judgment or Seizure of Their Property May Be Imminent**

Pursuant to Local Rule 1007-2(a)(11), the Debtors have identified the following actions or proceedings, pending or threatened, in which a judgment against the Debtors or a seizure of their property is imminent. Any creditor that asserts a claim against any Debtor in respect of a pending action will be included in the Debtors' list of creditors.

- Case No. 18123/16-17-07-2/2135/17-PL-06-04 pending before the Superior Court of the Federal Court of Administrative Justice.
- Case No. 974/2018 pending before the *Juzgado Vigésimo Tercero Civil*.

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<sup>1</sup> The Debtors reserve the right to supplement this exhibit if additional property is identified.

**Schedule 11**

**Debtors' Senior Management<sup>1</sup>**

Pursuant to Local Bankruptcy Rule 1007-2(a)(12), the following provides the names of the individuals who constitute the Debtors' existing senior management, their tenure with the Debtors and a brief summary of their responsibilities and relevant experience as of the Petition Date.

<b>Name</b>	<b>Position</b>	<b>Responsibilities' and Experience</b>
Alejandro Recamier Flores	Products and Loyalty Programs Director	Mr. Flores holds an economics degree and a Master's degree in Business Administration from ITAM. He has more than 10 years of experience in the tourism sector. Since 2010, he has held management positions in the Posadas Vacation Properties division, actively participating in developing products such as Kivac and FAVC Access.
Adrián Correa Pérez	Midscale & Economy Director	Mr. Pérez holds a degree in administration from the Universidad del Nuevo Mundo and joined the Company in 2001 in the Commercial area, holding various positions in the area of Key Accounts, Sales Divisions in Urban Hotels and Resorts, Regional Sales Director for the Central-Zone, Sales Director for Fiesta Inn, Gamma and One Hotels and Sales Director for Urban Hotels and Resorts. Subsequently, in the Operations area, he held various positions such as Operations Director and General Director of the Fiesta Americana Reforma hotel, Western Region Operations Director and Operations Director of the Fiesta Inn, Gamma and One brands. In October 2020, he was appointed Director of Midscale and Economy Hotels.
José Jaime Lorenzo Doria	Revenue Management, Distribution & Technology Director	Mr. Doria holds a degree in chemical engineering from the Universidad Iberoamericana with a Master's degree in process optimization from Imperial College. In 2008, he joined Posadas as Director of Commercial Competitiveness and, subsequently, he has held various

<sup>1</sup> Certain members of the Company's senior management team are employed by one of the Debtors' affiliates, Dirección Corporativa Posadas S.A. de C.V., that has not sought relief under chapter 11.

		positions such as Director of Strategic Planning and Director of Distribution and CRM.
Mauricio Elizondo Martínez de la Vega	Development Director	Mr. de la Vega holds a degree in industrial engineering and a Master's degree in higher-level business management from the Universidad Iberoamericana. He joined Posadas in December 2003 after having worked for a few years in banking. Within the Company, he has held various management positions in areas such as revenue management, distribution and vacation properties, and he has more than 17 years of experience in the hospitality sector.
Patricio Servitje Azcárraga	Planning Director	Mr. Azcárraga holds a degree in industrial engineering from the Universidad Iberoamericana with a Master's degree in Business Administration from Stanford. He joined the Company in 2016 as Director of Strategic Planning and, since 2020, he also directs the Financial Planning area. Prior to Posadas, he was a consultant at Boston Consulting Group.

**Schedule 12**

**Estimated Payroll for the 30-Day Period Following the Petition Date<sup>1</sup>**

Pursuant to Local Bankruptcy Rules 1007-2(b)(1)-(2)(A) and (C), the following provides, **for the 30-day period following the Petition Date**, the estimated amount of weekly payroll to the Debtors' employees (exclusive of officers, directors and stockholders), the estimated amount paid and proposed to be paid to officers, stockholders and directors, and the estimated amount paid or proposed to be paid to financial and business consultants retained by Debtors.

Estimated amount of payroll for employees (exclusive of officers, directors and equity holders)	\$11 million
Estimated payments to officers, directors and equity Holders (Non-Employees)	\$40,000 <sup>2</sup>
Estimated payments to financial and business consultants	\$0

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<sup>1</sup> As noted above, these estimates reflect the Debtors' reasonable estimates based on the current status of the restrictions imposed by the COVID-19 pandemic. To the extent that the Debtors are able, consistent with applicable law and their commitments to customers and employees, to safely resume operations at an earlier date than is currently projected, these amounts could vary materially.

<sup>2</sup> Excludes estimated amounts to be paid to certain members of the Company's senior management team who are employed by one of the Debtors' affiliates, Dirección Corporativa Posadas S.A. de C.V., that has not sought relief under chapter 11.

**Schedule 13**

**Cash Receipts and Disbursements, Net Cash Gain or Loss, Unpaid Obligations and Receivables<sup>1</sup>**

Pursuant to Local Bankruptcy Rule 1007-2(b)(3), the following schedule provides an estimate of, for the 30-day period following the Petition Date, cash receipts and disbursements, net gain or loss and obligations and receivables expected to accrue but remain unpaid, other than professional fees:

Cash Receipts	\$39 million
Cash Disbursements	\$41 million
Net Cash (Gain or Loss)	\$2 million (Loss)
Unpaid Obligations	\$35 million
Uncollected Receivables	\$2.5 million

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<sup>1</sup> As noted above, these estimates reflect the Debtors' reasonable estimates based on the current status of the restrictions imposed by the COVID-19 pandemic. To the extent that the Debtors are able, consistent with applicable law and their commitments to customers and employees, to safely resume operations at an earlier date than is currently projected, these amounts could vary materially.