MELIÃ HOTELS INTERNATIONAL

YEAR END RESULTS 2014

GRAN MELIÁ HOTELS & RESORTS · ME BY MELIÁ · Paradisus RESORTS · MELIÃ HOTELS & RESORTS · INNSIDE BY MELIÃ · TRYP BY WYNDHAM · Sol hotels&resorts · CLUB MELIÃ

(Million Euros)	dic-14	dic-13	
REVENUES	1.464,3	1.368,7	7%
EBITDAR	354,0	346,4	2%
EBITDA	228,3	240,7	-5%
EBIT	132,4	174,9	-24%
TOTAL FINCIAL PROFIT (LOSS)	66,1	189,8	65%
EARNINGS BEFORE TAXES	57,1	-30,4	288%
RESULT FROM CONTINUING OPERATIONS	32,2	-39,5	182%
RESULTS FROM DISCONTINUING OPERATIONS	-0,3	-34,3	99%
NET PROFIT	31,9	-73,7	143%
NET PROFIT ATTRIBUTABLE	30,4	-73,2	142%
EBITDA ex capital gains	**213,5**	**189,8**	**12%**
Operational Ratios			
REVPAR *	67,1	59,6	13%
EBITDA MARGIN	15,6%	17,6%	-199 bp
EBITDA MARGIN (ex - capital gains)	14,7%	14,4%	32 bp

Underlying EBITDA improved by 12% despite the impact of the Venezuelan Bolivar applied. Total Gross Debt decreased by 301 million euros.

Business performance: improvement in all areas of hotel business

• The Company announces that the 2014 consolidated financial statements has used the exchange rate of the Venezuelan bolivar set at the previously denominated SICAD II, as being the most representative among the available exchange rates as of that date.

• EBITDA without capital gains from asset rotation activity improved by 12%. Without the impact of the SICAD II the EBITDA without capital gains improved by 19%.

• Improvement in all areas of hotel business

• Spanish city hotels recorded an increase in RevPAR of +10%, with 60% of that due to ARR growth.

• Among the key drivers behind these positive results are the consistently positive evolution of melia.com (+25%) in 2014, reaching sales for 265 million euros

Debt Management

• **Total Net Debt decreased by 198 million Euros** versus figures reported in December 2013, reaching 987 million Euros thanks to the better performance of the hotel business, the Sol Aloha disposal, the recovery of outstanding amounts with associates and the conversion of 170.5 million of Convertible Bonds

• Meliá has recently announced the binding agreement for the sale of seven of its largest resort hotels in Spain to Starwood Capital for €176 million, The final completion of the transaction is subject to the final approval of bank financing, and clearance to be obtained by the EU Merger Control Office. This agreement will allow the Company to achieve its debt reduction objectives.

• In 2015 the Company remains focused on deleveraging the balance sheet partially due to asset rotation and improvements in cash flow due to the positive evolution of the business, as well as the reduction of financial expenses

Development Strategy

• In 2014 the Company has signed 22 new hotels with more than 5,000 rooms, all of them under asset light model, of which 4 have already opened in 2014: Sol Taba, Sol Dahab, Trp Estepona Valle Romano and Meliá Jardines del Rey in Cuba

• During the year the Company opened 11 hotels with 4,948 rooms to its portfolio, 86% under management agreements and 14% under lease agreements.

• In 2015 the Company has already opened the Meliá Doha, Meliá Paris La Défense, TRYP Castellón and TRYP Belo Horizonte.

• The Company is confident of achieving the goal of 25-30 new contracts in 2015, all them under **low capital intensive formulas**, with emphasis on emerging markets.

Outlook 2015

• During the first quarter of 2015 excellent results are being reported in the American resorts, with **double digit growth** in RevPAR. In addition to the strong business performance, we must also note the effect of the appreciation in value of the US dollar on the consolidation of Meliá in Euros.

• The appreciation of the British pound and Swiss franc against the euro also provides some optimism for 2015. To date, bookings through tour operators and melia.com are 10% higher than last year.

• For the full year the Company expects high single digit RevPAR growth, driven mainly by prices increases.

(*) RevPAR at SICAD I

***Gabriel Escarrer**, Vice-President & CEO of Meliá Hotels International,*

We are pleased to release solid results for the fiscal year 2014, albeit affected by some negative impacts like the adjustment of the Venezuelan bolivar exchange rate. . Out of prudence, the Company has done a realistic approach and has opted to use the exchange rate set at the previously denominated SICAD II, considered the most accurate as of this date. .

Ignoring the application of the SICAD II exchange rate, underlying EBITDA grew by +19%, thanks to improvements of 12.5% in RevPAR, more than 70% of which is based on higher ARRs in all hotels divisions.

This positive performance is the result of the focus in recent years on the revenue culture strategy, the main drivers of which are: a) customer segmentation, with special emphasis on sales through direct channels, with melia.com increasing sales during the year by 25% to reach 265 million euros, b) improvement in the hotel portfolio, with new hotels providing higher RevPAR, c) the focus on brand attributes.

I am delighted to also report a binding agreement for the sale of 7 of our largest resort hotels in Spain to Starwood Capital for €176 million, retaining the management of the hotels. The deal marks the beginning of a fruitful relationship with the US investment group, forming part of a plan announced a few months ago to transform and reposition the Sol Hotels brand, just as has already been done in other brands such as ME by Meliá, Paradisus Resorts, or Innside by Meliá and other city hotels.

Net debt reached 987 million Euros in December 2014, and for 2015 the Company remains focused on deleveraging the balance sheet partially through the improvement of free cash flow generation and asset rotation.

Looking ahead, the Company remains committed to expansion through low capital-intensive formulas, as was the case in 2014 with the signature of 22 additional hotels all under the asset-light model. In 2015 the Company is confident of achieving the goal of 25-30 new contracts, all under low capital-intensive formulas, with emphasis on emerging markets.
The appreciation of the British pound, US dollar and Swiss franc against the euro provides some optimism a regarding the booking evolution for 2015. We expect full-year growth of a high single digit, over 50% of which to be explained by price increases, thus contributing to the progressive improvement of margins that we have already seen in 2014.

1. REPORT ON HOTEL OPERATIONS: EVOLUTION PER AREA

Meliá announces that the 2014 consolidated financial statements will use the exchange rate of the Venezuelan bolivar set at the previously denominated SICAD II, the Company has decided to take the aforementioned exchange rate at the end of 2014 as a reference, as being the most representative among the available exchange rates as of that date, for the monetary translation of the accounting figures of cash flows, profit and loss accounts and balances.

This modification is the second adjustment to the contribution of Venezuela in the 2014 financial information (after the adjustment in the first quarter) and implies a change from 6.30 to 50 Venezuelan bolivar fuerte per dollar, minimizing the impact of any potential future adjustment.

Positive performance in all areas of hotel business. Highlight the RevPAR evolution without the impact of the SICAD II , +12.5, with an ARR +9.1%. This positive performance is the result of the focus in recent years on the revenue culture strategy, the main drivers of which are: a) customer segmentation, with special emphasis on sales through direct channels, with melia.com increasing sales during the year by 25% to reach 265 million euros, b) improvement in the hotel portfolio, with new hotels providing higher RevPAR, c) the focus on brand attributes, as a clear example, the new joint ventures that allow to transform and reposition the Sol Hotels brand.

AMERICA

RevPAR in America, excluding Venezuela, increased by +22.2%, mainly due to an improvement in prices (+14.11%). In US dollars the increase in RevPAR was +21.8%.

Of note is the evolution of the Paradisus resorts in Mexico and the Dominican Republic. The Paradisus Playa del Carmen continues with its “ramp up”, increasing Ebitda in 2014 by over $6 million, reaching $30 million this year. Also of note is the positioning of the Paradisus Cancun on the second year of its rebranding, with RevPAR up by 24.8%, and The Reserve in Paradisus Punta Cana, with an improvement in RevPAR of +25.26% due to a price increase of 100%.

With regards to the segmentation strategy, there has been an important growth in sales through direct channels (melia.com) with a +37% increase. Melia.com represents the 24% of the room revenues in the Americas division. There has also been a growth in the MICE segment in recent years, with an increase in 2014 of +7.7% compared to 2013.

The number of available rooms has decreased by 14.5% due to the disaffiliation of the Mexico Reforma (Mexico) in December 2013 and the transfer of the Meliá Puerto Vallarta and Meliá Cozumel to Club Meliá to become home base resorts full Vacation Club.

EMEA

In 2014, the RevPAR of owned and leased hotels in the EMEA division increased by a healthy +5.2%, on the back of a 3.1% increase in average price.

By region, the main highlights for 2014 are:

a) GERMANY

Germany ended the year with a significant 11% growth in room revenue, with growth in nearly all locations, partly due to the fact that 2014 was a strong year with 181 days of trade fairs. This impact is particularly evident in the Dusseldorf area due to the Interpack and Euroshop trade fairs. Also of note is the positive performances of the latest hotel openings, the Innside Dusseldorf Hafen and Innside Wolfsburg, both of which have exceeded the expectations of their feasibility studies.

b) PARIS

Paris continues to see very positive evolution and demonstrate the strength of this mature destination. Growth of 3.46% was supported by a strong performances in all of the hotels, in particular the Meliá Vendome and Meliá Paris Champs Elysees where recent product improvements have helped to generate an increase in RevPAR of over 6%. Online strategy continues to grow stronger in France, and now accounts for 52% of the revenue with an important focus on our own channels leading to growth being achieved mainly through price improvements. Highlight the recent opening of the Meliá La Défense.

c) ITALY

The evolution of our hotels in Italy was fairly flat in 2014 (-0.25% in room revenue) mainly due to the effect of the proclamation of Pope Francis in 2013 which saw a drop of 3% in RevPAR in all the hotels in Rome. The rest of the hotels saw good growth both in Milan and in Genoa which witnessed growth in RevPAR of over 7%. Hightligth the Gran Meliá Rome which has been recently affiliated to the Leading Hotels of the World.

d) UK

We have seen positive growth in the UK where total revenue growth reached 4.81% in GB pounds (11% in euros) based on price improvements caused by two fundamental factors: high value corporate accounts and the direct sales strategy which already provides the hotels with more than 20% of their revenues. These two factors have meant that the hotel has continued to capture market share from its competitors according to the latest STR benchmark survey data.

e) SPAIN - Premium

Spain closed the year with an increase in room revenue of 10%, with the positive evolution of the company's luxury strategy explaining the fact the growth of over 50% in price. Of note is the positive evolution of the company's biggest commitments, such as the Gran Meliá Palacio de Isora and Gran Meliá Colón which have generated increases in RevPAR both of them over 15%. Also of note is the positive growth of iconic hotels such as the Gran Meliá Fenix and Gran Meliá Don Pepe, both with nearly double digit growth figures. These results confirm the positive performance of sales strategies based on individual travellers through large luxury networks, including melia.com which grew by 24% in 2014 to represent 30% of the revenues of these hotels.

The number of available rooms increased by +16.5% due to the additions in 2014 of the Innside Düsseldorf Hafen, the Meliá Vienna, Meliá Barcelona Sky and the Innside Wolfsburg, as well as the consolidation of the Gran Meliá Palacio de Isora.

ME EUROPE

RevPAR in ME EUROPE grew by +27.6% with an average price increase of 20%.

The ME brand continues to strengthen in the European market. Of note were the successful openings of the ME Mallorca and ME Ibiza, which in their first year managed to achieve all their market objectives with a strategy based on price and focused on sales through online channels which now make up over 80% of all sales for these hotels.

Last January two ME hotels won prestigious awards such as the 'Best Hotel UK' for ME London and 'Best Hotel Renovation/Refurbishment' for Spain and Europe for ME Ibiza at the International Hotel Awards.

With regard to city hotels, of note is the evolution of the ME London, which ended the year with RevPAR growth of 28% due mainly to price (+15%), recovering a share of the market from its main competitors that were unable to increase RevPAR in 2014 according to STR data. The hotel's strong performance can be explained mainly by the impact of online channels which grew by 63% compared to 2013, with a special focus on melia.com which now represents over 25% of the hotel's revenue.

Also of note is the positive evolution of the ME Madrid which managed a nearly double digit growth in RevPAR after an excellent fourth quarter.

The number of available rooms grew by +24.6% due to the addition of the ME Mallorca.

MEDITERRANEAN

The RevPAR for the Mediterranean division for 2014 grew by +9.5%, with 80% of that growth due to price increases.

This improvement is a consequence of the company's commitment to the implementation of the Yield Management strategy as part of the company's revenue culture, and the rebranding of some key assets.

We must remember that growth in the fourth quarter is centred on the Canary Islands, where the last quarter in 2013 was a record period for the region, exceeding all expectations. In the final quarter of 2014 there was a recovery in destinations located in North Africa which slightly affected the Canary Islands, although the recent attacks in January in Paris will impede the overall recovery of the region.

The fourth quarter saw a slight standstill, with RevPAR down 1%. Prices improved by 6.4%, but occupancy fell by -6.9%.

The number of available rooms increased by +2.9% due to the change of management of the Wave House.

SPAIN

RevPAR for Spain for 2014 grew by a healthy +7.7%, with average prices growing by 4.1%. The fourth quarter saw similar growth for the year as a whole (+7.7%).

The fourth quarter confirms the recovery trend which began at the start of 2014.

The positive evolution of the Spanish city hotels was the result of efforts made by the company in the preceding years, where a new revenue culture enabled the company to better focus on sales channels and customer segmentation.

Sales through melia.com for the Spanish city hotels in 2014 grew by 11.8%.

Both leisure and business travel, as well as the MICE segment saw positive growth. The summer months and weekends recorded better occupancy rates in both primary and secondary destinations. Of note is also the positive evolution of hotels in hybrid business and leisure destinations as well as in hotels with a lesser dependency on the Spanish market.

While the fourth quarter saw no major events, we did see a revival of business events in general for the Christmas period and a positive trend in the domestic market as well as a recovery of the group segment (+12.4% for the whole year).

There is still a negative trend in hotels near Barajas airport, Madrid, despite the slight increase in passengers in 2014. It is an area in which there is an oversupply of hotels and in which demand has not been reactivated except for when Madrid hosts an important event.

Cities with a significant component of international travellers have faired better, a clear example being Seville, particularly in the fourth quarter. Other cities which are more reliant on the Spanish market experienced minor improvements.

Hotels in the Valencia region saw double digit RevPAR growth in 2014 thanks to a number of conferences and events, especially in the last quarter of the year.

Of note amongst the Madrid hotels is the evolution of the Meliá Galgos in the last quarter after its renovation. RevPAR for 2014 increased by +12.2%, with 100% of that due to ARR increases.

In 2014 only three secondary cities with a predominately Spanish customer base experienced negative RevPAR growth.

Overall, Spanish city hotels, including the hotels in the ME Europe, EMEA and Spain divisions, recorded an increase in RevPAR of +9.94%, with 60% of that due to ARR growth. This has allowed the gradual recovery of operating margins.

The number of available rooms has decreased by -1% due to the disaffiliation of the TRYP Las Matas and the TRYP Diana (both underperforming hotels which did not meet brand standards and suffered negative rental contributions). This was partially offset by the incorporation of the TRYP Estepona Valle Romano in June 2014.

HOTEL STATISTICS OWNED & LEASED 14 / 13 (in Euros)

			% Ocup	ARR	ARR before SICAD II	RevPAR	RevPAR before SICAD II	Available Rooms
AMERICA		**2014**	71,9	96,97	116,85	69,72	84,02	1.982,9
	% o/ 2013		**4,6%**	**-1,8%**	**18,3%**	**2,7%**	**23,7%**	**-14,5%**
		2013	68,8	98,75	98,75	67,91	67,91	2.320,4
EMEA		**2014**	72,8	124,82		90,85		2.981,5
	% o/ 2013		**2,0%**	**3,1%**		**5,2%**		**16,5%**
		2013	71,3	121,01		86,34		2.558,8
ME EUROPE		**2014**	72,0	213,90		154,09		192,9
	% o/ 2013		**6,3%**	**20,0%**		**27,6%**		**24,6%**
		2013	67,7	178,29		120,78		154,9
MEDITERRANEAN		**2014**	71,5	67,28		48,13		2.967,4
	% o/ 2013		**1,9%**	**7,4%**		**9,5%**		**2,9%**
		2013	70,2	62,63		43,97		2.885,0
SPAIN		**2014**	63,9	74,51		47,58		3.319,4
	% o/ 2013		**3,5%**	**4,1%**		**7,7%**		**-1,0%**
		2013	61,7	71,58		44,18		3.354,3
TOTAL		**2014**	69,7	92,72	96,27	64,63	67,10	11.444,2
	% o/ 2013		**3,1%**	**5,1%**	**9,1%**	**8,4%**	**12,5%**	**1,5%**
		2013	67,6	88,20	88,20	59,63	59,63	11.273,5

HOTEL REVENUES SPLIT OWNED & LEASED 14 / 13 (Million Euros)*

			Room Revenues	F&B and Other	Total Revenues	Total Expenses	EBITDA
AMERICA		**2014**	124,1	179,8	303,9	222,6	81,3
	% o/ 2013		**-13,5%**	**-2,0%**	**-7,1%**	**-9,6%**	**0,8%**
		2013	143,5	183,5	327,0	246,4	80,6
EMEA		**2014**	270,9	111,8	382,7	331,2	51,5
	% o/ 2013		**22,6%**	**47,7%**	**29,0%**	**27,4%**	**40,1%**
		2013	220,9	75,7	296,7	259,9	36,8
ME EUROPE		**2014**	29,7	32,5	62,2	62,8	-0,6
	% o/ 2013		**58,9%**	**34,7%**	**45,3%**	**47,5%**	**-406,7%**
		2013	18,7	24,1	42,8	42,6	0,2
MEDITERRANEAN		**2014**	142,8	84,4	227,3	201,7	25,5
	% o/ 2013		**12,6%**	**17,1%**	**14,2%**	**16,1%**	**1,2%**
		2013	126,8	72,1	199,0	173,7	25,2
SPAIN		**2014**	157,9	68,2	226,1	232,6	-6,5
	% o/ 2013		**6,6%**	**6,0%**	**6,4%**	**5,3%**	**-23,1%**
		2013	148,2	64,3	212,5	220,9	-8,4
TOTAL		**2014**	725,4	476,7	1.202,2	1.050,9	151,3
	% o/ 2013		**10,2%**	**13,6%**	**11,5%**	**11,4%**	**12,5%**
		2013	658,1	419,8	1.077,9	943,5	134,4

*These figures (2014/2013) do not include the Gran Meliá Puerto Rico

2013 figures have been adjusted with the incorporation of the hotel Gran Meliá Colón

Management Model at Meliá Hotels International

Given the focus of the company on an asset-light model and the growing importance of management agreements, at the close of 2013 the company changed its reporting method to include more detail on the profitability of the overall management model.

The table below reflects the income generated by Meliá as a hotel management company, including:

• Revenues: The management fees from third parties but also from Meliá's owned and leased hotels. This item also includes "other revenues", mainly commissions and other services.

• Expenses: Mainly includes the sales, marketing, and distribution expenses, etc.

It is worth mentioning that the Total Fees Revenues, including both owned and leased and third party hotels, increased by almost 7 million euros compared to 2013.

Management fees from third parties totalled 43.3 million euros, 5 million euros lower than in 2013. The difference is mainly due to the impact of the consolidation of Gran Meliá Palacio de Isora and Gran Meliá Colón, as well as lower management fees in Cuba, Bulgaria and Croatia, partially offset by the improved performance of Brazil and Spain as well as the good evolution of the Meliá Nassau Beach.

Million Euros	2014
Total Rev.	**213.5**
Fees Owned & Leased hotels	73.1
Management Fees Third Parties	43.3
Other Rev.	97
Total Exp.	**159.3**
EBITDA	**54.2**

Business Segmentation on page 14

Other Hotel Revenues

This item basically includes the contributions from casinos, golf and Sol Caribe Tours, a tour operator based in Latin America.

Compared to 2013, the improved performance is due to a higher contribution of the casinos and the airport VIP lounges managed by Meliá at Paris-Orly, Madrid and Mexico airports, as well as the increase of the contribution from Sol Caribe Tours.

Hotel Business Outlook

During the first quarter of 2015 excellent results are being reported in the American resorts, with double digit growth in RevPAR. In addition to the strong business performance, we must also note the effect of the appreciation in value of the US dollar on the consolidation of Meliá in Euros, this effect is likely partially offset by the depreciation of the Venezuelan bolivar.

In reference to the evolution of hotels under management agreements, of note is the Meliá Nassau, now in its second year of operations, which has great expectations for 2015 after the important renovation carried out in 2014.

The final months of 2015 will also see the opening of 4 hotels under management agreements: the ME Miami, Meliá Costa Hollywood, Meliá Jamaica and ME Caracas.

In EMEA we are expecting 2015 to bring growth in practically all destinations, especially the UK, where the strength of the pound and the economy in general will help hotels in the destination and in the rest of Europe, especially resort hotels whose main feeder market is Great Britain. The only market which will be negatively effected is Germany, due to the fact that 2015 will see less trade fairs (130 days in 2015 compared to 180 in 2014). Italy will benefit greatly from the hosting of the Expo in Milan.

In 2015 various new properties will also open, including the Meliá Doha, Meliá Paris La Defense, Meliá Campione in Italy, ME Milano and the Innside Manchester, which added to the recent openings in Germany and Vienna, will contribute to increase results and brand recognition.

The appreciation of the British pound and Swiss franc against the euro also provides some optimism for 2015. To date, bookings through tour operators and melia.com are 10% higher than last year, with a strong performance in the British market, although we must keep in mind that other European markets normally book their summer holidays later than the British. As for the Spanish market, the forecast is positive, with expectations of improvements compared to 2014. In contrast, the Russian market is expected to decrease due to economic instability and the devaluation of the rouble, mainly affecting the Costa Dorada in the northeast of Spain and some of the hotels in the Balearic Islands. Although it is still early to predict the evolution of the Mediterranean area for the whole year, it looks like it will be a similar season to 2014, which was a record year. As in 2014 the evolution of RevPAR will be built on more improvements in average price rather than occupancy.

In Spain, 2014 was affected by various events that will not be repeated in 2015, such as congresses like ESMO (European Society for Medical Oncology) and the World Basketball Championship. Despite this, the business we already have on the books for groups from Spain is similar to that of the previous year. Groups from the EMEA region have doubled the volume of business confirmed for Spanish hotels compared to a year ago.

The winter ski season also saw a positive evolution compared to 2014.

Development

Additions (11 hotels / 4,948 rooms)

In 2014 the company added 11 hotels with 4,948 rooms to its portfolio, 86% under management agreements and 14% under lease agreements.

Of these 11 hotels, there are 8 new management and franchise agreements including Gran Meliá Xian (380 rooms), a new flagship hotel for the brand in Asia Pacific, Meliá Jinan (230 rooms) in China, the TRYP Lisbon Airport (168 rooms) in Portugal and the Meliá Paulista (397 rooms) in Sao Paulo in Brazil.

The company continued to grow in the resort hotel segment with the openings in July of two hotels in the Red Sea region of Egypt which joined the portfolio of the newly-renovated Sol Hotels & Resorts brand - Sol Taba (440 rooms) and Sol Dahab (218 rooms). Both resorts are located in the Sinai Peninsula on the shores of the Red Sea. November saw the opening of the Meliá Dunas Beach Resort & SPA (1,248 rooms), the second hotel on the island of Sal in Cape Verde after the successful opening of the Meliá Tortuga Beach Resort & Spa in 2011. And the Meliá Jardines del Rey (1,176 rooms) in Cayo Coco became our 29th hotel in Cuba.

Under lease agreements, the company opened the stylish Meliá Vienna (253 rooms) and Innside Wolfsburg (219 rooms) increasing Meliá brand recognition in the German-speaking market, and the TRYP Estepona Valle Romano (218 rooms) located in Malaga.

Losses (7 hotels / 1,640 rooms)

During the year 7 hotels were disaffiliated: the TRYP Bilbao Arenal (40 rooms) an unprofitable lease located in Spain, the Meliá Palacio da Louse (46 rooms) in Portugal under a franchise agreement, and the management agreements at the Meliá Atlanta (502 rooms) in the USA, the Meliá Mexico Reforma (489 rooms) - after its disaffiliation in 2013 the company continued to operate the hotel for a short period to ease the transition - the Meliá La Reconquista (142 rooms) in Oviedo, Spain, and the Sol Cyrene (207 rooms) and the Sol Sharm (214 rooms) both located in Egypt.

Future Incorporations (61 hotels / 14,307 rooms)

AMERICAS: In the pipeline for the region are 24 hotels with 6,009 rooms of which only one will be operated under a lease agreement: the Innside New York (312 rooms) scheduled for 2017. The remaining hotels will be operated under management agreements.
In 2015 the company will add 7 hotels with 1,557 rooms; the Meliá Jamaica will reinforce our positioning in the English–speaking Caribbean, the ME Miami and Meliá Costa Hollywood Beach Resort in USA, the ME Caracas in Venezuela and the Meliá Paiva, Meliá Ibirapuera and the TRYP Belo Horizonte in Brazil.

ASIA: Another major focus of Meliá's global expansion strategy, the current pipeline stands at 13 hotels with 3,768 rooms, 7 of them located in Indonesia and all of them under management agreements, of which one hotel will be opened in 2015, the Sol House Kuta Bali.

ME EUROPE: Includes 3 hotels with 400 rooms; the ME Dubai, which is expected to become a flagship property for the ME brand in the Middle East, the ME Milan Duca, a project designed by the prestigious architect Aldo Rossi, which is expected to open in 2015 under a management agreement, and the ME Barcelona in Spain.

MEDITERRANEAN: The region has 2 hotels in the pipeline with 1,435 rooms, both of them under management agreements and outside Spain, including two hotels in Cape Verde.

SPAIN: Includes one hotel with 78 rooms, the TRYP Castellón, already opened in 2015.

EMEA: The EMEA pipeline includes 22 hotels with 4,485 rooms of which 45% will be under management agreements and 55% under lease agreements. The company has already opened two hotels in 2015; the Meliá Doha, the first 5* Spanish hotel in Qatar, located in the prestigious West Bay region of Doha, and the Meliá La Défense, located in the heart of Paris's vibrant business district, the French capital's largest 4* hotel to open in ten years.

Sol Beach House Benoa Bali | Indonesia

	01/01/2014		ADDITIONS		LOSSES		CHANGES		31/12/2014		SIGNED		TOTAL GROUP	
	H	R	H	R	H	R	H	R	H	R	H	R	H	R
AMERICA ***	**67**	**23.232**	**2**	**1.574**	**-2**	**-991**	**0**	**0**	**67**	**23.815**	**20**	**4.918**	**87**	**28.733**
Owned Hotels	14	5.903	0	0	0	0	0	0	14	5.903	0	0	14	5.903
Leased hotels	0	0	0	0	0	0	0	0	0	0	1	312	1	312
Management & Franchised	53	17.329	2	1.574	-2	-991	0	0	53	17.912	19	4.606	72	22.518
EMEA	**63**	**11.020**	**5**	**1.298**	**-3**	**-467**	**0**	**0**	**65**	**11.851**	**22**	**4.485**	**87**	**16.336**
Owned Hotels	10	1.997	0	0	0	0	2	768	12	2.765	0	0	12	2.765
Leased hotels	31	5.009	2	472	0	0	1	259	34	5.740	12	2.296	46	8.036
Management & Franchised	22	4.014	3	826	-3	-467	-3	-1.027	19	3.346	10	2.189	29	5.535
ME EUROPE	**7**	**1.052**	**0**	**0**	**0**	**0**	**0**	**-10**	**7**	**1.042**	**3**	**400**	**10**	**1.442**
Owned Hotels	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased hotels	2	349	0	0	0	0	2	457	4	806	2	305	6	1.111
Management & Franchised	5	703	0	0	0	0	-2	-467	3	236	1	95	4	331
MEDITERRANEAN	**80**	**28.339**	**1**	**1.248**	**0**	**0**	**0**	**480**	**81**	**28.067**	**2**	**1.435**	**83**	**29.502**
Owned Hotels	24	7.482	0	0	0	0	-1	-351	23	7.131	0	0	23	7.131
Leased hotels	11	3.119	0	0	0	0	5	2.479	16	5.598	0	0	16	5.598
Management & Franchised	45	15.738	1	1.248	0	0	-4	-1.648	42	15.338	2	1.435	44	16.773
SPAIN	**82**	**14.977**	**1**	**218**	**-2**	**-182**	**0**	**-10**	**81**	**15.003**	**1**	**78**	**82**	**15.081**
Owned Hotels	9	2.458	0	0	0	0	0	0	9	2.458	0	0	9	2.458
Leased hotels	43	6.937	1	218	-1	-40	0	-10	43	7.105	0	0	43	7.105
Management & Franchised	30	5.582	0	0	-1	-142	0	0	29	5.440	1	78	30	5.518
ASIA PACIFIC	**6**	**1.895**	**2**	**610**	**0**	**0**	**0**	**0**	**8**	**2.505**	**13**	**2.991**	**21**	**5.496**
Owned Hotels	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased hotels	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management & Franchised	6	1.895	2	610	0	0	0	0	8	2.505	13	2.991	21	5.496
TOTAL OWNED HOTELS	**57**	**17.840**	**0**	**0**	**0**	**0**	**1**	**417**	**58**	**18.257**	**0**	**0**	**58**	**18.257**
TOTAL LEASED HOTELS	**87**	**15.414**	**3**	**690**	**-1**	**-40**	**8**	**3.185**	**97**	**19.249**	**15**	**2.913**	**112**	**22.162**
TOTAL MANAGEMENT & FRANCHISED	**161**	**45.261**	**8**	**4.258**	**-6**	**-1.600**	**-9**	**-3.142**	**154**	**44.777**	**46**	**11.394**	**200**	**56.171**
TOTAL MELIÁ HOTELS INT.	**305**	**78.515**	**11**	**4.948**	**-7**	**-1.640**	**0**	**460**	**309**	**82.283**	**61**	**14.307**	**370**	**96.590**

ME Ibiza | Spain

REAL ESTATE

In the last quarter of the year, the company did not generate any capital gains from asset sales.

In 2014, 14.8 million euros were generated in capital gains coming mainly from the sale of the Sol Aloha Puerto in June. This compares to 50.9 million euros in 2013.

The rest of the Real Estate business generated €10.7 million euros, compared to €8.3 million in 2013.

While 2014 did not see the objective achieved to sell assets for 100-125 million euros, for 2015 the objective remains to sell assets for an amount slightly above 200 million euros, with the main aim being to reduce net company debts, which largely come from the operation announced with Starwood.

CLUB MELIÁ

In 2014 Club Meliá has been focused on increasing sales, especially taking into consideration: a) the improved global economic climate which may favour the purchase of this type of finance-driven product; and b) the contribution of the Paradisus Resorts in Playa del Carmen (Mexico) which are progressively reaching their full potential, c) the better performance of the resorts in Dominican Republic, and d) the contribution of Gran Meliá Palacio de Isora.

In 2014 Club Meliá has added five new sales rooms in Mexico to market the new "Destinations" product. "Destinations" membership will not affect the asset and will enhance customer loyalty to Meliá.

Club Meliá is also reaching different agreements with local partners to leverage their customer engagement and generate leads for sales presentations.

Total revenues in Club Meliá improved by 34.1 million euros compared to 2013, showing a better performance in terms of:

a) The contribution of the Meliá Puerto Vallarta and Meliá Cozumel generated almost 19 million Euros in revenues, now included within the Club Meliá results.

b) The number of weeks sold, in spite of the closure of the Meliá México Reforma sales office and the slowdown of sales in Puerto Rico linked to the asset disposal process which penalizes Club Meliá sales. On the positive side, there was an increase in sales in the Dominican Republic and Playa del Carmen.

c) Increases in prices mainly due to a sales mix more biased towards premium products, as well as the sale of biannual weeks in all sites and the impact of upgrade activity.

OVERHEAD DEPARTMENTS

This division only includes the overheads of Meliá Hotels International.

The main differences from the previous year come from the reduction in the provision for existing onerous contracts after its renegotiation and the integration in 2014 of IDISO (Meliá's distribution platform), where the effect in 2013 was only over half a year as the integration of the company occurred in June 2013.

BUSINESS SEGMENTATION OF MELIÁ HOTELS INTERNATIONAL

Year 2014

	HOTELS								
	MANAGEMENT MODEL	Hotel Business Owned & Leased	Other "hotel" business	AGGREG HOTELS	REAL ESTATE	CLUB MELIA	OVERHEADS	TOTAL AGGR.	CONSO
INGRESOS	213,5	1.202,2	48,4	1.464,1	37,0	106,5	84,0	1.691,6	1.464,3
GASTOS	158,9	920,2	44,4	1.123,5	11,5	89,9	111,1	1.335,9	1.110,2
EBITDAR	54,7	282,0	4,0	340,7	25,5	16,6	-27,1	355,7	354,0
% EBITDAR	26%	23%	8%	23%	69%	16%	-32%	21%	24%
ALQUILERES	0,5	130,7	0,2	131,4	0,0	0,0	-4,0	127,4	125,7
EBITDA	54,2	151,3	3,8	209,3	25,5	16,6	-23,0	228,3	228,3
% EBITDA	25%	13%	8%	14%	69%	16%	-27%	13%	16%
AMORTIZ	0,9	80,6	0,9	82,5	0,8	2,0	10,7	95,9	95,9
EBIT	53,3	70,6	2,9	126,8	24,7	14,6	-33,7	132,4	132,4

Year 2013

	HOTELS								
	MANAGEMENT MODEL	Hotel Business Owned & Leased	Other "hotel" business	AGGREG HOTELS	REAL ESTATE	CLUB MELIA	OVERHEADS	TOTAL AGGR.	CONSO
INGRESOS	189,9	1.077,9	46,9	1.314,7	72,8	72,4	76,3	1.536,2	1.368,7
GASTOS	130,4	839,6	44,5	1.014,5	13,6	57,8	103,8	1.189,7	1.022,3
EBITDAR	59,5	238,3	2,4	300,2	59,2	14,6	-27,4	346,5	346,4
% EBITDAR	31%	22%	5%	23%	81%	20%	-36%	23%	25%
ALQUILERES	0,0	103,8	0,0	103,8	0,0	0,0	2,0	105,8	105,7
EBITDA	59,5	134,4	2,4	196,4	59,2	14,6	-29,4	240,7	240,7
% EBITDA	31%	12%	5%	15%	81%	20%	-39%	16%	18%
AMORTIZ	0,1	81,6	0,3	82,0	0,8	1,5	-18,4	65,9	65,9
EBIT	59,4	52,9	2,1	114,3	58,4	13,1	-11,0	174,9	174,9

The commitment to CSR has led to Meliá achieving the best corporate reputation amongst Spanish travel companies in 2014 according to the MERCO Corporate Reputation index, with the company ranking 31st amongst all of the 100 largest companies in Spain.

Environmental Management

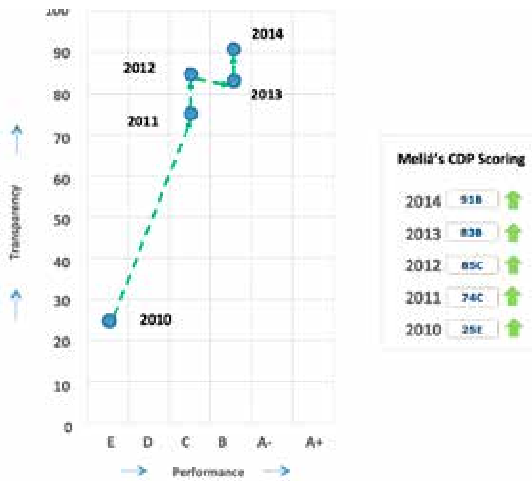
Since 2010 Meliá has analysed and published its progress in the Carbon Disclosure Project (CDP) as part of its strategy to combat climate change. In 2014, Meliá achieved its best results ever since it began participating in the programme. Over the past, 3 years Meliá has been consistently ranked among the top 5 hotel companies. As the following table shows, the excellent performance is a result of reducing CO_2 emissions over the Strategic Plan period of 2012-2014, both in absolute terms and per stay terms, with the reduction of 9.47% hitting the target defined in the Plan. This trend can also be seen in the water and energy consumption, both in absolute and per stay terms.

	Average ytd 2012-2014	% 12-14 / Av. 07-11	Average ytd 2007-2011
Environmental Metrics			
CO2 Emissions (Kg)	238.041.360	-6,43%	254.402.403
per stay	*13,57*	*-9,47%*	*14,99*
Water Consomption (m3)	8.535.328	-4,56%	8.943.559
per stay	*0,49*	*-7,66%*	*0,53*
Energy metrics			
Thermal Energy (kwh)	247.427.980	-4,64%	259.472.020
per stay	14,11	-7,74%	15,29
Electricity (Kwh)	375.954.995	-6,30%	401.232.778
per stay	*21,43*	*-9,34%*	*23,64*

	Media ytd 2012-2014	% 12-14 / Av. 07-11	Media ytd 2007-2011
Indicadores Medioambientales			
CO2 Emisiones (Kg)	238.041.360	-6,43%	254.402.403
por estancia	*13,57*	*-9,47%*	*14,99*
Consumo Hídrico (m3)	8.535.328	-4,56%	8.943.559
por estancia	*0,49*	*-7,66%*	*0,53*
Indicadores Energéticos			
Energía Térmica (kwh)	247.427.980	-4,64%	259.472.020
por estancia	14,11	-7,74%	15,29
Electricidad (Kwh)	375.954.995	-6,30%	401.232.778
por estancia	*21,43*	*-9,34%*	*23,64*

As part of our commitment to sustainable construction, the new ME Ibiza, renovated in 2014, was recently named one of the Top 10 Sustainable Rehabilitation Projects in Spain by the Rethink Hotel Award 2015.

To complement its certification policy, Meliá has also promoted the inclusion of its European hotels in the TripAdvisor Green Leaders programme. In late 2014, Meliá extended this to include hotels in America. The programme recognises hotels that implement sustainable practises in daily operations with TripAdvisor auditing this process on an individual hotel basis. A total of 84 Meliá hotels have already received the award.



Social and Cultural Commitment

After the renewal at the end of 2013 of the Strategic Alliance, Unicef has received funds in excess of 615,000€ from Meliá thanks to the involvement of guests and hotel employees. This amount will be added to the 1.4 million euros raised in the period from 2011 to 2013. The funds will go towards the development of children's programmes in destinations in which the company operates, with a special focus on the Dominican Republic and Mexico. Meliá has also been selected as a TOP member among the 42 travel companies worldwide by The Code for its commitment to responsible tourism and for having successfully introduced the six criteria required by The Code in its hotels, including protection of children and adolescents from sexual exploitation in the tourism industry.

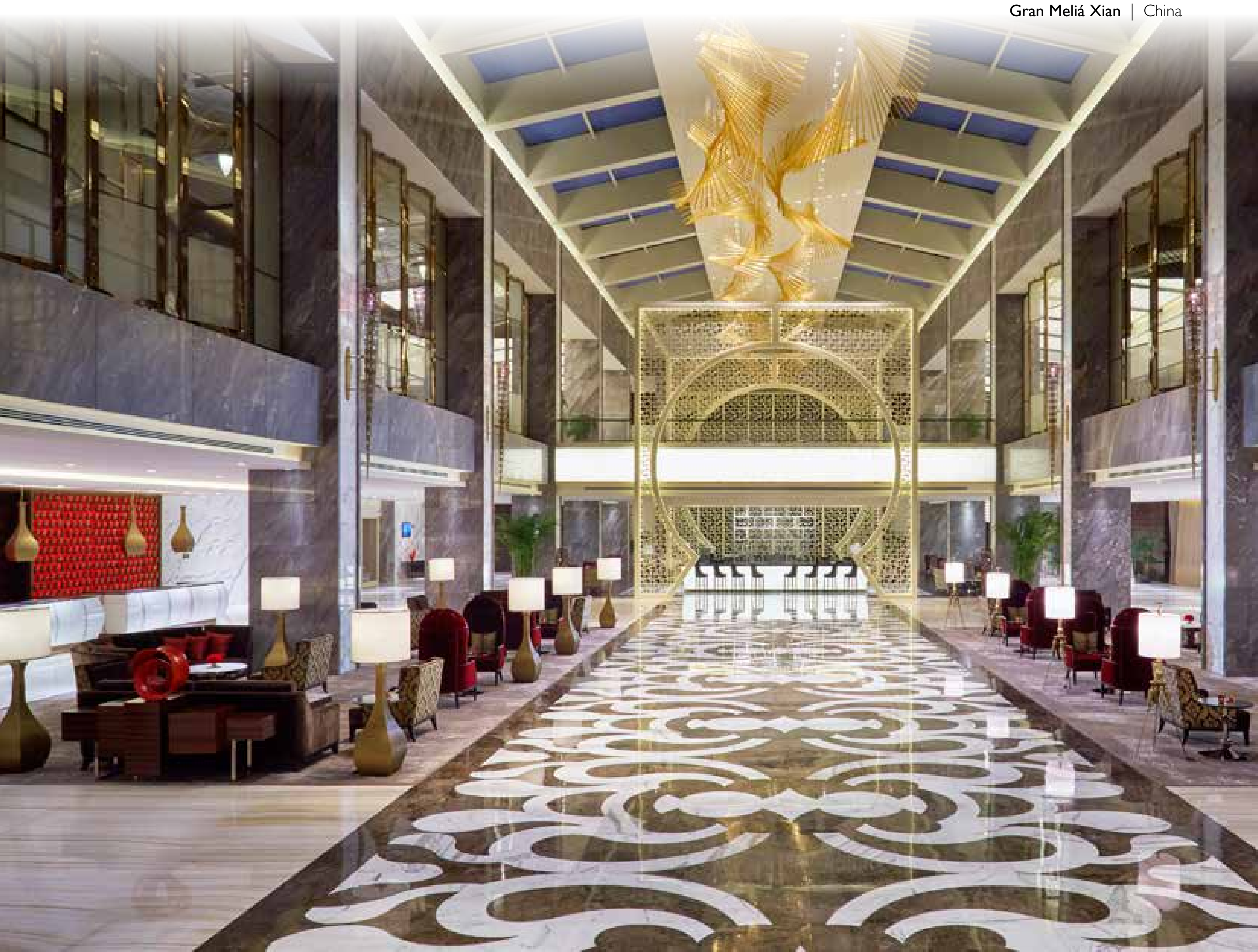
As part of its commitment to enhancing professionalism in the industry, and after signing a cooperation agreement with the Rey Juan Carlos University together with IBM and the EULEN group at the end of 2014 to launch a new degree qualification in Service Science, Engineering and Management, Meliá is now sharing its travel industry experience and know-how through this pioneering teaching experience in Spain.

After the success of "Eleven more to eat" in 2013, in which, with the help from the Pinardi Foundation, Meliá welcomed 11 young apprentices into their hotels, the hotel company has again collaborated with Pinardi in the development of the “First professional experience” project. Promoted by Pinardi and sponsored by JP Morgan, it aims to improve the employability of at least 80 youngsters. 20 have been given formal training as kitchen staff and have completed their 4 month internship in different Meliá hotels. Such partnerships promotes an innovative model of social work that allows youngsters to gain experience, personal development, maturity and skills that will improve their chances of employment, while the company also benefits from the ability to implement innovative techniques in the field of human resource management.

Meliá’s commitment to the employment of special groups through the “Hotel 6 Stelle” project developed with the Italian Association for Down Syndrome Carriers (AIPD) was given the prize for Best Social Responsibility Project at the European Hospitality Awards 2014. The experience was recorded in a documentary produced by RAI3 and aired for 6 weeks at peak viewing times. The Meliá Roma Aurelia Antica offered a group of 6 Down Syndrome sufferers aged between 18 and 31 their first real work experience. The group worked alongside the hotel staff in performing daily tasks as part of a training programme which has provided them with real opportunities for greater integration and employability. The initiative was a landmark in Italian television as it was the first time the issue of disability in the workplace had been addressed with the clear objective of promoting opportunities of employability and training.

A further highlight is Meliá’s commitment to culture. The company has joined forces with the Joan i Pilar Miró Foundation in Mallorca to promote joint projects and activities about the life and work of Spanish artist Joan Miró and his links to Palma, and also to promote the image of Mallorca as a cultural, artistic and historically important destination for the artist.

Gran Meliá Xian | China



4. INCOME STATEMENTS

Within the framework of the International Financial Reporting Standards (IFRS 10), although the consolidation of Colon Verona (owner of Gran Meliá Colón), Ayosa (operator of Sol Trinidad-Jamaica and Sol Guadalupe) and S'Argamassa Hotelera (ME Ibiza) took place on January 1st 2014, reporting standards requires the release of comparable previous fiscal year figures. For the purpose of improved comparability, certain non-material adjustments have been made to 2013 figures.

Revenues

Total revenues increased by 7%. Hotel revenues increased by 8.7% thanks to an +8.7% improvement in RevPAR, negatively affected by the devaluation of the Venezuelan bolivar, partially offset by the inclusion in consolidated accounts of the Gran Meliá Palacio de Isora. The contribution of the Real Estate division (-33.7 million Euros) up to December 2014 was impacted by lower capital gains from asset disposals, while Club Meliá reported a +26.4% improvement, partially explained by the incorporation of the Meliá Puerto Vallarta and Meliá Cozumel hotels.

Excluding changes in the scope, total revenues would have gone up by 7.4%

Operating Expenses

Raw materials, Personnel expenses and Other operating expenses increased by 5.8%, 10.6% and 8% respectively, affected by the changes in the perimeter, principally the incorporation of the Gran Meliá Palacio de Isora and the devaluation of the Venezuelan bolivar. On a like-for-like basis, the evolution of expenses would be the following: Raw materials +2.8%, Personnel expenses +3.2% and Other operating expenses +7.8%.

Rental expenses grew by 18.9% (+20 million euros). The most relevant facts underlying this were: a) the accounting of the Equity Inmuebles leases as operating rentals (since December 2013 considered Financial Leases); b) the reduction of the existing onerous contracts provision; c) new rentals such as the Meliá Vienna, Innside Wolfsburg, Sol Aloha Puerto, and Meliá Barcelona Sky, among others, and d) the better performance of the hotel business which has affected variable leases.

EBITDA

All the above mentioned factors allowed Meliá to register EBITDA of 228.3 million Euros (-5.1%). When excluding capital gains in both periods (2014 14.9 million Euros / 2013 50.9 million Euros), EBITDA would have increase by 12.4%.

Below the EBITDA level, also of note in 2013 was the impact of the integration of the company Idiso in the Meliá Hotels International consolidated group, a transaction which generated a negative consolidation difference of 20.6 million euros.

At the "Profit / (loss) from Associates and JV" level, the better results of Adprotel, owner of the ME London, together with better figures in La Comunidad de Propietarios del Meliá Castilla are behind the improvement in this item. There is also a positive impact from the consolidation of the Gran Meliá Palacio de Isora and Gran Meliá Colón, and a negative impact from the devaluation of the Venezuelan bolivar.

Meliá Dunas Beach & Resort | Cape Verde

(Million Euros)	December 2014	December 2013	
Total Consolidate Revenues	**1.464,3**	**1.368,7**	**7,0%**
Raw Materials	-184,6	-174,5	
Personnel expenses	-429,3	-388,3	
Other operating expenses	-496,3	-459,5	
Total Operating Expenses	**-1.110,2**	**-1.022,3**	**8,6%**
EBITDAR	354,0	346,4	
Rental expenses	-125,7	-105,7	
EBITDA	**228,3**	**240,7**	**-5,1%**
Reestructuring		-4,0	
Depreciation and amortisation	-95,9	-92,7	
Negative differences in consolidation		30,9	
EBIT (OPERATING PROFIT)	**132,4**	**174,9**	**-24,3%**
Financial Expense	-107,1	-111,6	
Other Financial Results	0,0	-10,9	
Exchange Rate Differences	24,1	-24,1	
Other Interest Expense	17,0	-43,0	
Total financial profit/(loss)	**-66,1**	**-189,8**	**65,2%**
Profit / (loss) from Associates and JV	-9,2	-15,5	
Profit/(loss) from ordinary activities	**57,1**	**-30,4**	**287,7%**
Extraordinary profit/(loss)	0,0	0,0	
Profit before taxes and minorities	**57,1**	**-30,4**	**287,7%**
Taxes	-25,0	-9,0	
Continuing operations	**32,2**	**-39,5**	**181,5%**
Discontinued Operations	-0,3	-34,3	
Group net profit/(loss)	**31,9**	**-73,7**	**143,2%**
Minorities	1,5	-0,5	
Profit/(loss) of the parent company	**30,4**	**-73,2**	**141,5%**

Meliá Paris La Défense | France

5. BALANCE SHEET

Assets

The decrease in "Tangible Assets" of 60 million Euros is mainly linked to the amortisation and depreciation for the period (-96 million Euros), the book value of the assets sold in 2014 (-4.6 million Euros), and the translation differences mainly related to the appreciation of the US dollar and the depreciation of the Venezuelan Bolivar partially offset by maintenance capex and the cumulative impact of the accounting restatement to adjust for the effects of hyperinflation in Venezuela.

The "Other current and non-current financial assets" items were impacted by the recovery of some outstanding amounts with associates.

The "Non current assets held for sale" increase by +15.9 million Euros due to the appreciation of the US dollar versus the Euro and related to the Gran Meliá Puerto Rico.

There are some movements in Net Equity related to the payment in shares (both newly issued and treasury shares) of the convertible bonds which matured in December 2014.

Euros **ASSETS**	**Dec 2014**	**Dec 2013**	
NON-CURRENT ASSETS			
Goodwill	35,5	33,7	
Other Intangibles	102,1	105,2	
Tangible Assets	1.555,1	1.615,0	
Investment Properties	133,0	136,4	
Investments in associates	192,7	100,6	
Other non-current financial assets	223,9	319,8	
Deferred tax assets	149,4	153,3	
TOTAL NON-CURRENT ASSETS	2.391,8	2.464,1	3,0%
CURRENT ASSETS			
Non current assets held for sale	116,3	100,3	
Inventories	72,0	63,4	
Trade and other receivables	239,1	260,6	
Tax assets on current gains	23,9	24,7	
Other current financial assets	31,4	44,1	
Cash and cash equivalents	334,4	436,9	
TOTAL CURRENT ASSETS	817,1	930,1	13,8%

Meliá Jardines del Rey | Cuba

Euros	Dec 2014	Dec 2013	
EQUITY			
Issued capital	39,8	37,0	
Share premium	865,2	698,1	
Reserves	316,0	344,0	
Treasury shares	-52,0	-108,7	
Results from prior years	304,9	326,1	
Other equity instruments	108,7	148,5	
Translation differences	-392,6	-269,2	
Other adjustments for changes in value	-10,3	-2,4	
Profit attributable to parent company	30,4	-73,2	
EQUITY ATTRIBUTABLE TO THE PARENT CO.	1.210,2	1.100,2	
Minority interests	57,8	56,4	
TOTAL NET EQUITY	**1.268,0**	**1.156,6**	**-8,8%**
NON CURRENT LIABILITIES			
Issue of debentures and other marketable securities	314,0	304,4	
Bank debt	652,5	799,6	
Other non-current liabilities	15,2	11,7	
Capital grants and other deferred income	16,6	20,2	
Provisions	34,4	34,7	
Deferred tax liabilities	147,7	154,7	
TOTAL NON-CURRENT LIABILITIES	**1.180,4**	**1.325,3**	**12,3%**
CURRENT LIABILITIES			
Liabilities directly asociated with non current assets held for sale	14,8	12,5	
Issue of debentures and other marketable securities	3,7	190,6	
Bank debt	351,1	327,6	
Trade and other payables	303,6	292,8	
Liabilities for current income tax	21,1	16,1	
Other current liabilities	66,3	72,7	
TOTAL CURRENT LIABILITIES	**760,5**	**912,3**	**20,0%**
TOTAL LIABILITIES AND EQUITY	**3.208,9**	**3.394,2**	**5,8%**

Innside Dresden | Germany

6. FINANCIAL RESULTS AND DEBT

The Net Financial Result improved by 123.7 million euros compared to 2013, due to the net effect of:

a) Exchange differences has improved due to the appreciation of the US dollar against the euro particularly during the last half of 2014.

b) The decrease in the interest from borrowings of 4.5 million euros due to the reduction of the average financial cost partially offset by the average higher gross debt over 2013. The average cost of debt for 2014 is 4.8% vs 5.5% in 2013.

c) The reduction of "Other financial expenses" of 10.9 million euros which has been reclassified as "Rentals" following the agreement signed with the Company Equity Inmuebles SL.

d) Lower "Others Financial Incomes" by 60 million Euros mainly due to:

i. In 2013 the Company registered a financial expenses (76.2 million euros) due to the mark to market of the embedded derivative liked to the issue of the convertible notes. In the current year the Company will not see any impact in the P&L thanks to the decision made last December 2013 to irrevocably waive the Company's right to satisfy the conversion of the Notes in cash (cash settlement election)

ii. In December 2013, related to the agreement signed with Equity Inmuebles S.L., by which the Company shortened the maturity period of the 17 hotels leased to Equity Inmuebles, with an impact of 30 million Euros as financial income, as a result of the difference in value of the assets and liabilities derecognized.

iii. Lower financial expenses (9.5 million Euros) due to the impact of hyperinflation in Venezuela.

iv. Partially offset by higher financial incomes generated by the available cash.

(thousands euros)	2014	2013
Exchange differences	24.056	(24.138)
Borrowings	(107.101)	(111.644)
Interest Capital Markets	(48.143)	(44.588)
Interest bank loans and others	(58.958)	(67.056)
Other financial expenses	0	(10.935)
Other financial incomes	16.972	(43.038)
Change value of embedded derivatives	0	(76.167)
Other financials items	16,972	34,722
Net Financial Income	**(66.073)**	**(189.755)**

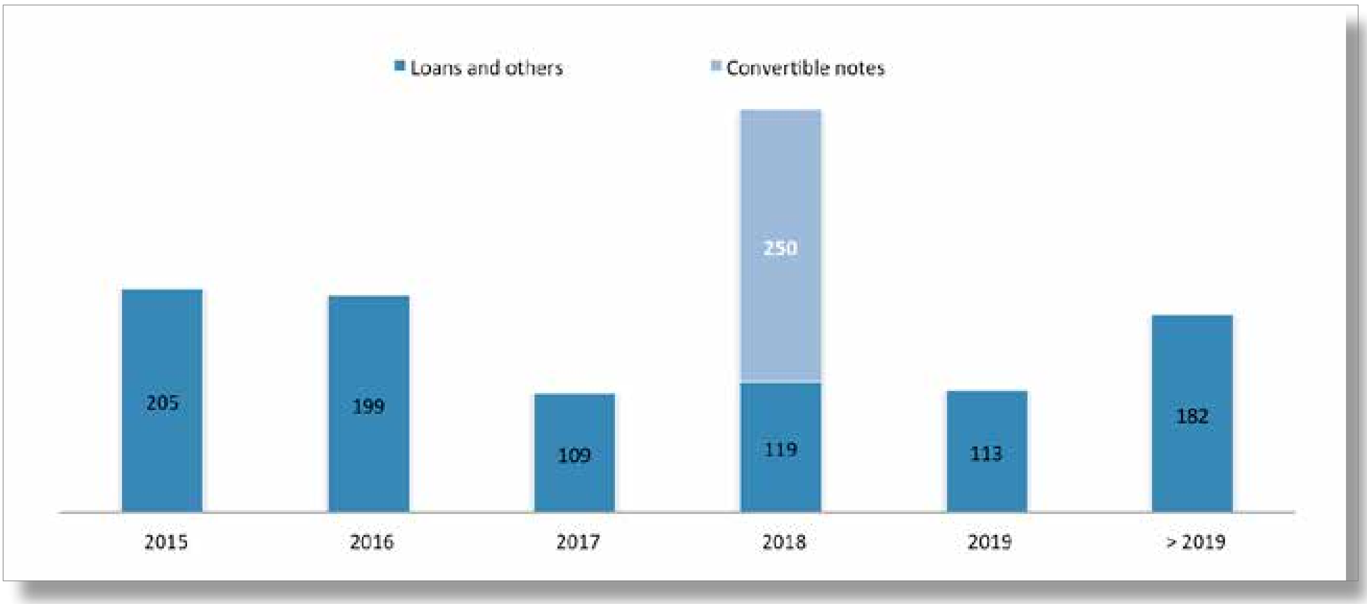
Paradisus Palma Real Resort | Dominican Republic

Total Gross Debt has been reduced by 301 million Euros compared with December 2013. Once the Company knew the amount payable in cash on the redemption of the convertible bond (30 million euros), the company proceeded to cancel part of the gross debt with part of the excess cash.

Total Net Debt decreased by 198 million Euros compared to December 2013. Net debt levels reached 987 million Euros thanks to the better performance of the hotel business, the Sol Aloha disposal, the recovery of outstanding amounts with associates and the conversion of 170.5 million of Convertible Bonds. It should be recalled that 2014 figures have been negatively affected by the devaluation of the Venezuelan bolivar and the use of Venezuela treasury to reform the Gran Meliá Caracas to avoid the risk of the impact of a possible devaluation and hyperinflation.

For 2015 the Company remains focused on deleveraging the balance sheet partially thanks to asset rotation, the improvement of cash flow generation due the positive evolution of the business, and the reduction of financial expenses due to the lower interest costs and the gross debt reduction.

The maturity debt profile remains as follows, excluding credit facilities:



Million Euros

Meliá Nassau Beach | Bahamas

7. CASH FLOW STATEMENT

Cash flow from operating activities (€208.3 Mn) includes gross capital gains generated through the asset rotation activity (€14.8 Mn).

Cash flow from investment activities (-€13.4Mn) is primarily explained by: a) the investments made in fixed assets and property investments, (-€40.5Mn) linked to maintenance capex , b) offset by the recovery of loans to associates of (€20 Mn) after compensating payments and proceeds from third parties.

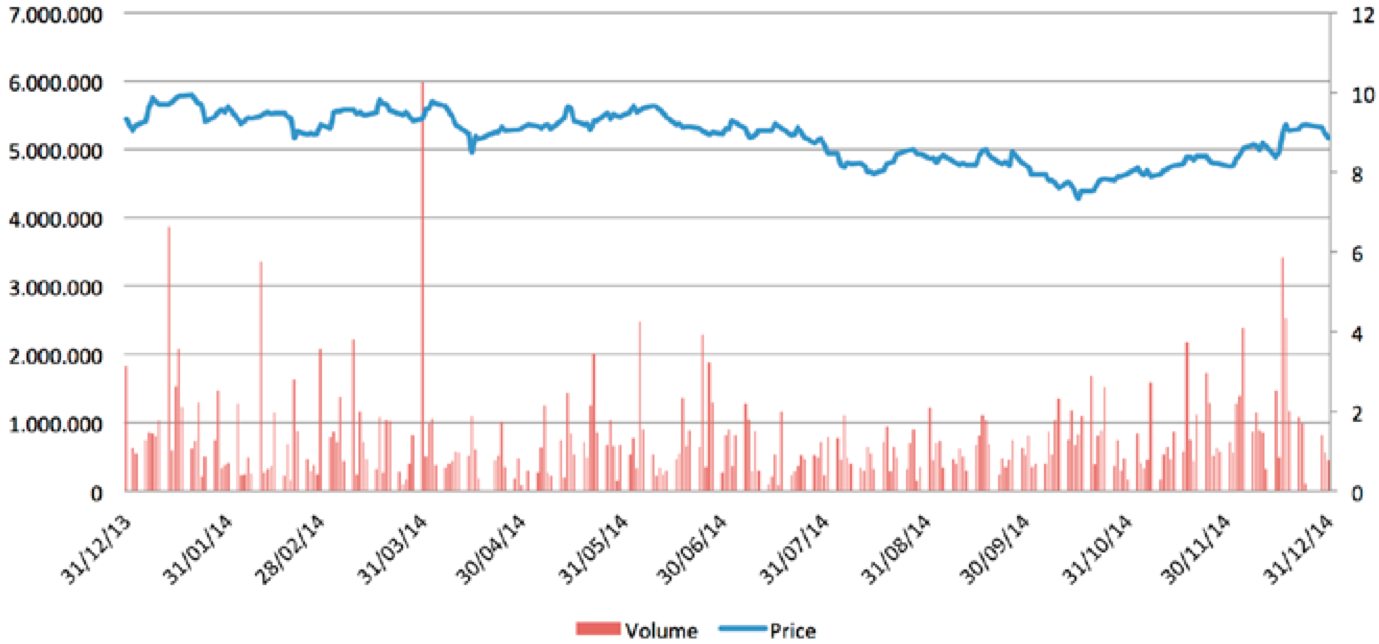
Cash flow from financing activities reached - €272.5Mn including the issue and amortization of debt (including the amount payable in cash on the redemption of the convertible bond : 30 million euros),, together with the interest paid.

The effect of exchange rate differences is mainly explained by the Venezuelan Bolivar devaluation (-€43.4Mn) partially offset by the appreciation of the US dollar versus the Euros

CASH FLOWS FROM OPERATING ACTIVITIES	**188,1**
Proceeds from operating activities	208,3
Proceeds / (payments) from profit taxes	-20,2
Other proceeds / (payments) from operating activities	0,0
CASH FLOWS FROM INVESTING ACTIVITIES	**-13,4**
Payments for investing activities:	**-157,2**
Companies of the Group, associates and business units (loans to subsidiaries)	-115,6
Fixed assets, intangible assets and property investments (Company Gross Capex)	-40,5
Other financial assets	-1,0
Other assets	0,0
Proceeds on sale:	**143,7**
Companies of the Group, associates and business units	135,6
Fixed assets, intangible assets and property investments	6,4
Other financial assets	1,7
Other assets	0,0
Other cash flows from investing activities:	**0,1**
Proceeds from dividends	0,1
Proceeds from interests	0,0
CASH FLOWS FROM FINANCING ACTIVITIES	**-272,5**
Proceeds and (payments) for equity instruments:	**-2,3**
Issue	0,0
Amortisation	0,0
Acquisition	-2,3
Sell	0,0
Proceeds and (payments) for financial liabilities:	**-187,1**
Issue	306,8
Repayment and Amortization	-493,9
Dividends paid and payments for other equity instruments:	**-7,4**
Other cash flows from financing activities:	**-75,7**
Interest paid	-80,7
Other proceeds and (payments) from financing activities	5,0
EFFECT OF EXCHANGE RATE CHANGES	**-4,7**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**-102,5**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	**436,9**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR PERIOD	**334,4**

8. MELIÁ ON THE STOCK MARKET

The stock price rose by +8,3% during the fourth quarter of 2014. The Ibex Medium Cap and the Ibex 35 decreased by -1,7% and -5.0% respectively.



	1Q2014	2Q2014	3Q2014	4Q2014	2014
Average daily volume (thousands shares)	903,84	699,86	574,36	897,04	**767,26**
Meliá performance	0%	-4%	-9%	8%	**-5%**
Ibex Medium Cap performance	7%	2%	-9%	-2%	**-2%**
Ibex 35 performance	4%	6%	-1%	-5%	**4%**

Source: Bloomberg

NOTE: Meliá's shares are listed on the IBEX Medium Cap and FTSE4Good Ibex index.

On December, 12th the Convertibles Notes issued in 2009 matured and 85.28% of them were converted into shares.

On January 2015, 14,3Mn newly-issued ordinary shares to attend partially the conversion of the convertible bond were admitted to trading to the Spanish Stock Exchanges. After the capital increase the Controlling Shareholder maintains the 60.002% of the Company.

Dividends were paid out on August 5th, 2014

MELIÃ HOTELS INTERNATIONAL